

2020

Activity and Sustainability Report

COFIDES 
We invest in development



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Letter from the Chairman

In 2020, the COVID-19 pandemic weighed heavily on the world economy, generating an unprecedented crisis. Despite those exceptional circumstances, COFIDES continued to provide its services to the very highest standards of commitment and conduct its business normally, with staff working remotely most of the time. All company employees have accommodated the new situation admirably.

COFIDES adopted strict measures to monitor client and project status with a view to providing a speedy response to unexpected needs for liquidity. The company approved deferral of the payments due in 2020 on projects financed with its own resources, as well as the Fund for Foreign Investment (FIEX) and the Fund for SME Foreign Investment Operations (FONPYME).

The year's exceptionally low numbers of approvals and formalisations are attributable to the uncertainty generated by COVID-19. Layouts, in

contrast, amounted to a very substantial M€156.86, due both to the large volume of formalisations in 2019 and a client preference for liquidity. COFIDES's total portfolio rose to a record M€1138.5 in 2020, up 5.4 % over the preceding year.

The projects formalised in the target year will contribute to the creation and maintenance of direct, indirect and induced employment and more specifically to the creation of an estimated 23 500 direct jobs, over 4200 of which will be held by women.

Despite the obstacles stemming from the pandemic-induced constraints on mobility, COFIDES intensified the support afforded **the Spanish International Cooperation for Development Agency (AECID) in managing its Fondo para la Promoción del Desarrollo (FONPRODE)** [Development Promotion Fund (FONPRODE)]. COFIDES contributed to the substantial 60 % growth in the number of proposals (10)

submitted to FONPRODE's Executive Committee and the healthy 9 % increase in the sums involved. The volume of yearly formalisations, involving among others four microfinance operations and one investment fund, was up 75 % on the preceding year.

2019-2021 Strategic Plan

COFIDES made further progress in the implementation of the action outlined in its Strategic Plan 2019-2021 and in particular of the presence of sustainability as the vector spanning across all company business endeavours. An innovative impact investment operation materialised in the target year with the formalisation of the Huruma Fund. The company formalised the first two operations funded with its own resources with provisions lowering costs for clients meeting certain sustainability goals. In a similar vein, for the second year running it linked corporate objectives and

staff salary incentives to the attainment of such goals. The company also continued to support efforts to estimate the impact associated with contributions to the Sustainable Development Goals (SDGs) by taking direct part in the international exercises pursuing the harmonisation of objective measurement indicators.

Development projects with the EU

COFIDES strengthened its leadership position in negotiating, structuring and furthering projects able to mobilise European Union public resources and thereby multiply private investment in developing countries. The outcomes, enhanced trust and coordinated working relations with several community services and Spanish cooperation for development agencies, are expected to be consolidated in the years to come. Highlights include the **Renewable Energy Program for Sub-Saharan Africa**, which provides security for initial



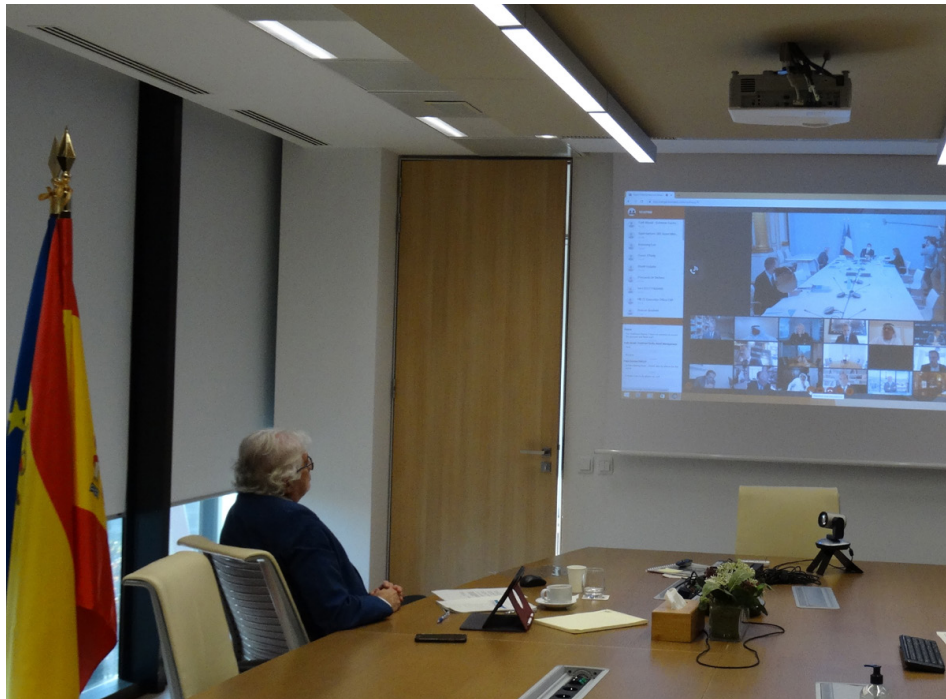
Meeting with employees to discuss the 2019-2021 Strategic Plan.

losses on renewable energy investments in marginal areas of the sub-continent; the **Huruma Fund**, which has mobilised substantial amounts of private investment for developing competitive and sustainable farming in the neediest countries; and the COFIDES-headed **Triple Inclusive Finance (TIF) Program**, the EU's first blending finance endeavour to provide technical assistance to

Latin American microfinancing institutions.

Climate Change Funding

The company has also made significant progress in complying with its commitment to combat climate change, with adherence in May 2020 to the **One Planet Sovereign Wealth Funds (OPSWF)** initiative



José Luis Curbelo's participation in the One Planet Sovereign Wealth Funds Annual Summit, addressed by President of the French Republic, Emmanuel Macron.

whose 33 institutional investor members hail from around the world. OPSWF aspires to integrate financial risks and opportunities related to climate change in the management of large, long-term asset pools.

Coordination with European Development Finance Institutions (EDFI)

In 2020 COFIDES continued to sit on the **European Development**

Finance Institutions' (EDFI) Board of Directors, a position of strategic significance inasmuch as it affords the company direct participation in decision-making. COFIDES also became shareholder and member of the Board of EDFI's **EDFI Management Company**, enhancing our company's access to investment projects abroad. In addition to EDFI initiatives for tackling COVID-19 and its effects, COFIDES signed a joint statement with its sister institutions committing to align all new financing decisions with the Paris Agreement climate objectives by 2022. The company also invested M€5 in each of the EDFI's two new two financing vehicles, European Financial Partners (EFP) VI and Interact Climate Change Facility (ICCF) I, drawing 50 % from its own and 50 % from FIEX resources.

It adhered as well to the **International Forum of Sovereign Wealth Funds (IFSWF)**, a world-wide network of sovereign funds committed to furthering good

governance. In keeping with the Santiago Principles, IFSWF fosters excellence in sovereign fund governance, transparency and responsible investment, as well as professional, independent and commercially-inspired investment management of such funds. We believe that COFIDES's membership in IFSWF may also afford Spanish companies a fuller understanding of and enhanced relations with a significant number of global investors, thereby heightening the possibility of international investment in our country.

Under the conviction that our actions and projects must be aligned with the Sustainable Development Goals and contribute to compliance with Agenda 2030, COFIDES renewed its commitment to the **United Nations' ten Global Compact Principles**.

The Spanish Ministry of Ecological Transition and Demographic Challenges' Office on Climate Change (OECC) awarded COFIDES

its 'CALCULO-COMPENSO' seal, granted to organisations that **calculate and compensate for the carbon footprint** generated by their direct and indirect emissions in the preceding year. The company's 2019 footprint was compensated in 2020 via collaboration with one of the forestry CO₂ compensation projects registered with the OECC.

COFIDES has recently been distinguished with designation as fund manager for the **Fondo para la Recapitalización de empresas afectadas por la COVID- 19 [Recapitalisation Fund for COVID-19 affected companies]**. The company construed this commission to constitute acknowledgement of the quality of the work performed by its staff as well as of the management standards which, with shareholder and board member support, have been in place for many years. We are assuming this task, which carries substantial risk, in the certainty that support for companies' competitive survival is

more important than ever in this new stage of recovery. The years ahead will consequently bring major challenges to COFIDES, to which the company's entire staff strive to rise transparently, responsibly and solvently. Our involvement in Recapitalisation Fund management will have no impact on the efficient, high quality investment and supervision of either the company's own or any third party resources for which it is responsible.

By way of closing remarks, I wish to thank COFIDES's staff for the effort made to keep company business at optimal levels despite the difficult circumstances prevailing. I naturally extend my sincere gratitude to our clients,

our shareholders for their support and the Secretariat of State for Trade, all of whom have been essential in our ongoing efforts to provide the private sector with the financing needed to ensure inclusive and sustainable economic growth with a positive impact.

José Luis Curbelo,
*COFIDES Chairman
and Chief Executive Officer.*



Introduction

01



Activity milestones

MANAGEMENT MILESTONES

Internationalisation

RECORD IN ASSETS UNDER MANAGEMENT

M€1,138.53

PORTFOLIO OF INVESTMENTS COMMITTED

M€1,302.37

in line with the preceding year's sum.

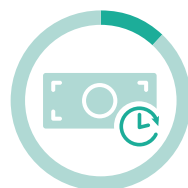
Formalisation of the first joint venture loan projects funded with COFIDES's own resources in which the company applied **sustainability provisions**.

DEFERRALS ON PAYMENTS DUE IN 2020 APPROVED FOR (in response to COVID-19)

34 operations.

26 handled via fast-track procedures.

22 involving SMEs.



The deferred operations represent **12%** of 2020 total portfolio.

EXTRAORDINARY ALLOCATIONS



M€200 for FIEX.



M€10 for FONPYME.

SUBSTANTIAL OUTLAYS

M€156.86

attributable to the large volume of operations formalised in the preceding year, which also drove growth in total assets under management.

YEAR-END DEFAULT RATES



3.54%
COFIDES own resource portfolio.



4.10%
FIEX portfolio.



10.58%
FONPYME portfolio.

Activity milestones

MANAGEMENT MILESTONES

Alliances for Development

- **Support for FONPRODE management:** 10 profiles submitted, inducing a 9 % rise in total value and a 60 % increase in number of proposals. The value of yearly formalisations, which included four microfinance operations and one investment fund, was 75 % above the preceding year's figure.



Introduction of the Huruma Fund on the occasion of the conference 'Impact Investment in Times of Pandemic'.



- COFIDES has an outstanding track record in structuring and furthering projects able to mobilise public and private resources for **three projects and programmes meriting European Union (EU) support:**

- **Huruma Fund** activities were instituted in 2020 with financial support from the private and institutional sectors, including COFIDES, AECID (FONPRODE) and the EU. The fund's objective is to improve smallholder and medium-scale farmer access to financing in Latin America, the Caribbean, Sub-Saharan Africa and Asia through microfinancing and agrobusiness. COFIDES formalised its share in

the Huruma Fund with a M€1 contribution from its own resources. In addition, as an EU-accredited institution, it manages M€10 to cover the first loss tranche as well as M€8.6 under the Technical Assistance Facility. FONPRODE, co-managed by COFIDES, invested M€10, supplementing the **M€70 committed by private investors.**

Activity milestones

MANAGEMENT MILESTONES

Alliances for Development

- **The Triple Inclusive Finance (TIF) Technical Assistance Facility**, the first blended project headed by COFIDES in Latin America, was formalised. It aims to contribute to the financial inclusion of micro, small and medium-scale enterprise, combining AECID (FONPRODE) resources with the technical assistance afforded by the European Union's Latin American Investment Facility (LAIF). COFIDES manages M€5.7 for technical assistance under this programme.
- COFIDES formalised the **Renewable Energy Program for Sub-Saharan Africa (an EIP program)** with the EU, whose contribution consists in a M€20 guarantee and M€2 in technical assistance funding. The EU's guarantee, managed by COFIDES, will serve to mobilise M€28 in AECID subordinated debt for such projects. That in turn will draw private investment in debt by lowering default risk.



Activity milestones

CORPORATE MILESTONES



Honourable mention for the best business response during the pandemic, distinction awarded to COFIDES staff by the Spanish Exporters and Investors Club at a ceremony presided by Minister of Industry, Trade and Tourism Reyes Maroto.

- Despite the **year's exceptional circumstances** stemming from the COVID-19 crisis, COFIDES's staff home-officing enabled the company to **conduct its business to standard** and provide its services with the usual

quality and efficiency despite lockdown constraints.

- The **Club de Exportadores e inversores** [Spanish Exporters and Investors Club] distinguished COFIDES staff with

Reconocimiento especial a la mejor respuesta empresarial ante la pandemia [Honourable mention for the best business response during the pandemic].

- The **economic and financial situation** induced by the pandemic had a **limited impact** on 2020 turnover, which amounted to M€25.03, compared to M€25.45 in 2019. Containment of expenses, with the combined effect of a 28 % decline in operating costs and less value deterioration than recorded in 2019, brought target year profit to M€10.19, a figure closely aligned with the preceding year's results.
- The company adhered to the **International Forum of Sovereign Wealth Funds (IFSWF)**, a worldwide network of sovereign



Carbon footprint certification seal.

funds committed to furthering good governance.

- COFIDES was awarded **carbon footprint** calculation and compensation **certification** by the Spanish Ministry for Ecological Transition and Demographic Challenge's Climate Change Office (OECC).

Activity milestones

CORPORATE MILESTONES

- The company likewise adhered to the **One Planet Sovereign Wealth Funds (OPSWF)**, an initiative that aspires to integrate financial risks and opportunities related to climate change in the management of large, long-term asset pools.
- To strengthen its international alliances, COFIDES became an

EDFI Management Company S.V. shareholder through participation in a rights issue.

- COFIDES concluded a **partnering agreement** for SME internationalisation with **Elkargi**, a mutual guarantee society engaging in business primarily in the Basque Country and Navarre.



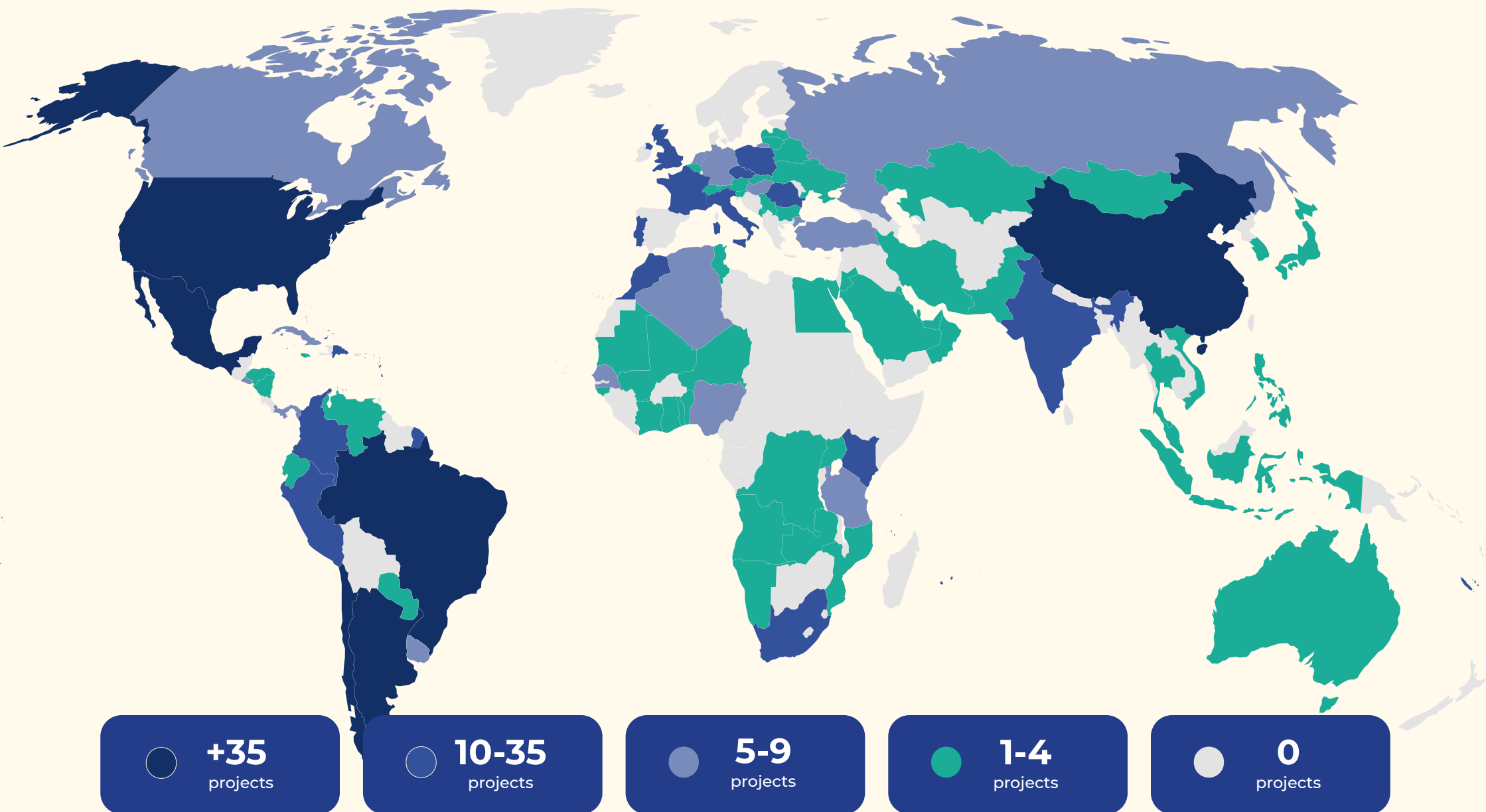
Sixth edition of the COFIDES' "Internationalisation and Development" prize awardees with Minister of Industry, Trade and Tourism Reyes Maroto and Secretary of State for Trade Xiana Méndez, who participated in the awards ceremony.



Formalisation of the first joint venture project with Elkargi as envisaged in the partnering agreement.

- COFIDES signed a **joint statement** with its sister EDFIs to align new financing decisions with the **Paris Agreement** climate objectives by 2022.
- **COFIDES's Awards Internacionalización y Desarrollo** [Internationalisation and Development Awards], which distinguish companies and institutions for their efforts in that regard, benefitted from broad media coverage again in this **6th edition**.
- The company's **ISO 9001:2015** certification was renewed.
- A **CRM** was hired to enhance the company's **customer management** and **institutional relations**.
- COFIDES added an **Integrity Channel** to its website, enabling stakeholders to submit their suggestions, complaints or claims.

Map of business history



It includes the projects of the EFP and ICCF facilities.

Countries and number of projects

Countries Number of projects

MEXICO	141
CHINA	72
BRAZIL	53
USA	44
CHILE	39
ARGENTINA	36
INDIA	30
COLOMBIA	28
MOROCCO	26
PERU	24
ROMANIA	21
POLAND	20
PORTUGAL	16
CZECH REPUBLIC	14
UNITED KINGDOM	13
FRANCE	12
DOMINICAN REPUBLIC	12
ITALY	11
KENYA	11
SOUTH AFRICA	10
HUNGARY	9
PANAMA	9

Countries Number of projects

TURKEY	9
GERMANY	7
RUSSIA	7
ALGERIA	6
EL SALVADOR	6
THE NETHERLANDS	6
CANADA	5
CUBA	5
NIGERIA	5
SENEGAL	5
URUGUAY	5
TANZANIA	5
ECUADOR	4
SLOVAKIA	4
HONDURAS	4
NICARAGUA	4
ANGOLA	3
AUSTRALIA	3
BELGIUM	3
EGYPT	3
U.A.E.	3
MAURITIUS	3

Countries Number of projects

PARAGUAY	3
THAILAND	3
UKRAINE	3
BULGARIA	2
IVORY COAST	2
GHANA	2
JORDAN	2
LATVIA	2
NAMIBIA	2
TUNISIA	2
UGANDA	2
VENEZUELA	2
SAUDI ARABIA	1
AUSTRIA	1
BENIN	1
BELARUS	1
SOUTH KOREA	1
SLOVENIA	1
THE PHILIPPINES	1
GUINEA-BISSAU	1
INDONESIA	1
IRAN	1

Countries Number of projects

JAMAICA	1
JAPAN ●	1
KAZAKHSTAN	1
KUWAIT	1
LITHUANIA	1
MALAYSIA	1
MALI	1
MAURITANIA	1
MONGOLIA	1
MONTENEGRO	1
MOZAMBIQUE	1
NIGER	1
OMAN	1
PAKISTAN	1
QATAR	1
D. R. CONGO	1
SERBIA ●	1
SWITZERLAND	1
TOGO	1
VIETNAM	1
ZAMBIA	1

During 2020, under the EFP and ICCF facilities, there were commitments for 1 project in Egypt and 1 project in Argentina.

● New countries (2020)

Portfolio management in the midst of a pandemic



Rodrigo Madrazo,
COFIDES
Director-General.

Debt is an obligation contracted by a debtor with a creditor. Non-payment, however, is a problem for both. If the situation is the result of financial difficulties affecting the former, **collaboration is the best solution** to elude insolvency for, as John Maynard Keynes is quoted as having quipped: 'If I owe you a pound, I have a problem, but if I owe you a million, the problem is yours'.

Active portfolio management, the guiding principle adopted by COFIDES to deal with COVID-19, entails implementing measures to adjust debt servicing to variations in debtors' business fortunes. The aim is to **trust in the viability of the companies** in which COFIDES has invested to encourage entrepreneurial internationalisation while protecting portfolio value.

The recipe followed can be summarised in two words:

restructuring and monitoring. Companies that were experiencing problems prior to the pandemic have been able to opt for refinancing or deferring debt in keeping with COFIDES's routine practice to prevent default. The companies initially in good financial health but that have been affected by COVID-19 are benefiting from a fast-track procedure.

COFIDES's Board of Directors, in conjunction with the FIEEX and FONPYME Executive Committees, have instituted that new portfolio management mechanism. Under a **rapid response scheme**, the three governing bodies in question authorise COFIDES's management to approve the deferral of debt maturity dates for companies whose business has been adversely impacted by COVID-19. The beneficiaries are then subject to intensive surveillance, with quarterly monitoring to verify

business continuation in the context of an ongoing pandemic.

At year-end 2020, the fast track had been implemented to protect 26 operations, accounting for 12 % of total portfolio assets. In a similar vein, 6 % of the sums scheduled to mature in the period running from March 2020 to March 2021 have been deferred. As might be expected and as inferred by those figures, the mechanism was used more intensely by SMEs: 47 % of the deferrals involved the FONPYME portfolio and just 20 % FIEEX assets. COFIDES holds the remainder on its balance sheet.

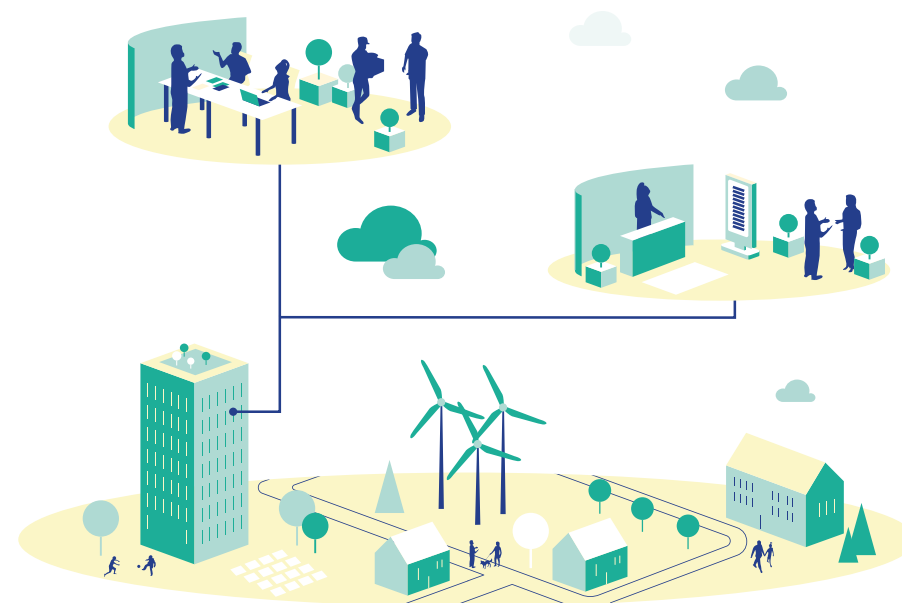
Active, meticulous portfolio monitoring and the COVID-19 deferral mechanism described supplemented a battery of political measures favouring company liquidity and business management decisions geared to optimising working capital. As a result

Portfolio management in the midst of a pandemic

and despite the complex international circumstances, the portfolio managed by COFIDES exhibited a delinquency ratio of just 4.5 %, 48 basis points lower than the 4.98 % mean for the Spanish financial system as a whole.

Those figures hardly justify complacency: rather they inspire further efforts to **surmount the crisis with the least possible damage**. Given the duration of

the pandemic, liquidity shortages may place many companies at risk of insolvency. Weakened solvency ratios resulting from the loss-induced depletion of shareholder equity, along with the presence of debt, compromise the present viability and future recovery of any number of businesses. Against that backdrop, COFIDES has taken a bold step forward by assuming the management of the M€1 *Fondo para*



la Recapitalización de empresas afectadas por la COVID 19 created under Royal Decree-Act 5/2021.

This major management challenge constitutes nothing less than a foundational moment for a company such as COFIDES, with its fairly limited size and narrow financial specialisation in equity

capital and participatory loans. Be that as it may, the ultimate aim justifies **utmost motivation and effort**. The economic policy measures implemented, taken together with the liquidity, support, restructuring and recapitalisation provided, should map the route to an unequivocal result: recovery.

Guest contributions

Entrevista a Marjeta Jager



Marjeta Jager is currently Deputy Director-General for the Directorate-General for International Partnerships (DG INTPA). Ms Jager has been working in the European Commission since 2005, starting as Director for Security in DG Energy and Transport and later being Director for international energy and transport files and coordination, as well as being Head of Cabinet of the Transport Commissioner.

Before joining the Commission Ms Jager was more than a decade working on the accession of Slovenia to the EU for the Ministry of Foreign Affairs and she was the first Deputy Permanent Representative (Coreper I) of Slovenia to the EU.

Guest contributions

Interview with Marjeta Jager, Deputy Director- General for the European Union's Directorate-General for International Partnerships.

INTERVIEW

What is the added value brought by the EU's support to development cooperation projects through blended finance instruments?

Particularly in this COVID period, the EU's partner countries need to access finance from many sources. **EU blending** links development cooperation both to public and private sources of investment and to investment opportunities in partner countries. It channels additional finance to sectors of the economy that are important for achieving our partner countries' priorities and for the EU's own policy goals. Blending helps partner countries

to access finance to boost public services and infrastructure; gives investors access to new markets where they would not previously have invested; and scales up the impact of EU development cooperation.

Blending is a **flexible tool**. Through blending, the EU uses its development cooperation at different times to boost investment volumes, subsidise interest rates for borrowers, provide risk capital and financial guarantees, support the quality of partner countries' investment projects and improve the investment climate.

And blending works. Since EU operations started in 2007, EU grants of over EUR 8 billion have leveraged around EUR 70 billion in loans from financial institutions and regional development banks in support of **poverty reduction and sustainable**

“Blending works. EU grants of over EUR 8 billion have leveraged around EUR 70 billion in loans”.

Guest contributions

Interview with Marjeta Jager

“A good example is the Huruma Fund, the first project managed by COFIDES under the EU blending facility. By underwriting private sector risk, the fund works across the world to support farmers, small producer organisations and businesses”.

growth. These loans in turn have led to total investment of more than EUR 115 billion.

A good example is the **Huruma Fund**, the first project managed by COFIDES under the EU blending facility. By underwriting private sector risk, the fund works across the world to support farmers, small producer organisations and businesses, who have historically found it hard to access finance, to fund improvements to improve quality and productivity and to move up the agricultural value chain.

What opportunities can it create in the private sector, both at European and local level?

EU blending can increase opportunities for the European private sector at different levels in a number of important ways. It helps to

link investment opportunities in partner countries with potential public and private sources of investment. It helps to develop **high quality project pipelines** that can be readily appraised by potential investors. It reduces investment risk through risk capital and financial guarantees. It also promotes contact and dialogue between investors and partner countries. For instance, the EU supports Public-Private Dialogue with European and African businesses to help improve the investment climate, by promoting government reforms to attract more investment. EU blending also provides partner countries' private sector –including small businesses and start-ups– with access to finance. It facilitates access to quality education and skills; promotes decent work, and scales up innovative finance. All of this can have knock-on benefits for European businesses.

In the current COVID-19 pandemic, the EU's is prioritising investment through blended finance to **help countries across the world to “build back better”**. This includes promoting the green transition and the digital transformation, which are core priorities for the EU's development policy. In Africa in particular, the EU supports greater economic integration and trade promotion within regions and across the continent, through our Economic Partnership Agreements and through support for the African Continental Free Trade Area. We strongly welcome European private sector engagement in all of these areas.

The pandemic is affecting the economies of practically all the countries in the world. What measures is the European Union taking to prevent the widening of the inequalities which already exist between countries? What strategy has it developed in this respect and how is it managing the task of coordinating all its Member States in this area?

Reducing inequalities is primarily a goal, not a single measure that can be easily implemented or recommended. The structural gaps of our societies –be it skills mismatches, poor access to quality education, health and social services, or lack of job opportunities– all contribute to this multifaceted challenge, further

Guest contributions

Interview with Marjeta Jager

exacerbated by COVID-19. The pandemic has nonetheless reiterated the importance of human development, because the resilience of societies to this virus is strongly linked to the capacity of their health and education systems and to social protection coverage.

The EU is therefore adopting a **multi-dimensional approach** to reducing inequalities, prioritising its support to partner countries to target inequality drivers and dynamics across multiple policy areas. We are promoting policies to foster sustainable, inclusive, green and just recovery from the pandemic, including progressive fiscal policies, labour market regulations, but also increasing investment in education at all levels.

Under the Neighbourhood, Development and International Cooperation Instrument (NDICI) – ‘**Global Europe**’ for the next Multiannual Financial Framework period (2021-2027), to reach this objective, out of an overall budget of EUR 79.5 billion, we are striving for at least 20% of the overall funding to go to human development and for an increase in funding for education from 7% to 10%.

The EU, to reinforce its impact, is also mainstreaming the reduction of inequalities across its

operations and intervention areas, and we are working to integrate systematically in all our programmes the analysis of the level of income inequality in our partner countries. We also need to reorient policy dialogue with partner countries by raising inequality issues, and prioritising interventions in policy areas can lead to a reduction in inequalities (e.g. education, health, social protection). To further reinforce our commitment to evidence-based policy making, partner countries will be supported strengthen data collection to increase knowledge on inequality.

“Europe’s recovery strategy -NextGenerationEU- testifies a new spirit of solidarity among EU Member States, which committed to this unprecedented recovery plan to let our societies emerge even stronger from the crisis”

The pandemic is once again showing that **we are more effective if we tackle grand challenges together**. Among the many extraordinary measures taken at EU level, the launch of Europe’s recovery strategy – NextGenerationEU – testifies a new spirit of solidarity among EU Member States, which committed to this unprecedented recovery plan to let our societies emerge even stronger from the crisis.

Team Europe Initiatives are under development by EU Delegations around the world in close collaboration with EU Member States with this collective approach in mind, including initiatives directly and indirectly targeting inequalities related to human development and beyond.

What mechanisms does the External Investment Plan provide in order to enhance the European Union’s development cooperation and increase its impact in partner countries, especially in the private sector?

The **EIP promotes private investment** in the EU’s partner countries in three ways. First, funding. The current European Fund for Sustainable Development (EFSD) provides guarantees and blended finance for specific investment projects, through financial institutions such as COFIDES. From 2017 to

Guest contributions

Interview with Marjeta Jager

2020 we contributed EUR 5.4 billion to over 180 blending projects and 15 guarantees in Sub-Saharan Africa and the EU Neighbourhood region. Second, investment climate. We work with governments and private sector to improve the way to do business in our partner countries. Third, expertise. We deploy experts to design investment projects, and to support investment climate reforms. Strong coordination is essential to the success of EFSD between EU Delegations, Government, the business community and partner financial institutions such as COFIDES.

What is the new strategy that has been outlined for the period 2021-2027?

Based on the success of the European Fund for Sustainable Development (EFSD), the EU has decided to increase substantially its financial capacity as part of its new financial instrument for external cooperation for the period 2021-2027, under the name **“Global Europe”**. As a major part of the instrument, a new European **Fund for Sustainable Development+ (EFSD+)** is proposed which would cover all EU partner countries –not just Sub-Saharan Africa and the EU Neighbourhood as the original EFSD did–. The EFSD+ will use different types of implementing modalities according

to need, including blending and budgetary guarantees, supported by technical assistance. It would include an External Action Guarantee, with an increased volume of up to EUR 60 billion. The guarantees channelled through the EFSD+ will now cover the full spectrum from private sector to sovereign operations, including commercial and non-commercial sub-sovereign operations.

“The EFSD+ gives the EU a comprehensive, global financial mechanism to support partner countries in building a green, digital, just and resilient recovery from the pandemic, in support of the SDGs and the Paris Climate Change Agreement”.

The EFSD+ gives the EU a comprehensive, global financial mechanism to support partner countries in building a **green, digital, just and resilient recovery** from the pandemic, in support of the Sustainable Development Goals and the Paris Climate Change Agreement.

Climate change is one of the biggest issues we face and one which the EU and its Member States are fully committed to tackling. What strategy and measures are the EU developing in order to facilitate the transition to a low-carbon economy in our partner countries also?

The EU is the strongest advocate of global climate action and remains strongly committed to achieve the Paris Agreement's objectives. True to this commitment, the EU and its Member States are the **largest global provider of public climate finance** to developing countries, having committed around EUR 22 billion in 2019 and having more than doubled their contribution since 2013.

The EU's future external action for the period 2021-2027 offers a unique opportunity to further boost our engagement with partner countries to make collective progress towards climate neutrality. NDICI, with its 30% climate-related spending target, will provide the resources and our work will be organised along four main strands of action.

The first will be the full integration of climate considerations into partner countries' policies, strategies, projects and investments

Guest contributions

Interview with Marjeta Jager

that are financed through EU money. The second will be to assist our partners with the implementation of their commitments under the Paris Agreement on climate change. The third will be dedicated to enhancing partners' capacities to adapt to climate change and manage disaster-related risks. This will imply supporting them in preparing national disaster risk reduction strategies; improving data analysis, collection and management; and mobilising the corresponding investments. Lastly, we intend to promote economic policies that are climate-friendly. Work under this heading will address environmentally harmful subsidies, the design of economic incentives for climate action, and the mobilisation of private capitals.

Given that Africa appears to be one of the top priorities and that the EU intends to remain a global player, what importance does it give to other regions of external cooperation, such as Latin America, considering the fact that this region is suffering particularly badly from the effects of the pandemic?

For some time now, factors such as **globalisation and digitalisation**, among others,

have been turning the world into a global village, where we are all interconnected and affected by the same challenges. Therefore, in order to face these challenges more efficiently, we have to be united: global problems, global answers. This is why the EU, as a global player, is showing its thoughtful commitment with multilateralism, not only in theory but also and above all, in practice.

The EU is committed to continue working with all partner countries, without discriminating against any of them, as they are all important and key to us in this global scenario. Such it is the case of Latin America, a region with which we enjoy a close and fruitful relationship, which have been strengthened due to the need to join more efforts to recover from the COVID-19 pandemic.

It is worth noting that the EU is the largest donor to the World Health Organisation's (WHO) **COVAX initiative**, which seeks to ensure global access to the COVID-19 vaccine for those countries that cannot afford it. Four Latin American countries have already received COVID-19 vaccines through COVAX and this list will grow in the coming weeks and months. This demonstrates the EU's strong and sincere commitment to multila-

“Team Europe has has already mobilised millions of euros through various funds to finance the global recovery and achieve an even greater impact in the Latin America and the Caribbean region”.



Guest contributions

Interview with Marjeta Jager

teralism and to our partner countries with facts and not just words.

Unfortunately, Latin America and the Caribbean are facing the worst recession on record and the pandemic only aggravates pre-existing structural challenges such as social inequalities, informal employment or insecurity. The EU recognises these enormous constraints our partner countries face to recover from the ongoing crisis and for that reason **we will continue supporting Latin America and the Caribbean** in its effort to “build back better”, advancing in its green transition, digital transformation and sustainable economic recovery.

Some of our shared objectives are related with climate, such as the protection of the Amazon tropical forest, advancing the Agenda 2030 and the Paris Agreement and **promoting climate and economic resilience** in particularly vulnerable island states in the Caribbean. Other ones are linked to democracy and economy, such as committing to democratic, open and inclusive societies and transitioning to a sustainable and diversified economy that supports jobs and growth through



targeted support, like harnessing the potential of SMEs.

To push forward this ambitious multilateral agenda, the EU counts on the support of different European actors, such as Member States, the European Investment Bank and European Development Financing Institu-

tions, including COFIDES. All these stakeholders are **joining forces and promoting partnerships and initiatives**, like the well-known “Team Europe”, which has already mobilised millions of euros through various funds to finance the global recovery and achieve an even greater impact in the Latin America and the Caribbean region.

Solidary Finance



Madgy Martínez-Solimán,
Director, Spanish
International Cooperation
for Development
Agency (AECID).

Spain is a **middling but persistent actor in financial cooperation for development**. The pandemic has revealed even more clearly the need for liquidity in many developing countries whose governments, creditworthy borrowers, have seen their revenues collapse in unison with a rise in public expenditures. Such spending, allocated not only to meet public health needs but also to reactivate economies in a post-COVID

world, will foreseeably necessitate extra funding.

The volatility of long-term private finance makes **multilateral financial cooperation** an essential instrument to offset the notably pro-cyclical effect of private funds. Such cooperation provides access to financial markets for productive industries and segments of the population otherwise excluded: the unbanked, the 'too-SME', those who live in financial deserts. Partnerships along those lines can translate into extraordinary productivity gains, favouring a more inclusive growth model.

In that context, the assessment of the impact of operations of this nature on development in terms of externalities, environmental and social standards, support for gender equality and protection of human rights is a condition *sine*

qua non. Financial cooperation must not be blind or insensitive to the effects it generates, choosing its operations with utmost rigour and sound criteria. In other words, its explicit aims must include **tackling poverty and furthering social inclusion**.

Consolidating financial cooperation is imperative if Spanish cooperation is to reach volumes comparable to those of its neighbouring donor countries. A turning point in that direction came with the ambitious reform introduced in 2010 when legislation creating the *Fondo para la Promoción del Desarrollo* (FONPRODE) and overhauling the system supporting internationalisation restructured the former FAD into two distinct funds, *Fondo para la internacionalización de la Empresa* (FIEM) [Corporate Internationalisation Fund (FIEM)], and **FONPRODE**.

Finanzas solidarias

The objectives sought with the latter, managed by the country's cooperation agency, include ensuring the availability of water and its sustainable management and treatment for all; guaranteeing access for all to affordable, reliable, sustainable and modern energy; building resilient infrastructures; promoting inclusive and sustainable industrialisation; and furthering innovation. In this endeavour AECID relies on the invaluable support of COFIDES as financial consultant and ICO as the Government's financial agent.

Financial cooperation with the private sector pursues inclusion, supporting the development of a fully regulated microfinance industry able to provide financial services such as savings, health-care, pension and microinsurance accounts. It attempts to draw remittances into formal banking to encourage more dynamic participation on the part of diasporas in the modernisation and

development of their countries of origin. Financing SMEs, the so-called 'missing middle', aids a sector whose access to finance is severely limited, despite its role as primary job creator in transition economies.

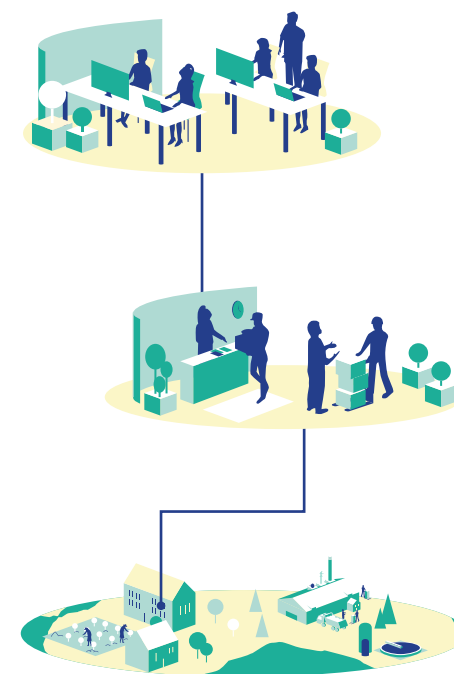
In the past, financial cooperation has been known for its support of industrialisation, farming modernisation and the construction of major infrastructures in developing countries, traditionally with backing in the form of sovereign security. In light of the ever greater obstacles to building the infrastructure needed to grow developing economies, **public-private partnerships (PPPs)** are a promising vehicle for attracting private sector investment and management to such endeavours. That has been reinforced with the institution of new mechanisms such as leveraging for private investors' resources, lowering those actors' perceived risk.

FONPRODE's balance sheet attests to the consolidation of financial cooperation, which rose from M€20 in 2017 to M€200 in 2020 thanks to the fund's active participation in European cooperation and to partnerships with IFIs. In the context of the new Act on Cooperation, the reform (or consolidation) of Spanish cooperation undertaken by the Government at the Ministry of Foreign Affairs' urging will call for rethinking the present arrangements and pose the need for a new architecture for Spanish financial cooperation.

That will entail amending the FONPRODE Act without delay to afford this essential foreign policy instrument greater flexibility, new tools and administrative structures, simplified processes and all the necessary human and financial resources.

Financial cooperation is not an end in itself, but a **powerful instrument for bankrolling**

development. Nor can it be deemed an alternative to technical cooperation: for financial operations to meet development targets they must form part of ambitious technical assistance programmes. Loan / grant blending is often the optimal approach to advance ambitious development objectives in host countries.



Our actions and our impact

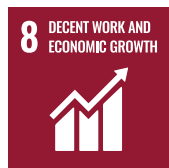
02



Internationalisation, pathway to economic recovery

Internationally-oriented technology

BMAT



BMAT has been working with Japanese clients from Spain for years. In the wake of its acquisition of Directors Gear, the country's leading copyright management company, this SME decided to open a standing subsidiary in Tokyo in March 2020.

COFIDES backed the risk assumed by this specialised tech, a public music broadcast monitoring company, with a €500 000 **joint venture loan** from FONPY-



Bmat team on January 2019.

Internationalisation, pathway to economic recovery

ME funds to finance the purchase. Total project investment amounts to M€1.6.

Furthering foreign market entry by SME tech firms is among the priorities defined in the COFIDES Strategic Plan 2019-2021 to strengthen Spain's business fabric. In the present endeavour, the two companies built on prior cooperation involving the introduction of BMAT in Argentina and the United States.

'From the outset, BMAT has been closely bound to Asia. Japan

gave us our first client and ever since we've tried to intensify our presence in that market' says BMAT COO **Jaume Vintro**. 'Our new Tokyo office affords us the opportunity to combine Directors Gear's knowledge base and our technology and data to position BMAT at the heart of Japan's musical ecosystem.'

With its proprietary **VERICAST software**, BMAT can track music broadcast on the radio, television, public spaces and digital networks with a view to charging royalties.



'Our Tokyo office positions us at the heart of Japan's musical ecosystem'.

Jaume Vintro,
BMAT COO.

BMAT growth has rested on two pillars from the outset, its faith in R&D+I as a strategy for gaining market share and international expansion, which in the near future will focus on the creation of more subsidiaries in Latin America and Europe.

Market adaptation Genesal Energy



Genesal Energy is a company with over 26 years of experience in generator set design and manufacture. Its products, manufactured at its plant at La Coruña, are essential in markets prone to electricity grid outages. Its uninterrupted

power supply generators can be used either as a primary or a **backup source of electricity**. This SME has been present in Mexico since 2014 with a portfolio spanning a number of industries and clients. The financing provided by COFIDES for this project will enable the firm to purchase generator sets to rent to power and construction companies that prefer that option to purchasing the facilities outright.

The **company's Mexican subsidiary** was awarded an €800 000 joint venture loan from FONPYME and COFIDES's own funds. It will invest a total of M€1.6 in the country.

The key to Genesal Energy growth is its **local presence**, where it detects its clients' needs and can change to adapt quickly to meet them. The company is presently rendering this same service from its Peruvian subsidiary.

Internationalisation, pathway to economic recovery



‘Receiving financial support at just the right time enables an SME to quickly scale up its activities when it spots a need’.

Julio C. Arca Ruibal,
*Genesal Energy Strategic
Planning and
Finance Manager.*

For COFIDES supporting SMEs is particularly important to enable them to **broaden their business opportunities**. Guaranteeing Spanish SME access to financing is one of the company’s priorities to reinforce their activity abroad and contribute to their successful growth.

Genesal Energy Strategic Planning and Finance Manager **Julio C. Arca Ruibal** contends that ‘receiving financial support at just the right time enables an SME to quickly scale up its activities when it spots a need. That is how we’ve consolidated our brand on the



Genesal Energy facilities.

Internationalisation, pathway to economic recovery

international market and undertaken a sound endeavour’.

Sustainability, key to financing Grupo Artech



In 2019, COFIDES undertook to define further measures that could be adopted to make its commitment to sustainability effective through the projects financed. An exercise that involved all company divisions materialised in the form of the company’s **Strategic Plan 2019-2021** with new provisions on



‘Sustainability must be a business priority’.

Alexander Artetxe,
*Grupo Artech Chairman
and CEO.*

reinforcing company commitment to sustainability and the environment as a component with a favourable impact on clients.

Where the sponsor’s **sustainability strategy** includes indicators that can be periodically measured and certified by an independent body, COFIDES finance includes a variable component to client benefit.

Grupo Artech specialises in electrical equipment design, manufacture and commercialisation of high technology solutions for electric

power generation, transmission and distribution, as well as for industrial electric facilities and renewable power plants. Its project was the first financed by COFIDES with its own funds to envisage the new sustainability component. The company has consolidated its position in Mexico with COFIDES’s financial backing in line with this shared vision. COFIDES has granted the host company, Artech North America S.A. de C.V., a M€3 joint venture loan to help finance the construction and fit-out of a new plant in Mexico manufacturing

medium and low-voltage transformers, power quality equipment and circuit breakers.

‘Even in the face of the difficulties brought on by a health crisis (referring to the COVID-19 pandemic) in which our primary concern is health and only secondarily maintaining company output, sustainability must continue to be a business priority’ according to **Alexander Artetxe**, Grupo Artech Chairman and CEO, ‘because any reference to sustainability is a reference to



Internationalisation, pathway to economic recovery

values. Those same values have been present in the company since its constitution 75 years ago and continue to underpin our plans for the future'.

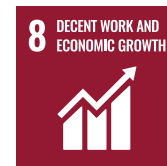
One of COFIDES's primary aims is to **drive sustainable growth** as

part of its contribution to achieving the Sustainable Development Goals. With the target company's reduction of CO₂ emissions, Grupo Arteché and COFIDES are working together to make that possible.



Opening of Grupo Arteché's facilities in Mexico.

Long-term partners IBARMIA



IBARMIA and COFIDES have worked hand-in-hand since this family enterprise, specialising in the design and manufacture of high technology machining plants, decided to conduct business in China, the world's number one consumer of machined tools.

After over 10 years of commercialising products in the Middle Kingdom, in 2017 the SME, headquartered at Azkoitia in the Spanish province of Guipuzkoa, benefitted from COFIDES support to enter into a **joint venture** with a local partner. Today that company is a wholly owned IBARMIA subsidiary.

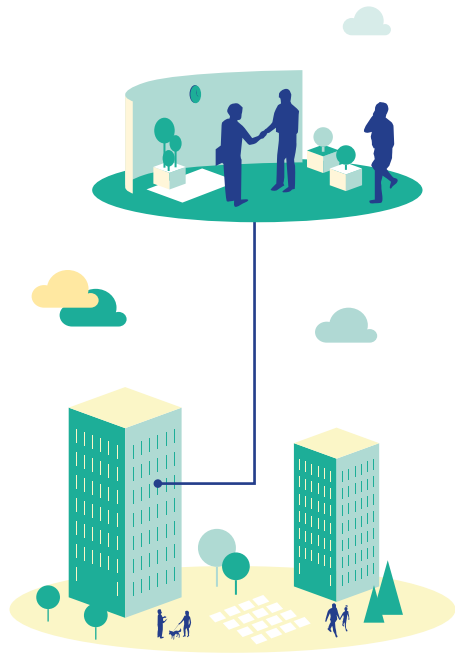


'COFIDES's support has been essential to undertake this operation, for China is a strategic market for our company'.

Koldo Arandia,
*IBARMIA Chairman
and CEO.*

Internationalisation, pathway to economic recovery

In 2020 the two companies took a further step to strengthen the firm's position on that market. COFIDES granted the SME a M€2 joint venture loan, drawing from FONPYME and its own funds. IBARMIA has allocated a total M€4 to purchase the entire host company and its inventory.



IBARMIA facilities.

COFIDES attaches utmost importance to **favouring SME growth abroad** and especially the expansion of companies committed to innovation and to contributing to the sustainable use of resources.

IBARMIA Chairman and CEO **Koldo Arandia** notes that 'purchasing the entire company constituted a substantial challenge for us in light of the uncertainty growing out of the pandemic-induced

crisis. COFIDES's support has proven instrumental to undertake this operation, for China is a strategic market for our company and today the primary source of our sales'.

At the heart of the EU's development policy for Africa

Renewable Energy Program for Sub-Saharan Africa



Indirect management of international institutions' budgets to achieve shared goals is one of the primary capacities developed by the company since it was accredited by the European Union (EU) to support development projects in host countries and by the Green Climate Fund to engage in climate finance.

One of the programmes that most accurately reflects COFIDES's recent activity was formalised in 2020. Under the EU's External Investment Plan (EIP), COFIDES and Spain's international cooperation for development agency AECID jointly set up the Renewable Energy Program for Sub-Saharan Africa. The program merited EU support in the form of a guarantee issued by the European Sustainable Development Fund (ESDF), the EIP's financial arm. Such backing is tantamount to full acknowledgement of the company's capacity to coordinate with public institutions and to help the EU structure and manage its participation in the program, designed to meet a pressing need in most



At the heart of the EU's development policy for Africa



‘We want to scale-up this type of operations in the medium term to help meet the region’s vast needs’.

José Carlos Villena,
Head of COFIDES's
Partnerships for
Development Division.

Sub-Saharan African countries.

José Carlos Villena, Head of COFIDES's Partnerships for Development Division, contends that ‘implementation and management of this type of investment programmes demand intense preliminary work prior to launching the call to select projects. It is not only a matter of meeting technical and financial requirements, but of identifying a sound project that can attract private sector interest. Implementing the Renewable Energy for Sub-Saharan Africa Program meant rising to a sizeable challenge with the medium-term goal of proposing similar but more ambitious programs, and of gaining the experience required to maintain this line of work with other international bodies’.

The Renewables Program aims to **support renewable, off-grid and mini-grid power**

generation in areas of Sub-Saharan Africa lacking access to the electricity grid.

‘Access to electric power is a key for economic and social development in low-income areas’.

More specifically, the program focuses on **rural or peri-urban areas** with no power supply where the productive use of energy may have a substantial impact on sustainable development. José Carlos Villena claims that ‘access to electric power is a key to economic and social development in low-income areas, for improving household standards of living and health and affording access to more efficient technologies raises productivity and creates direct

jobs, the two factors that help break out of the poverty cycle’.

In light of the risk inherent in such operations, seldom supported by conventional private finance, public institutions play a key role. A number of institutional actors participate in this program, which aims to **encourage private sector participation**. Thanks to the EU's guarantee, the Program has mobilised M€28 from FONPRO-DE, managed by the country's cooperation for development agency, to contribute to project subordinated debt, thereby lowering senior debt risk. The volume of resources allocated to the program is expected to suffice for approximately four projects.

A public call for proposals was launched in 2020 to identify projects that would potentially meet program requirements. The result (over 150 proposals

At the heart of the EU's development policy for Africa



Adjamé Market, Abidjan, Ivory Coast.

received) afforded further proof of the need to continue to **introduce and consolidate the use of innovative instruments** to finance projects able to impact host country development. The short list of preselected projects has since been published. Project selection and approval for program financing will be forthcoming in 2021.

'We're very satisfied about how the process has been handled' reports COFIDES Division Head, according to whom 'we should stress that this is a pilot programme that we hope to be able to scale up in the medium term in light of the region's vast needs and private sector interest in this type of operations. We're also considering involving the GCF,

given the abatement associated with the type of projects we're supporting'.

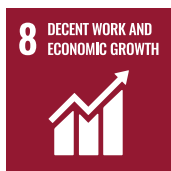
The EU's External Investment Plan forms part of COFIDES's strategy to contribute to the development it has been supporting for over 30 years. It affects the company's role as mediator in **establishing partnerships with public and private actors** to foster sustainability, development, access to clean energy and poverty reduction in keeping with the

Sustainable Development Goals that inform this proposal.

José Carlos Villena explains that 'this program is important not only because it means installing off-/mini-grid renewable power generation, but because it does so in Sub-Saharan Africa, one of the regions where our presence is lightest and where we want to apply our experience in coordinating with the EU and the GCF in the decade to come'.

'We want to apply our African experience in coordinating with the EU and the GCF in the coming decade'.

Driving digital conversion



‘K Fund II is directly related to digital conversion’.

Pablo Ventura,
*K Fund Investment
Manager.*

A fund associated with digital conversion

K Fund II

COFIDES holds a share in **K Fund II, a venture capital fund** created by Kanoar Ventures that focuses on innovative startups and the development of new technologies. FIEX, Spain's fund for investments abroad, sourced COFIDES's M€5 share in K Fund. Companies focusing on research, innovation and the development of new technologies will be the investment targets.

K Fund Investment Manager **Pablo Ventura** explains that K Fund II will engage in seed or A series finance (investment in early stage software companies). The companies at issue are usually in the product development stage or beginning to scale up their sales. K Fund strategy includes business to end consumer (B2C)

and business-to-business (B2B) companies.

K Fund II is associated directly with **digital conversion**, for all the firms in which it will invest will contribute to that goal, with ‘tools that provide for remote working’ and ‘healthcare digitalisation, including the digitalisation of historically analogue sectors’. The fund aims to invest in projects with well-trained, multidisciplinary, ambitious staff eager to learn and adapt. ‘They should be geared to large markets where there are business opportunities in connection with internet-enabled digitalisation and scalability’.

‘As K Fund II aspires to create large internet companies, it invests only in firms with international ambitions from the outset’.

Companies that have benefitted from fund support are characterised by **an international or even global business vision**. Ventura notes in that regard that ‘Spain is a large enough market to conduct business profitably, but as K Fund II also aspires to create large internet companies it invests only in firms with international ambitions from the outset’.

The teams involved in the projects selected by the fund have **prior experience**. Nonetheless ‘we also invest exceptionally in teams with less experience but high potential’, adds Pablo Ventura.

Driving digital conversion



K Fund team.

Internationalisation is very clearly of key importance for this fund. 'Software companies generally rest on the premise that their product can be scaled up and consequently base their strategy on highly competitive pricing,

generating very low commercial margins. Building large, healthy businesses therefore calls for huge customer volumes, for which internationalisation is a must' he notes.

SECTORS

Firm software, developer software, productivity tools and e-health.

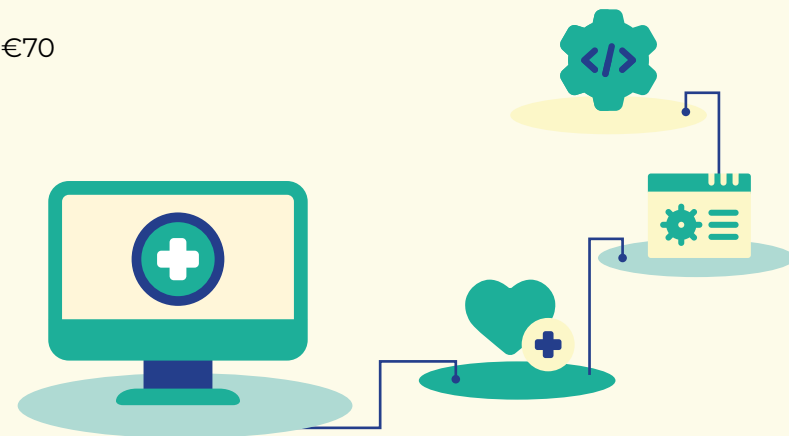
AVERAGE TICKET SIZE

€600,000

Willing to invest from €100 000 to M€2 per company with a subsequent total investment of up to M€7 per project .

FUND TARGET SIZE

M€70



Driving digital conversion

Innovation and technology, growth drivers

Kibo Ventures Fund III

COFIDES holds shares in **Kibo Ventures V Fund III**, a venture capital vehicle geared to investing in tech firms to favour their growth and international expansion. Its M€5 holding was purchased with FONPYME fund.

Sonia Fernández, Kibo Ventures partner, reports that this venture capital fund invests primarily in tech firms in A series rounds, i.e., when they are raising seed capital and have shown their product to be marketplace-ready. 'Our task is to provide support in the scale-up stage and help internationalise the business,' she explains. The fund adopts a generous view of eligibility, although the companies selected must have an obvious technological component and operate in a digital environment. Since 2012 the fund has invested in a bevy of industries,



'We feel proud to be able to contribute to the technological development of Spanish companies that blossom into international benchmarks'.

Sonia Fernández,
Kibo Ventures partner.

from sectors such as cybersecurity, digital education, mobility and logistics, artificial intelligence and big data, to SaaS models in areas including HR, training and fintech to name a few.

Internationalisation is an essential component in Kibo Ventures investments. 'We come in when companies are commercialising their products, as a rule on the local market after detecting a need for their product/service,

and our task is to help them scale up by entering the international marketplace' she contends. One of the basic investment criteria is that targets must have global scale output capacity and clearly international ambitions: 'As a fund we can help them find the optimal staff, commercial and operating structures for international success. We assess projects in terms of the solutions they propose for real market problems and their capacity to become genuine

sector benchmarks'. When selecting a target Kibo Ventures attaches utmost importance to the component that distinguishes the technology-based service or product. 'We seek to understand how taking this technology and strategy to market will afford the company potential sector benchmark status', explains Sonia Fernández.

'Today more than ever, innovation and technology drive growth'.

The name Kibo means **'full of hope'** in Japanese, a trait that characterises Sonia Fernández, for 'we feel product to be able to contribute to the technological development of Spanish companies that blossom into international benchmarks. We fortunately have plenty of talent

Driving digital conversion



Kibo Ventures team.

and access to excellent, well-trained engineers who inspire an optimistic vision of our potential to build very sound projects from Spain'.

In that regard she believes **progress in innovation and technology** will continue to be essential to creating jobs and

benchmark companies in our society. 'Today more than ever, innovation and technology drive growth', Fernández contents.

Sonia Fernández notes that the companies hosting fund investment normally benefit from other funding. 'One of the most prominent values we provide is

advice and help to conduct the next funding round. Thereafter, given their larger size, international funds lead those rounds'. After investing in over 50 companies, Kibo has established extensive relationships with the major international funds working out of Europe and the United States.

SECTORS

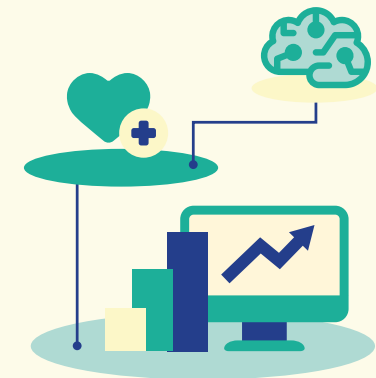
Big Data and artificial intelligence, mobility, logistics, digital education, digital health, HR Tech and fintech.

AVERAGE TICKET SIZE

M€2 to M€3 as initial investment.

FUND TARGET SIZE

M€100



Female leadership in internationalisation



One of COFIDES's objectives is to favour women's access to and acknowledgement by the business world, under the conviction that companies where women are integrated are more valuable, efficient and profitable. The company believes female talent generates personal and social wealth. For those reasons, it recognises women's role in internationalisation and leadership in the words of four women who have forged their personal talent in decision-making positions with a number of companies, success earned on the grounds of career-long capacity, effort and training.



Maite Ballester,
*Nexxus Capital
partner.*

Nexxus: internationalisation and female contribution

Maite Ballester

Nexxus Iberia is a development capital fund that works with businesspeople to hasten the growth of the companies in which it invests. Our approach consists in helping Spanish and Portuguese SMEs intensify their international presence in Europe, Latin America and the USA. We invest in companies with an EBITDA of M€3 to M€15 with a mean investment on the order of M€10 to M€20.

We operate in high-growth sectors where innovation is overhauling the industry, with low capex needs and a healthy appetite for internationalisation.

Nexxus Iberia provides companies support for internationalisation, enabling them to rise to challenges, lowering their risks and minimising associated costs. Along those lines, we value diversity in our management teams very highly. The internationalisation initiatives adopted by our hosts are often led by women with prior

experience, for our philosophy is that leadership is based on choosing the right person with proven know-how and skills.

In that respect **some traits characteristic of women match our leadership style** for these projects quite well.

Empathy. Imperative for accessing other markets, for it favours fluent and bidirectional communication with new clients, staff, suppliers and other stakeholders.

Female leadership in internationalisation

Emotional intelligence applied to management style, particularly for teamwork. The decision to internationalise generates intense in-house debate calling for emotional intelligence to incorporate diverse points of view in process analysis and roll-out.

Flexibility, creativity and innovation. A willingness to adapt to change, to self-reinvent, is imperative to internationalisation. New ways must be sought to conduct business, hire and manage talent, develop a sense of belonging and create a brand image. Every market and every country is different and needs to be broached in a very specific manner.

Diversity. Women not only provide but foster diversity. Diversity is needed for successful internationalisation planning and implementation. Differing

profiles must be integrated at all company levels: diversity is a must in terms not only of gender, but also of geography, academic background, age and area of expertise to analyse both challenges and opportunities from a wider range of angles.

Long-term vision. International expansion is necessarily a long-term proposition: each step must be planned in advance and targets must be timed to be able to measure progress.

Briefly, women make very **valuable contributions** to our host company management teams. Our business culture fosters that participation because we deem it to be an element that strengthens our performance.



Carmen Sampol,
Grupo SAMPOL
CEO.

Female leadership in companies pursuing internationalisation

Carmen Sampol

Grupo SAMPOL is a Spanish multinational headquartered at Palma de Mallorca and present in Canada, Cap Vert, Colombia, Dominican Republic, Honduras, Italy, Jamaica, Mexico, Panama, Peru, and Puerto Rico. In the 85 years since it was founded in 1934 by my grandfather

José Sampol the company has undertaken projects in 19 countries on four continents.

SAMPOL places **substantial stakes on diversity and equal opportunities**. We owe the success of our internationalisation endeavour largely to cultural, linguistic, gender, age, educational and outlook-on-life diversity. Our stand in favour of diversity has been a key to growth.

Although our sector, engineering, energy efficiency and digitalisation, is predominantly masculine, we are undergoing global cultural change with a steep rise in female talent the world over. Companies are very well positioned to capitalise on that increase in female talent. We must assume our major responsibility for including that talent in our organisations, which at SAMPOL is structured under our Equality Plan.

Female leadership in internationalisation

We must enlist the best leaders, irrespective of sex, able to motivate staff and help our organisations innovate and grow. **Diversity and with it female talent strengthen and intensely enrich our organisations.**



Ángela Pérez,
*Elecnor Structured
Finance Manager.*

Female internationalisation Ángela Pérez

Throughout my career internationalisation has been more a lifestyle than a professional option. From my earliest experience in an investment bank, I have always worked in international finance and investment. Over the years, I have learned to analyse surrounds, surmount platitudes and prejudice, respect cultural

difference and elasticise my opinions, but also to adapt experience from one environment to another and apply knowledge on a case-by-case basis.

Those international aspirations were significantly influenced in the early years of my career in the nineteen nineties by a challenge I set myself, consisting in proving that a young Spanish woman could **participate successfully** in the highly Anglicised and masculinised world of international finance. When I first started, very few women were willing to live outside Spain, travel frequently or accept long working hours and uncertain holidays. But I must add that very few companies were willing to confide in or promote women to positions of responsibility in international environs. It is consequently only fair to recognise and acknowledge the companies and superiors (primarily men)

who put their trust in me and viewed me, simply, as the right professional for the responsibility to be assumed.

For most companies today, internationalisation is a key ambition. **I would encourage women, along with men, to adopt a lead role in such processes**, in particular if they aspire to management positions that today more than ever demand international experience.

Inasmuch as women account for 50 % of the world population, companies must not overlook 50 % of the leadership, management and training potential, or the intellectual capacities, brought by women to business. In addition, employers benefit from **typically female leadership qualities** such as empathy, conflict settlement skills and collaborative management, so necessary in international environments characterised by diversity.

Female leadership in internationalisation

Companies must evolve in three key areas to **include women in their internationalisation processes**, especially in leadership positions. Firstly, they must do away with preconceived ideas about women's prioritisation of personal fulfilment over professional concerns; secondly, they must ensure the flexibility and resources needed to enable women and men to participate in international business without forfeiting a balanced personal life; and thirdly they must put

an end to salary gaps and glass roofs so more women feel as motivated as men to embark on the international adventure.

That said, work/family balance continues to be a challenge with which each of us must contend personally. **I invite everyone to seek the valour required to confront the challenges** inherent in internationalisation, a pathway strewn with complexity but paved with opportunity.



Cristina López,
*RTS S.A. Quality and
Environment Manager.*

Female leadership, key to successful internationalisation

Cristina López

RTS's internationalisation, to which a new endeavour in China to manufacture original automobile parts has been added, is a strategic decision based on the benefits to be potentially derived from economic diversification.

Female leadership is particularly well suited to such situations due, among others, to the following traits that distinguish it from male leadership: excellent organisational skills; clear and empathetic communication; global vision that strengthens inclusive leadership by coordinating different areas; and nimble and dynamic management to establish speedy and creative solutions to unforeseen circumstances.

Those features of female leadership **tend to intensify staff commitment**, especially where women's management vision poses challenges and responds to issues such as what the company does, where it aspires to be in the medium term and how its strategy is perceived.

A feeling of belonging and involvement by all areas and employees is the key to a

Female leadership in internationalisation

successful internationalisation strategy, where female leadership stands out for the aforementioned aptitudes.

When I decided to pursue a degree in a technical field I

was often advised to seek another discipline where women's presence was less patchy, in the belief that building a career in a predominantly male pursuit would be no easy task. I have advanced

professionally thanks to my **hard work, effort and sacrifice**, as well as the trust placed in me by the people who hired me and valued the benefits I could bring their organisations.

During my career I have held positions of responsibility in a number of industrial fields. My knowledge of chemistry and my proactivity, analytical capacity and organisational skills afforded me leadership opportunities in areas such as quality, R&D+I and manufacturing in Grupo Bionor. My career in that company enabled me to grow personally and professionally through team and business management. All those traits were taken into consideration when I was hired as RTS Quality Manager in 2015. I have now been confronted with a new challenge, managing the environment division. I have confronted that challenge with high expectations and optimism, under the conviction that I am capable of taking it on, in light of my ability to **assume new responsibilities through which to continue to grow personally and professionally**.



Added impact

COFIDES supports Spanish company internationalisation by providing oversight services to ensure the process is conducted with **suitable and responsible management** and contributes to the socio-economic growth of host countries while also favouring the Spanish economy itself. Both aims have a beneficial impact on achievement of the universal goals defined in the 2030 Agenda.

Impact on host countries

COFIDES fosters the establishment of partnerships with the private sector to finance projects that generate beneficial and lasting effects on host countries. The company has been measuring the impact of the projects it finances for the last 15 years. In that time, it has implemented in-house

policies and action, participated in international initiatives and worked with other global actors to progress towards achievement of global development goals. (See timeline of company action to enhance development and impact).

In 2020 portfolio projects financed yielded:

M€275.77

in tax revenues.

A M€1,591.35

rise in gross national product.

They contributed to creating and maintaining:



23,549

direct jobs.



M€625.89

in wages and salaries.



35,324

indirect jobs.



29,436

induced jobs.



4,234

jobs for women.

Alignment of **15** projects
with the 2X Challenge initiative.

2X CHALLENGE
FINANCING FOR WOMEN
G7 Program to promote and increase
women's participation



Technology and
know-how transfer in

52%
of projects.

Added impact

Within the bounds of sustainable finance in which **the ‘do no harm’ premise is incorporated as a vector spanning across all endeavours**, COFIDES’s business contributes to essentially seven SDGs.

To attest to its commitment to the 2030 Agenda, for the second year running the company included a series of **sustainability goals** in connection with employment, responsible manufacturing, infrastructure, climate change abatement and capital flows to emerging and developing countries as part of its own corporate objectives.

In 2020 COFIDES issued its **first statement on alignment of its investments and processes with the Operating Principles for Impact Management**. The content of that [disclosure statement](#) was the target of an internal audit and the first statement and audit on alignment

with such principles since 2019 when COFIDES adhered to the Investing for Impact: Operating Principles for Impact Management initiative.

Moreover, in the context of the EDFI, COFIDES participated

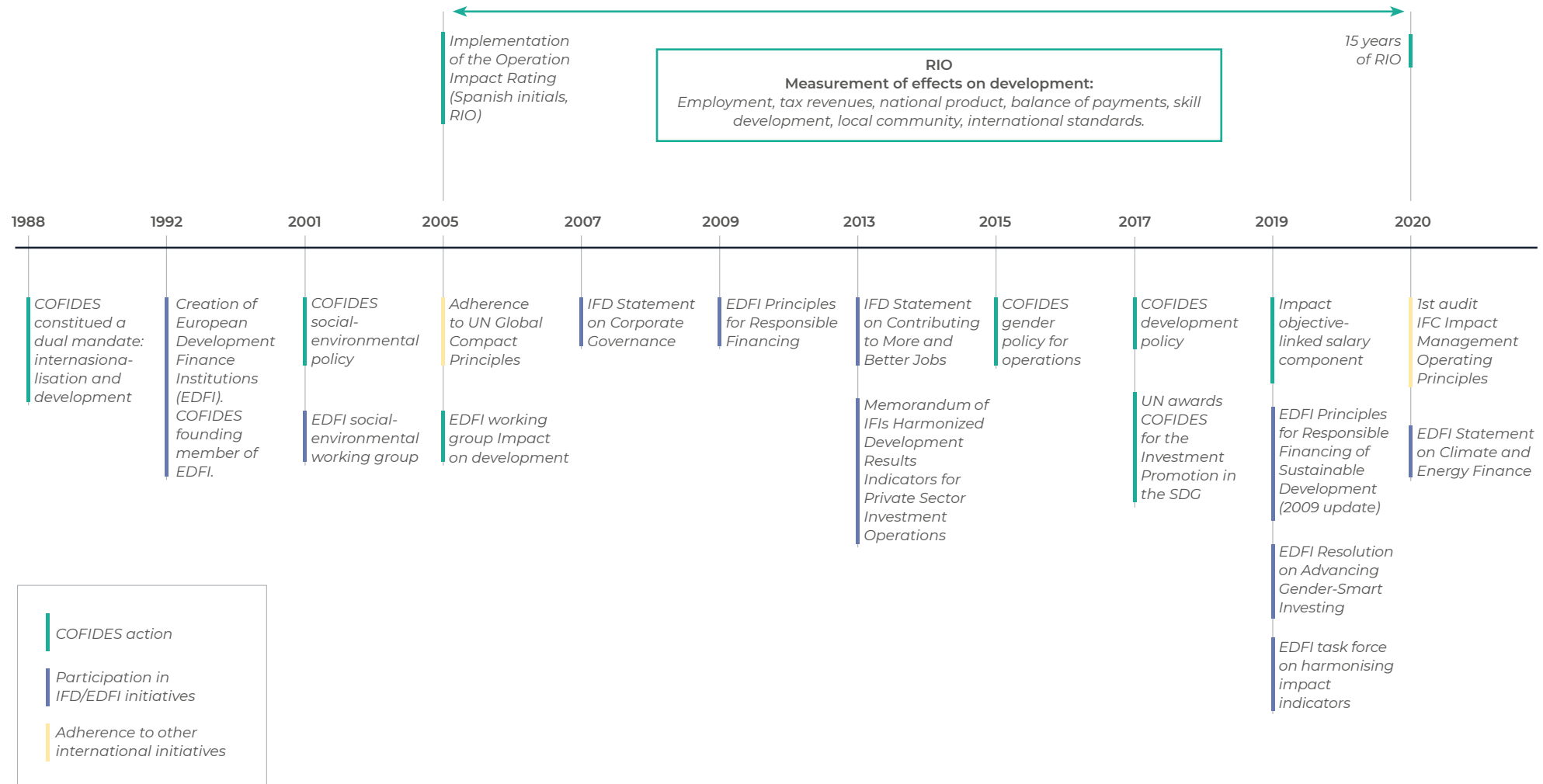
actively in the **‘Harmonisation Initiative on Responsible Financing and Impact Measurement’** working group set up to harmonise the measurement of investment impact in the central SDGs: employment, climate change, gender and inequality.

Contribution of COFIDES to the SDGs



Added impact

Timeline of COFIDES action in development and impact



Added impact

Impact in Spain

With the crisis induced by COVID-19, in 2020 COFIDES was **obliged to revisit its strategy and adapt to Spanish companies' needs**, with a view to minimising the impact of the pandemic on employment and the portfolio delinquency rate. That translated into restructuring, with payment deferrals as the chief flexibility measure.



	COFIDES Portfolio operations in 2020	Surrounds
Deferred payment restructuring	<p>Only 6% of the debt service was deferred between March 2020 and March 2021.</p> <p>A total of 34 operations benefitted from deferrals, 26 of which were awarded via fast-track procedures and 22 to SMEs.</p> <p>These deferred operations represented 12%.</p>	Over one-third (34%) of managers deem that COVID-19 had a heavier impact on their domestic than on their international business, compared to 22% who perceived the opposite (<i>Expansión internacional de la empresa española. Un nuevo escenario global, KPMG 2020</i>)
Flexibility measures	<p>Fast-track approval for operations requiring loan service deferral.</p> <p>Expedited sign-off for approved deferrals.</p>	
Default rate	<p>The default rate declined both in COFIDES's own (down 0.4 pp) and in FIEX's (down 0.2 pp) assets. In FONPYME in contrast the rate was similar to the 2019 figure.</p>	

¹ Payment deferrals in 15 COFIDES, 10 FIEX and 22 FONPYME portfolio operations, some of which were co-financed by COFIDES/FIEX or COFIDES/FONPYME

Management activities

03



Management activities



Our activities and impact are the outcome of a management endeavour that pursues **on-going improvement** and aspires to the very highest standards of responsibility and alignment with pioneering international market benchmark practices.

Such practices are applied at COFIDES to the management of its own assets and of those of the FIEX and FONPYME State funds. They are also deployed in its support for FONPRODE fund management and in its capacity to co-finance and

mobilise bi- and multilateral assets through mechanisms such as the Interact Climate Change Facility (ICCF), European Financing Partners (EFP), EU blending finance facilities and the United Nations' Green Climate Fund.

Once again and even under the exceptional circumstances induced by the COVID-19 crisis, our yearly client satisfaction survey revealed a **high degree of satisfaction with the services rendered**. The courtesy and accessibility of COFIDES staff and compliance with expectations were the items scored most highly. The service provided throughout the year was generally perceived to be excellent. At the same time, client companies continued to suggest that documentary requirements should be further simplified.

OVERALL CLIENT SATISFACTION



4.37/5

(2019: 4.44/5)



Operational and management capacity

ROLE	SOURCE	KEY FIGURES
Management	COFIDES	<ul style="list-style-type: none"> • Equity, 31.12.2020: M€150.11. • Approvals, 2020: 20 projects for M€27.15. • Formalisations, 2020: 19 projects for M€26.04. • Portfolio committed, 31.12.2020: 159 operations for M€126.60.
Management	FIEX	<p>Exclusive management of FIEX on behalf of the Ministry of Industry, Trade and Tourism's Secretariat of State for Trade.</p> <ul style="list-style-type: none"> • Equity, 31.12.2020: M€1,007.58. • Approvals, 2020: 8 projects for M€40.21. • Formalisations, 2020: 9 projects for M€44.15. • Cumulative revolving commitments: 292 projects for M€2,465.76. • Portfolio committed, 31.12.2020: 139 operations for M€1,087.93.
Management	FONPYME	<p>Exclusive management of FONPYME on behalf of the Ministry of Industry, Trade and Tourism's Secretariat of State for Trade.</p> <ul style="list-style-type: none"> • Equity, 31.12.2020: M€75.62. • Approvals, 2020: 15 projects for M€22.09. • Formalisations, 2020: 14 projects for M€18.66. • Cumulative revolving commitment: 235 projects for M€189.60. • Portfolio committed, 31.12.2020: 113 operations for M€87.84.
Management support	FONPRODE	<ul style="list-style-type: none"> • One of Spain's major cooperation for development financial instruments whose primary goal is to contribute to eradicating poverty. • Managed by the Agencia Española de Cooperación Internacional (AECID). • COFIDES began to lend support to AECID in October 2015 for cooperation in reimbursable development operations. • COFIDES provides management support for the following. <ol style="list-style-type: none"> Reimbursable action planning. Identification of operations eligible for financing. Financial, legal, environmental, social and development due diligence analyses. Operation formalisation. Economic-financial and portfolio performance monitoring.

Operational and management capacity

ROLE	SOURCE	KEY FIGURES
EU Programmes Multi- and bilateral assets	Guarantees	<p>The Renewable Energy Program for Sub-Saharan Africa was formalised under the EU's External Investment Plan (EIP). A program intended to secure guarantees for FONPRODE, it was submitted to the EU in conjunction with AECID to support off-/mini-grid renewable power generation projects in rural Sub-Saharan Africa.</p> <ul style="list-style-type: none"> • M€20 in guarantees and M€2 project technical assistance under management. • A call was launched in 2020 to select the projects to receive program support. Up to four of the 20 short-listed projects are expected to be supported.
	Technical support	<p>In 2020, COFIDES formalised its Triple Bottom Line Inclusive Finance in Latin America (TIF), a technical support facility. This program combines FONPRODE reimbursable financing for financial service providers (FSP) participating in loans to micro, small and medium-scale enterprises (MSMEs) with the technical support resources furnished by the EU (LAIF) for action in three main areas:</p> <ul style="list-style-type: none"> • Furtherance of inclusive finance: digital ecosystems; new products; support for MSME post-COVID-19 recovery; microlending technology. • Green microfinance: in-house or outsourced environmental risk management; social and environmental management systems; green products; climate-smart farming. • Institutional strengthening of FSPs with an emphasis on support to mitigate the effects of the economic and health crisis.
	Other blending projects	<ul style="list-style-type: none"> • Formalisation of COFIDES's participation in the Huruma Fund with M€1 from its own assets on the occasion of a rights issue open to private sector investors. COFIDES mobilises public resources furnished by the EU and AECID, favouring the success of this new high social-impact project for improving access to finance by smallholders or excluded farmers in Latin America and the Caribbean, Sub-Saharan Africa and Asia. Two investments for a total of M€7 were approved for Ecuador in 2020. • The conclusion of the EU's budgetary period in 2020 gave way to the new Multiannual Financial Framework, in effect in 2021-2027. The MFF will include a new financial instrument for EU action abroad, the Neighbourhood, Development and International Cooperation Instrument (NDICI), with an allocation of nearly G€79.5. The NDICI will furnish ongoing support for development projects in strategic sectors such as renewable energy in host countries, although under a single, more flexible umbrella that will also envisage innovative financial instruments such as the External Action Guarantee, and the EFSD+ mechanism.

Operational and management capacity

ROLE	SOURCE	KEY FIGURES
EDFI lines of action	EFP	<p>EFP-European Financing Partners: financing scheme sponsored by the European Investment Bank (EIB) and COFIDES's sister bilateral European Development Finance Institutions (EDFIs).</p> <ul style="list-style-type: none"> • Assets committed by EFP, 31.12.2020: M€600.6 for 45 projects in 17 countries. • COFIDES and FIEX participation in EFP assets, 31.12.2020: M€18.62 for 30 operations in 13 countries.
	ICCF	<p>ICCF-Interact Climate Change Facility: investment facility created by the Agence Française de Développement (AFD, French development agency), the European Investment Bank (EIB) and the Association of bilateral Development Financial Institutions (EDFI) to finance viable private investment projects that contribute to mitigating climate change and further energy efficiency in countries hosting official development assistance.</p> <ul style="list-style-type: none"> • Assets committed by EFP, 31.12.2020: M€502.0 for 33 projects in 19 countries. • COFIDES and FIEX participation in ICCF assets, 31.12.2020: M€11.41 for 23 operations in 14 countries.
	EDFI Management Company	<p>COFIDES acquired a 12.5 % holding in EDFI Management Company capital.</p> <ul style="list-style-type: none"> • AgriFi: Blending facility funded by the EU and managed by the EDFI Management Company to support investment geared to medium-scale and smallholder and/or agricultural MSMEs in one project each in Senegal, Nigeria and Myanmar and two multi-country projects each in the regions of Asia, Latin America and the Caribbean and Africa. • ElectriFi: Blending facility funded by the EU and managed by its EDFI Management Company to back investments to carry electricity to rural and excluded populations. It aspires to further the adoption of renewable energy. • COFIDES holds two seats on the Investment Committee. In 2020, in the wake of a rights issue, COFIDES was elected to its Board of Directors for the first time.
Other Multi- and bilateral assets	Green Climate Fund	<ul style="list-style-type: none"> • In October 2018 COFIDES was designated a Green Climate Fund-accredited organisation and to date continues to be the sole Spanish institution so accredited. The process was concluded in late 2019 with the formalisation of the accreditation master agreement (AMA). • Efforts to identify potential projects and operations were intensified in 2020. Replies were furnished to any number of queries around potential operations that could be backed with Green Climate Fund resources.

Approvals, formalisations and outlays

COFIDES, FIEX, FONPYME · 2020

	No. projects	M€
Approvals	33	89.45
Formalisations	33	88.85
Outlays	54	156.86

FONPRODE

Management support lent
by COFIDES · 2020

	No. projects	M€
Profiles	10	78.46
Proposals	10	190.7
Council of Minister approvals	12	199.42
Formalisations	5	40.93

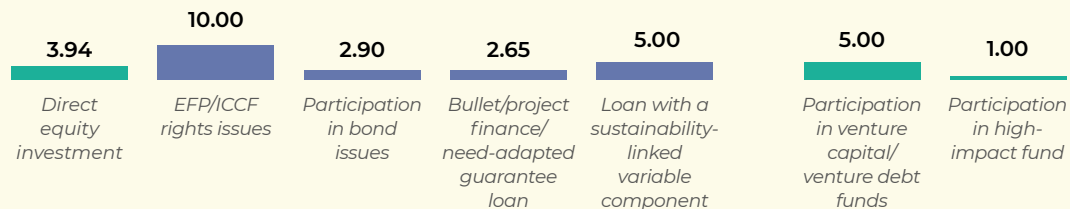


FORMALISATIONS BY PRODUCT IN 2020. COFIDES/FIEX/FONPYME (M€)

M€ 88.85
total
financing

Capital
Debt

Other
lending
M€ 58.36



Total direct financing
82.85

Total intermediated finance
6.00

Portfolio by region and sector

COFIDES, FIEX, FONPYME

M€	2020
Total portfolio	1,138.53
Assets committed	1,302.37

Portfolio committed	2020
No. operations	301
Countries	59

Sector	%
Automobile ind.	21
Transport infr.	14
Energy infr.	11
Agri-food	10
Naval/ aeronautics	7
Finance	6
Chem.-Pharm.	4
Metal-mecanical	4
Services-Environment	3
Engineering	3
Waterworks	2
Other	15

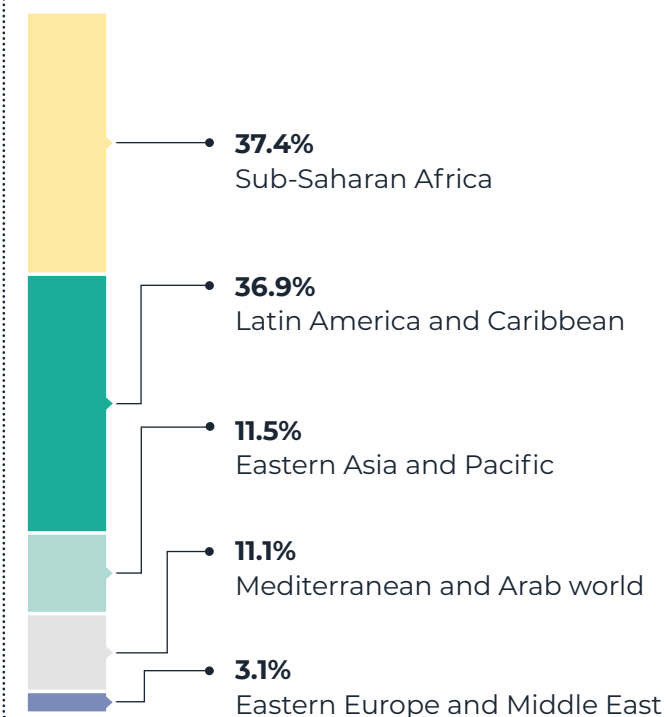
Country *	% of total investment
International **	15
USA	12
Mexico	11
Chile	10
China	7
United Kingdom	6
Peru	4
Russia	4
Poland	3
Colombia	3
Panama	3
Indonesia	2
Brazil	1
Nicaragua	1
Algeria	1
Ecuador	1
India	1
Other	15

* The world map showing COFIDES's historic activities is reproduced in the section headed 'Map of business history'.

** Operations pursuing sponsoring company internationalisation via direct financing in Spain.

COFIDES, FIEX and FONPYME together account for M€1230.11 of the **M€2250.74²** of the assets under management.

Geographic distribution of FONPRODE portfolio³:



² COFIDES is involved in managing FONPRODE: FONPRODE equity in 2019; FIEX, FONPYME and COFIDES equity in 2020.

³ In 2019. (Source: COFIDES).

Analysis of non-financial business risks

Positive investment impact rests on **suitable management of the financial and non-financial risks** present in the projects financed. COFIDES analyses the social-environmental and corporate governance factors forming part of its operations, an exercise essential to favouring long-term sustainability upon conclusion of the company's temporary investment involvement.

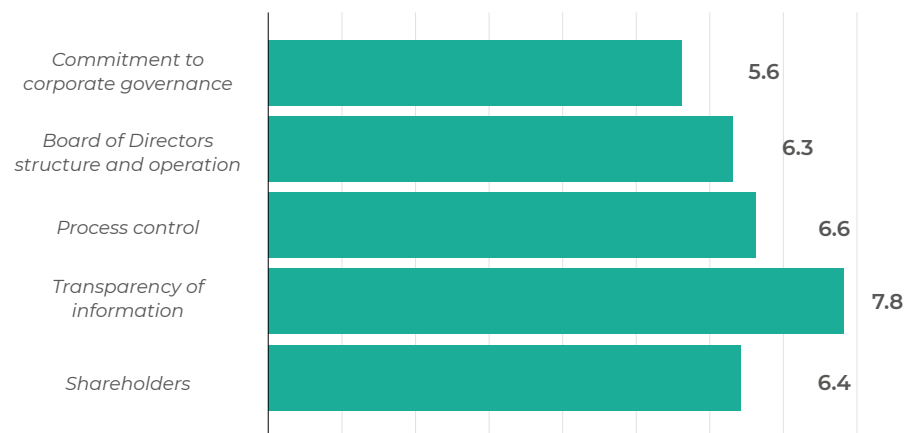
Corporate Governance

COFIDES is aware of the importance of **good corporate governance** in the parent companies it supports financially. Their practice in that respect was analysed in 2020 using the same parameters as in the preceding year.

Further to that assessment, companies' **corporate governance was rated** as initial, intermediate or advanced.

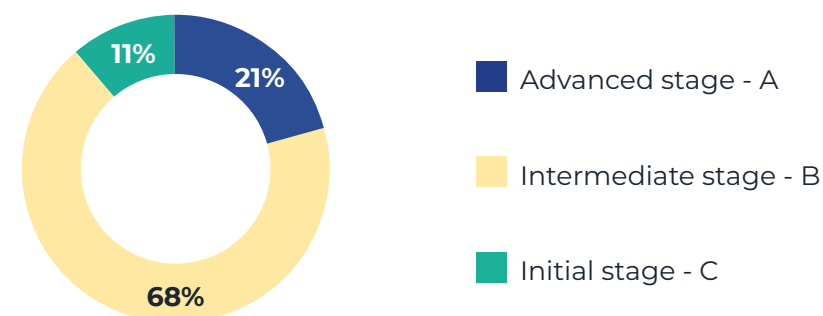
The **corporate governance objectives** pursued in 2021 include: study of the possibility of preparing specific corporate governance questionnaires for certain operations (project finance and funds); inclusion of a specific item on gender equality in the corporate governance questionnaire; review of corporate governance rating, aligning it with the assessment criteria defined by Standard & Poor's and included in the new rating tool deployed by COFIDES.

Good practices evaluated



* 0-10 scale.

Corporate governance rating in operations formalised in 2020



Analysis of non-financial business risks



Social and environmental factors

Commitment to financing no coal or fuel oil projects and to a net-zero GHG portfolio by 2050.

In November 2020 COFIDES and its sister development finance institutions adhered to a joint statement entitled [EDFI Statement on Climate and Energy Finance](#) in which they committed to aligning any new decisions on financing with the climate objectives set out in the Paris Agreement. The most prominent **commitments and best**

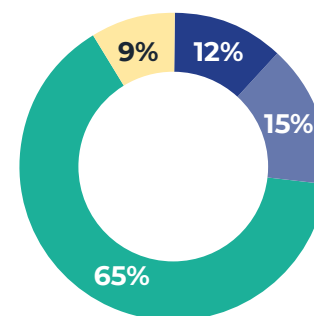
efforts set out in the statement are: to exclude new coal and fuel oil financing immediately; to phase out other fossil fuel financing with total exclusion by 2030; to establish investment targets in projects tackling climate change in 2022; to transition investment portfolios to net-zero GHG emissions by 2050; and to make climate-related financial disclosures in line with the recommendations put forward by the Task Force on Climate-related Financial Disclosures (TCFD).

The content of that statement is in line with the measures adopted to implement the company's Strategic Plan 2019-2021 and its commitment to sustainability, which will impact both the profile of COFIDES's portfolio and its approach to business.

Social-environmental investment risk analysis

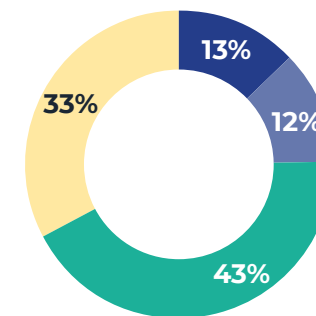
In keeping with Company **social and environmental policy**, projects are assigned a rating based on potential risk or environmental and social impact for classification and subsequent monitoring. The Report Parameters section contains a description of the four rating categories.

Social rating



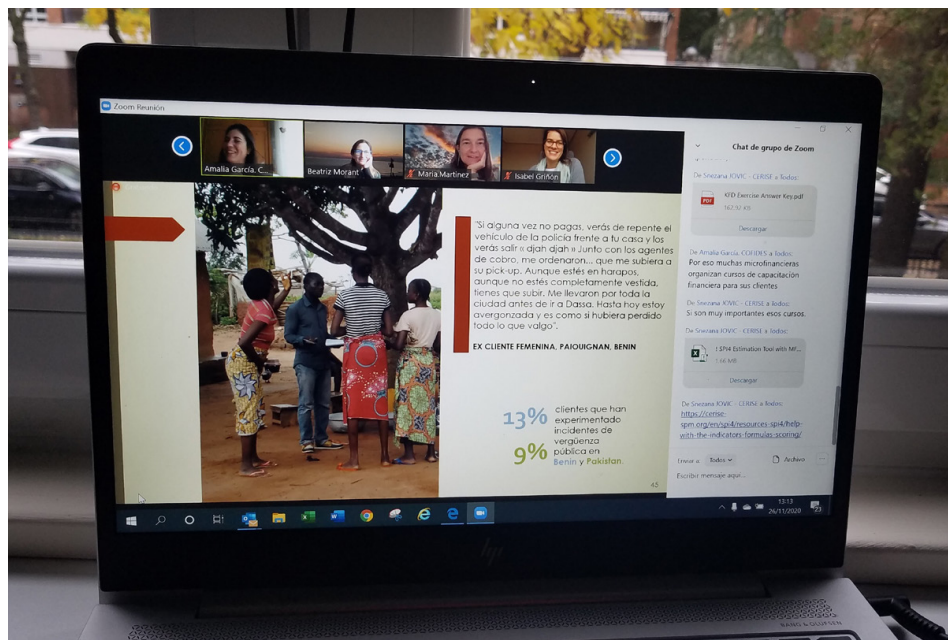
■ A ■ B+ ■ B ■ C

Environmental rating



■ A ■ B+ ■ B ■ C

Analysis of non-financial business risks



Online training session on microfinance institution Customer Protection Principles.

Lifelong learning for social-environmental professionals is essential to the acquisition of new analytical skills, in turn aligned with national and international progress in the matter. In 2020 the focus was on gender equality and microfinance institutions' Customer Protection Principles. One of the tasks to be address-

sed in 2021 is the review of the social-environmental questionnaire used to collect information for analysing the non-financial features of projects. Another is to revisit gender policy, intended to prevent adverse effects on women and further their empowerment in keeping with gender equality.

Analysis of decent work in projects financed

Framework	<ul style="list-style-type: none"> • UN Global Compact (2005). • EDFI Principles for Responsible Financing of Sustainable Development (2009, updated in 2019). • IFIs Statement on Contributing to Creating More and Better Jobs (2013). • IFC Operating Principles for Impact Management (2019). • EDFI resolution on progressing toward gender-focused investment (2019).
Policy	<ul style="list-style-type: none"> • Environmental and social policy in investments (2001, updated in 2015). • Gender policy in investments (2015).
Working groups	<ul style="list-style-type: none"> • EDFI - Environmental and social. • EDFI - Harmonisation Initiative on Responsible Financing and Impact Measurement. • EDFI - COVID-19. • Invest EU - Environmental and social. • Development Finance Institutions - Gender Finance Collaborative. • Secretary of State of Trade - Internationalisation and human rights. • Global Compact - Human rights.
Analysis	<ul style="list-style-type: none"> • Fundamental human rights: child and forced labour, non-discrimination and freedom of association. • Health and safety: occupational risk plan and in-house management, audits and specialised areas. • Decent working conditions: description of working hours, migrant worker hiring, remuneration, social benefits, management systems, certifications and security staff. • Potential impact on supply chain. • Potential impact on local communities. • Risk and social impact rating.
Contract	<ul style="list-style-type: none"> • OECD Guidelines for Multinational Companies. • Global Compact. • ILO Conventions: Fundamental + Decent work + Migrant Workers + Indigenous Peoples. • UN Conventions: Childhood and Women. • Mechanisms for raising complaints and suggestions. • Information on severe incidents.
Indicators	<ul style="list-style-type: none"> • No. of direct jobs: 23,549. • Mean dealy wage: €72.82. • Female employment: 18%*. • Sponsors adhering to Global Compact: 14%.

* Includes data furnished by 38% of portfolio projects.



Further information in:

[International Financing, Development and Non Financial Risks - Handbook for companies financed by COFIDES](#)

Analysis of non-financial business risks

Social-environmental project monitoring in the context of COVID-19

In March 2020 COFIDES implemented a **Contingency Plan** and a **Business-as-Usual Plan** to uphold its commitments with clients and its service quality, adopting measures to mitigate the impact of the pandemic.

The most prominent of the social-environmental action

undertaken at COFIDES included: i) a review of agreements to urge companies to take health and safety measures in keeping with health authority recommendations and to put their best effort behind lowering the impact on their payrolls; and ii) participation in formulating due diligence guides for social-environmental project monitoring against the backdrop of the pandemic.



Participation in Inicia 2 Programme - Company values, targeting secondary education students.

Integrity channel

In 2020 COFIDES included an [Integrity Channel](#) page on its website with instructions on how any stakeholder can submit their suggestions, complaints or reports if, among others, they feel a COFIDES-financed or -planned project is detrimental to them. Anyone interested may also use

this channel to submit requests to exercise their data protection rights. It is a confidential vehicle owned and run by an outside company, which receives and manages submissions. No outside communication was received in the target year.

Commercial and institutional action

TYPE OF ACTION	INSTITUTION INVOLVED	DESCRIPTION
Institutional action	EDFI	<ul style="list-style-type: none"> • In 2020 COFIDES continued to form part of the Association of bilateral European Development Finance Institutions' (EDFI) Board of Directors. • COFIDES participates in the following networking groups and task forces: Energy and Infrastructure; Corporate, Agribusiness, Manufacturing and Services; Legal Documentation; Private Equity; Emergency Facility; Moratorium; Financial Institutions, Sub-Working Group Environmental & Social COVID; Human Resources Networking Group; DFI Coordination on COVID-19 Operational Response; Development, Environmental and Social Impact; DFI Gender Finance Collaborative; Harmonisation Initiative on Responsible Financing and Impact Measurement. The company also takes part in the association's Annual General Meeting. • In November 2020 COFIDES and all other EDFI member financial institutions signed a joint EDFI statement committing to aligning all new financial decisions with the Paris Agreement climate targets by 2022.
	Other international initiatives	<p>In 2020 COFIDES joined two international fora established under the leadership of sovereign wealth funds, the International Forum of Sovereign Wealth Funds (IFSWF) and the One Planet Sovereign Wealth Funds (OPSWF), ultimately to intensify the mobilisation of financial assets available to co-finance Spanish company projects. As a member of IFSWF, COFIDES committed to honouring the Santiago Principles, generally accepted sovereign fund governance, investment and risk management principles and practice. With adherence to OPSWF, the company became the first Spanish institution to be represented in the forum, which aims to mobilise sovereign fund assets to innovate and expand investment opportunities aligned with the Paris Agreement climate goals (COP21).</p> <ul style="list-style-type: none"> • COFIDES also attends annual general assemblies and meetings of organisations such as the World Bank, IRENA (International Renewable Energy Agency) and the aforementioned IFSWF and OPSWF. • In addition, in a year tainted by the COVID-19 crisis, COFIDES participated in a number of IFC (International Finance Corporation)-headed task forces seeking to coordinate an immediate response to the crisis to benefit the private sector in developing countries and economies.

Commercial and institutional action

TYPE OF ACTION	INSTITUTION INVOLVED	DESCRIPTION
Institutional action	Partnering agreements in Spain	<ul style="list-style-type: none"> On the domestic scale, COFIDES concluded a partnering agreement to further SME internationalisation with Elkargi, a mutual guarantee company whose business is concentrated in the Basque Country and Navarre. Under that agreement, COFIDES will provide Elkargi SME partners and their foreign subsidiaries in emerging and developing countries with financing for productive investment or commercial presence-building. COFIDES also concluded a partnering agreement with <i>Fundación Real Instituto Elcano de Estudios Internacionales y Estratégicos</i> [royal institute for international and strategic studies].
	Other institutional events	<ul style="list-style-type: none"> COFIDES organised the sixth edition of its <i>Internacionalización y Desarrollo</i> prizes intended for institutions making outstanding contributions to internationalisation, development or impact investment and Spanish companies with a sizeable international dimension. The organisations distinguished in this sixth edition were: Grupo Ortiz, Inbonis Rating, International Finance Corporation-World Bank and the three-way institutional partnering involving the Secretariat of State for Trade, the Spanish Chamber of Commerce and CEOE, the national employers' association. Secretary of State for Trade Xiana Méndez was among the guest speakers at an event held to introduce the Huruma Fund and to foster the growth of funds for financial inclusion.
Commercial action	COFIDES commercial activity	<ul style="list-style-type: none"> In 2020 the company's commercial activity was conditioned by the COVID-19-induced crisis and funding constraints affecting FLEX in particular. The combination of those two factors required COFIDES to modulate and adapt its promotional activity to changes and delays in project roll-out in the wake of the new circumstances and to the assets available at any given time. <p>Direct commercial contacts with potential clients:</p> <ul style="list-style-type: none"> A total of 756 potential clients with internationalisation projects were contacted, fewer than the 1010 recorded in 2019 for the aforementioned reasons. Proactivity in identifying target companies was, at 66%, similar to the 2019 figure (70%). SMEs accounted for 75% of the contacts, up from 63% in 2019, given the greater availability of FONPYME funds throughout the year. Videoconferencing was the vehicle most commonly used (79%) to hold the 222 meetings organised with potential clients.

Commercial and institutional action

TYPE OF ACTION	INSTITUTION INVOLVED	DESCRIPTION
Commercial action	COFIDES commercial activity	<p>Dissemination and promotion:</p> <ul style="list-style-type: none"> These activities were conducted primarily via webinars and online seminars. Symposia and seminars under agreements with <i>Agència per la Competitivitat de l'Empresa</i> (ACCIÓ) and <i>Institut Valencià de Competitivitat de l'Empresa</i> (IVACE) [respectively Catalanian agency and Valencian institute for business competitiveness]. Follow-up meetings and presentations of co-financing opportunities with <i>Instituto Vasco de Finanzas</i> [Basque finance institute], Basque Trade & Investment, <i>Instituto de Fomento</i> (INFO) [development institute for the Murcian region], <i>Empresa Pública Andaluza de Promoción Exterior</i> (Extenda) [Andalusian export and foreign investment authority], <i>Sociedad Gestora de Entidades de Inversión de Tipo Cerrado, S.A.U.</i> (Xesgalicia) [Galician investment institution management company]. Close collaboration with other representative institutions: Elkargi, Banco Sabadell (<i>Exportar para Crecer</i>), <i>Club de Exportadores</i>, Spanish and Spanish-Brazilian Chambers of Commerce. Cooperation with ICEX España Exportación e Inversiones [Spanish public export and investment body]: meetings with its financial counselling division in connection with companies identified by ICEX to have projects eligible for COFIDES financing. Organisation of a webinar to disseminate COFIDES's services in lieu of the finance symposium on foreign operations held in previous years. On the international scale, the company continues to build on its relations with multi- and bilateral development institutions such as IDB, CAF (Development Bank of Latin America), IFC, ALIDE, CABEL and the company's sister EDFIs. Working meetings are held with organisations fostering investment such as Procolombia and ProEcuador and with the Ecuadorian, Egyptian, Finnish, French and Korean Embassies.



Encounter at COFIDES headquarters with CAF-International Development Bank Chairman Luis Carranza.



Presentation of the monographic issue of *Información Comercial Española* (ICE, journal in economics published by the Spanish Ministry of Industry, Trade and Tourism) on opportunities in Africa.

Our organisation

04



Board of Directors and Management Team



Board of Directors meeting held in January 2020.

Board of Directors

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. José Luis Curbelo Ranero.

Mr. Alfonso Noriega Gómez,
Head of the Chairman's Office
Instituto de Crédito Oficial (ICO).

Mr. Antonio Bandrés Cajal,
Head of International Financing
and EU Affairs Instituto de Crédi-
to Oficial (ICO).

Mr. David Noguera Ballús,
Assistant General Director.
Banco de Sabadell, S.A.

Mr. Fernando Jiménez-Ontiveros
Diego, *Director General for Multi-*
lateral, Horizontal and Financial
Cooperation.
AECID.

Ms. Idoia Arteagabeitia,
Partner.
Pinsent Mansons España, S.L.P.

Board of Directors and Management Team

Mr. Jaime Uscola Lapiedra,
Head of International Business.
Banco Santander España, S.A.

Mr. Javier Estévez Zurita,
*Director of Solutions and Business
Transformation.*
Banco Bilbao Vizcaya Argentaria, S.A.

Mr. Juan Ignacio Moratinos Alonso,
*Deputy General Director for Programme
Management and Execution, Directorate
General for Industry and SME.*
Ministry of Industry, Trade and Tourism.

Ms. María Aparici González,
*Deputy General Director, International
Trade in Services and Digital Trading.*
Ministry of Industry, Trade and Tourism.

Mr. Pablo López Tallada,
Director of Global Trade Finance.
Banco Bilbao Vizcaya Argentaria, S.A.

Mr. Pablo de la Torre Rodríguez,
*Head of Commercial Department,
International Business.*
Banco Santander España, S.A.

Secretary, non-member and legal counsel
Ms. Ana Victoria Fernández Sáinz de la Maza.

Management Team



**Chairman and Chief
Executive Officer**

Mr. José Luis Curbelo Ranero



Director-General

Mr. Rodrigo Madrazo García
de Lomana



**Head of General
Secretariat Division**

Ms. Ana Victoria Fernández Sáinz
de la Maza



**Assistant Manager, Talent
and IT Division**

Mr. Fernando Aceña Moreno



**Assistant Manager, Business
Development Division**

Ms. Ana Cebrián Parrondo



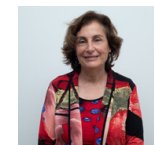
Assistant Manager, Risk Division

Ms. Consuelo Díaz Martínez



**Assistant Manager,
Investment Division**

Mr. Miguel Ángel Ladero Santos



**Assistant Manager, Internal
Control Division**

Ms. María Victoria de Luis Durán



**Assistant Manager,
Finance Division**

Ms. Carolina Fernández-Puebla
Muñiz



**Assistant Manager, Partnerships
for Development Division**

Mr. José Carlos Villena Pérez

Adaptation to remote working at COFIDES



COFIDES Information Technology Team.

At COFIDES, **remote working** was initially a management-supported pilot project designed to assess the company's readiness to embark on this innovative endeavour and its impact on productivity and teamwork.

With the onset of the pandemic, however, **remote working became more a necessity than an option**. Thanks to these arrangements the company was able to attend to business normally from the very first day of lockdown and retain full operationality while it lasted.

The new circumstances called for **an exceptional effort on the part of the Information Technology Department** to ensure the remote working system was up and running, providing remote support for users while meeting everyday maintenance and development needs.

Remote working would not have been such a success, however, **without the cooperation and resilience of all company employees**. Change is never easy, in particular when sudden, drastic and imposed in a context of widespread concern and uncertainty, but with the staff in general making every effort to adapt, we were able to carry on.

The most pressing technological challenge was to provide the company with a home-officing system that ensured secure access to company resources from personal facilities. When the pandemic first hit not all company employees had laptops whose security was under COFIDES IT team control. Staff-wide cybersecurity training sessions were consequently held to heighten awareness of the risks involved in remote working.

Demo videos on how to use the most common communication and videoconferencing tools were also prepared.

Throughout the year, with all employees home-officing, a measure recommended by health authorities, afforded COFIDES **greater operating, geographic and office hour flexibility**.

The technological steps to be taken next will be geared to **establishing full independence from workstations**. The goal is to ensure that, irrespective of staff location, access to information, receipt of incoming calls and general working procedures are exactly the same in and outside company offices and COFIDES services are provided with the optimal quality for which the company is reputed.

Alejandro Colino,

*Assistant Director, Information
Technology Department.*

Staff

COFIDES sees in its human resources its primary competitive advantage. Its efforts consequently focus on ongoing improvement in staff experience, know-how, capacities and skills to ensure consistent optimality in a number of dimensions: training, motivation, remuneration, flexibility, adaptation, innovation and engagement, among others. All are determinants in meeting independently set or mandated achievements and goals.

STEERING COMMITTEE



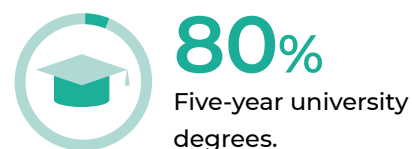
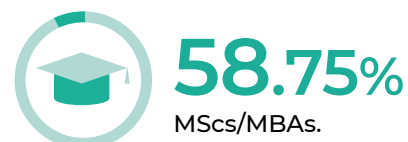
AVERAGE SENIORITY



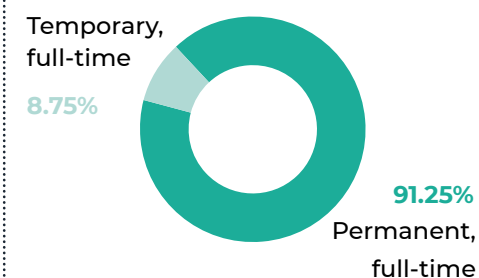
MEAN AGE



LEVEL OF SCHOOLING



TYPE OF EMPLOYMENT CONTRACT



Permanent, full-time



Temporary, full-time



	Number	Women
Senior and technical managers	20	50%
Technical staff	50	62%
Support staff	10	90%
TOTAL	80	62.5%

Staff

Training

INVESTMENT (MEAN PER EMPLOYEE)

 **€2,000**

STAFF COVERED BY TRAINING PLAN

 **100%**

MEAN TRAINING HOURS BY CATEGORY

34 Senior managers.

85.2 Technical managers
and staff.

19.85 Support staff.

MEAN HOURS BY SEX



69.55 hours

86.00 hours

In 2019 COFIDES adhered to the **#Dónde están ellas?** [where are the women?] initiative headed by European Parliament's office in Spain. That manifesto furthers gender equality through women's active participation in outside events organised by the signatories. A total of 33 % of the speakers at events organised by COFIDES in 2020 were women.



Carbon-neutral office

In 2020 the Spanish Ministry of Ecological Transition and Demographic Challenges' Office on Climate Change (OECC) awarded COFIDES its **"CALCULATE-COMPENSATE"** seal, associated with the calculation of and compensation for the carbon footprint (tiers 1 and 2) generated by the company's direct and indirect emissions in 2019. That footprint was compensated in 2020 via company collaboration with one of the forestry CO₂ compensation projects registered with the OECC.

Award of this seal is a token of **COFIDES's commitment to sustainability**, as set out in the company's Strategic Plan 2019-2021. In 2021 COFIDES purports to broaden the scope of this certificate to include tier 3 (travel, office supplies and commuting). It will also implement a tiers 1 and 2 emissions abatement plan in pursuit of "CALCULATE-COMPENSATE" certification in 2024.



Stakeholder relations

The national and international private and public sectors are progressively joining forces with academia and the third sector to rise to the world challenges identified in Agenda 2030. COFIDES, aligned with that trend, maintains working relations with a number of organisations in those realms.

Stakeholder relations

STAKEHOLDER RELATIONS			
CATEGORY	STAKEHOLDER	TYPE OF RELATIONSHIP	FREQUENCY
SHAREHOLDER	Public / private shareholder	General Assembly	Semi-annual
		Board of Directors	Monthly
		Audit and Risk Commission	Periodic
		Working group meetings	Sporadic
NATIONAL GOVERNMENT	Secretariat of State for Trade Directorate General of International Trade and Investment	FIEX and FOMPME Executive Committees	Monthly
		Institutional meetings on specific subjects	Sporadic
	Secretariat of State for International Cooperation and for Ibero-America and the Caribbean AECID	FONPRODE Executive Committee	Quarterly
		Bilateral meetings	Periodic
	Ministry of Finance	Office of the State Comptroller [IGAE] audits	Annual
BUSINESS AND INTERNATIONALISATION PARTNER	Companies	Court of Auditors	Sporadic
		Negotiation	Ongoing
		Integrated analysis	
		Business meetings investment fora and seminars	Sporadic
		Satisfaction surveys	Annual
	State public authorities	Meetings on several levels	Sporadic
	Other public bodies		
	Private associations	Seminars and fora	
	Regional government agencies	Partnership agreements	Periodic
	EDFI	Board of directors	
		Annual General Meeting	
		EFP/ICCF investment committees	
		Working groups on specific subjects	
		Task Force	
	European Commission (DG DEVCO)	Blending finance meetings	Sporadic

Stakeholder relations

STAKEHOLDER RELATIONS			
CATEGORY	STAKEHOLDER	TYPE OF RELATIONSHIP	FREQUENCY
BUSINESS AND INTERNATIONALISATION PARTNER	UN (Green Climate Fund)	Meetings	Sporadic
	Other multilateral organisations	Meetings	Sporadic
		Seminars and fora	
THINK TANK	Academic	Reports	Sporadic
	Foundations and associations		
THIRD SECTOR	NGOs	Symposia and seminars	
STAFF	Employees	In-house meetings	Periodic
		Management Committee notes	Weekly
		Works council	Monthly
		Open house days	Sporadic
		In-house newsletter	Periodic
		Suggestion box	Ongoing
		Anonymous suggestion box	
MEDIA	Nationwide, regional daily newspapers. Specialised journals	Press releases	Sporadic
		Social networks	Ongoing
		Advertising	Sporadic

Financial statements

05



External verification certificate

Informe de Auditoría de Cuentas Anuales
emitido por un Auditor Independiente

**Compañía Española de Financiación
del Desarrollo, COFIDES, S.A., S.M.E.**

Cuentas Anuales e Informe de Gestión
correspondiente al ejercicio terminado
el 31 de diciembre de 2020



C/ Alcalá, 63
28014 – Madrid

+34 915 624 030
www.mazars.es

Informe de Auditoría de Cuentas Anuales emitido por un Auditor Independiente

A los accionistas de
Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E.:

Opinión

Hemos auditado las cuentas anuales de **Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E.** (la Entidad), que comprenden el balance a 31 de diciembre de 2020, la cuenta de pérdidas y ganancias, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria correspondientes al ejercicio terminado en dicha fecha.

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de la Entidad a 31 de diciembre de 2020, así como de sus resultados y flujos de efectivo correspondientes al ejercicio terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación (que se identifica en la nota 2 de la memoria) y, en particular, con los principios y criterios contables contenidos en el mismo.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales* de nuestro informe.

Somos independientes de la Entidad de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Aspectos más relevantes de la auditoría

Los aspectos más relevantes de la auditoría son aquellos que, según nuestro juicio profesional, han sido considerados como los riesgos de incorrección material más significativos en nuestra auditoría de las cuentas anuales del periodo actual. Estos riesgos han sido tratados en el contexto de nuestra auditoría de las cuentas anuales en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esos riesgos.

Oficinas en: Alicante, Barcelona, Bilbao, Madrid, Málaga, Valencia, Vigo

MAZARS Auditores, S.L.P. Domicilio Social: C/Diputació, 260 - 08007 Barcelona
Registro Mercantil de Barcelona. Tomo 30.734. Folio 212. Hoja B-180111. Inscripción 1ª. N.I.F. B-61622262
Inscrita con el número S1189 en el Registro Oficial de Auditores de Cuentas (ROAC)



Estimación de las pérdidas por deterioro por riesgos de la cartera de préstamos y partidas a cobrar – créditos a empresas

Tal como se indica en la nota 4.6.7 de la memoria adjunta, un activo financiero o grupo de activos financieros está deteriorado, si existe evidencia objetiva del deterioro como resultado de uno o más eventos que han ocurrido después del reconocimiento inicial del activo y ese evento o eventos causantes de la pérdida tienen un impacto sobre los flujos de efectivo futuros estimados del activo o grupo de activos financieros, que puede ser estimado con fiabilidad. En dicha nota se expone la política de cobertura de riesgos por deterioro de la cartera. La aplicación de política supone la asunción de las siguientes líneas de actuación:

- La Política de Cobertura de Riesgos por Deterioro de Valor de las Operaciones es de aplicación para todas ellas con la única excepción de las operaciones de capital a precio abierto para las que, de acuerdo con el Plan Contable, el deterioro de valor de estas operaciones viene determinado por la diferencia entre el coste de adquisición y el valor de la participación que, en ausencia de un valor de mercado fiable, se asimilará al valor teórico contable de la sociedad participada.
- Dicha Política se basa en el análisis singularizado del riesgo de cada una de las operaciones cuyas conclusiones se concretan en la asignación de un determinado nivel de rating interno, salvo en el caso de operaciones dudosas por morosidad en las que la variable a considerar es la antigüedad de la deuda. Una vez calificadas, con carácter general el nivel de deterioro de valor se estima colectivamente para cada categoría de rating interno -rating interno de la operación antes de considerar garantías- y se presenta mediante una parrilla que asigna un nivel determinado de deterioro de valor para cada categoría de rating.

El cálculo deterioro de los instrumentos financieros es la principal estimación realizada por la dirección de la entidad. Por ello, consideramos este aspecto como relevante en nuestra auditoría.

Nuestros procedimientos de auditoría han incluido, entre otros, los siguientes:

- Evaluación de los controles existentes en la entidad en el proceso de concesión de las operaciones y seguimiento de las mismas.
- Verificación del cumplimiento de las políticas establecidas por la entidad a lo largo de la vida de las operaciones (estudio, aprobación y seguimiento).
- Comprobación de la realización de los estudios pertinentes previa a la autorización de la operación, así como la correcta aprobación de las operaciones por los órganos competentes.
- Verificación de la asignación de los ratings a las operaciones en base a los criterios establecidos y aprobados por el Consejo de Administración de la entidad y siguiendo los estudios individualizados de cada operación.
- Cuadre del inventario extracontable con los registros contables.
- Comprobación de la razonabilidad de los ratings aplicados a través de pruebas de detalle, así como la verificación de los datos clave para el cálculo del deterioro en base a la política establecida en la entidad.
- Obtención de confirmación externa por parte de los acreditados de la deuda pendiente a la fecha solicitada.
- Revisión del cálculo de la estimación del deterioro de la cartera de préstamos realizada por la entidad.



Otra información: Informe de gestión

La otra información comprende exclusivamente el informe de gestión del ejercicio 2020, cuya formulación es responsabilidad de los administradores de la Entidad y no forma parte integrante de las cuentas anuales.

Nuestra opinión de auditoría sobre las cuentas anuales no cubre el informe de gestión. Nuestra responsabilidad sobre el informe de gestión, de conformidad con lo exigido por la normativa reguladora de la actividad de auditoría de cuentas, consiste en evaluar e informar sobre la concordancia del informe de gestión con las cuentas anuales, a partir del conocimiento de la Entidad obtenido en la realización de la auditoría de las citadas cuentas y sin incluir información distinta de la obtenida como evidencia durante la misma. Asimismo, nuestra responsabilidad consiste en evaluar e informar de si el contenido y presentación del informe de gestión son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito en el párrafo anterior, la información que contiene el informe de gestión concuerda con la de las cuentas anuales del ejercicio 2020 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores en relación con las cuentas anuales

Los administradores son responsables de formular las cuentas anuales adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados de la Entidad, de conformidad con el marco normativo de información financiera aplicable a la Entidad en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales, los administradores son responsables de la valoración de la capacidad de la Entidad para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con la empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los administradores tienen intención de liquidar la Entidad o de cesar sus operaciones, o bien no exista otra alternativa realista.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión. Seguridad razonable es un alto grado de seguridad pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales.

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

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- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la Entidad.
- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores.
- Concluimos sobre si es adecuada la utilización, por los administradores, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad de la Entidad para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que la Entidad deje de ser una empresa en funcionamiento.
- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales, incluida la información revelada, y si las cuentas anuales representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

Nos comunicamos con los administradores de la Entidad en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

Entre los riesgos significativos que han sido objeto de comunicación a los administradores de la Entidad, determinamos los que han sido de la mayor significatividad en la auditoría de las cuentas anuales del periodo actual y que son, en consecuencia, los riesgos considerados más significativos.

Describimos esos riesgos en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.



MAZARS AUDITORES, S.L.P.

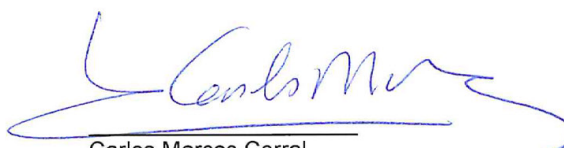
2021 Núm. 01/21/05197

SELLO CORPORATIVO: 96,00 EUR

Informe de auditoría de cuentas sujeto
a la normativa de auditoría de cuentas
española o internacional

Madrid, 5 de abril de 2021

MAZARS AUDITORES, S.L.P.
ROAC N°S1189


Carlos Marcos Corral
ROAC N° 17577

Annual accounts

Financial Statements for the financial year ending 31 December 2020

Balance on 31 December 2020 (in thousands of euros)

ASSETS	Notes	2020	2019
NON-CURRENT ASSETS		94,207	79,143
Intangible assets	5	48	141
Industrial property		-	-
Software applications		48	141
Tangible assets	6	601	703
Other facilities		397	476
Furnishings		137	163
Computer hardware		66	63
Transport items		1	1
Long-term financial investments		93,558	78,299
Equity instruments	10 and 11	3,898	2,433
Loans to companies	11	78,004	65,809
Other financial assets	11	115	115
Accounts receivable, funds	11	11,541	9,942
Current tax assets		-	-
CURRENT ASSETS		59,203	66,190
Non-current assets held for sale	7	475	475
Trade and other receivables	11	9,627	10,325
Accounts receivable		439	1,997
Accounts receivable, funds		9,143	8,328
Credits with Public Administrations		45	-
Short-term financial investments	11	26,972	29,944
Equity instruments		5,000	5,000
Loans to companies		10,740	12,823
Interest outstanding on loans to companies		336	338
Other financial assets		10,896	11,783
Short-term accruals		142	15
Cash and other equivalent liquid assets	12	21,987	25,431
Treasury		21,987	25,431
Other equivalent liquid assets		-	-
TOTAL ASSETS		153,410	145,333
Memorandum account cash receivable	20	204	-

Annual accounts

Balance on 31 December 2020 (in thousands of euros)

EQUITY AND LIABILITIES	Notas	2020	2019
EQUITY		150,105	141,555
Issued capital	13	39,396	39,396
Reserves		100,520	91,969
Legal and statutory		7,879	7,879
Other reserves		92,641	84,090
Profit for the year	3	10,189	10,190
CURRENT LIABILITIES		-	-
Long-term provisions		-	-
Other provisions		-	-
Long-term accounts payable	15	-	-
Debts with credit institutions		-	-
Other financial liabilities		-	-
Current tax assets		-	-
CURRENT LIABILITIES		3,305	3,778
Liabilities linked to non-current assets held for sale	7	613	613
Trade and other payables		1,050	1,715
Sundry creditors	15	238	573
Personnel (remunerations outstanding)	15	383	375
Current tax liabilities	17	-	380
Other public administration debts	17	429	387
Other financial liabilities	15	-	-
Short-term accruals	16	1,642	1,450
TOTAL EQUITY AND LIABILITIES		153,410	145,333
Memorandum account cash payable EU liabilities	20	204	-

Annual accounts

Profit and Loss Account for the financial year ended 31 December 2020 (in thousands of euros)

ONGOING OPERATIONS	Notes	2020	2019
Net turnover	19.1	25,029	25,453
Personnel expenses	19.2	(6,354)	(6,294)
Salaries and similar		(4,861)	(4,746)
Welfare contributions		(1,493)	(1,548)
Other operating expenses		(4,222)	(5,609)
External services	19.3	(3,057)	(3,787)
Taxes	19.3	(119)	(108)
Losses, impairment and variations in provisions for trade operations	11.1 and 11.2	(1,046)	(1,714)
Depreciation of fixed assets	5, 6	(171)	(190)
Impairment and results of disposals of fixed assets	5, 6 and 7	-	-
Impairments and losses		-	-
Results of disposals and others	-	-	-
Other results		426	175
OPERATING RESULTS		14,708	13,535
Financial revenues	19.4	11	35
From tradeable securities and other financial instruments			
From third parties		11	35
Financial expenses	19.5	(170)	(103)
Notes payable to credit institutions	-	-	(5,609)
Other notes payable		(170)	(103)
Exchange rate differences		(975)	149
FINANCIAL RESULTS		(1,134)	81
RESULTS BEFORE TAX		13,574	13,616
Taxes on profits	17	(3,385)	(3,426)
RESULTS FOR THE FINANCIAL YEAR	3	10,189	10,190

Annual accounts

Statement of Changes in Equity for the financial year ending 31 December 2020 (in thousands of euros)

A) Statement of Recognised Income and Expenditure for the year ending 31 December 2020.

	Notes	2019	2019
Profit and loss account results	3	10,189	10,190
TOTAL RECOGNISED INCOME AND EXPENSE		10,189	10,190

B) Statement of Total Changes in Equity for the year ending 31 December 2020.

	Issued capital (Note 13.1)	Legal reserve (Note 13.2)	Voluntary reserves (Note 13.3)	Results of the year (Note 3)	Dividends (Note 3.1)	Total
BALANCE ON 31 DECEMBER 2018	39,396	7,879	76,373	9,192	-	132,840
Total recognised income and expenditure in 2019	-	-	-	10,190	-	10,190
Distribution of 2017 profit:						-
Reserves	-	-	7,717	(7,717)	(1,475)	(1,475)
Dividends	-	-		(1,475)	1,475	-
BALANCE ON 31 DECEMBER 2019	39,396	7,879	84,090	10,190	-	141,555
Total recognised income and expenditure in 2020	-	-	-	10,189	-	10,189
Distribution of 2019 profit:						-
Reserves	-	-	8,551	(8,551)	(1,639)	(1,639)
Dividends	-	-		(1,639)	1,639	-
BALANCE ON 31 DECEMBER 2020	39,396	7,879	92,641	10,189	-	150,105

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Cash Flow Statement for the financial year ending 31 December 2020

	Notes	2020	2019
OPERATING CASH FLOW			
Results for the year before tax		13,574	13,616
Adjustments to the results		1,376	1,972
Amortisation of fixed assets (+)	5, 6	171	190
Valuation adjustments due to impairment (+/-)	10	-	-
Variation in provisions (+/-)	11.1 and 11.2	1,046	1,714
Results of retirements and disposals of fixed assets (+/-)		-	-
Financial revenues (-)		(11)	(35)
Financial expenses (+)		170	103
Other revenues and expenses (-/+)		-	-
Change in working capital		(14,168)	(6,323)
(Increase)/Decrease in debtors and other accounts receivable		698	(802)
(Increase)/Decrease in other current assets		2,843	(8,664)
Increase/(Decrease) in creditors and other accounts payable		(665)	(452)
Increase/(Decrease) in other current liabilities		235	92
Other non-current assets (+/-)		(17,279)	3,503
Other cash flows from operating activities		(3,587)	(3,454)
Interest paid (-)		(170)	(103)
Interest received (+)		11	35
Income tax receipts (payments) (+/-)		(3,428)	(3,386)
Cash flows from operating activities		(2,805)	5,811
CASH FLOW FROM INVESTMENT ACTIVITIES			
Investment payments (-)		(40)	(158)
Intangible assets	5	-	(128)
Tangible assets	6	(40)	(30)
Divestment charges (+)		65	126
Tangible assets		65	
Other financial assets		-	126
Cash flows from investment activities		25	(32)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts and payments for financial liability instruments		-	-
Return and amortisation of		-	-
Debts with credit institutions (-)		-	-
Dividend payments and payments on other equity instruments	3.1	(1,639)	(1,475)
Dividends		(1,639)	(1,475)
Cash flows from financing activities		(1,639)	(1,475)
EFFECT OF EXCHANGE RATE VARIATIONS		975	(149)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(3,444)	4,155
Cash or cash equivalents at the beginning of the year	12	25,431	33,056
Cash or cash equivalents at year end	12	21,987	37,211

Financial Statements for the financial year ending 31 December 2020

1. Nature of company, business activity and group composition

The Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (hereinafter the Company or COFIDES), is a state-owned company whose corporate purpose is to further, with break-even criteria, the economic and social development of emerging and developing countries, mainly through the granting of financing to private projects with Spanish involvement in those countries.

In order to comply with its corporate purpose, in addition to its own resources the Company also manages third party public and multilateral resources.

Spanish Law 66/1997, of 30 December 1997, designated COFIDES as manager of the Fund for Foreign Investment, (hereinafter FIEX, the Spanish acronym) and of the Fund for SME Foreign Investment Operations (hereinafter FONPYME, the Spanish acronym), on its own behalf and on behalf of these Funds. In addition, the activities

and operation of these funds are regulated by Spanish Royal Decree 1226/2006 of 27 October, which repealed the previous Royal Decree 2815/1998 and which in turn was amended by Royal Decree 862/2010 of 2 July, Royal Decree 321/2015 of 24 April and Royal Decree 72/2016 of 19 February. These funds are provided annually from the Spanish State General Budget and have as their purpose to pursue the internationalisation of Spanish companies and the Spanish economy in general, through syndicated financial instruments, under co-financing arrangements with the company sponsoring the project.

Spanish Law 14/2013, concerning support for companies and their internationalisation, in addition to amending Spanish Law 66/1997 which created FIEX and FONPYME, incorporated COFIDES' authority to collaborate in the identification and analysis of investment projects eligible for financing under the Business Internationalisation Fund (hereinafter FIEM, the Spanish acronym), managed by the Secretary of State for

Trade of the Ministry of Industry, Trade and Tourism.

The second final provision of Spanish Law 8/2014 of 22 April, concerning State coverage of the risks of the internationalisation of the Spanish economy, provides that the management of the Development Promotion Fund (hereinafter FONPRODE, the Spanish acronym), including the study, planning, negotiation and monitoring of the aid it gives, is the responsibility of the Ministry of Foreign Affairs and International Cooperation, through the Secretary of State responsible for international development cooperation and the Spanish Agency for International Development Cooperation, with the support of COFIDES.

The passing of Spanish Law 8/2014 meant new recognition of COFIDES as a Spanish Development Finance Institute, in addition to its membership in the European Development Finance Institutions Association (hereinafter EDFI). The role of COFIDES in supporting the management of FONPRODE is regulated by

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Article 8 of Royal Decree 597/2015 of 3 July, which approved the Fund's Regulations.

Since May 2016, COFIDES has been accredited by the European Commission (hereinafter EC), permitting it to manage community budget funds indirectly. COFIDES can assume the role of main co-financier in blending operations, a European Union financing instrument which combines European Union subsidies with financing from accredited public and private financial institutions.

In October 2018, COFIDES was designated an accredited entity by the Green Climate Fund (hereinafter the GCF), the United Nations Framework Convention on Climate Change fund which was created at the end of 2010. Accreditation by the GCF permits COFIDES to mobilise resources from the Fund in order to finance public or private climate change mitigation and/or adaptation projects in developing countries. COFIDES can structure projects worth up to M\$250 and with any level of environmental and social risk (including category A). GCF resources, combined with loans from accredited entities, can be utilised in the form of concessional loans, equity holdings, securities and donations.

The Company's registered office for business and tax purposes is located at Paseo de la Castellana, 278, planta 3, Madrid, Spain.

2. Criteria for presenting statements

The financial statements have been prepared in accordance with the Spanish National Chart of Accounts approved by Spanish Royal Decree 1514/2007, of 16 November, which was amended in 2016 by Spanish Royal Decree 602/2016, of 2 December, as well as with other business legislation currently in force.

The financial statements have been prepared by the Company directors for submission to the shareholders at the Annual General Meeting, and it is considered that they will be approved with no amendments whatsoever.

The figures included in the annual accounts are expressed in thousands of euros, unless otherwise stated.

2.1. True and fair view

The financial statements were prepared based on COFIDES' accounting records. The financial statements for 2020 were prepared pursuant to existing commercial legislation and the standards established in the Spanish National Chart of Accounts, in

order to present a true and fair view of the Company's equity and financial position on 31 December 2020 and the results of its operations, the changes in its equity and its cash flows during the financial year ending on that date.

The Company's directors deem that the 2020 financial statements will be approved by the General Meeting of Shareholders with no amendments whatsoever.

2.2. Comparison of information

For the purposes of comparison, the financial statements present, for each of the balance sheet items, the profit and loss account, the statement of changes in equity, the cash flow statement and the report, in addition to the figures for 2020, those for the previous financial year, which formed part of the financial statements for 2019, approved by the General Meeting of Shareholders on 27 May 2020. For this purpose and due to a better comparability of the balances, the comparative figures for 2019 have been restated as follows:

- 11,780 thousand euros have been reclassified from "Other equivalent liquid assets" to "Other financial assets", both of which

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are current assets in the balance sheet presented in these annual accounts.

- 5,000 thousand euros have been reclassified from “Other financial assets” to “Equity investments”, both of which are current assets in the balance sheet presented in these annual accounts.

2.3. Critical aspects of the appraisal and estimation of significant uncertainties and discretion in the application of accounting policies

The preparation of the financial statements requires the application of significant accounting estimates and the use of discretion, estimates and assumptions in the process of applying the Company's accounting policies. The following is a summary of the aspects which have involved greatest discretion or complexity, or in which the assumptions and estimates are significant for the preparation of the financial statements.

Valuation adjustments due to impairment

The Company has an Impairment Risk Coverage Policy based on the historical analysis of the behaviour of operations according to their internal credit rating. The result of

the analysis is the expected loss for each rating category, which serves as the basis for determining the impairment rates. The Company verifies the appropriateness of the impairment rates established with respect to the updated expected loss data on an annual basis.

The Company has an Investment Division and a Risk Division, whose specific tasks include supervision and risk management of its commercial financial operations and analysis of the impairment of these financial assets during the year (see Note 4.6.7).

2.4. Functional and reporting currency

The financial statements are presented in thousands of euros, rounded to the nearest thousand, which is the Company's functional and reporting currency.

3. Distribution of earnings

3.1. Distribution of earnings

The distribution of earnings for the year ending on 31 December 2019, proposed by the directors and approved by the General Meeting of Shareholders on 27 May 2020, was as itemised below:

	2019
Basis for distribution	Euros
Profits for the year	10,189,480.33
Distribution	
Distribution of dividends	1,638,750.00
Legal reserve	
Capitalisation reserve (*)	771,701.83
Voluntary reserve	7,779,028.50
TOTAL	10,189,480.33

The proposal for distribution of the earnings for the year ended 31 December 2020, proposed by the directors and pending approval by the General Meeting of Shareholders, consists of:

	2020
Basis for distribution	Euros
Profits for the year	10,189,230.51
Distribution	
Distribution of dividends	1,016,025.00
Legal reserve	
Capitalisation reserve (*)	855,073.03
Voluntary reserve	8,318,132.48
TOTAL	10,189,230.51

(*) In compliance with the requirements of Article 25 of Spanish Law 27/2014, of 27 November, regarding corporation tax, in relation to the capitalisation reserve it is proposed

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that, as part of the distribution of earnings for 2020, an amount of 855,073.03 euros (771,701.83 euros in 2019) from the earnings for the year be used for the capitalisation reserve (see Note 17).

3.2. Limitations on dividend payments

The Company is required to transfer 10% of its earnings for the year to the legal reserve until the balance of this reserve reaches at least 20% of share capital. Unless this reserve exceeds 20% of share capital, it cannot be distributed among shareholders (see Note 13).

Once the sums specified by law or the by-laws are covered, dividends may only be distributed against the year's profit or freely available reserves providing the net equity, as a result of the proposed dividend payment, does not slide below the share capital. For these purposes, the profit directly posted as net equity may not be directly or indirectly used for dividend payments. If previous years' losses lowered the Company's net equity to less than the value of its share capital, any profit must be used to offset such losses.

4. Accounting and valuation criteria

The main accounting and valuation criteria used by the Company in the preparation of these financial statements are as follows:

4.1. Intangible assets

Intangible assets are initially valued at their acquisition price or production cost.

After the initial valuation, intangible assets are valued at cost, minus accumulated amortisation and, if appropriate, any accumulated losses due to impairment.

Each intangible asset is analysed to determine whether its service life is finite or indefinite.

4.1.1. Industrial property

This item includes the activation of the amount corresponding to the registered company name.

4.1.2. Software

Software is recorded at its acquisition price. Maintenance expenses are booked when incurred.

4.1.3. Service life and amortisations

Intangible assets are amortised by distributing the sum subject to amortisation evenly across the service life of the asset, pursuant to the following criteria:

	Amortisation method	Estimated service life in years
Industrial property	Straight-line	10
Software applications	Straight-line	4

For these purposes, the sum subject to amortisation is understood to be the acquisition cost minus, if applicable, the residual value.

The Company revises the residual value, service life and amortisation method for intangible assets at least yearly, at the end of the financial year. Any amendments to the criteria initially established are recorded as changes in the estimate.

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4.1.4. Impairment of fixed assets

The Company evaluates and determines the valuation corrections for impairment and the reversal of losses due to impairment of intangible assets in accordance with the criteria set out in Note 4.3.

4.2. Tangible assets

4.2.1. Initial valuation

The assets included as tangible assets are booked at their acquisition price or production cost and listed in the balance sheet at that value minus amortisation and, if appropriate, any accumulated impairment losses.

4.2.2. Amortisations

Tangible assets are amortised by distributing the amortisable amount evenly over their service lives. For this purpose, the amortisable amount is understood as the acquisition cost minus its residual value. The Company determines the amortisation costs for each intangible asset.

Amortisation of tangible assets is determined by applying the following criteria:

	Amortisation method	Estimated service life in years
Other facilities	Straight-line	10
Furnishings	Straight-line	10
Computer hardware	Straight-line	4
Transport items	Straight-line	10

The Company revises the residual value, service life and amortisation method for intangible assets at the end of each financial year. Any amendments to the criteria initially established are recorded as changes in the estimate.

4.2.3. Subsequent costs

Subsequent to the initial recognition of an asset, only costs which entail an increase in capacity, productivity or service life are capitalised. Costs involved in the daily maintenance of tangible assets are thus recorded as expenses in the profit and loss account as they are incurred.

4.2.4. Impairment of asset value

The Company assesses and determines the valuation corrections for impairment and the reversal of losses due to impairment of the value of tangible assets in accordance with the criteria set out in Note 4.3.

4.3. Value impairment of non-financial assets subject to amortisation or depreciation

The Company follows the criteria to evaluate whether there is any indication that non-financial assets subject to depreciation or amortisation may be impaired, in order to ascertain whether the carrying value of such assets exceeds their recoverable value, which is taken to be the higher of fair value, minus costs of sale, and their value in use.

Once the impairment loss or its reversal has been recorded, the amortisation for the following years is adjusted based on the new carrying value.

Notwithstanding the above, if the specific circumstances of the assets reveal an irreversible loss, the loss is recorded directly in losses from fixed assets in the profit and loss account.

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Impairment losses are recorded in the profit and loss account.

4.4. Non-current assets held for sale

The Company classifies under “Non-current assets held for sale” those assets whose carrying value will be recovered mainly through their sale, rather than through continuing use, when they meet the following requirements:

- They are available in their present condition for immediate sale, subject to the usual and customary terms for the sale of such assets.
- Their sale is highly likely.

Non-current assets held for sale are valued as the lower of their carrying value and their fair value minus cost of sale, except for deferred tax assets. These assets do not amortise and, if necessary, the appropriate valuation adjustments are made so that the carrying value is not higher than the fair value minus cost of sale.

Related liabilities are classified under “Liabilities related to non-current assets held for sale”.

4.5. Leases

Leases where the contract essentially transfers all risks and rewards inherent in ownership of the assets are regarded as finance leases, with others regarded as operating leases.

4.5.1. Lessor accounting

Income from operating leases is recorded in the profit and loss account upon accrual. Direct costs attributable to the contract are included as an increase in the value of the leased asset and are recorded as an expense over the term of the contract, applying the same criteria used to record income from the lease.

4.5.2. Lessee accounting

The Company has operational lease contracts with third parties for the premises where it conducts its usual business, as well as a vehicle which was used by personnel.

Payments for operating leases, net of incentives received, are recorded as expenses on a straight-line basis over the term of the lease.

4.6. Financial instruments

Classification and separation of financial instruments

When initially recorded, financial instruments are classified as a financial asset, financial liability or equity instrument, in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or equity instrument.

The Company classifies financial instruments into different categories for the purposes of valuation, based on their characteristics and the instructions of management at the time they are initially recorded.

4.6.1. Loans and accounts receivable

Loans and accounts receivable consist of trade and non-trade receivables with fixed or determinable payments which are not quoted in an active market.

These assets are initially recorded at fair value, including transaction costs incurred, and are subsequently valued at amortised cost, using the effective interest rate method.

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However, financial assets which do not have a fixed interest rate, which mature in no more than one year or for which payment is expected to be received in the short term and the effect of not updating them is not significant, are valued at their nominal value.

4.6.2. Financial assets held for trading

These include financial assets originated or acquired with the objective of obtaining short-term profits. When they are initially recorded in the balance sheet, they are recorded at fair value, which, unless there is evidence to the contrary, is the price of the transaction. Transaction costs directly attributable to these are recorded in the profit and loss account. For equity instruments, the initial value includes the amount of the preferential subscription rights and similar rights which have been acquired.

After they are initially recorded, financial assets held for trading are valued at their fair value, without deducting any transaction costs which might be incurred upon disposal. Changes in fair value are recorded in the profit and loss account.

4.6.3. Other financial assets at fair value

Investments in companies are initially recorded at cost, which is equivalent to the fair value of the consideration given, including the transaction costs incurred, and are subsequently valued at cost minus any accumulated impairment losses.

Although the Company has shareholdings of over 20% in some firms, these are not consolidated as they are support investments for which there are agreed repurchase deadlines and they are therefore not considered to be permanent investments and are not subject to fully integrated management as part of the Company's strategy.

4.6.4. Investments held through maturity

Investments held through maturity are debt securities with a set maturity date, involving fixed or determinable sums and traded on an active market, which the Company fully intends and has sufficient capacity to hold through their maturity date, unlike securities classified under other categories. The valuation criteria applicable to financial instruments classified in this category are the same as those applied to loans and accounts receivable.

4.6.5. Interest

Interest is recorded using the effective interest rate method, and dividends when the right to receive them is declared.

4.6.6. Retirement of financial assets

Financial assets are retired when the right to receive cash flows related to them expire or are transferred and the Company has substantially transferred all the risks and rewards of ownership.

The retirement of a financial asset in its entirety entails recording the results for the difference between its carrying value and the sum of the consideration received, net of transaction costs, including assets obtained or liabilities assumed and any deferred loss or gain in income and expenses recorded in equity.

4.6.7. Impairment of financial assets

A financial asset or group of financial assets is impaired and a loss from impairment has occurred if there is objective evidence of impairment as a result of one or more events which occurred after the asset was initially recorded, and the event or events which caused the loss

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have an impact on the estimated future cash flows of the financial asset or group of assets which can be reliably estimated.

On 28 June 2017, the Board of Directors approved an update of the risk coverage policy due to portfolio impairment, using the Banco de España's guidelines regarding this matter as a reference. The application of this new policy has entailed the following lines of action:

- The Policy on impairment provisions for operations is applicable to all of them with the sole exception of open-price equity transactions for which, in accordance with the accounting plan, the impairment of these transactions is determined by the difference between the acquisition cost and the value of the holding which, in the absence of a reliable market value, will be assimilated to the theoretical carrying value of the investee company.
- This Policy is based on an individualised risk analysis for each operation, which results in the assignment of a certain in-house rating, except in the case of doubtful debts due to late payment in which the variable to be considered is

the age of the debt. Once classified, in general the decline in value (DV) is estimated collectively for each in-house rating category - the in-house rating of the operation before securities are taken into account - and is presented in a grid which assigns a certain DV for each rating category.

Risk coverage due to impairment of value in doubtful debts is generally classified as follows: debts of 3 to 6 months, 6 to 9 months, 9 to 12 months, 12 to 15 months, 15 to 18 months and over 18 months, and the percentages applied to the categories are 30%, 70%, 80%, and 90%, 95% and 100% respectively.

- In the case of operations with country risk, the DV corresponding to its solvency is maintained as long as it is equal to or greater than the country risk.
- The Policy also provides for the possibility of estimating the amount of DV on an individual basis (individual risk estimation) for portfolio operations classified as watch list loans or doubtful debts classified as such in accordance with the Company's Asset Classification Policy, approved by its Board of

Rating	Percentage
A	0.20%
B+	0.20%
B	0.20%
B-	0.20%
C+	4%
C	10%
C-	20%
DM3	30%
DM6	70%
DM9	80%
DM12	90%
DM15	95%
DM18	100%

Directors in July 2017. In this case the applicable impairment is determined based on a specific report issued by the Investment Divisions which underpin this.

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- In cases where collateral is provided, provided that its valuation and enforceability are considered acceptable, the applicable provision is the amount of the risk less the value of the security.

Loss or reversal of the impairment is recorded in the profit and loss account.

In relation to the requests for deferral of payment of instalments for 2020 arising from the effects of COVID-19, the Board of Directors of the Company agreed, at its meeting of 29 April 2020, not to automatically apply the penalty established in the Impairment Policy for operations classified as watch-list loans as a result of the automation of the Asset Classification, which, while reasonable in normal situations, may not be so in exceptional circumstances not foreseen at the time they were drawn up.

4.7. Financial liabilities

4.7.1. Debits and accounts payable

These include financial liabilities arising from the purchase of goods and services in the course of the Company's business and debits

arising from non-commercial operations other than derivatives.

They are recorded on the balance sheet at fair value, which, barring evidence to the contrary, is the price of the transaction, equivalent to the fair value of the consideration received adjusted for any transaction costs directly attributable thereto.

After they are initially recorded, these financial liabilities are valued at their amortised cost. Accrued interest is entered into the profit and loss account, applying the effective interest method.

That notwithstanding, commercial operation debits with a maturity of no more than one year which have no contractual interest rate, as well as payouts demanded by third parties on holdings, whose sum is expected to be paid in the short term, are valued at their nominal value when the effect of failure to update cash flows is not significant.

4.7.2. Security deposits

Security deposits included in lease contracts are valued in accordance with the criteria described for financial instruments.

4.7.3. Retirement and modification of financial liabilities

The Company retires a financial liability or part of it when it has fulfilled the obligation contained in the liability or is legally released from the fundamental responsibility contained in the liability either by virtue of legal proceedings or by the creditor.

The Company recognises the difference between the book value of the financial liability or of a part of it that is written off or assigned to a third party and the compensation paid, including any assigned asset different from the cash or liability assumed, with a charge or credit to the profit and loss account.

4.8. Foreign exchange transactions, balances and flows

Foreign exchange transactions were converted to euros at the exchange rate in effect on the date of the transaction.

Monetary and non-monetary assets and liabilities denominated in foreign currencies were converted to euros at the exchange rate in effect at year end.

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Non-monetary assets valued at fair value were converted to euros at the exchange rate in effect at year end.

In the cash flow statement, flows from foreign exchange transactions were converted to euros at the cash exchange rate in effect on the date of the transaction.

The positive and negative differences arising from foreign currency transaction settlements and from the conversion to euros of monetary assets and liabilities denominated in foreign currency are recorded in results.

Exchange rate losses or gains on non-monetary financial assets and liabilities valued at fair value are recorded together with the variation in the fair value. Nevertheless, the exchange rate variation component of non-monetary financial assets denominated in foreign currency is recorded in results when the assets are classified as saleable and fair value hedging is in place for said component. The rest of the variation in fair value is recorded as described in Note 4.6 (Financial instruments).

4.9. Cash and other equivalent liquid assets

This item includes cash at hand and in current accounts and deposits, as well as temporary acquisitions of assets, which meet all the following requirements:

- They can be converted to cash.
- Their maturity when acquired was no more than three months.
- They are subject to no significant risk of change in value.
- They form part of the Company's normal cash management policy.

For the purposes of cash flow, the occasional overdrafts which form part of the Company's cash management policy are included as minus cash and other equivalent liquid assets.

4.10. Short-term remuneration for employees

The Company records the expected cost of short-term remuneration as the employees

render the services which entitle them to such remuneration.

The Company records the expected cost of employee profit-sharing or incentive plans when a present obligation, legal or implicit, exists as a result of past events and the value of the obligation can be reliably estimated.

4.11. Severance payments

Severance payments are recorded as soon as a detailed formal plan is in place and the personnel affected have a valid expectation that the employment relationship will be terminated, either because the plan is underway or because its principal characteristics have been announced.

In accordance with existing labour legislation, the Company is obligated to pay severance, under certain circumstances, to employees whose employment it terminates. Severance pay which can be reliably quantified is recorded as an expense in the year in which the Company has created a valid expectation in respect of the parties concerned.

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4.12. Provisions

Provisions are recorded when the Company has a present obligation, be it legal, contractual, implicit or tacit, as a result of a past event; when an outlay of resources from future earnings is likely to be needed to meet such obligation; and when the sum of the obligation can be reliably estimated.

The financial effects of such provisions are recorded in the profit and loss account as financial expenses.

The provisions do not include either the fiscal effects or expected earnings from the sale or abandonment of assets.

Provisions are reversed against results when it becomes unlikely that an outlay of resources will be required in order to cancel the obligation.

4.13. Tax on earnings

Expenses or revenues from tax on earnings include both current and deferred taxes.

Assets or liabilities due to current profit tax are valued at the amounts expected to be paid or recuperated from the tax authori-

ties, using the regulations and tax rates in force or approved and pending publication on the closing date of the financial year.

Current or deferred profit tax is recognised in results, unless it arises from a transaction or economic event that has been recognised in the same or a different financial year, against net equity or of a business combination.

Timing adjustments are recorded in all cases except for the exceptions established by existing legislation, while deductible timing adjustments are recorded whenever they are likely to be offset by future positive taxable income.

Deductible timing adjustments are recorded whenever they are likely to be offset by future positive taxable income.

Deferred tax assets and liabilities are valued at the tax rates which will be applicable in the years when the assets are expected to be refunded or the liabilities to be paid.

Deferred tax assets and liabilities are recorded on the balance sheet as non-current assets or liabilities, regardless of the expected refund or payment date.

4.14. Classification of current and non-current assets and liabilities

The Company classifies assets and liabilities as current when they are expected to be refunded or paid in the normal operating cycle of the Company. They are maintained primarily for business purposes and their expected date of settlement is within twelve months of closing.

Financial liabilities are classified as current when they must be settled within twelve months of closing, even if the original tenor is for a period of more than twelve months, and when long-term refinancing or payment restructuring arrangements are in place which expired after the end-date but before the financial statements are prepared.

4.15. Revenues and expenses

Revenues and expenses resulting from increases or decreases in the Company's resources are recorded on an accrual basis in the period referred to in the financial statements, providing the sum thereof can be reliably determined.

Ordinary management revenues are recorded at the fair value of the consideration

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received or to be received, in proportion to the fraction of the service provided by the end of the financial year.

The Company records the ordinary revenues and costs associated with the operations in which it acts as mere manager, collecting the sums involved on behalf of the funds managed. In these operations, only the fees earned are recorded as ordinary revenues. Likewise, it records ordinary revenues and associated costs of its own loans granted, including both fees and interest.

4.16. Related party transactions

Related party transactions are recorded in accordance with the valuation standards outlined above.

Since the prices of related party operations are suitably accommodated, the Company's directors deem that they entail no risk of losses which would generate significant tax liabilities.

5. Intangible assets

The details and movements of the various items comprising intangible assets are as follows:

Thousands of euros	2020			
	Industrial property	Software applications	Advances on software	Total
Cost on 1 January 2020	-	1,035	-	1,035
Acquisitions	-	-	-	-
Retirements	-	(62)	-	(62)
Transfers	-	-	-	-
Cost on 31 December 2020	-	973	-	973
Accumulated amortisation on 1 January 2020	-	(894)	-	(894)
Acquisitions	-	(44)	-	(44)
Retirements	-	13	-	13
Transfers	-	-	-	-
Accumulated amortisation on 31 December 2020	-	(925)	-	(925)
Net carrying value on 31 December 2020	-	48	-	48

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Thousands of euros		2019		
	Industrial property	Software applications	Advances on software	Total
Cost on 1 January 2019	-	907	-	907
Acquisitions	-	128	-	128
Retirements	-	-	-	-
Transfers	-	-	-	-
Cost on 31 December 2019	-	1,035	-	1,035
Accumulated amortisation on 1 January 2019	-	(853)	-	(853)
Acquisitions	-	(41)	-	(41)
Retirements	-	-	-	-
Transfers	-	-	-	-
Accumulated amortisation on 31 December 2019	-	(894)	-	(894)
Net carrying value on 31 December 2019	-	141	-	141

5.1. Fully amortised assets

The cost of fully amortised intangible assets still in use on 31 December is as follows:

Thousands of euros	2020	2019
Industrial property	-	-
Software applications	851	851
TOTAL	851	851

5.2. Insurance

The Company has taken out a number of insurance policies to cover the risks to its intangible assets. The cover provided by these policies is regarded as sufficient.

5.3. Other information

No purchase or sale transactions involving non-current assets were concluded with group companies.

On 31 December 2020, there were no purchase commitments relating to intangible assets, nor were there any on 31 December 2019.

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6. Tangible assets

The details and movements of the various items which make up the tangible assets are as follows:

Thousands of euros	2020				
	Other facilities	Furnishings	Computer hardware	Transport items	Total
Cost on 1 January 2020	832	377	285	2	1,496
Acquisitions	1	7	36	-	40
Retirements	-	-	(2)	-	(2)
Transfers	-	-	-	-	-
Cost on 31 December 2020	833	384	319	2	1,538
Accumulated amortisation on 1 January 2020	(356)	(214)	(222)	(1)	(793)
Acquisitions	(80)	(33)	(30)		(143)
Retirements			1		1
Transfers	-	-	-	-	-
Accumulated amortisation on 31 December 2020	(436)	(247)	(253)	(1)	(937)
Net carrying value on 31 December 2020	397	137	66	1	601

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Thousands of euros	2019				
	Other facilities	Furnishings	Computer hardware	Transport items	Total
Cost on 1 January 2019	832	367	265	2	1,466
Acquisitions	-	10	20	-	30
Retirements	-	-	-	-	-
Transfers	-	-	-	-	-
Cost on 31 December 2019	832	377	285	2	1,496
Accumulated amortisation on 1 January 2019	(276)	(182)	(185)	(1)	(644)
Acquisitions	(80)	(32)	(37)	-	(149)
Retirements	-	-	-	-	-
Transfers	-	-	-	-	-
Accumulated amortisation on 31 December 2019	(356)	(214)	(222)	(1)	(793)
Net carrying value on 31 December 2019	476	163	63	1	703

6.1. Fully amortised assets

The cost of totally amortised tangible assets still in use on 31 December is as follows:

Thousands of euros	2020	2019
Other facilities	33	33
Furnishings	66	66
Computer hardware	166	175
TOTAL	265	274

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6.2. Insurance

The Company has taken out a number of insurance policies to cover the risks to its tangible assets. The cover provided by these policies is regarded as sufficient.

6.3. Other information

No purchase or sale transactions involving non-current assets were concluded with group companies.

On 31 December 2020 there is a commitment to purchase property, plant and equipment amounting to 59 thousand euros. There was no purchase commitment from 2019.

7. Non-current assets held for sale

On 28 February 2012, Bilbao Commercial Court No.2 awarded the Company a property located in the municipality of Munguia, Vizcaya, in mortgage foreclosure proceedings as repayment of a loan. The award value of said property was 1,327 thousand euros. The property was not under lease to third parties.

On 19 April 2012, the Company was granted possession of said property by means of

a deed registered in the Gernika-Lumo property register. The property was recorded at its fair value (1,356 thousand euros) on that date.

Given that Company management is actively pursuing the sale of the property, it was recorded under the heading "Non-current assets held for sale", and remains under that heading on 31 December 2020.

The estimated costs related to the sale of this asset are recorded under the heading "Liabilities associated with non-current assets held for sale", with the amount of 613 thousand euros on 31 December 2020 (613 thousand euros in 2019).

On 31 December 2015, the Company considered, as a result of a new appraisal commissioned from a specialised company, that the valuation of the property had been reduced to 725 thousand euros.

On 31 December 2018, the Company considered making a new valuation adjustment to the property to a fair value of 475 thousand euros, as a result of a new appraisal carried out at the beginning of 2019. This valuation is maintained at year end 2020.

8. Risk policy and management

8.1. Financial risk factors

The Company's business is exposed to various financial risks: foreign exchange risks, credit risks, liquidity risks and cash flow interest rate risks. Global risk management focuses on the uncertainty of the economic environment and attempts to minimise potentially adverse effects on the Company's financial profitability.

Active risk management falls under the scope of both the Company's Investments and Risk Areas, in accordance with the policies approved by its Board of Directors and, more specifically, with the Company's recently revised operational performance criteria, under which financial risk control, information and supervision mechanisms have been significantly reinforced. The Investments Area identifies, evaluates and itemises the financial risk involved in proposals for new operations submitted to the Company and also manages financial risks in connection with live operations in order to anticipate future contingencies. The Risk Area, in turn, manages the risk of the portfolio as a whole and enforces the Company's in-house risk criteria, at both the individual

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and global levels. All of this is conducted, for accounting purposes, in accordance with the provisions of Section 4.6.7.

8.1.1. Credit risk

In keeping with the provisions of its operating criteria, the Company does not have any significant concentration of credit risk. The Company has policies in place in order to accurately evaluate its financing operations and ensure that all of its clients have an appropriate credit history.

Corrections in valuations due to client insolvency entail a fair amount of discretion on the part of management, as well as a revision of individual balances based on client credit ratings, current market trends and a historical analysis of pooled insolvencies. In order to determine the country-specific component in corrections of individual valuations, the country's credit rating is considered, based on information provided by external agencies. In relation to corrections in valuations deriving from an aggregate analysis of default history, a reduction in the size of the balance implies a reduction in valuation corrections, and vice-versa.

8.1.2. Foreign exchange risk

Since the Company operates internationally, a number of its operations are exposed to foreign exchange risk, specifically as regards the U.S. dollar. Foreign exchange risk is incurred in forward trade transactions, recorded assets and liabilities, and net investments in business abroad.

8.1.3. Liquidity risk

The Company conducts prudent liquidity risk management, based on maintaining sufficient cash and marketable securities and by regularly estimating its maximum financing activity based on an analysis of its expected cash flows.

8.1.4. Social, environmental and governance risk

Risk of incurring losses due to not incorporating social, environmental and governance issues that may negatively affect the viability and sustainability of projects into the analysis.

The Company has an environmental and social policy for the management of credit and reputational risks associated with

these matters in the operations financed, in line with international parameters on the subject (World Bank Group and European equivalent standards).

The Company assesses the governance of the company sponsoring the project being financed and rates them using the corporate governance rating.

8.2. Operational risk factors

Operational risk is that which can lead to losses due to human error, inadequate or faulty internal processes, system failures and as a result of external events. This definition includes legal risk and excludes strategic and/or business risk and risk to the Company's reputation.

Operational risk is inherent to all activities, products, systems and processes, and its origins vary hugely (processes, internal and external fraud, technology, human resources, business practices, providers). Operational risk management is integrated into the Company's global risk management structure.

In this regard, the Company has an integrated internal control methodology with

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policies covering personnel management and training, investment in information technologies and policies for monitoring credit operations, as well as other management methodologies developed by the different divisions of the Company with the support of senior management. The Internal Control Division carries out periodic monitoring and internal audits of these established policies and processes. This division reports organically to the Chairman's Office and functionally to the Audit and Risk Committee.

The amounts of rent paid under operating leases and recorded as expenses are shown below:

Thousands of euros	2020	2019
Buildings	903	900
Vehicles	7	8
Other	15	17
TOTAL	925	925

The minimum future payments in euros for non-cancellable operating leases are given below:

Thousands of euros	2020	2019
Up to one year	687	687
Between one and five years	687	1,374
More than five years	-	-
TOTAL	1,374	2,061

9. Operational leases - lessee

The Company has operational lease contracts with third parties for the premises where it conducts its usual business, as well as a vehicle which is used by members of the institution.

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10. Investments in equity instruments

The breakdown of investments in equity instruments and classified as “Other financial assets at fair value” is as follows:

Thousands of euros			2020			
Company	Country	Activity	% Holding	Cost	Impairment	Net carrying value of holding
European Financing Partners	Luxembourg	(i)	7.63	6	-	6
Interact Climate Change Facility, S.A.	Luxembourg	(ii)	7.69	6	-	6
AURICA III FCR	Spain	(iii)	1.875	2,575	-	2,575
AUTOPISTA DEL NORDESTE, S.A.S	Colombia	(iv)	0.07	205	-	205
OMAN FUND-INTERNATIONAL-KI	Oman	(v)	0.49	435	-	435
ORTIZ-COLOMBIA-SISGA-KI	Colombia	(vi)	3.75	506	-	506
FONDO HURUMA INTERNACIONAL		(vii)	1.25	125	-	125
EDFI MANAGEMENT COMPANY S.V.	Luxembourg	(viii)	12.5	40	-	40
TOTAL				3,898	-	3,898

- (i) Financial intermediation to countries in Asia, the Caribbean and the Pacific.
- (ii) Financial intermediation for environmental projects.
- (iii) Financial intermediation for projects oriented towards international expansion.
- (iv) Infrastructure, transport.
- (v) Management of investments of one or more venture capital enterprises.
- (vi) Infrastructure, transport.
- (vii) Financial intermediation for projects in the agricultural sector, with a system for measuring social impact.
- (viii) European development finance institution.

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Thousands of euros				2019		
Company	Country	Activity	% Holding	Cost	Impairment	Net carrying value of holding
European Financing Partners	Luxembourg	(i)	15.38	6	-	6
Interact Climate Change Facility, S.A.	Luxembourg	(ii)	7.69	6	-	6
AURICA III FCR	Spain	(iii)	1.875	1,562	(94)	1,468
AUTOPISTA DEL NORDESTE, S.A.S	Colombia	(iv)	0.07	205	(22)	183
OMAN FUND-INTERNATIONAL-K1	Oman	(v)	0.49	264	-	264
ORTIZ-COLOMBIA-SISGA-K1	Colombia	(vi)	3.75	506	-	506
TOTAL				2,549	(116)	2,433

The equity instruments indicated in the foregoing tables for 2020 and 2019, for which the fair value cannot be reliably estimated, are valued at cost minus, where appropriate, the accumulated amount of any corrections made to adjust for impairment of their value.

In foreign holdings, the functional currency is the currency of the country where the company has its headquarters. Furthermore, the net investment in holdings matches the carrying value of the investment.

With regard to impairment of the funds in which COFIDES has holdings, the conditions set in the standard - objective

evidence, events occurring since initial valuation and lack of recoverability of the carrying value - are not met in order to record an impairment of holdings in venture capital funds that are in the investment period, since the decline in carrying value over the first few years of the fund's life is expected and known at the time of initial valuation of the investment, and this does not alter its expected return, according to the plan implemented and the investments underpinning the venture capital funds are expected to yield a positive return over the investment period, the unrealised capital gains of which, where they exist, are reflected in the year-end management reports. At present, therefore, there is no objective

evidence of lack of recoverability of the net carrying value of investments in equity instruments.

EUROPEAN FINANCING PARTNERS, S.A. (EFP)

Since its creation in 1994, the European Financing Partners S.A. (EFP) facility has supported projects amounting to EUR 600.6 billion. It has steadily expanded since its inception and the investment period was recently extended until October 2022.

The goal of the EFP is to support sustainable private sector development within its geographical scope, ACP and ODA

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recipient countries. The type of support instruments it covers are equity, *mezzanine*, ordinary loan and counter-guarantee that facilitate financing. The project investor must assume own risk in the project for an appropriate amount, demonstrating their commitment to the project.

COFIDES/FIEX's interest in participating in this initiative is mainly due to the fact that the instrument operates in a geographical area that includes Latin America, where Spanish companies have a considerable presence. The instrument accepts financing proposals from any sector, and COFIDES has identified an operation that could be submitted to the EFP.

As of 31 December 2020, there are 45 operations financed by FIEX under this facility.

INTERACT CLIMATE CHANGE FACILITY, S.A. (ICCF)

The Interact Climate Change Facility S.A. (ICCF), with a current total commitment of up to M€502. The facility was originally formalised on December 20, 2010, with a commitment period that has been extended until October 2022.

The aim of the ICCF is to support low-carbon sustainable development within its geographical scope, ACP and ODA recipient countries. The main focus is on eliminating or reducing greenhouse gas emissions. The type of support instruments covered by this facility are ordinary loans, subordinated loans and counter-guarantees that facilitate financing. The project investor must be willing to assume own risk in the project for an appropriate amount, demonstrating their commitment to the project.

COFIDES/FIEX's interest in participating in this initiative is mainly due to the fact that it involves a sector (renewable energies), and a geographical area, which includes Latin America.

As of 31 December 2020, there are 29 operations financed by FIEX under this facility.

AURICA III FCR

Investment in a fund aimed at providing financing through capital operations to Spanish companies with a profile oriented towards international expansion. The duration of the fund is 10 years and the investment amounts will be between M€10 and M€30. Between 6 and 8 investments in

total are expected to be made. The target return is 15%.

The fund was launched by Aurica Capital, a subsidiary of Banco de Sabadell, which also participates as an investor.

Total paid-in capital at year-end amounted to 82% of committed capital.

AUTOPISTA DEL NORDESTE, S.A.S.

Ortiz Construcciones y Proyectos is the parent company of a multinational business group whose activity is focused on the construction sector (including civil engineering works, construction, EPC energy), although in recent years it has followed a strategic process based on the internationalisation and diversification of its business mix.

Concession contract awarded in 2014 as part of the bidding process for the first wave of the fourth generation of 4G road concessions in Colombia (4G Program).

The concession term is 25 years, extendable by 4 more years if the income volume expected and stipulated in the concession contract is not reached. The construction term is 5-6 years.

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This concession was awarded in December 2014 to a consortium formed by Ortiz Construcciones y Proyectos (25%), KMA (25%), Valorcon (25%) and Equipo Universal (25%).

The operation consists of providing financial support to the Ortiz Group through the contribution of funds to the concession company Autopistas del Noreste in the form of capital, subordinated debt and counter guarantees for capital and subordinated debt.

COFIDES/FIEX became shareholders of the concession company in July 2017, when the shares were purchased and paid for.

SPAIN OMAN PRIVATE EQUITY FUND. I.L.P.

Fund established as a result of COFIDES' agreement with SGRF to set up the Spain Oman Private Equity Fund.

Management was entrusted to a private management company, selected through an open procurement procedure in the first half of 2018, within the framework of the public sector contract regulations applicable to COFIDES for service contracts, specifically in compliance with the principles

of disclosure, competition, transparency, confidentiality, equality and non-discrimination set forth in Article 192 of the revised text of the Spanish Public Sector Contracts Act, in force at the beginning of the contracting process.

MCH PRIVATE EQUITY INVESTMENTS, SGEIC, S.A. was awarded the management of the fund. It is one of the most prestigious managers in the Spanish venture capital sector.

The CNMV (Spanish National Securities Market Commission) registered the fund in its Register of Venture Capital Funds on 13 July 2018. The fund is earmarked for investment in minority shareholdings in subsidiaries of Spanish groups or in the Spanish parent company with the aim of supporting their international development. It has a duration of 10 years with two 1-year extensions, and the investment period is 3 years with a 1-year extension. 12-15 investments will be made for amounts of M€7 – M€30 per operation.

The size of the fund is M€200. FIEX contributed an investment of M€99 and COFIDES with an investment of M€1. The rest was contributed by the Oman Investment

Authority (OIA), previously State General Reserve Fund (SGRF) which was founded in 1980 with the aim of obtaining sustainable results from investments made from the surplus generated by oil sales after meeting the government's budgetary requirements, in order to secure funds for future generations. The SGRF manages and invests these funds in a diversified portfolio in more than 25 countries around the world. It is supervised by the Ministry of Economy and Energy.

CONCESIÓN TRASVERSAL DEL SIGGA, S.A.S.

This consists of financing the construction, restoration, operation and maintenance of the existing Transversal del Sigla highway corridor (137 km), with almost all the improvement work being done via three instruments: equity, subordinated debt and counter-guarantees (capital and subordinated debt).

COFIDES/FIEX's financial support consisted of acquiring a shareholding of up to 15% in the Ortiz Group (with FIEX and COFIDES funds) and a similar percentage of the concession company's subordinated debt, up to a maximum of M€14 (85% FIEX).

The project was formalised on 30 December 2016, although the investment was subject

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to the fulfillment of certain conditions precedent (mainly financial closing). The overall financing for the project will reach the equivalent in COP (Colombian peso) of a maximum of M€25 (between the previous operation and the extension). The financial closing of the concession took place in May 2018 and the conditions precedent of FIEIX's disbursement were met in October 2018.

FONDO HURUMA INTERNACIONAL

Investment in a newly created fund aimed at financing agricultural producers, with a system for measuring social impact. The main end recipients of investment are finance institutions with an investment focus on the agricultural and rural sectors and organisations of agricultural producers, collection centres or suppliers of inputs or machinery, among others. The main investment areas are Latin America, Asia and Africa. This is the first operation that COFIDES will lead under the EU's blending framework.

The purpose of the Fund is to invest in venture capital in the broad sense, ensuring that the investee qualifies at all times as an eligible investment for a social enterprise

fund through equity (15%), equity debt (15%) and senior debt (70%), aimed at:

1. Microfinance institutions.
2. Other finance institutions, with a minimum of 70% of investments under these two headings.
3. Small and medium-sized business organisations, with a maximum of 30% of the portfolio.

They should all invest in expanding operations in the rural sector, with low-income clients, in emerging markets, and their operations should have a positive social impact on low-income communities.

The portfolio is expected to consist of 25 investments of between 1 and 10 billion euros with an average amount of 4 billion euros. The investments will have a term of 7 years for equity and junior debt investments and between 2 and 4 years for senior debt with a limit of 6 years.

EDFI MANAGEMENT COMPANY S.V.

Investment of an institutional nature, whereby a minority stake in the Belgian

company EDFI Management Company, S.A. ("EDFIMC") is acquired for an indefinite period of time to indirectly implement COFIDES' corporate purpose as a bilateral development finance institution. It is therefore not a finance investment in execution of its mandate and is therefore not subject to the intrinsic temporal nature of COFIDES' usual operations.

EDFIMC was created in 2016 by European Development Financial Institutions ("EDFI ASBL"), an association that includes most European bilateral development finance institutions ("EDFIs") and of which COFIDES is a member, with the aim of becoming a new European institution for development finance. At present, EDFIMC's main activity is the management and administration of ElectriFi and AgriFi, two facilities funded mainly by the European Union, with a presence in markets where COFIDES has little experience of direct financing to date. EDFIMC intends to continue to increase its financing activity in developing countries, in particular through their management of European funds. In addition, EDFIMC acts as operational manager of ICCF and EFP facilities funded by the main European DFIs, including COFIDES, and the EIB.

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In this context, EDFI ASBL's initiative to strengthen the capital structure of EDFIMC, for a value of M€1.2, with a majority shareholding made up directly of accredited EDFIs from EU Member States, has resulted in the participation, in addition to EDFI ASBL, of the following six EDFIs: COFIDES, BIO (Belgium), FINNFUND (Finland), FMO (Netherlands), IFU (Denmark) and PROPARCO (France). The guiding principle of this project is parity between the participating EDFIs, with the exception of EDFI ASBL, which is granted a special role, in its capacity as founding and promoting partner and indirect representative of those EDFIs associated with EDFI ASBL that do not participate in the project.

COFIDES' investment, made in parallel with the other partners, was formalised in October 2020 through the subscription of 261 EDFIMC shares, equivalent to 12.5% of its share capital, and disbursement of EUR 40,130.06 (25% of the nominal value of the capital increase subscribed). COFIDES was also appointed as a member of the new EDFIMC board of directors.

The movements in the valuation adjustments for impairment of equity transactions on 31 December are as follows:

Thousands of euros	2020	2019
Cost	2,898	2,549
Net impairment	-	(116)
Net carrying value	2,898	2,433
Impairment variation	-	-

Thousands of euros	2020	2019
	Non-current	Non-current
Impairment on 1 January	(116)	(116)
Net decreases	116	-
Accumulated impairment on 31 December	-	(116)

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11. Financial assets

The composition of financial assets on 31 December is as follows:

Thousands of euros	Equity instruments (Note 10)		Loans to companies		Accounts receivable, funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2020:								
Loans and accounts receivable		-	78,004	10,740	11,656	20,859	89,660	31,599
Available-for-sale assets								
- At fair value	3,898	5,000	-	-	-	-	3,898	5,000
- At cost		-	-	-	-	-	-	-
Total	3,898	5,000	78,004	10,740	11,656	20,859	93,558	36,599
Financial year 2019:								
Loans and accounts receivable		-	65,809	12,823	10,057	22,446	75,866	35,266
Available-for-sale assets								
- At fair value	2,433	5,000	-	-	-	-	2,433	5,000
Total	2,433	5,000	65,809	12,823	10,057	22,446	78,299	40,269

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These amounts are broken down in the balance sheet as follows:

Thousands of euros	Equity instruments (Note 10)		Loans to companies		Accounts receivable, funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2020:								
Long-term financial investments								
Equity instruments	3,898	-	-	-	-	-	3,898	-
Loans to companies	-	-	78,004	-	-	-	78,004	-
Other financial assets	-	-	-	-	115	-	115	-
Accounts receivable, funds	-	-	-	-	11,541	-	11,541	-
Trade and other receivables								
Accounts receivable	-	-	-	-	-	439	-	439
Accounts receivable, funds	-	-	-	-	-	9,143	-	9,143
Public Administrations	-	-	-	-	-	45	-	45
Short-term financial investments								
Equity instruments	-	5,000	-	-	-	-	-	5,000
Loans to companies	-	-	-	10,740	-	-	-	10,740
Accrual of interest on loans to companies	-	-	-	-	-	336	-	336
Other financial assets	-	-	-	-	-	10,896	-	10,896
Accrual of interest on other financial assets	-	-	-	-	-	-	-	-
Total	3,898	5,000	78,004	10,740	11,656	20,859	93,558	36,599

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Thousands of euros	Equity instruments (Note 10)		Loans to companies		Accounts receivable, funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2019:								
Long-term financial investments								
Equity instruments	2,433	-	-	-	-	-	2,433	-
Loans to companies	-	-	65,809	-	-	-	65,809	-
Other financial assets	-	-	-	-	115	-	115	-
Accounts receivable, funds	-	-	-	-	9,942	-	9,942	-
Trade and other receivables								
Accounts receivable	-	-	-	-	-	1,997	-	1,997
Accounts receivable, funds	-	-	-	-	-	8,328	-	8,328
Short-term financial investments								
Equity instruments		5,000						5,000
Loans to companies	-	-	-	12,823	-	-	-	12,823
Accrual of interest on loans to companies	-	-	-	-	-	338	-	338
Other financial assets	-	-	-	-	-	11,783	-	11,783
Accrual of interest on other financial assets	-	-	-	-	-	-	-	-
Total	2,433	5,000	65,809	12,823	10,057	27,446	78,299	40,269

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11.1. Loans to companies

11.1.1. Loans and accounts receivable

Loans are granted under financing agreements concluded with third parties to promote private projects involving Spanish interest carried out in developing countries. In addition to using its own resources, the Company may grant these loans through financing agreements with other public financial institutions. Conditions regarding the term of these loans as well as the interest rate and any security required are individually stipulated in the contract signed for each loan. The variations in the loan figures in the financial year are listed below:

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Cost on 1 January	69,963	13,335	72,923	14,637
Increases	25,204	-	18,794	-
Decreases	(1,285)	(13,335)	(8,419)	(14,637)
Short-term transfers	(11,493)	11,493	(13,335)	13,335
Cost on 31 December	82,389	11,493	69,963	13,335
Accumulated impairment on 31 December	(4,385)	(753)	(4,154)	(512)
Net carrying value on December 31	78,004	10,740	65,809	12,823

At 2020 year end, granted and outstanding loans amounted to 17,952 thousand euros (15,662 thousand euros at 2019 year end).

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Some of these debt instruments are formalised through the acquisition of shares in the companies financed by COFIDES; this notwithstanding, given the repurchase conditions established, these transactions are considered to be debt instruments and not equity instruments. The detail of the loans formalised under this heading is as follows:

Thousands of euros				2020		
Company	Country	Activity	% Holding	Cost	Impairment	Net carrying value of holding
Electrón Investment S.A.	Panama	(i)	2.30%	3,810	(153)	3,657
Globalvia Chile SPA	Chile	(ii)	8.17%	5,607	(224)	5,383
TOTAL				9,417	(377)	9,040

Thousands of euros				2019		
Company	Country	Activity	% Holding	Cost	Impairment	Net carrying value of holding
Electrón Investment S.A.	Panama	(i)	2.30%	3,720	(149)	3,571
Globalvia Chile SPA	Chile	(ii)	8.17%	5,406	(216)	5,190
TOTAL				9,126	(365)	8,761

(i) Construction, operation and maintenance of two power plants.

(ii) Civil construction works.

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The detail of the annual maturities of the loans is as follows:

Thousands of euros	2020	2019
2020	-	13,335
2021	11,493	10,991
2022	13,998	16,525
2023	12,069	8,839
2024 and subsequent years (for 2019)	11,517	33,608
2025 and subsequent years	44,805	-
Total	93,882	83,298

The financial income and accrued interest pending generated by these loans during the years 2020 and 2019 are as follows:

Thousands of euros	2020	2019
Accrued financial income (Note 19.1)	2,440	2,359
Accrued interest pending (Note 11.2)	336	338

The movements in the amount of impairment losses on loans on 31 December are as follows:

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Impairment on 1 January	(4,154)	(512)	(7,206)	(751)
Net increases	231	241	3,052	239
Net decreases	-	-	-	-
Pay offs	-	-	-	-
Transfers	-	-	-	-
Discontinuation of provisions	-	-	-	-
Short term / long term transfers	-	-	-	-
Accumulated impairment on 31 December	(4,385)	(753)	(4,154)	(512)

The valuation corrections listed in the above table were calculated using the methodology applicable to each operation as described in Note 4.6.7.

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11.2. Receivables from funds and other financial assets

The items under this heading on 31 December were as follows:

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Trade accounts receivable	11,541	9,627	9,942	10,325
Other financial investments:				
Interest accrued on loans to companies (Note 11.1.1)	-	336	-	338
Other financial assets	115	15,896	115	16,783
Accrual of interest on other financial assets	-	-	-	-
Total	11,656	25,859	10,057	27,446

11.2.1. Trade accounts receivable

The breakdown for trade accounts receivable is given below:

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Accounts receivable	-	10,835	-	11,001
Accounts receivable, funds	12,232	9,052	12,376	8,328
Other accounts receivable	-	136	-	1,053
Total	12,232	20,023	12,376	20,382
Impairment of trade accounts receivable	(691)	(10,396)	(2,434)	(10,057)
Total trade accounts receivable	11,541	9,627	9,942	10,325

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The entries in the 2020 and 2019 financial years under “Impairment of trade accounts receivable” are detailed below:

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Balance on 1 January	(2,434)	(10,057)	(2,404)	(5,937)
Net allocations	(309)	(339)	(30)	(4,951)
Transfers	-	-	-	-
Discontinuation of provisions	2,052	-	-	831
Applications	-	-	-	-
Balance on 31 December	(691)	(10,396)	(2,434)	(10,057)

“Accounts receivable” refers primarily to the sums due and pending payment of third-party loans, in connection with the operations specified in Note 11.1.1 above.

“Accounts receivable, funds” includes the amount of commissions accrued and pending for management and other services connected with the FONPYME and FIEEX funds.

11.2.2. Other financial assets

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Other financial assets				
Securities	115	-	115	-
Deposits	-	10,896	-	11,783
Total	115	10,896	115	11,783

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Non-current:

“Other (non-current) financial assets” included 115 thousand euros at year-end 2020 (115 thousand euros at year-end 2019), consisting primarily of deposited securities in connection with the Company’s leases, as specified in Note 9.

Current:

The list of certificates of deposits with a term of less than one year at the end of 2020 is as follows:

Type	Annual interest rate	Date formalised	Maturity date	Term deposits (Thousands of euros)	Interest accrued and outstanding (Thousands of euros)
Financial year 2020					
Term deposits with Banco Sabadell \$	0.21%	07/12/2020	19/01/2021	896	-
Term deposits with Banco Sabadell	-0.25%	23/11/2020	23/12/2021	10,000	-
Totals				10,896	-

At the end of 2019 the detail of same was as follows:

Type	Annual interest rate	Date formalised	Maturity date	Term deposits (Thousands of euros)	Interest accrued and outstanding (Thousands of euros)
Financial year 2019					
Term deposits with Banco Sabadell \$	1.82%	25/11/2019	04/01/2020	1,780	-
Term deposits with Banco Sabadell	0.00%	18/10/2019	18/11/2020	10,000	-
Totals				11,780	-

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11.3. Assets at fair value valued at fair value (short-term equity instruments)

The subscription in an Investment Fund is recorded under this heading. The acquisition cost and the fair value of financial assets classified in this category on 31 December were as follows:

Thousands of euros	2020		2019	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares	5,000	5,000	5,000	5,000

Although the fair value of this investment is slightly higher than cost, amounting to 95 thousand euros, it has been decided for prudent valuation reasons to maintain the value at acquisition cost. The fair value has been calculated on the basis of the net asset value.

No shares were purchased or sold in the financial year 2020.

11.4. Sums denominated in foreign currency

The breakdown of monetary financial instruments denominated in foreign currency (U.S. dollars) is as shown below:

Thousands of euros	2020	2019
Long-term financial investments:		
Loans to companies	6,145	6,294
Total non-current assets	6,145	6,294
Short-term trade and other accounts receivable:		
Accounts receivable	506	616
Short-term financial investments:		
Loans to companies	483	405
Interest accrued on loans to companies	29	35
Cash and other cash equivalent liquid assets		
Cash in bank	597	1,139
Other equivalent liquid assets	896	1,780
Total current assets	2,511	3,975
Total financial assets in foreign currency	8,656	10,269

The EUR/USD exchange rate used at year-end 2020 and 2019 was:

	2020	2019
Exchange rate	1.2271	1.1234

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12. Cash and other cash equivalent liquid assets

The amounts under the heading “Cash and cash-equivalent liquid assets” on 31 December are itemised as follows:

Thousands of euros	2020	2019
Cash and banks	21,987	25,431
Highly liquid short-term investments	-	-
Total	21,987	25,431

13. Equity

The composition and movement of equity are presented in the statement of changes in equity.

13.1. Capital

The company's share capital on 31 December 2020 and 2019 consisted of 6,555 registered, subscribed and paid-up shares with a face value of 6,010.12 euros each. All shares have the same political and economic rights.

The shares are freely transferable.

The companies with direct holdings in the share capital are listed below:

Shareholder	% Holding	Amount
ICEX Spain Trade and Investments	25.74%	10,139
Instituto de Crédito Oficial	20.31%	7,999
Banco Santander, S.A.	20.17%	7,952
Banco Bilbao Vizcaya Argentaria, S.A.	16.68%	6,569
Banco Sabadell, S.A.	8.33%	3,281
Empresa Nacional de Innovación, S.A.	7.63%	3,005
Corporación Andina de Fomento	1.14%	451
Total	100%	39,396

13.2. Legal reserve

Pursuant to Article 274 of the Spanish Corporate Enterprises Act, 10% of companies' yearly profit must be earmarked for the legal reserve, until the funds provisioned amount to at least 20% of the share capital.

Such funds may not be distributed and if used to offset losses, in the event that other reserves are insufficient to cover this item, they must be replenished with future profits.

On 31 December 2019, the Company had funded this reserve to the maximum amount established by law and, therefore, the distribution of 2019 income proposed by the directors (see Note 3) does not assign it for distribution to the legal reserve.

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13.3. Voluntary reserves

Voluntary reserves are freely available.

13.4. Capitalisation reserve

On 31 December 2020, the Company had a capitalisation reserve of 3,744 thousand euros (2,972 thousand euros in 2019); the increase of 772 thousand euros is detailed in Note 3 of this report.

13.5. Information regarding shareholders' right to withdraw due to failure to distribute dividends (Article 348 bis of

the revised text of the Spanish Corporate Enterprises Act)

During the last five years, dividends have been distributed for an amount between 15% and 20% of profits distribution. In addition, for 2020, the Company has proposed a dividend distribution of 1,016 thousand euros (Note 3).

At the ordinary general meeting of shareholders held on 27 May 2020, which approved the proposal for the distribution of the 2019 result, no shareholder voted against the proposal.

14. Contingent assets and liabilities

The Company, in conjunction with its legal advisors, has rated the probability of success in a series of proceedings lodged primarily to claim sums outstanding receipt as likely or possible. It has consequently recorded a provision for such sums pending receipt on 31 December 2020 and 2019 under impairment of accounts receivable.

15. Financial liabilities

The composition of financial liabilities on 31 December was as follows:

Thousands of euros	Debts with credit institutions		Derivatives and others		Total	
	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2020:						
Loans and accounts receivable	-	-	-	621	-	621
Total	-	-	-	621	-	621
Financial year 2019:						
Loans and accounts receivable	-	-	-	948	-	948
Total	-	-	-	948	-	948

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15.1. Debts with credit institutions

On 31 December 2020 and 2019 there were no outstanding balances with credit institutions.

Amounts denominated in foreign currency

On 31 December 2020 and 2019, there were no financial liabilities denominated in foreign currency.

15.2. Derivatives and others - Loans and accounts payable

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Sundry payables	-	238	-	573
Personnel (remunerations outstanding)	-	383	-	375
Other financial liabilities	-	-	-	-
Total	-	621	-	948

15.3. Information on the average period of payment to providers

The average period of payment to providers during the year was 27.76 days (26.37 days in 2019).

15.4. Classification by maturity date

The classification of financial liabilities by maturity date is as follows:

Thousands of euros	2020					Total
	2021	2022	2023	2024	Subsequent years	
Debts with credit institutions	-	-	-	-	-	-
Trade accounts payable	238	-	-	-	-	238
Personnel	383	-	-	-	-	383
Other financial liabilities	-	-	-	-	-	-
Total	621	-	-	-	-	621

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Thousands of euros	2019					Total
	2020	2021	2022	2023	Subsequent years	
Debts with credit institutions	-	-	-	-	-	-
Trade accounts payable	573	-	-	-	-	573
Personnel	375	-	-	-	-	375
Other financial liabilities	-	-	-	-	-	-
Total	948	-	-	-	-	948

16. Short-term accruals

The heading “Current liabilities” includes an entry for both 31 December 2020 and 2019 for the regularisation of consultant fees charged to the Fund for Foreign Investment (FIEX) billed but not regarded as accruing during the year, in accordance with Provision 2 of the Order issued by H.E. the Minister of Economy and Finance of 28 July 1999¹, also known as the FIEX Rule.

¹ “...If at the end of each financial year, the expenses incurred by the Fund for Foreign Investment's fund manager in the study and tendering phase specified above amount to less than seventy-five (75) per cent of the sums accruing thereto for the respective consultant fees laid down in Paragraph 1.a above, fifty (50) per cent of this difference will be held in the fund manager's account and used to pay fees accruing in subsequent financial years. The fund manager may receive no further sums for this item until such surplus has been fully expended”.

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17. Tax matters

The detail of balances payable to public authorities on 31 December is as follows:

Thousands of euros	2020		2019	
	Non-current	Current	Non-current	Current
Assets				
Current tax assets	-	-	-	-
Withholdings and payments on account	-	-	-	-
Value Added Tax	-	-	-	-
Total	-	-	-	-
Liabilities				
Current tax liabilities	-	-	-	380
Social security	-	109	-	117
Value Added Tax	-	215	-	165
Withholdings	-	105	-	105
Total	-	429	-	767

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According to existing legislation, tax settlements cannot be regarded as conclusive until audited by the tax authorities or until the obligation period has elapsed, currently established as four years. The Company's books for the last four years are open to audit by tax authorities in respect of all the taxes for which it is liable. It is the opinion of the Company and of its tax advisors that no fiscal exposures for significant amounts exist which may, in the event of an audit, induce conflicting interpretations of the provisions of tax law applicable to the Company's operations.

As a result of, among other things, the different possible interpretations of current tax legislation, additional liabilities could arise as a result of an inspection. In any event, based on the information available, the analytical methodology applied and the specific advice received, the Company deems that such liabilities, should they arise, would not significantly affect the financial statements.

17.1. Tax on earnings

The reconciliation between the year's revenue and expenses and the tax base (fiscal earnings) for corporation tax is shown below:

Thousands of euros	2020	2019
Earnings for the year	10,189	10,190
Corporation tax	3,385	3,426
Earnings before tax	13,574	13,616
Permanent differences	34	-
Temporary differences treated as permanent, due to limitation of amortisation for the year (70%)	-	-
Capitalisation reserve	(855)	(772)
Temporary differences treated as permanent, related to losses, impairment and variations in provisions for trade operations	850	858
Tax base (fiscal earnings)	13,602	13,702
25% tax	3,401	3,426
Adjustments to previous years	(4)	
Expenses due to taxes paid on earnings abroad	6	7
Deductions for the current year	(18)	(7)
Expenses due to tax on earnings	3,385	3,426

(*) In compliance with the requirements of Article 25 of Spanish Law 27/2014, of 27 November, regarding corporation tax, in relation to the capitalisation reserve it is proposed that, as part of the distribution of earnings for 2020, an amount of 855,073.03 euros (771,701.83 euros in 2019) from the earnings for the year be used for the capitalisation reserve (see Note 17).

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The estimated corporation tax payable is as follows:

Thousands of euros	2020	2019
Tax base (fiscal earnings)	13,602	13,702
Corporation tax at 25%	3,401	3,426
Deductions	(18)	(7)
Payments on account	(3,260)	(2,878)
Withholdings	(168)	(161)
Taxes paid abroad	-	-
Corporation tax payable	(45)	380

18. Environmental information

No significant assets were earmarked for environmental protection or improvement on 31 December 2020, nor were any relevant expenses related to this incurred during the year.

No environment-related subsidies were received in 2020 or 2019.

19. Revenues and expenses

19.1. Net turnover

This heading covers financial revenues and fees earned by the Company related to activities carried out on its own behalf.

It also includes fees earned as a result of the Company managing FIEX and FONPY-ME funds, and multilateral organisations' development programmes and funds (Note 1). Also included are revenues from the management of FONPRODE and from the analysis and presentation of operations to the FIEM.

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The itemised list of the aforementioned interest and fees earned on the Company's own behalf and the fees computed for FIEX and FONPYME based on the provisions of the Order issued by H.E. the Minister of Economy and Finance on 28 July 1999 is given in the table below:

Item	Basis for calculation	Thousands of euros	
		2020	2019
COFIDES interest	Financial revenues from interest on loans to companies	2,440	2,359
Profits from equity investments	Profits from equity investments	138	
	Total interest	2,578	2,359
Consultancy fees	1.65% of the investment proposal submitted to FIEX.	761	2,566
Formalisation fees	1% on investments drawn from FIEX and 1.5% on FONPYME-financed investments.	1,153	1,971
Outlay fees	1% of the sums actually paid out by FONPYME.	196	116
Management fees	1.25% of the value of FIEX's live investment portfolio.	11,216	10,145
Performance fees	20% of dividends and other returns actually received by the funds.	4,952	3,492
Settlement fees	1.5% of the value of investments paid out and actually settled with FIEX.	870	1,916
Other COFIDES fees	Fees other than FIEX and FONPYME fund management fees.	3,303	2,888
Total fees		22,451	23,094
Total		25,029	25,453

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19.2. Personnel expenses

Personnel expenses, in thousands of euros, are itemised below:

Thousands of euros	2020	2019
Wages and salaries	4,777	4,656
Board of Directors' per diem payments	84	90
Company social security payments	1,098	1,104
Other personnel expenses	395	444
Total	6,354	6,294

19.3. External services and other taxes

The “External services” and “Other taxes” accounts are itemised below:

Thousands of euros	2020	2019
Publicity, advertising and public relations	99	175
Leases	925	925
Repairs and upkeep	218	173
Independent professional services	918	1,468
Insurance premiums	42	41
Training expenses	153	160
Travel expenses	44	502
Other expenses	659	343
Total	3,057	3,787
Taxes	119	108
Total	119	108
Total	3,176	3,895

“Independent professional services” primarily covers external consultant fees associated with projects implemented by the Company in 2020 and 2019.

19.4. Financial revenues

This account primarily covers sums accruing in 2020 and 2019 as yields on sums held in the Company's current accounts and other investments maintained as other financial assets in term deposits.

19.5. Financial expenses

This heading covers expenses of a financial nature related to the management of the EFP and ICCF facilities in which the company does not act as a promoting partner. Additionally, negative interest rates applied to the balances held by the Company in current accounts and deposits are recorded.

20. Memorandum accounts

This includes accounts that reflect events or circumstances that may give rise to rights or obligations affecting the Company's financial structure. Also included are registry accounts used for internal control of assets or liabilities and equity management information or control of future financial situations.

The Company's memorandum accounts record the current account balances to be applied to expenditure and technical assistance for the Community budget programmes, Triple Inclusive Finance (TIF) and the Renewable Energy Programme for Sub-Saharan Africa (PIP), for which management agreements were concluded during the year.

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21. Operations with related parties

The related parties with which the Company conducted business - and the nature of their relationship - are listed below:

Financial year 2020	
	Nature of the relationship
FIEX	Fund managed by the Company
FONPYME	Fund managed by the Company
Instituto de Crédito Oficial	Company shareholder
ICEX	Company shareholder
	Board members
Senior Management:	Chairperson
	Director-General

Financial year 2019	
	Nature of the relationship
FIEX	Fund managed by the Company
FONPYME	Fund managed by the Company
Instituto de Crédito Oficial	Company shareholder
ICEX	Company shareholder
	Board members
Senior Management:	Chairperson
	Director-General

21.1. Related institutions

The balances in the accounts with related institutions are shown below:

2020			
Thousands of euros	FIEX	FOMPYME	Total
ASSETS:			
Long-term financial investments			
Accounts receivable, funds (Note 11.2.1)	11,862	370	12,232
Trade and other receivables			
Accounts receivable, funds	8,115	203	8,318
LIABILITIES:			
Long-term accounts payable			
Short-term accounts payable			
Accounts payable to financial institutions (Note 15.1)	-	-	

2019			
Thousands of euros	FIEX	FOMPYME	Total
ASSETS:			
Long-term financial investments			
Accounts receivable, funds (Note 11.2.1)	11,924	453	12,377
Trade and other receivables			
Accounts receivable, funds	7,940	387	8,327
LIABILITIES:			
Long-term accounts payable			
Short-term accounts payable			
Accounts payable to financial institutions (Note 15.1)	-	-	

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Operations with related institutions are itemised below:

Thousands of euros	2020			
	Instituto de Crédito Oficial (ICO)	FIEX	FONPYME	Total
Net turnover	-	18,411	707	19,118
Financial expenses				
Notes payable to credit institutions		-	-	
		18,411	707	19,118

Thousands of euros	2019			
	Instituto de Crédito Oficial (ICO)	FIEX	FONPYME	Total
Net turnover	-	19,403	803	20,206
Financial expenses				
Notes payable to credit institutions		-	-	
		19,403	803	20,206

21.2. Directors and senior management

During the year ending on 31 December 2020, the Company's directors received remuneration in the form of per diems for a total of 84 thousand euros (90 thousand in 2019).

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For the purposes of information in this financial statements report only, the following table lists the total remuneration received by the Company's senior management, with the exception of the directors mentioned in the preceding paragraph:

Thousands of euros	Salaries		Other remunerations	
Year	Fixed	Variable	Bonuses	Other
2020	232	63	-	-
2019	227	61	-	-

The books showed no advances or loans to any company directors or managers on 31 December 2020 or 2019, nor had any obligations been assumed as security on their behalf. Moreover, the Company has undertaken no pension or life insurance obligations for any of its present or former directors.

The members of the COFIDES Board of Directors attest to their compliance with the provisions of Article 229 of the Spanish Corporate Enterprises Act. Details on their shareholdings, positions and duties, carried out on their own or third-party behalf, in companies engaging in the same business as COFIDES are given in the attached Annex I.

22. Employee information

The number of employees and directors of the Company in the last two years, broken down by category, is as follows:

	2020	2019
Directors	12	12
Senior + Technical Management	20	21
Technical team	50	52
Support staff	10	11
Total	92	96

* In 2020, the new employee hiring process was conducted under the protection of Additional Provision 29 of Spanish Law 6/2018, of 3 July, concerning the General State Budget, extended for the year 2019. Only temporary hires, necessitated by exceptional cases in order to cover urgent and non-deferrable needs or to temporarily cover the loss of employees on temporary contracts, took place. In all cases, prior authorisation was obtained from the Ministry of Finance and the Ministry of Territorial Policy and Civil Service, through the State Secretariats for Budgets and Expenditure and for Civil Service, as well as from the majority shareholder, as is set out in the aforementioned additional provision.

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The distribution by gender of company personnel and of the directors at the end of the year is as follows:

Thousands of euros	2020			Average number of people with disabilities >33%
	Women	Men	Total	
Directors	2	10	12	-
Senior + technical management	10	10	20	-
Technical team	31	19	50	1
Support staff	9	1	10	-
Total	52	40	92	1

Thousands of euros	2019			Average number of people with disabilities >33%
	Women	Men	Total	
Directors	1	11	12	-
Senior + technical management	10	11	21	-
Technical team	31	21	52	1
Support staff	9	2	11	-
Total	51	45	96	1

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23. Auditors' fees

The fees paid for auditing services amounted to:

Thousands of euros	2020	2019
Auditing	28.00	28.10
Other services	-	-
Total	28.00	28.10

In addition, services were contracted for the amount of 2,397 euros for the audit of the financial statements of EC/FI HURUMA FUND.

24. Events after the reporting period

From 31 December 2020 until the preparation of these annual accounts by the Board of Directors of the Company, no event occurred that significantly affects these annual accounts and that needs to be mentioned, except that on 30 January 2021, Royal Decree 1/2021 of 12 January was published, amending the Spanish National Chart of Accounts approved by Royal Decree 1514/2007 of 16 November. The purpose of the new Chart of Accounts, in force from 1 January 2021, is basically to introduce the changes necessary to align accounting and valuation standard 9 "Financial instruments" and accounting and valuation standard 14 "Revenue from sales and services" with IFRS-EU 9 and IFRS-EU 15, respectively.

Company management has begun to assess the impact of this new Chart of Accounts and, based on initial estimates, believes that it will not have a significant impact on the financial statements.

Moreover, Royal Decree-Law 5/2021 of 12 March, on extraordinary measures to support business solvency in response to the COVID-19 pandemic, created the "Fund for the recapitalisation of companies affected by COVID" with an allocation of 1 billion euros, and assigned the management of the fund to the Company. The fund will avail of various debt, equity and quasi-equity financial instruments to support companies, seeking a balance between risk, return and the use of public resources to support viable projects. The operations will also include instruments providing for the State's share in the companies' future profits as well as an exit strategy due to the temporary nature of the fund, set at eight years.

All operations carried out under the fund shall be recorded in specific accounts, separate and independent from those of the Company.

Annual accounts report

Details of company directors' shareholdings and positions in other companies on 31 December 2020

Directors	Company	Number of shares	Percentage holding	Position and duties
Mr. José Luis Curbelo Ranero	-	-	-	-
Ms. María Aparici González	BBVA	-	<0.001%	-
	Banco Santander	-	<0.001%	-
Ms. Idoia Arteagabeitia González	-	-	-	-
Mr. Antonio Bandrés Cajal	Axis Participaciones Empresariales	-	-	Director/Investment Committee Fond-ICO Infraestructuras
	ICO	-	-	Head of International Financing and EU Affairs
	Fondo Marguerite I	-	-	Management Board member
	Fondo Marguerite II	-	-	Management Board member
	Comité Ejecutivo FIEF FONPYME	-	-	Board member
Mr. Javier Estévez Zurita	-	-	-	-
Mr. Pablo López Tallada	BBVA	-	-	Director of Global Trade Finance
Mr. David Noguera Ballús	Banco Sabadell	-	<0.005% On behalf of my associates, <0.005%	Deputy Director Structured Finance Director
	Sabadell Corporate Finance, S.L.	-	-	Chairman
Mr. Alfonso Noriega Gómez	-	-	-	Head of the ICO Chairman's Office
Mr. Pablo de la Torre Rodríguez	Banco Santander, S.A.	-	Less than 0.01%	Commercial Head of International Business Santander España
Mr. Fernando Jiménez-Ontiveros Diego	-	-	-	-
Mr. Juan Ignacio Moratinos Alonso	-	-	-	-
Mr. Jaime Uscola Lapiedra	Banco Santander, S.A.	-	Less than 0.01%	Management

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Details of company directors' shareholdings and positions in other companies on 31 December 2019

Directors	Company	Number of shares	Percentage holding	Position and duties
Mr. José Luis Curbelo Ranero	-	-	-	-
Ms. María Aparici González	BBVA	-	<0.001%	-
	Banco Santander	-	<0.001%	-
Mr. Antonio Bandrés Cajal	Axis Participaciones Empresariales	-	-	Director/Investment Committee Fond-ICO Infraestructuras
	ICO	-	-	Head of International Financing and EU Affairs
	Fondo Marguerite I	-	-	Management Board member
	Fondo Marguerite II	-	-	Management Board member
	Comité Ejecutivo FIEEX FONPYME	-	-	Board member
Mr. José Corral Vallespín	Banco Santander, S.A.	-	Direct and indirect >0.005%	Executive Vice-President
	Banco Santander, S.A.	-	Through stock options and performance shares, <0.005%	Director of Risk Santander España
	Banco Santander, S.A.	-	On behalf of my associates, directly and indirectly, <0.005%	-
Mr. Javier Estévez Zurita	-	-	-	-
Mr. Pablo López Tallada	BBVA	-	-	Director of Global Trade Finance
Mr. David Noguera Ballús	Banco Sabadell	-	<0.005% On behalf of my associates, <0.005%	Deputy Director Structured Finance Director
	Sabadell Corporate Finance, S.L.	-	-	Chairman
Mr. Alfonso Noriega Gómez	-	-	-	Head of the ICO Chairman's Office
Mr. Pablo de la Torre Rodríguez	Banco Santander S.A.	-	Less than 0.01%	Commercial Head of International Business Santander España
Mr. Fernando Jiménez-Ontiveros Diego	-	-	-	-
Mr. Juan Ignacio Moratinos Alonso	-	-	-	-
Mr. Jaime Uscola Lapiedra	Banco Santander, S.A.	-	-	-

Supplementary information

06



Report parameters

This **Activity / Sustainability Report** covers fiscal year 2020. The reports for earlier years are available on the COFIDES website. COFIDES's replies to the items in the 2020 Progress Report are shown below, in the section on the Principles of the UN Global Compact.

This report has been prepared in accordance with the **GRI Standards: Core option**⁴ and submitted to AENOR (Spanish standardisation and certification agency) for external verification.

Materiality analysis. Report content processing and definition

The contents attempt to address the information requested by stakeholders consulted in preceding years. The 2019 **analysis of materiality** was contrasted with the results of the consultations with stakeholders conducted on the occasion of the design of the Strategic Plan.



⁴ The Global Reporting Initiative (GRI) is an international standard used to report an organisation's performance and its economic, environmental and social impact.

Supplementary information

KEY ISSUE	Specific issue	Dimension *	RESPONSE – GRI STANDARDS. Additional information
COFIDES corporate governance:	COFIDES corporate governance	ID	102-18
• Governance structure			102-18
• Control systems			CGR – Section 5.2: Control systems
• Risk management			CGR – Sections 5.1, 5.2.3, 5.2.6 and 5.2.7
• Compliance scheme	Socioeconomic compliance	ID	419-1
	Customer privacy	ED	418-1
	Anti-corruption	ID & ED	205-2; 205-3
COFIDES's values, principles, standards and norms of behaviour	COFIDES's values, principles, standards and norms of behaviour	ID & ED	102-16
Comprehensive due diligence (with particular emphasis on social and environmental issues)	Policies and procedures to assess social and environmental risks	ED	Management focus: product portfolio FS6
COFIDES financing: additionality in the Spanish financial sector	Indirect economic impacts	ED	203-2
Impact on countries hosting investments	Indirect economic impacts	ED	Management focus: significant indirect economic impacts 203-2
Tackling climate change	Risks and opportunities due to climate change	ID & ED	201-2
SDG implications	Indirect economic impacts	ED	203-2
Consolidation of Spanish companies financed	Indirect economic impacts	ED	203-2
Staff information	Training and education	ID	Management focus: training and education 404-1

* ID: Internal Dimension / ED: External Dimension.

Supplementary information

The data and qualitative information in this Report refer to the national and international socio-economic context.

Report dimension, scope and limitations

In its external dimension, this Report includes information on the projects financed by COFIDES and more specifically on their management and impact. It also addresses in-house (internal) data deemed to be relevant to understanding company operating procedures. The impact of COFIDES's business activities is synthesised in the table below.

Dimension	Impact on sustainability	COFIDES' influence	Thoroughness of information
INTERNAL	Low	High	Low
EXTERNAL: Lending	High	Medium	High
EXTERNAL: Investment in equity	High	High	High

This report includes information on the projects formalised in 2020 as well as on the project portfolio on 31 December of that year. The

indicators computed by COFIDES on the non-financial aspects of portfolio projects are based essentially on information provided by project sponsors on the occasion of due diligence proceedings. Although project analysts specialising in different areas are responsible for verifying the information received, non-financial information is not presently as reliable as the financial information on projects, which is audited.

With its consistent focus not only on the financial aspects of projects but also on others that ensure their sustainability, COFIDES seeks to **systematise information** with which to attribute greater weight to these matters in both the companies internationalised and in the company itself. The information on external impacts excludes data from earlier years, for the portfolio varies annually with new investments and divestments. As the data on impact are therefore necessarily confined to direct investment and the respective projects, they exclude international financing and other funds' assets managed by COFIDES.

As noted, the data on projects and companies financed are based on the information furnished by the latter. No sampling techniques are deployed nor are any assumptions made. Efforts focus on obtaining the largest possible number of replies for subsequent compilation and linear pooling. Improvements are being sought for non-financial data collection by broaching client companies from a new perspective. The directive on non-financial information is also expected to contribute to the awareness of the importance of social-environmental indicators. The internal dimension indicators are compiled by the respective areas and pooled linearly.

Supplementary information

Additional information

The four risk rating categories listed in the section 'Social-environmental investment risk analysis' are defined in the table below.

Risk/impact	Description
A: High	Risks and/or potential, severe, widespread, generally irreversible or unprecedented adverse impacts of varying nature
B+: Medium - high	Risks and/or potential, moderate and primarily local and reversible adverse impacts characterised by specific features that may lead to risks or impacts of greater magnitude and scope
B: Medium	Risks and/or potential, moderate, local and reversible adverse impacts that can be effectively mitigated with well-known methods of proven efficacy
C: Low	Scantly significant or non-existent risks and/or potential impacts

The number of indirect jobs quoted in the section 'Impact on host countries' was calculated on the general assumption that every direct job generates one to two indirect jobs at businesses supplying the goods and services needed for production. Induced jobs, in turn, are generated by the higher demand associated with employees' new earnings. Although the criterion for estimating the number varies, one job is generally deemed to be induced for every two direct or indirect jobs.



COFIDES looks forward to receiving stakeholder remarks and suggestions on this Report. Further information on any item hereunder may be requested from: lola.vazquez@cofides.es

Principles of the Global Compact

Area	Principle	COFIDES
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	Investment due diligence.
	2. Business should make sure that they are not complicit in human rights abuses.	Inclusion of international standards on decent employment in financing agreements.
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Inclusion of ILO Fundamental Conventions 87 on freedom of association and the right to organise and 98 on collective bargaining in financing agreements.
	4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	Inclusion of ILO Core Conventions C029 and C105 on the elimination of forced labour in financing agreements
	5. Businesses should uphold the effective abolition of child labour.	Inclusion of ILO Core Conventions C138 and C182 on the elimination of child labour in financing agreements
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Inclusion of ILO Core Conventions C100 and C111 on the elimination of discrimination in employment and occupation in financing agreements
Environment	7. Businesses should support a precautionary approach to environmental challenges.	Investment due diligence.
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	Investment due diligence. Climate finance.
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Climate finance.
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	System for compliance with anti-corruption principles. Inclusion of OECD Anti-Bribery Convention in financing agreements.

GRI table of contents

GRI Standard	Contents	Pages numbers	Comments
General contents			
GRI 102: General content 2016	Profile of the organisation		
	102-1 Name of the organization	CGR 3	Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E.
	102-2 Activities, brands, products and services	8-12; 25-47; 50-53	https://www.cofides.es/en/financing
	102-3 Location of the headquarters	CGR 3	Paseo de la Castellana 278. 28046 Madrid.
	102-4 Location of operations	13-14; 54	https://www.cofides.es/en/our-work/success-stories
	102-5 Ownership and legal form	CGR 4-6	
	102-6 Markets served	25-47; 54; 59-61	https://www.cofides.es/en/financing
	102-7 Scale of the organization	8-12; 50-53; 66; 77-80 CGR 5-6; 42-45	
	102-8 Information on employees and other workers	66; 127-128	
	102-9 Supply chain	124	COFIDES hires consultancy services in connection with its financing business. It also purchases products and services for Company headquarters.
	102-10 Significant changes in the organization and its supply chain	CGR 6	Neither organisation size nor structure has changed significantly. Under 'Other operating expenses; outsourced services', specifically consultancy costs associated with operations, declined by 37% as a result of the COVID-19 crisis and less available funding, which entailed a lower volume of approvals as well as formalisations, in particular as concerns larger scale projects. That in turn affected the volume of work outsourced to consultants during the year.
	102-11 Precautionary principle or approach	3-6; 55-58 CGR 25; 32	The precautionary principle is applied in comprehensive risk management in financing.
	102-12 External initiatives		https://www.cofides.es/en/biblioteca-de-documentos/corporate-governance-approach-statement https://cofides.es/system/files/2021-07/2019%20EDFI-Responsible-Financing-SDG_Principles.pdf https://www.cofides.es/en/biblioteca-de-documentos/contributing-creating-more-and-better-jobs-statement
	102-13 Membership of associations	59	ALIDE, ASCRI, Club de Exportadores e Inversores, Development Aid, EDFI, Global Compact Spanish Network, Instituto de Auditores Internos, International Forum of Sovereign Wealth Funds.

GRI table of contents

GRI Standard	Contents	Pages numbers	Comments
General Contents			
GRI 102: General content 2016	Strategy		
	102-14 Statement from senior decision-making	3-6; 15-16	
	Ethics and integrity		
	102-16 Values, principles, standards and norms of conduct	CGR 32	Code of Ethics: https://www.cofides.es/en/about-us/governance https://www.cofides.es/en/about-us/mission-vision-and-values
	Governance		
	102-18 Governance structure	63-64; CGR 8-31	
	Stakeholder participation		
	102-40 List of stakeholder groups	68-70	COFIDES's business stakeholders include its client companies.
	102-41 Collective bargaining agreements		COFIDES's entire staff (100 %) is covered by the Region of Madrid's Office Worker Agreement.
	102-42 Identification and selecting stakeholders		Stakeholders were identified by COFIDES's Sustainability staff on the occasion of the drafting of prior Sustainability Reports and ratified by the area management and COFIDES's Chairman-CEO.
	102-43 Approach to stakeholder engagement	68-70	
	102-44 Key topics and concerns raised	SR 2017 Pages 30-32 https://www.cofides.es/sites/default/files/biblioteca/2019-01/sustainability-report-cofides-2017-english.pdf SR 2018 Pages 24-25 https://www.cofides.es/sites/default/files/biblioteca/2019-07/sustainability-report-cofides-2018-english-pagina.pdf 49; 68-70; 133	https://www.cofides.es/sites/default/files/adjuntos/2019-11/presentacion-plan-estrategico-cofides-2019-2021.pdf

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GRI Standard	Contents	Pages numbers	Comments
General Contents			
GRI 102: General content 2016	Reporting practice		
	102-45 Entities included in the consolidated financial statements		Not applicable.
	102-46 Defining of report contents and topic boundaries	2-6; 15-16; 68-70; 133-135; 138; 144	
	102-47 List of material topics	SR 2017 Pages 30-32 (https://www.cofides.es/sites/default/files/biblioteca/2019-01/sustainability-report-cofides-2017-english.pdf) SR 2018 Pages 24-25 (https://www.cofides.es/sites/default/files/biblioteca/2019-07/sustainability-report-cofides-2018-english-pagina.pdf) 134	https://www.cofides.es/biblioteca-de-documentos/presentacion-plan-estrategico-2019-2021
	102-48 Restatement of information		No significant change.
	102-49 Changes in reporting		No significant change.
	102-50 Reporting period		01/01/20 - 31/12/20 Some of the FONPRODE data refer to 2019 (specified in text).
	102-51 Date of most recent report		2019 Activity / Sustainability Report.
	102-52 Reporting cycle		Annual.
	102-53 Contact point for questions regarding the report		lola.vazquez@cofides.es
	102-54 Claims of reporting in accordance with the GRI Standards	133	

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GRI Standard	Contents	Pages numbers	Comments
General Contents			
GRI 102: General content 2016	Reporting practice		
	102-55 GRI Content Index	138	
	102-56 External assurance	144	External assurance was awarded in accordance with internal procedures, subject to the Act on Public Procurement. AENOR certifies the Quality Management System. Senior management approved the request for external assurance of the Activity / Sustainability Report.
Material issues			
Corporate governance			
Control systems			
GRI 103: 2016 management approach		CGR 32-36	
	Control systems	CGR 32-36	
Risk Management			
GRI 103: 2016 management approach		CGR 32-36	
	Risk Management	CGR 32-36	
Financial sector			
Portfolio of products			
GRI 103: 2016 management approach		3-6; 55-58 SR 2015 Page 7 (https://www.cofides.es/sites/default/files/biblioteca/2019-01/sustainability-report-cofides-2015-english.pdf) CGR 35	https://www.cofides.es/en/our-work/sustainable-investments
FS6	Percentage of the portfolio for business lines by region, size and sector	54	SMEs in portfolio: 48%.

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GRI Standard	Contents	Pages numbers	Comments
Economic dimension			
Economic performance			
GRI 103: 2016 management approach		ED: 25-47 ID: 66-67	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	ED: 25-47 ID: 53; 66-67; 77-80	
	201-2 Financial implications and other risks and opportunities due to climate change	ED: 3-6; 11-12; 32-34; 44-45; 52; 56 ID: 68	
Indirect economic impact			
GRI 103: 2016 management approach		ED: 3-6; 15-16; 25-47	
GRI 203: Indirect economic impact 2016	203-2: Significant indirect economic impacts	ED: 3-6; 15-16; 59-61; 68-70; 134	
Anti-corruption			
GRI 103: 2016 management approach		ID and ED: CGR 32-34; 137	
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	ID and ED: CGR 32-34	https://www.cofides.es/en/about-us/governance
	205-3 Confirmed incidents of corruption and actions taken	ID and ED: CGR 33-34	
Social dimension			
Training and learning			
GRI 103: 2016 management approach		ID: 66	
GRI 404: Training and learning 2016	404-1 Average training hours per year per employee	ID: 67	

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GRI Standard	Contents	Pages numbers	Comments
Social dimension			
Human rights assessment			
GRI 103: 2016 management approach		ED: 55-58; 137	
	412-2 Employee training on human rights policies and procedures	ED: 57	No specific human rights training was delivered in 2020. COFIDES takes part in a number of working groups on this matter.
GRI 412: Human rights assessment 2016	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	ED: 56-58; 137	
Customer privacy			
GRI 103: 2016 management approach			ID: COFIDES has procedures in place to comply with the legal provisions on personal data processing.
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		ID: No such complaints were received in 2020.
Socioeconomic compliance			
GRI 103: 2016 management approach		ID: CGR 32-34	
GRI 419: Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area		No indication of non-compliance of this nature was forthcoming in 2020.

Key: ID: Internal dimension
ED: External dimension
CGR: Corporate Governance Report
SR: Sustainability Report

Report of external assurance



VERIFICATION OF SUSTAINABILITY REPORT

VMS-2021/0010

AENOR has verified the Sustainability Report by the organization

COMPañIA ESPAñOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.

Title: Activity and Sustainability Report 2020

Reporting period: 2020

In accordance with GRI Standards option: Core

Issue date: **2021-05-19**



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Chief Executive Officer

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