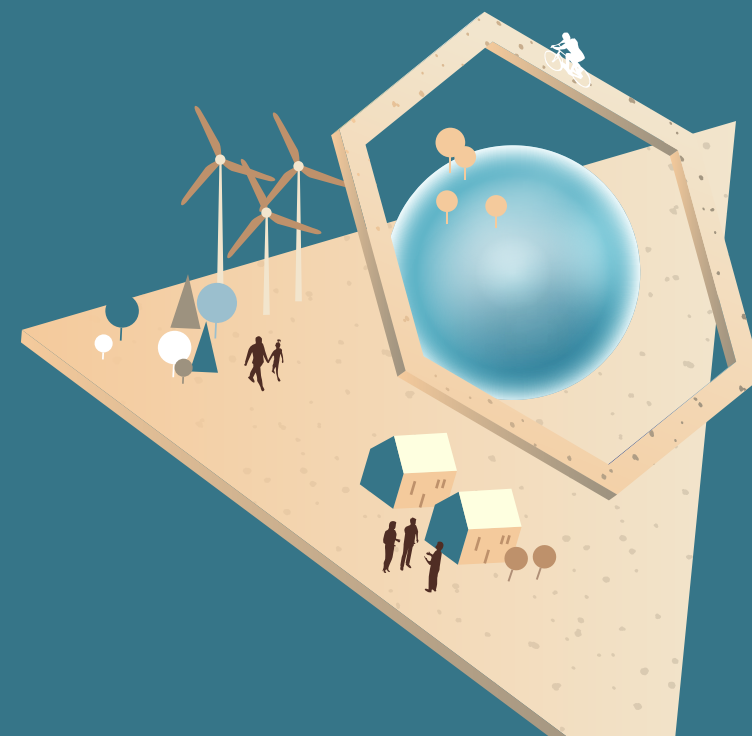




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Annual Corporate Governance Report for *Compañía Española de Financiación del Desarrollo*, COFIDES, S.A., S.M.E.

FISCAL YEAR 2021

This Report has been prepared in compliance with the requirement set out in Article 35 of the Sustainable Economy Law 2/2011 of 4 March 2011. Some sections include events subsequent to the financial year concerned, as they are related to some of the contents of the Report.



1. Company identifying details

Corporate Name:

Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (hereinafter “COFIDES” or the “company”).

Tax Code Number:

A-78990603.

Registered office:

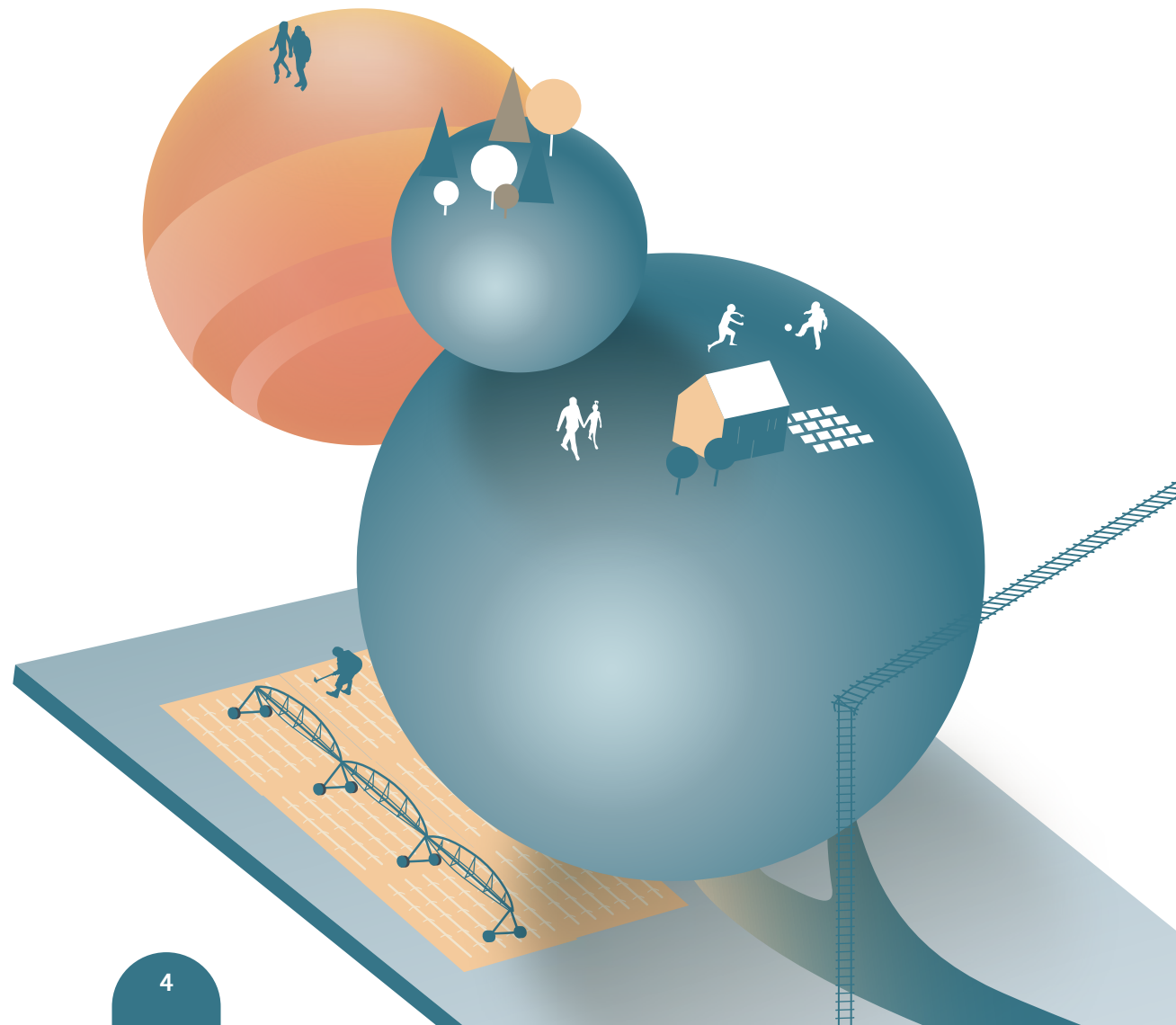
Paseo de la Castellana, 278, 28046 Madrid.

Website:

www.cofides.es

Contact person for the purposes of this report:

Javier Castro López. General Secretary and Secretary of the Board of Directors (javier.castro@cofides.es).



2. Nature of the organization, mandate and structure of the ownership

Legal Nature

Public Limited State Company of the type described under Article 111 of Law 40/2015 of 1 October 2015 on the Legal Regime of the Public Sector; Article 2.) of the General Budget Law 47/2003 of 26 November 2003 and Article 166.1.c) of Law 33/2003 of 3 November 2003, of Assets Belonging to Public Administrations.

Mandate

COFIDES' mission is, on the one hand, to contribute with profitability and sustainability criteria both to the internationalisation

of Spanish companies and the Spanish economy, and to the development of third countries, through the financing of private investment projects and support in the management of financial instruments to promote development and, on the other hand, to manage any public funds entrusted to COFIDES by law and to support the management of public funds or the provision of advisory services in relation to the management of public funds.

To fulfil its objectives, COFIDES uses its own resources to finance investment projects in emerging or developing countries and also manages the funds it is entrusted to manage on behalf of the State. Financing may take various forms of debt or capital and may be granted directly or indirectly through investment funds.

On the one hand, COFIDES manages the FIEX (Fund for Investments Abroad, F.C.P.J.) and FONPYME (Fund for Foreign Investment Operations of Small and Medium Enterprises, F.C.P.J.) funds which were created in accordance with the Fiscal, Administrative and Social Order Law 66/1997 of 30 December 1997, to finance investment projects abroad regardless of the degree of development of the project host country.

The activities and operation of these two funds are regulated by Royal Decree 1226/2006 of 27 October 2006.

FIEX and FONPYME fulfil their mandate through direct temporary and minority participation in the share capital of Spanish companies (with a view to the latter's internationalisation) or of companies located abroad and, in general, through participation in the equity of the aforementioned companies and any other participatory instrument.

FIEX and FONPYME may also be used to take direct temporary and minority participations in already existing or future, capital increase vehicles or funds with official support, or private investment funds that promote the internationalisation of the Spanish company or economy.

COFIDES has also been awarded management of the Fund for Recapitalisation of companies affected by COVID-19 (FONREC), pursuant to Royal Decree-Law 5/2021, of 12 March, of extraordinary measures to support business solvency in response to the COVID-19 pandemic.

2. Nature of the organisation, mandate and structure of the ownership

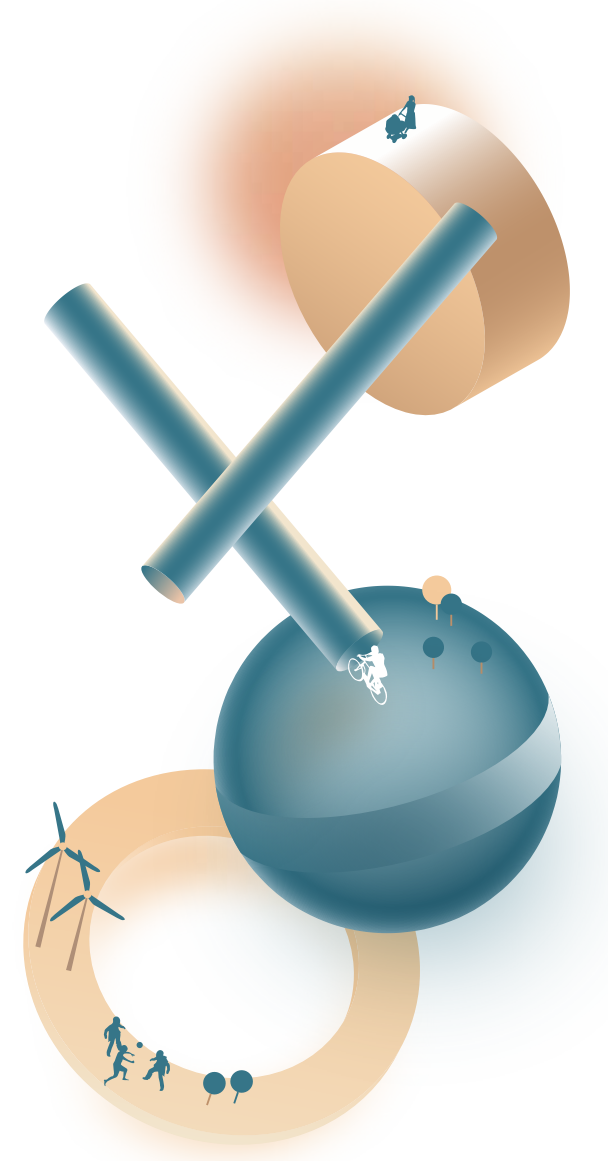
FONREC is regulated by the Resolution of 15 June 2021 of the Secretary of State for Trade, publishing the Agreement of the Council of Ministers of 15 June 2021, regarding its activity and operation, which was amended by the Agreement of the Council of Ministers of 7 December 2021, published by the Resolution of 13 December 2021 of the Secretary of State for Trade.

This is a fund, with an endowment of 1 billion euros, aimed at strengthening and recovering the solvency of medium-sized companies in an agile and effective manner. These are companies that did not have viability problems prior to the COVID-19 crisis and, despite being viable in the medium and long term, have been affected by the effects of the pandemic on their balance sheets and markets.

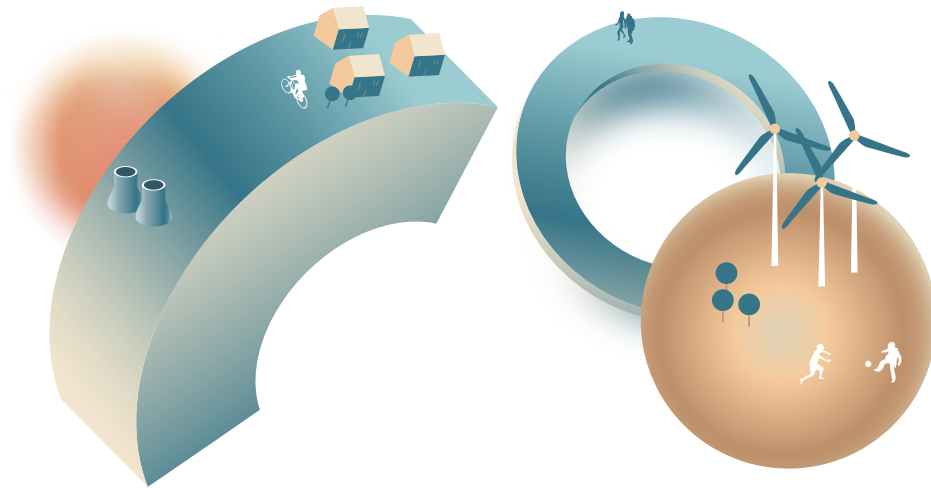
Likewise, COFIDES, by virtue of the provisions of Law 14/2013, of 27 September, on support for entrepreneurs and their internationalisation, analyses projects to be financed from the Fund for the Internationalisation of Companies -FIEM-, which was created by Law 11/2010 of 28 June, on the reform of the financial support system for the internationalisation of Spanish companies,

as an instrument for financing official support for the internationalisation of Spanish companies, managed through the Secretary of State for Trade. COFIDES carries out identification, structuring and analysis (due diligence) of eligible projects, and is also responsible for managing the financial support granted once the projects have been approved by the relevant Committee.

COFIDES also lends support to the Agencia Española de Cooperación Internacional para el Desarrollo—AECID (Spanish Agency for International Development Cooperation) in managing FONPRODE (Development Promotion Fund), one of the main channels through which Official Development Assistance is executed. COFIDES began lending its support to AECID in October 2015. This support is limited to reimbursable cooperation operations whose objective is the social and economic development of countries where investments or transfers of reimbursable economic resources are carried out. Pursuant to Article 7.3 (e) of the FONPRODE regulation approved by Royal Decree 597/2015 of 3 July 2015, COFIDES has a member on the Executive Committee of FONPRODE with voice but without voting rights.



2. Nature of the organisation, mandate and structure of the ownership



Moreover, COFIDES is one of the accredited entities for the delegated management of the European Union budget. It can present, inter alia, combined financing operations, known as Blending Facilities, (a financing instrument that combines a non-reimbursable contribution or one with high

levels of concessionality from the European Union (EU), with reimbursable financing).

COFIDES is also accredited by the Green Climate Fund (GCF), a United Nations initiative to finance climate change mitigation and adaptation projects in developing countries.

Company share capital

The company's share capital amounts to EUR 39,396,343.44, and is represented by 6,555 shares, all of the same class and with the same rights.



16/12/2014

Date of Last Change



€ 39,396,343.44

Share Capital



6,555

Number of Shares

2. Nature of the organisation, mandate and structure of the ownership

Shareholder of COFIDES Participation in share capital

ICEX España
Exportación
e Inversiones

25.74%

ICo
Instituto de Crédito Oficial

20.31%

Santander

20.17%

BBVA

16.68%

Sabadell

8.33%

e
ensa

7.63%

1.14% **CAF** BANCO DE DESARROLLO
DE AMÉRICA LATINA

Shareholding

COFIDES is a public-private mixed capital company whose shareholding distribution is reflected in the graph that appears on this page.

COFIDES does not have treasury stock.

Changes in the shareholding structure

There were no changes in the shareholding structure in fiscal year 2021.

Restrictions on the transfer of shares

In the case of transfer of shares by a shareholder, the other shareholders and, alternatively, the Company itself, are granted the right of first refusal of the shares that are intended to be sold. This right of first refusal may be exercised in accordance with the terms set out in the articles of association.

Ministry to which it is attached

Although COFIDES is not officially attached to any ministry because it is a trading company owned mostly by public sector entities and the General State Administration or its public agencies, it is a company which, in practice, answers to the Ministry of Industry, Trade and Tourism through the Secretariat of State for Trade.

Classification group of state trading companies

Under the Ministerial Order of 30 March 2012 approving the classification of state trading companies in accordance with Royal Decree 451/2012 of 5 March 2012, COFIDES falls within Group 2.



Image of the session of the General Shareholders' Meeting held in 2022.

3. Decision-making bodies

COFIDES has the following corporate bodies in accordance with the provisions of its articles of association:

General Shareholders' Meeting



Board of Directors



Chairperson



3. Decision-making bodies

3.1. GENERAL SHAREHOLDERS' MEETING



3.1.1. Name

General Shareholders' Meeting.

3.1.2. Applicable regulations

The General Shareholders' Meeting of COFIDES is bound by the Capital Companies Act, its Articles of Association and its Board Regulations.

3.1.3. Functions

The legally constituted General Shareholders' Meeting is the Company's sovereign body and its validly adopted agreements are binding on all shareholders, including those who abstain in a vote, dissenters and absentees, without prejudice to the rights to which they may be entitled subject to applicable laws.

3.1.4. Types of Meetings

Articles 159 et seq. of the Capital Companies Act govern types of meetings, call requirements, constitution of the ordinary or extraordinary General Shareholders' Meeting, *quorum*, representation, time and place of meetings, minutes and their approval.

The General Meeting may be constituted without the need for a prior call to deal with any matter when the attendees, accounting for all the paid-up share capital, unanimously agree to hold said meeting.

On 26 January 2022, Articles 12, 19, 20, 22, 25bis, 26 and 27 of COFIDES' Articles of Association and, consequently, the Regulations of the General Shareholders' Meeting were amended to include the position of deputy secretary of the Board, in an attempt to broaden the options for substitution of the secretary and provide the company with greater organisational and operational flexibility.

3.1.5. Chairman and Secretary

The Chairman and Secretary of the Meeting, respectively, shall be the same people who hold those posts on the Board of Directors or, failing that, the Chairman shall be the representative of the public shareholder holding the greatest number of shares, and the Secretary shall be the deputy secretary of the Board and, failing that, the person designated by the GSM itself.

3. Decision-making bodies

3.1. GENERAL SHAREHOLDERS' MEETING

3.1.6. Right to attend

All shareholders who hold at least one share five days prior to the date of the General Meeting may attend and must retain their ownership of said shares during this period.

Share consolidation is permitted for attendance at meetings and to exercise voting rights.

Technical directors and other persons who have a stake in the smooth running of business affairs may also attend the General Shareholders' Meetings.

The Chairman of the General Meeting may authorize the attendance of any other person s/he deems appropriate.

3.1.7. Right to vote and majorities for the adoption of company resolutions

Shareholders are entitled to one vote for each share they hold. Shareholders who are not up to date on their payment of capital calls may not exercise voting rights.

Agreements require votes in favour of one half plus one of the shareholders attending the meeting (in person or remotely) present or represented, except in cases where the law provides for a greater majority. In the event of a tie, the Chairman shall cast the deciding vote.

Although shareholders may group together to exercise their voting rights, the Company has no knowledge of the existence of shareholder agreements.

3.1.8. Mechanisms available to shareholders to communicate recommendations or observations to the highest governance body

Since 2013, a system for convening meetings and communicating with shareholders through the private area of the COFIDES corporate website has been implemented.

3.1.9. Main agreements of the year

- a) Extraordinary General Shareholders' Meeting held on 29 April 2021, to approve amendment of Article 2 of the Articles of Association, which regulates the corporate purpose, in order to explicitly describe the activities that COFIDES is carrying out and intends

to carry out as a result of the various legal mandates.

- b) Ordinary Annual General Shareholders' Meeting held on 27 May 2021 to approve:

- (i) Resignation and appointment of directors;

- (ii) Annual Accounts and Management Report for fiscal year 2020, as well as the maximum amount of the overall annual remuneration of all directors for fiscal year 2021 and subsequent years and

- (iii) The amendment of the Articles of Association regarding Article 25bis thereof to limit the substitution scheme of the Chairman of the Audit and Risks Committee.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS



Board of Directors (April 2022).

3.2.1. Name

Board of Directors.

3.2.2. Applicable Regulations

The following apply to the COFIDES Board of Directors: The Capital Companies Act, Royal

Decree 451/2012 of 5 March 2012, regulating the remuneration regime of the top management in the public business sector and other entities (RD 451/2012), the Order issued by the Minister of Finance and Public Administrations dated 30 March 2012 approving the classification of state-owned companies (Ministerial Order 30/03/12), its Articles of Association and the Board Regula-

tion and operating procedure dated 30 December 2015.

3.2.3. Functions

The Board of Directors is responsible for the management, representation, administration and oversight of the company.

¹The latest modification of the Board Regulations was made by agreement of the Board itself at its meeting of 23 February 2022, to include the post of Deputy Secretary of the Board.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

3.2.4. Structure and Composition

In accordance with the provisions of Royal Decree 451/2012 and the Ministerial Order of 30/03/12, the Board of Directors may not be composed of fewer than three or more than 12 members and these may be natural or legal persons. The articles of association of COFIDES

provide that its Board of Directors will be composed of a minimum of four and a maximum of twelve members.







Accordingly, the structure of the Board of Directors of COFIDES on 31 December 2021 was the following:

	Name of Director	Proposed by	Category	First appointment	Last appointment	Election procedure
	Mr. José Luis Curbelo Ranero	ICEX	Chairman and CEO	31/07/2018		AGM
	Mr. Antonio Bandrés Cajal	ICO	Director	25/09/2018		AGM
	Mr. Alfonso Noriega Gómez	ICO	Director	25/09/2019		AGM
	Mr. Pablo de la Torre Rodríguez	Banco Popular ²	Director	30/11/2016	26/01/2022 ²	AGM

² When Mr. de la Torre was appointed, Banco Popular was a shareholder of COFIDES. Mr. de la Torre was re-elected director by agreement of the Extraordinary Shareholders' Meeting held on 26 January 2022.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

Name of Director	Proposed by	Category	First appointment	Last appointment	Election procedure	
	Mr. Javier Estévez Zurita	BBVA	Director	30/04/2012	26/05/2017	AGM
	Mr. Fernando Jiménez Ontiveros-Diego	ICEX	Director	28/11/2018		AGM
	Mr. Pablo López Tallada	BBVA	Director	25/09/2018		AGM
	Mr. David Noguera Ballús	Banco de Sabadell	Director	23/02/2017	30/03/2022 ³	AGM
	Mr. Juan Ignacio Moratinos Alonso	ENISA/ICEX/ICO	Director	29/11/2017 ⁴		AGM
	Ms. María Aparici González	ICEX	Director	25/09/2019		AGM

³ Mr. Noguera was re-elected director by agreement of the Extraordinary Shareholders' Meeting held on 30 March 2022.

⁴ Mr. Moratinos resigned as a director by letter dated 24 February 2022.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

Name of Director	Proposed by	Category	First appointment	Last appointment	Election procedure
	Ms. Eva Bueno Velayos	Banco Santander/ICEX/ ICO/CAF	Director	27/05/2021	AGM
	Ms. Idoya Arteagabeitia González	Pinsent Masons Spain	Independent Director	22/07/2020 ⁵	AGM
Total number of Directors: 12					
	Mr. Javier Castro López		Secretary (not Director)	29/09/2021	

Please note that at the date of issue of this report the composition of the Board has changed because: (i) at the Shareholders' Meeting held on 26 January 2022, Ms. Rocío Fernández Funcia was appointed independent director in place of Ms. Idoya Arteagabeitia González; (ii) at the Board of Directors' Meeting held on 23 February 2022, Ms. Ana Victoria Fernández Sáinz de la Maza was appointed deputy secretary of the Board and (iii) at the Shareholders' Meeting held on 30 March 2022, Mr. Gabriel Galán González was appointed director in replacement of Mr. Juan Ignacio Moratinos Alonso.

³ Ms. Arteagabeitia resigned as a director effective 1 January 2022.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

3.2.5. Procedure whereby composition, training, compatibility and diversity indicators are determined

In accordance with the provisions of the 12 February 1988 Agreement of the Council of Ministers, the Capital Companies Act, COFIDES Articles of Association and the Board of Directors Regulation, as a general rule, board members are appointed by agreement of the General Shareholders' Meeting, at the proposal of the shareholders, for a period of five years and may be re-elected once or more times for periods of the same maximum duration. Notwithstanding the foregoing, the system of appointment by co-optation by the Board of Directors is also applicable when necessary.

All board members have accredited to the General Shareholders' Meeting that they have the capacity and academic training to properly perform the duties required by their posts.

Also, all board members have expressly stated, on an individual basis, that they have no legal conflict of interest in accordance with the provisions of Law 5/2006 of 10 April 2006 on regulation of conflicts of interest of government members and high ranking officials of the General State Administration in force up to 20 April 2015, or as the case may be, of Law 3/2015 of 30 March 2015 regulating high ranking officials of the General State Administration, depending on the date of their respective appointment.

Also, board members have been instructed of their obligation to avoid situations of conflict of interest. In 2021, some board members informed the board of an isolated situation of conflict of interest in relation to certain matters under discussion by the Board and therefore abstained from participating in the debate and from taking the corresponding decision.

Seven board members and the Chairman of COFIDES, out of the total of 12, are considered independent board members within the meaning of Article 140.3 of Royal Decree 1373/2009 of 28 August 2009 approving

the General Regulation of Law 33/2003 of 3 November 2003 governing Assets belonging to Public Administrations, *"administrators who do not render services for or who do not have a labour or professional relationship with the Directorate General for State Property or with the public agency that is a company shareholder; with the body regulating the company's stated activity; or with the Ministry charged with overseeing the company"*.

NUMBER OF DIRECTORS ON THE BOARD⁶

Types	Total	Women
Executive Chairman	1	0
Executive		
Proprietary	5	1
Independent	6	2
TOTAL	12	3

⁶ Data as of 31 December 2021.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

In accordance with the definition of independent director under Article 529 (duodecies) of the Capital Companies Act, *“Independent board members shall be those who, appointed in accordance with their personal and professional conditions, are able to perform their duties free of all influence from relations with the company or its group, its significant shareholders or its executives”*, distribution of the Board is as follows:

Of the 12 Directors, 3 are women, which represents 25%, and the remaining 9 are men, that is, 75%.

Categories	Number of women on the Board ⁷							% of total Directors ⁷						
	2021	2020	2019	2018	2017	2016	2015	2021	2020	2019	2018	2017	2016	2015
Executives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proprietary	2	1	1	1	2	3	3	16.6	8.3	8.3	8.3	16.6	25	25
Independent	1	1	0	0	0	0	0	8.3	8.3	0	0	0	0	0
Other External	3	0	0	0	0	0	0	25	16.6	8.3	8.3	16.6	25	25
TOTAL	3	2	1	1	2	3	3	25%	16.6%	8.3%	8.3%	16.6%	25%	25%

CATEGORIES OF DIRECTORS OF THE BOARD (in accordance with Article 529 duodecies of the Capital Companies Act)		
Types	Total	Women
Executive Chairman	1	0
Executive		
Proprietary	10	2
Independent	1	1
TOTAL	12	3

3.2.6. Resignations and appointments of directors during the 2021 fiscal year

Resignations				Appointments		
Name of Director	Category	Date of last appointment	Date of resignation	Name of Director	Category	Date of first appointment
Mr. Jaime Uscola Lapiedra	Director	25/09/2018	27/05/2021	Ms. Eva Bueno Velayos	Consejera	27/05/2021

In addition, the Board of Directors resolved on 29 September 2021 to remove Ms. Ana Victoria Fernández Sáinz de la Maza as non-director secretary and to appoint Mr. Javier Castro López in her place.

During 2022, the composition of the Board has been updated along the lines set out in section 3.2.4.

⁷ Drawn up in accordance with the criteria set out in Article 529 duodecies of the Capital Companies Act.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

3.2.7. Other posts held by Directors in other Boards or Executive Bodies of other Companies

The following directors hold posts in other boards or executive bodies:

- Mr. Javier Estévez Zurita is a director of Greenward Partners.
- Mr. Antonio Bandrés Cajal is a Director of Axis Participaciones Empresariales SGEIC, S.A, S.M.E (Private Equity Manager); member of the Investment Committee of FondICO Infraestructuras (Private Capital Fund); Head of the Department of International Relations and European Union Affairs; member of the Management Board of the Marguerite Fund I and Marguerite Fund II (Private Capital Funds); member of the Executive Committees of the Foreign Investment Fund, F.C.P.J. (FIEX) and the Fund for SMEs for Foreign Investment Operations F.C.P.J. (FONPYME).
- Mr. Alfonso Noriega Gómez is head of the ICO's Chairman Office.
- Mr. David Noguera Ballús is Deputy General Manager of Banco Sabadell -Manager of Structured Finance-, member of the Risk Operations Committee and Chairman of Sabadell Corporate Finance, a wholly owned subsidiary of Banco Sabadell dedicated to M&A services.
- During 2021, Ms. Idoya Arteagabeitia González has been an independent director and chairwoman of the Audit Committee and of the Remuneration and Appointments Committee at Mercedes Benz Financial Services EFC S.A. and an independent director and chairwoman of the Remuneration and Appointments Committee at SAREB, Sociedad de Activos Procedentes de la Reestructuración Bancaria S.A.
- During 2021, Mr. Jaime Uscola Lapiedra has been Head of International Business at Banco Santander and member of the Board of Directors of the Spanish Exporters and Investors Club.
- Mr. Pablo de la Torre Rodríguez is an executive at Banco Santander, specifically, commercial director of International Business Santander Spain.

- Ms. Eva Bueno Velayos is a director of CESCE.⁸
- Ms. Rocío Fernández Funcia is an independent director and chairwoman of the Audit Committee of Avanza Previsión, Compañía de Seguros S.A.⁹

3.2.8. Directors' Remuneration

a) **Per diems for attending Board Meetings:**

COFIDES Directors are remunerated in the form of attendance allowances provided for under Article 217.2.d) of the Capital Companies Act and under Article 24 of the Company's articles of association, with the exception of its Chairman, in accordance with the provisions of Royal Decree Law 3/2012 of 10 February 2012 on urgent measures for the reform of the labour market and RD 451/2012.

None of the Directors, except for the Chairman-CEO, are considered high ranking officials or senior executives, in the terms contemplated in Royal Decree 451/2012 of 5 March, regulating the remuneration system

⁸ Ms. Eva Bueno Velayos has been a member of the Board of Directors of GetNet Europe, a payment institution SL of the Santander Group, since 10 March 2022.

⁹ Ms. Rocío Fernández Funcia was appointed independent director of COFIDES at the Extraordinary General Meeting held on 26 January 2022.

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

for the top management in the public business sector and other entities and Law 3/2015 of 30 March, regulating the functions of high ranking officials of the General State Administration, so that, except for the above-mentioned Chairman-CEO, all members of the Board of Directors are entitled to receive allowances to attend the Board Meetings.

The directors Mr. Jaime Uscola Lapiedra, Ms. Eva Bueno Velayos and Mr. Pablo de la Torre Rodríguez have received no allowances for attending Board Meetings in 2021 as they relinquished them.

- b) The Chairman-CEO receives no allowances for attending Board of Directors Meetings, but he does receive compensation as contemplated in point 3.3.4 of this report.

The annual remuneration of the Directors, in accordance with that contemplated in Section 3 of Article 217 of the Capital Company Act, was approved by the General Shareholders' Meeting on 27 May 2021, and in no case will it exceed the maximum amounts legally

contemplated in the Order communicated to the Ministry of Treasury and Public Administrations dated 8 January 2013, and applicable regulations for managers and top level officers in the public sector (Royal Decree Law 3/2012, of 10 February, of urgent measures to reform the labour market and RD 451/2012 of 5 March, regulating the remuneration system for top level officers and managers in the public business sector and other entities).

3.2.9. Types of Board meetings

The possibility is contemplated of holding Board meetings in-person and virtually (through a videoconference system or any other medium of remote communication) in accordance with the operating procedure of the Board of Directors dated 30 December 2015 and the Regulations of the Board of Directors dated 24 February 2016, as revised for the second time at the Board of Directors meeting of 24 March 2021.

At the date of issue of this report, a third revision of the Regulations had been made,

approved by the Board of Directors on 23 February 2022, which included the post of deputy secretary in order to align its contents with the COFIDES Articles of Association.

Likewise, the Board of Directors meetings will be universal if, all Directors are present (either in person or through remote means) and they unanimously decide to hold the meeting.

3.2.10. Call of meetings. Procedure. Reserved matters and delegation of vote

The Board of Directors meets when convened by the Chairman or whomever acts as such, or at the request of one third of the members of the Board, as many times as necessary for the proper functioning of the Company and at least once every quarter.

At these meetings the Board supervises identifies, approves and manages the economic, environmental and social performance of the Company, including related risks and opportunities, as well as compliance with

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

internationally agreed standards and ethical and conduct codes.

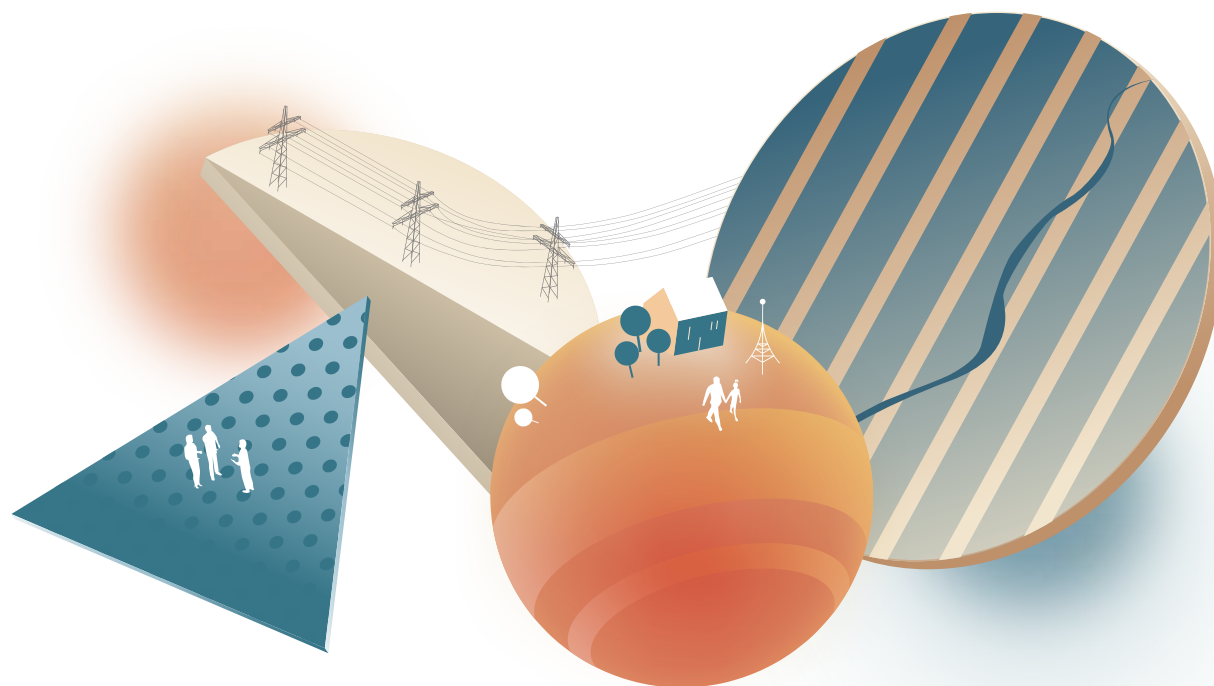
Calls for board meetings and their corresponding agenda must be made at least forty-eight hours in advance, except in urgent cases as determined by the Chairperson.

The Board will be validly constituted when there is attendance, either in person or by any other remote means of communication, either by themselves or in proxy, of half plus one of the total members.

A board meeting may be held with no prior notice if all directors are present and unanimously decide to hold the meeting.

Directors may be represented at the meetings of the Board by other attending Directors. Said representation must be formalised by means of a written document submitted prior to the meeting.

Moreover, since 2013, a system for convening Board meetings was implemented through the private area of the COFIDES corporate website.



3. Decision-making bodies

3.2. BOARD OF DIRECTORS

3.2.11. Agreement adoption scheme

Once the board meeting has been validly constituted, resolutions are adopted by absolute majority of votes cast by members and their representatives. In the event of a tie, the Chairman casts the deciding vote.

Minutes are taken of board meetings and may be approved at that same session or at the following one. Minutes are signed by the Secretary, with the approval of the Chairman; certification of the agreements taken at the meeting are issued in the same way when such certification is required.

Out-of-meeting voting in writing is allowed provided that no director opposes this procedure.

The minutes of the sessions are recorded in a Book of Minutes that must be electronically legalized on an annual basis.

Since COFIDES was established, there have been no changes to the Articles of

Association as concerns the way this administrative body adopts decisions.

3.2.12. Number of meetings and main agreements

During the fiscal year 2021, 12 meetings were held (3 in person and 9 by videoconference), of which 11 meetings were ordinary and 1 was extraordinary.

Likewise, in 2021, 3 meetings were held without a face-to-face meeting to request the approval, by written procedure, of 3 profiles for study.

Number of meetings held without the participation of one of the members and without a proxy vote: at 4 meetings, some of the directors were neither present nor delegated their vote.

In 2021, all members of the Board were present or properly represented at the 8 of the 12 sessions of the COFIDES Board of Directors.

Number of meetings with individual (not proxy) participation of at least 80% of the Directors in 2021



% of individual (not proxy) participation out of total votes during the year



3. Decision-making bodies

3.2. BOARD OF DIRECTORS



Image of the Board of Directors meeting held in September 2021.

Following are the main agreements adopted by the Board in 2021:

- Board of Directors of 24 February 2021: extension, until 31 December 2021, of the general authorisation to COFIDES to formalise refinancing, deferment of payment of operations affected by the COVID-19 crisis.
- Board of Directors of 24 March 2021: (i) preparation of the company's annual accounts for the 2020 financial year; (ii) approval (with the exception of the ICO directors) of the submission to the Shareholders' Meeting of the mandatory report to amend Article 2 of COFIDES' Articles of Association, so that the corporate purpose reflects the management of public funds that have been or may be attributed to it by legal mandate; (iii) revision 2 of the

3. Decision-making bodies

3.2. BOARD OF DIRECTORS

Regulations of the Board of Directors, to include the possibility of holding telematic meetings and delegating votes by telematic means, the existence and regulation of the operation of the Audit and Risks Committee, extend the information on the payment of allowances and update the regulation of directors' conflicts of interest, following the recommendation of the Audit and Risks Committee; (iv) revision 1 of the Audit and Risk Committee Regulations to incorporate the revision

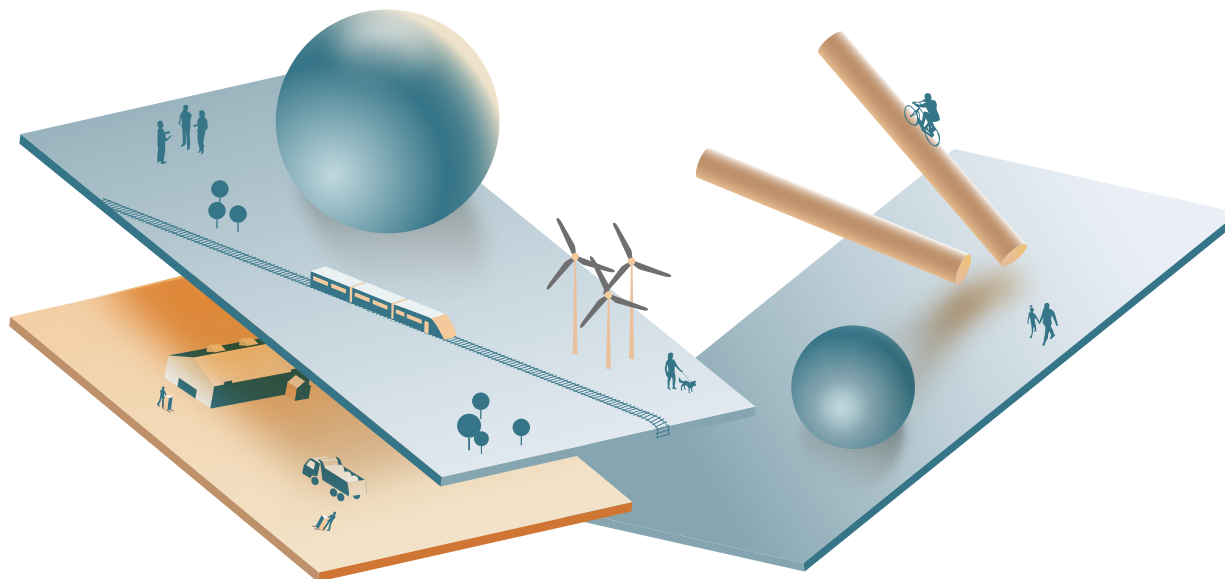
of the regulation of the operation of the Audit and Risk Committee incorporated in the Board Regulations; and (v) External Expert's follow-up report 2020 and the Remedial Plan arising therefrom.

- Board of Directors of 29 April 2021: new rating system, for its entry into force from 1 May 2021.
- Board of Directors of 27 May 2021: distribution of annual maximum remuneration of directors for 2021.

- Board of Directors of 29 September 2021: termination and appointment of Secretary of the Board.
- Board of Directors of 24 November 2021: (i) comprehensive reform of the Criminal Risk Organisation and Management Model; (ii) update of the allocation percentages of the impairment policy; and (iii) update of the asset classification criteria.
- Board of Directors of 22 December 2021: amendment of the Articles of Association to include the post of Deputy Secretary of the Board.

3.2.13. Advisory committees

At present there is one Advisory Committee, the Audit and Risk Committee..



3. Decision-making bodies

3.3. Chairperson and CEO



3.3.1. Appointment

It is the duty of the Board of Directors to appoint the Chairperson and CEO of COFIDES, subject to the latter's appointment as a company director by the General Shareholders' Meeting at the proposal of ICEX.

The Chairperson of COFIDES has the status of senior official of the State Administration.

3.3.2. Engagement

The engagement of the current Chairperson as the company's chief executive and his contract were approved unanimously by the Board of Directors on 31 July 2018 in accordance with the provisions of Article 249.3 of the Capital Companies Act and subject to Royal Decree Law 3/2012 of 10 February 2012 on urgent measures for the reform of the labour market and RD 451/2012 of 5 March 2012 regulating the remuneration regime of the top management in the public business sector and other entities.

The commercial contract signed with the Chairperson conforms to the model approved by the Minister of Treasury through Order of 30 March 2012 issued by the Minister of Treasury and Public Administrations approving the forms used for commercial and senior management contracts and authorised by the Counsel for the State.

3.3.3. Functions

The Chairperson performs the following duties, inter alia:

1. Represent the Company and its Board of Directors.
2. Preside over the General Shareholders' Meeting, guide its discussions and deliberations, organise shareholder interventions and set the duration of each intervention and ensure that discussions are held in an orderly manner.
3. Ensure compliance with the Articles of Association and the agreements taken by the Board.
4. Assume responsibility for the governance and oversight of the services provided by the Company.
5. Preside over the Board of Directors, convene its meetings and its executive or advisory committees, set the agenda for and preside over the aforementioned meetings, steer deliberations, break ties by casting the deciding vote and adjourn sessions.
6. Propose to the Board the appointment and removal of the Secretary of the Board and the CEO of the Company.

3. Decision-making bodies

3.3. Chairman and CEO

7. The powers delegated to the Chair by the Board of Directors.

The Board of Directors has delegated all the powers, except those that cannot legally be delegated, to the current Chairman of COFIDES, Mr. Jose Luis Curbelo Ranero, in his capacity as CEO of the Company.

3.3.4. Remuneration

The Chairperson's remuneration is included in the global figure authorised by the General Shareholders' Meeting and the individual amount approved by the Board of Directors and is below the total maximum amounts foreseen in the regulations governing the remuneration regime of top level managers in the public business sector. The annual base salary plus the annual job-specific bonus of the Chairperson of COFIDES in 2021 amounted to 122,633.67 euros and the variable complement amounts to a maximum of 36,790.10 euros provided the annual objectives established for this purpose are met. Having achieved the above annual objectives corresponding to fiscal year 2021, the Chairperson has received the above amounts in full.



José Luis Curbelo, Chairman of COFIDES.

3.3.5. Allowance for attending Board of Director Meetings

Pursuant to Royal Decree Law 3/2012 of 10 February 2012 on urgent measures for the reform of the labour market and to RD 451/2012, the Chairperson of COFIDES does not receive an allowance for attending the Board of Directors meetings of this institution.

3.3.6. Compensation scheme for termination

In accordance with Royal Decree Law 3/2012 of 10 February on urgent measures for the reform of the labour market and Royal Decree 451/2012 and other applicable laws, the Chairperson is not entitled to any compensation for termination under his service contract.

4. Advisory and internal management committees

4.1. AUDIT AND RISK COMMITTEE

4.1.1. Name

Audit and Risk Committee.

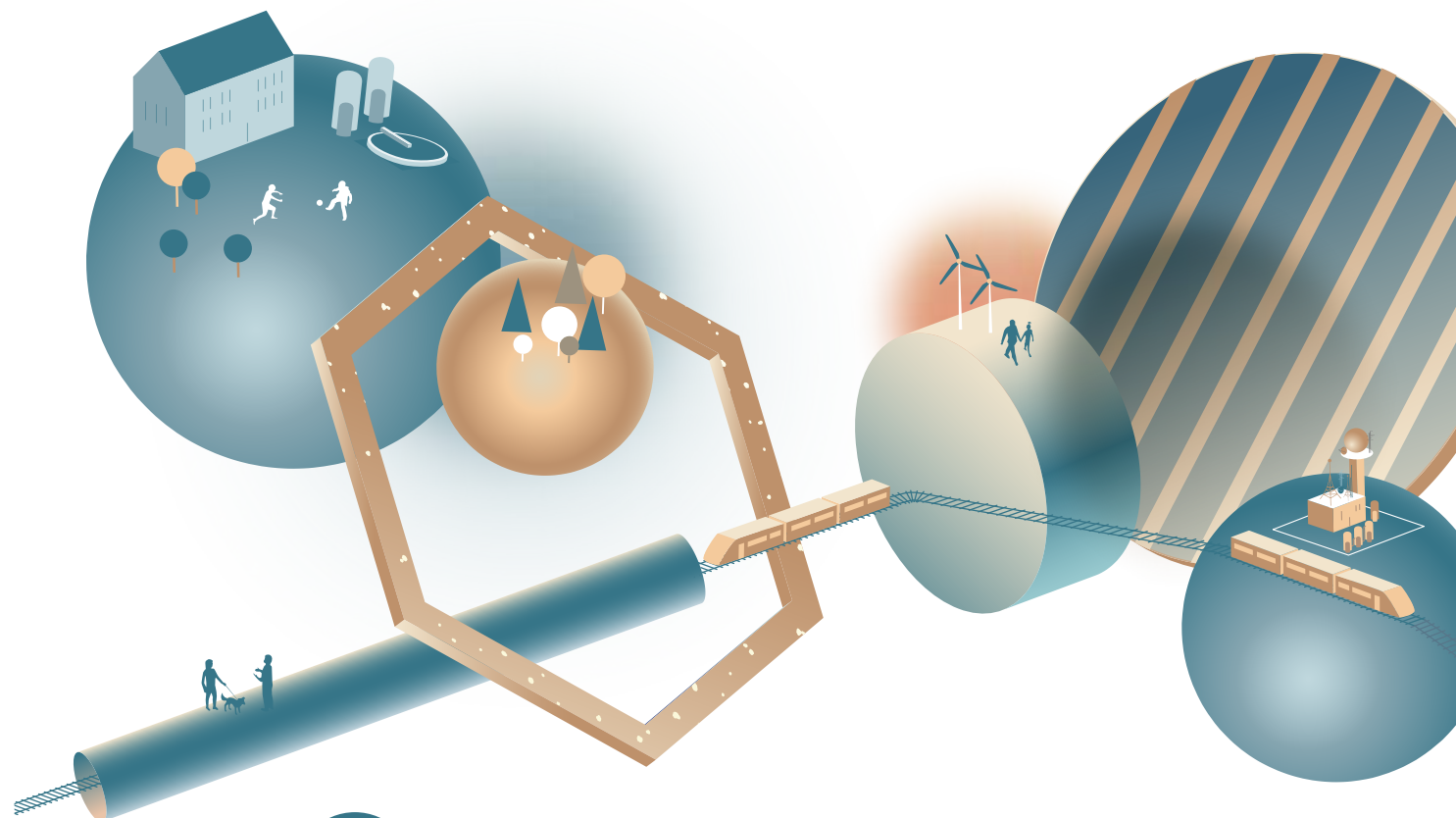
4.1.2. Applicable regulations

The Audit and Risk Committee of COFIDES is ruled by the Board of Directors' Agreement for the creation of the Committee and Article 25bis in the Articles of Association, Board of Directors' Regulations and the Regulations of the Audit and Risk Committee.

On 24 March 2021, the Board of Directors agreed, at the proposal of one of the directors, to revise Article 26 of the Board of Directors' Regulations and Section IV.3. of

the Regulations of the Audit and Risk Committee. The purpose was to restrict the substitution of the Chairman of the Committee to another member of the Committee with the status of independent director and, if there are several, the most senior member and, if there are no other independent directors on the Committee, the non-executive director appointed at the proposal of the shareholder holding the largest shareholding interest.

These revisions came into force on 27 May 2021, following the Ordinary Shareholders' Meeting at which it was agreed to amend, in the aforementioned terms, article 25bis of the Articles of Association, which regulates the operation of the Audit and Risk Committee, among other agreements.



4. Advisory and internal management committees

4.1. AUDIT AND RISK COMMITTEE






4.1.3. Functions

The Audit and Risk Committee is responsible, essentially, for continuous monitoring of financial and non-financial information, internal audit; control and management of financial and non-financial risks and the relationship with the account auditor as well as control and assessment of their independence.

4.1.4. Composition

The Committee is made up of a number of Directors that may be no fewer than 3 and no more than 5, appointed by the Board of Directors. The Committee Chairman appointed must be an independent director and, unless they resign or agreed by the Committee, their appointment as Chairman shall remain in effect as long as they are a member of the Committee, with a maximum of eight consecutive years. Whoever is the Secretary of the Board, shall be the Secretary of the Committee, attending with voice but no vote.

Accordingly, the structure of the Audit and Risk Committee of COFIDES in place on 31 December 2021 was the following:

	Name of Director	Category	First appointment	Last appointment	Election procedure
	Ms. Idoya Arteagabeitia González	Chairperson Independent Director	22/7/2020 ¹⁰		By the Board
	Mr. Pablo de la Torre Rodríguez	Director	26/6/2019		By the Board
	Mr. Pablo López Tallada	Director	26/6/2019		By the Board
	Ms. María Aparici González	Director	25/9/2019		By the Board
Total number of Directors: 4					
	Mr. Javier Castro López	Secretary (not Director)	29/09/2021		By the Board

¹⁰ Note that as a result of the appointment, at the Shareholders' Meeting of 26 January 2022, of Ms. Rocío Fernández Funcia as independent director, replacing Ms. Idoya Arteagabeitia González, the Board of Directors agreed to appoint Ms. Rocío Fernández Funcia as chairwoman of the Audit and Risk Committee on the same date.

4. Advisory and internal management committees

4.1. AUDIT AND RISK COMMITTEE

4.1.5. Resignations/terminations and appointments during fiscal year 2021

Resignations / terminations			
Name of Member of the Committee	Category	Date of appointment	Date of resignation
Ms. Ana Victoria Fernández Sáinz de la Maza	Secretary (not Director)	26/06/2019	29/09/2021

Nombramientos		
Name of Member	Category	Date of appointment
Mr. Javier Castro López	Secretary (not Director)	29/09/2021

4.1.6. Remuneration

Even though section d) of Article 25bis of the Articles of Association and Section 4 of Article 26 of the Board of Directors' Regulations set out that the position of member of the Audit and Risk Committee shall be remunerated, provided the applicable regulations allow this, on 31 December 2021, said remuneration was not authorised.

4.1.7. Types of meetings

The possibility is contemplated of holding Committee meetings in person, by videoconference or other remote communications means. Likewise, agreements may be entered into without a meeting, if none of the Committee members object to this system.

4.1.8. Call of meetings. Procedure and proxy vote

The Committee shall meet, at least, twice a year or more frequently if the Company circumstances should so require.

Call for meetings shall be through the private area of the COFIDES corporate website.

The face-to-face or remote Committee meeting shall be validly constituted when the majority of its members are in attendance, either physically or remotely (themselves or by proxy).

Notwithstanding the above, the Committee shall be considered validly constituted without the need for prior notice when all its members are

present and they unanimously agree to hold a Committee meeting.

4.1.9. Agreement adoption scheme

All Committee agreements shall be adopted when there is a vote in favour from the majority of the participating members (themselves or by proxy).

Agreements shall be recorded in the Minutes for each session, which shall be drafted by the Secretary of the Committee.

The Board of Directors shall be informed of the contents of these meetings at the immediately following session.

4.1.9.1. Number of meetings during the fiscal year 2021

During the year 2021, 7 meetings of the Committee were held on: 19 January 2021, 15 March 2021, 19 April 2021, 17 May 2021, 20 September 2021, 16 November 2021 and 13 December 2021.

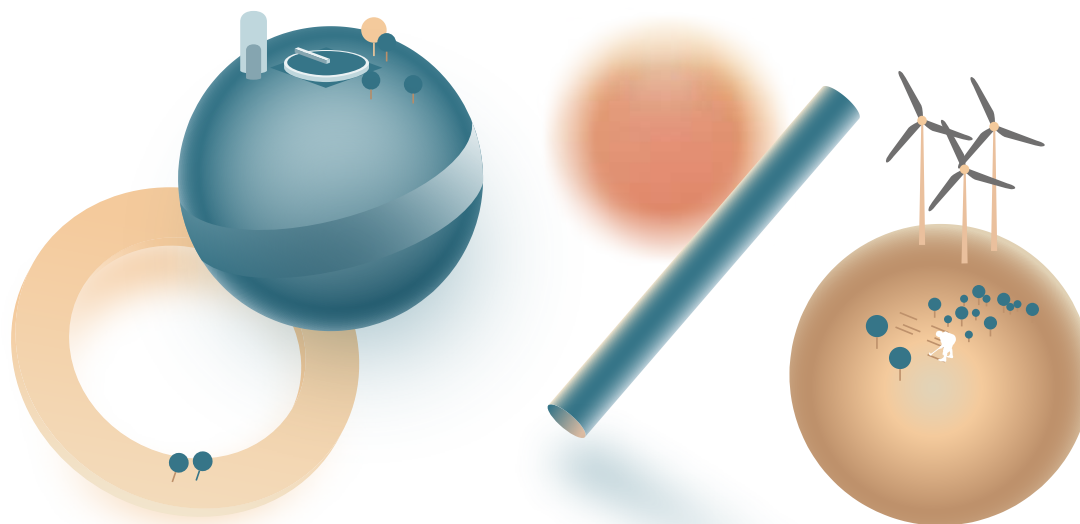
4. Advisory and internal management committees

4.2. STEERING COMMITTEE

4.2.1. Nature and composition

The Steering Committee is a technical-strategic advisory committee presided over by the Chairman/CEO and comprising the CEO, the Director-General, the Manager of the Investment Department, the Manager of the General Secretariat and the Deputy Directors of the Internationalisation, Finance and Risk, Solvency, Partnerships for Development and Sustainability and Impact Investing Divisions. In addition, the Deputy Director of the Chair shall attend.

All other deputy directors of the company or staff deemed appropriate in light of the topics to be discussed at each meeting may attend.



The General Secretary shall be the Steering Committee's Secretary.

4.2.2. Functions

The Steering Committee is responsible for advising the Chairman/CEO, as well as assessing and analysing strategic issues that must be addressed by the Board of Directors or the AGM, and the routine and specific ones that are relevant

or necessary for the proper functioning of the company.

4.2.3. General operating standards

The secretary convenes the Steering Committee by means of a communication sent to all members and guests at least two days in advance, except in the case of urgency.



4. Advisory and internal management committees

4.2. COMITÉ DE DIRECCIÓN



Image of the Chairman, Director-General, General Secretary, Chief Investment Officer and Heads of division sitting on or participating in Steering Committee meetings.

Steering Committee meetings are held on dates generally determined at the last Committee meeting of the preceding month, generally on a fortnightly basis and on any other times at the discretion of the Chairperson.

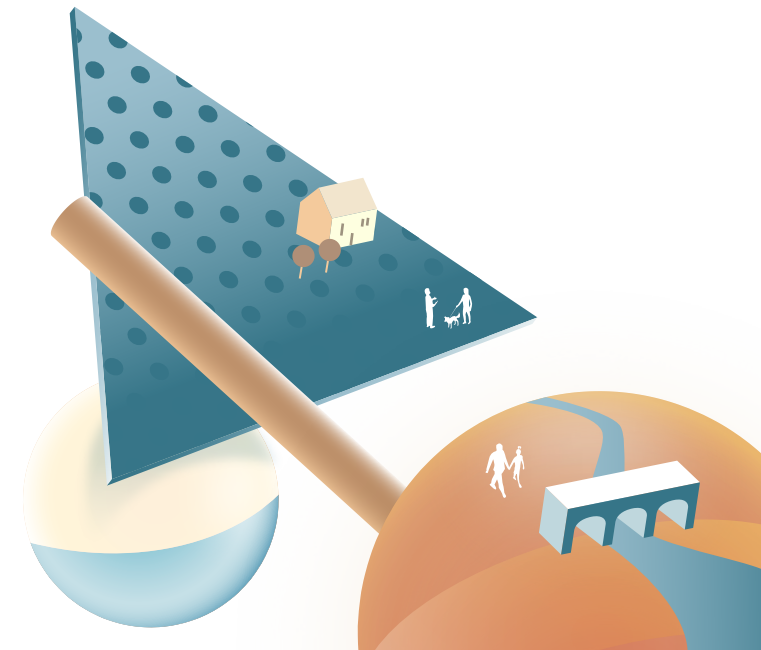
All members of the Steering Committee may propose items for inclusion on the agenda. To this end, they must submit their proposals reasonably in advance of the session at which they intend to address the matter in question.

The secretary of the Steering Committee provides members with the agenda and supporting documentation for each of the items up for discussion, preferably by electronic means.

For urgent matters, remote Steering Committee meetings may be held (through email communications).

4.2.4. Remuneration

Participation in the Steering Committee is not remunerated.



4. Advisory and internal management committees

4.3. INTERNATIONALISATION AND DEVELOPMENT COMMITTEE

4.3.1. Nature and composition

The Internationalisation and Development Committee (formerly the Operations Committee) was created in June 2021 as a result of organisational changes and changes to the company's organisational structure.

It is a technical advisory committee presided over by the COFIDES Director-General and comprising the COFIDES Chairman, COFIDES Director-General, Chief Investment Officer, Manager of the General Secretariat and the Heads of the Internationalisation, Finance and Risk, Solvency, Partnerships for Development, and Sustainability and Impact Investing Divisions. In addition, the Deputy Director of Risks shall attend.

All other deputy directors or staff deemed appropriate in light of the topics to be discussed at each meeting may also attend.

The General Secretary shall be the Internationalisation and Development Committee's Secretary.

4.3.2. Functions

The Internationalisation and Development Committee is responsible for advising the CEO/Chairman and the General Manager, as well as for assessing and analysing issues related to investment operations and portfolios under COFIDES management, with the exception of the portfolio of the Fund for the Recapitalisation of Companies affected by COVID-19, which, as will be detailed below, is managed by the Recapitalisation Committee.

4.3.3. General operating standards

The Internationalisation and Development Committee was established when the Steering Committee was split into two committees.

The Secretary convenes the Internationalisation and Development Committee by means of a communication sent to all its members.

The Internationalisation and Development Committee meetings are held on a weekly basis, in the monthly schedule determined

by the last Committee meeting held in the preceding month.

All members of the Internationalisation and Development Committee may propose items for inclusion on the Agenda. To this end, they must submit their proposals reasonably in advance of the session at which they intend to address the matter in question.

The secretary of the Internationalisation and Development Committee provides members with the agenda and supporting documentation for each of the items up for discussion, preferably by electronic means.

For urgent matters, remote Internationalisation and Development Committee meetings may be held (through email communications).

4.3.4. Remuneration

Participation in the Internationalisation Committee is not remunerated.

4. Advisory and internal management committees

4.4. RECAPITALISATION COMMITTEE

4.4.1. Nature and composition

In the context of the mandate to manage the Fund for the Recapitalisation of Companies affected by COVID-19 in 2021, it was necessary to set up a competent Committee to study and analyse the projects financed by this Fund, and to define its composition.

This Committee is a technical advisory committee presided over by the COFIDES Director-General and comprised of, in addition, the Chairman, the Directors and/or Heads of the Divisions of Investment, Solvency, Financial and Risk, Sustainability and Impact Investing and of the General Secretariat.

All other deputy directors or staff deemed appropriate in light of the topics to be discussed at each meeting may attend.

The General Secretary shall be the Recapitalisation Committee's Secretary.

4.4.2. Functions

The Recapitalisation Committee is responsible for advising the CEO/Chairman and the Director-General (Chairman of the Committee), as well as for assessing and analysing issues related to investment operations charged to the Fund for the Recapitalisation of Companies affected by COVID-19.

4.4.3. General operating standards

The Secretary convenes the Recapitalisation Committee by means of a communication sent to all its members.

The schedule of meetings is established according to the pace of work of the Solvency division and the schedule of Technical Investment Committees in the Ministry.

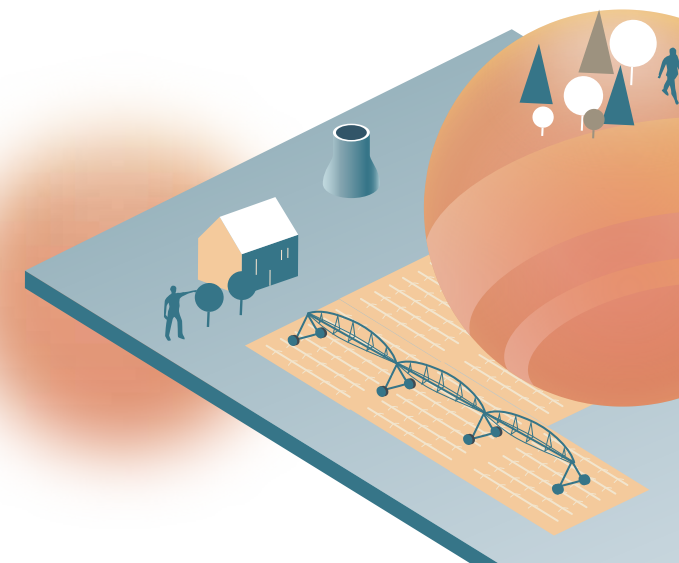
All members of the Recapitalisation Committee may propose items for inclusion on the agenda. To this end, they must submit their proposals reasonably in advance of the session at which they intend to address the matter in question.

The secretary of the Recapitalisation Committee provides members with the agenda and supporting documentation for each of the items up for discussion, preferably by electronic means.

For urgent matters, remote Recapitalisation Committee meetings may be held (through email communications).

4.4.4. Remuneration

Participation in the Recapitalisation Committee is not remunerated.



5. Risk map and control systems

5.1. RISK MAP

With the creation of the new FONREC fund and the designation of COFIDES as the managing entity at the beginning of 2021, the company's relevant risks, in addition to those related to the company's financial activity, will be those related to corporate communication and image and IT security.

These include risks due to a highly competitive and complex environment, the impact resulting from the COVID-19 crisis and the Contingency Plan. There are also opportunities related to business diversification and in particular, management of European funds.

Also noteworthy are the talent management risks and those related to technology, in general.

During the year, the Company has undertaken numerous control and mitigation actions to deal with the aforementioned risks and reported on their management to the Audit and Risk Committee and the Board of Directors throughout the year.

5.2. CONTROL SYSTEMS

5.2.1. Code of Ethics

The COFIDES Board of Directors approved the Company's first Code of Ethics in September 2005 and it has been reviewed and updated several times since then.

The Code of Ethics contains the Company's values and principles that serve to guide its professional activity, describing both the conduct that COFIDES expects from its professionals and the way the Company should treat its stakeholders. It is integrated into COFIDES's policies of good governance, compliance, crime prevention and corporate responsibility, and applies to directors, senior managers, Company employees, interns and subcontractors during their collaboration with COFIDES.

The Board of Directors is entrusted with overseeing compliance with this Code, as part of the risk management process, with the support of the Compliance Unit.

5. Risk map and control systems

5.2. CONTROL SYSTEMS

The complete text is published on the COFIDES website forming part of the Company's ongoing improvement programme. It is regularly reviewed by the Steering Committee. The last review took place in September 2019.

In 2020, an internal survey of all employees confirmed its contents are well known by all.

5.2.2. Criminal Risk Control System

Since 2015, COFIDES has been designing and implementing a model to oversee and manage criminal risks in accordance with the requirements set out in the Criminal Code following the reforms introduced under Organic Law 1/2015 of 30 March 2015 amending Organic Law 10/1995 of 23 November, of the Criminal Code.

In 2015, the first criminal risk map was designed and in 2016 the Company's Board approved the first version of COFIDES Criminal Risk Organisation and Management model.

The ultimate purpose of the Model is to ensure the effectiveness of COFIDES' Code of Ethics and the other internal regulations relating to supervision, monitoring and control aimed at

preventing criminal risks in accordance with the provisions of the Spanish Criminal Code and other laws applicable to COFIDES. It is also intended to ensure that all communications to the company will be processed under the principles of transparency, confidentiality, protection of personal data, diligence, presumption of good faith and guarantee of non-retaliation.

Following the approval of the Criminal Risk Organisation and Management Model and this regulatory procedure, the COFIDES Whistleblower Channel came into operation as a corporate tool at the service of all the company's professionals so that they could safely submit queries or complaints about possible breaches of the COFIDES Criminal Risk Organisation and Management Model, and possible criminal offences attributable to the legal entity.

In order to improve the functionality of the tool and unify the channels of communication with the company for all stakeholders, the COFIDES Integrity Channel was launched in January 2020, accessible through the web address <https://integritycofides.es/> and the COFIDES www.cofides.es/en website. This tool, which replaced the Whistleblower Channel,

is integrated as part of its Organisation and Criminal Risk Management Model. It is a corporate tool at the service of all the company's professionals and also suppliers and customers, along with groups, communities or third parties, with the aim of providing the possibility of addressing suggestions, queries, complaints, reports and requests related to the protection of personal data.

Communications made through the Integrity Channel are received by the external company contracted for this purpose (integrity provider), which is responsible for analysing, classifying and redirecting them to the COFIDES unit, body or department responsible for dealing with these communications internally.

On 24 November 2021, the COFIDES Board of Directors approved a comprehensive review of the Organisation and Criminal Risk Management Model, as a result of the documentary analysis and the recommendations of the law firm hired for this purpose.

COFIDES has a Compliance Unit whose creation was approved in 2016 by the Board of Directors in parallel with the approval of the

5. Risk map and control systems

5.2. CONTROL SYSTEMS

Criminal Risk Organisation and Management Model. The Compliance Unit is the internal collegiate body reporting to the Board of Directors and with independent powers of initiative and control. This unit receives, as a last resort, any complaints or communications received through the Integrity Channel, in the case that the event reported could potentially be a criminal offence. In the event that the persons reported were part of the Compliance Unit, such communications or complaints received through the Channel would be addressed to the Deputy Directorate for Internal Control. The Regulations of the Compliance Unit, which govern its activity and organisation, are also an integral part of the Criminal Risk Organisation and Management Model.

The Compliance Unit met twice in 2021, on 25 June and 10 November.

During the year 2021, several training sessions on the review and update of the Organisational and Criminal Risk Management Model were held for members of the Audit

and Risk Committee, members of the Board of Directors, new staff and all employees (including members of the Internal Control Body).

5.2.3. Corruption Prevention System

COFIDES forcefully rejects all forms of corruption and therefore has implemented a zero tolerance policy in this regard. Since 2001, COFIDES has been collaborating with the OECD National Point in Spain, under the General Directorate for International Trade and Investment, in the dissemination of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, hereafter the Antibribery Convention, incorporating a compliance clause.

In 2005 COFIDES joined the United Nations Global Compact initiative and is committed to complying with the 10 principles established therein, among which special mention should be made of the tenth, which provides that “businesses should work against corruption in all its forms, including extortion and bribery”.

Since 2013, COFIDES has had an anticorruption compliance system in place designed to prevent, detect and punish any breach of anti-corruption rules or principles.

The system is driven by COFIDES top management and reaches all employees, managers and directors.

A full revision of the procedure was approved in January 2019.

To date, no cases of corruption have been detected and therefore it has not been necessary to adopt the measures envisaged in the operating procedure.

5.2.4. Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

Since 2012, COFIDES has been implementing a wide-ranging programme with the overarching objective of preventing the risk of money laundering operations. The main document used to accomplish this is the Proce-

5. Risk map and control systems

5.2. CONTROL SYSTEMS

dures Manual for Anti-Money Laundering and Combating the Financing of Terrorism.

The company has a representative before SEP-BLAC; two persons authorized before SEPBLAC since November 2021 and an Internal Control Body (ICB). Since 2015, it also outsources a specialized Technical Unit.

The Board of Directors first approved the Risk Analysis report at its 24 September 2014 meeting. Since then, the report has been updated every year, the Company's risk level being assessed as "low".

The Procedures Manual was revised and updated several times by the ICB in 2021.

In 2021, no report was received regarding any possible non-compliance with anti-money

laundering and counter terrorism financing or any possible suspicious operation, through the whistle-blowing channel.

All of this is complemented by an annual training plan for the Company's staff and directors that has been carried out since 2012.

During the year 2021, several training sessions were held for members of the Audit and Risk Committee, members of the Board of Directors, new staff and all employees.

5.2.5. Environmental and Social Risk Control System

Since 2001, COFIDES has had an environmental and social policy for the management of credit and reputational risks associated with these matters in the operations

it finances. Its policy is in line with the international parameters on this subject (standards of the World Bank group and its European counterparts).

For COFIDES, a comprehensive analysis of projects, including matters related to social and environmental aspects, is a key element to mitigate risks which could negatively affect the viability and sustainability of projects, but it is also an assurance of its commitment to contribute to sustainable development.

In 2021, COFIDES once again submitted its impact management strategy and processes to an internal audit within the framework of the *Operating Principles for Impact Management (OPIM)* initiative led by the International Finance Corporation of the World Bank Group.

5. Risk map and control systems

5.2. CONTROL SYSTEMS

5.2.6. Financial Risk Control System

Over the years, COFIDES has adopted a risk-taking policy and criteria and procedures to measure, manage and control such risks affecting individual operations and aggregate ones in the case of the portfolios under its management, based on their respective mandates and the risk appetite of each one of them.

At operational level, the scope of these risks includes all phases of the project cycle: admission, approval, formalisation, monitoring, divestment and recovery; at portfolio level, where appropriate, the establishment of concentration limits, profitability/risk analysis and the monitoring of deviations from the activity parameters established in the Company's subsequent strategic plans.

The Risk department is responsible for controlling risk at the aggregate level of the internationalisation portfolios managed and for acting as a control body for the risk assumed

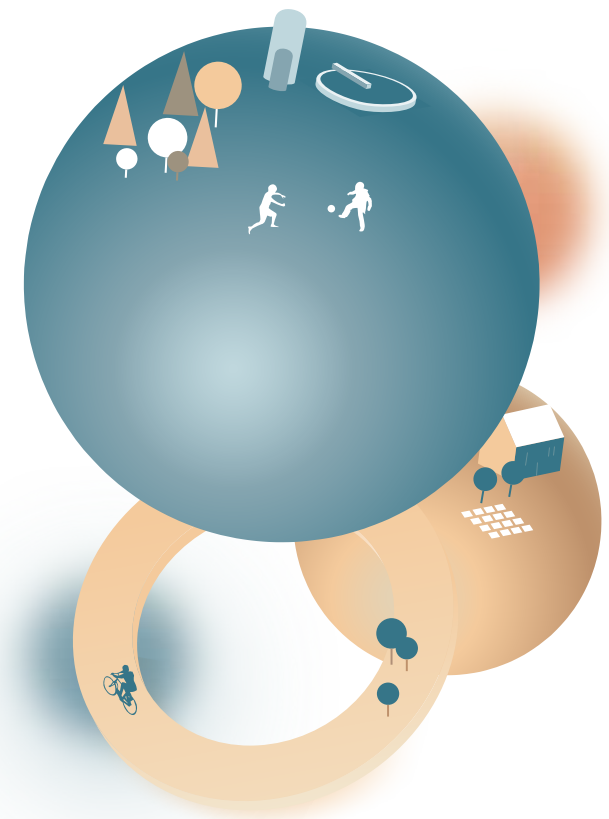
at the individual level of operations. It is specifically responsible for the following functions:

- Determine and control risk parameters of portfolios managed for medium and long-term.
- Determine Price Policy.
- Qualitatively assess investment reports and monitor projects coming from the Internationalisation Department.

Additionally, for the internationalisation portfolios, the company has defined a value impairment hedging policy based on an individual analysis of the risk of each one of the operations, the conclusions of which are expressed in terms of a specific rating. In general, impairment is estimated globally for each internal rating category based on a statistical analysis of how financed operations historically evolve.

Finally, COFIDES has an asset classification policy for the proper monitoring, control and management of credit risk of the managed portfolios.

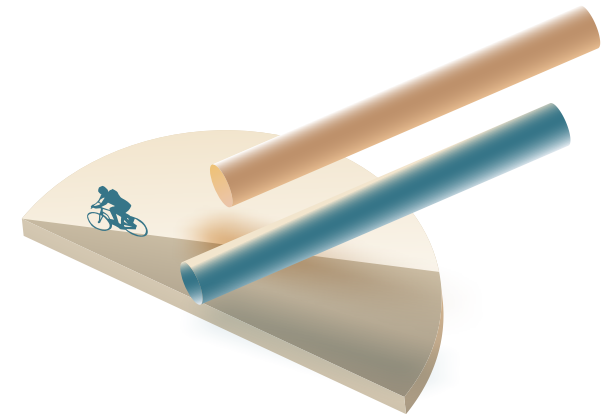
All the above-mentioned elements are collected and detailed in criteria, internal procedures and operational guidelines approved by the relevant decision-making bodies.



6. Internal audits

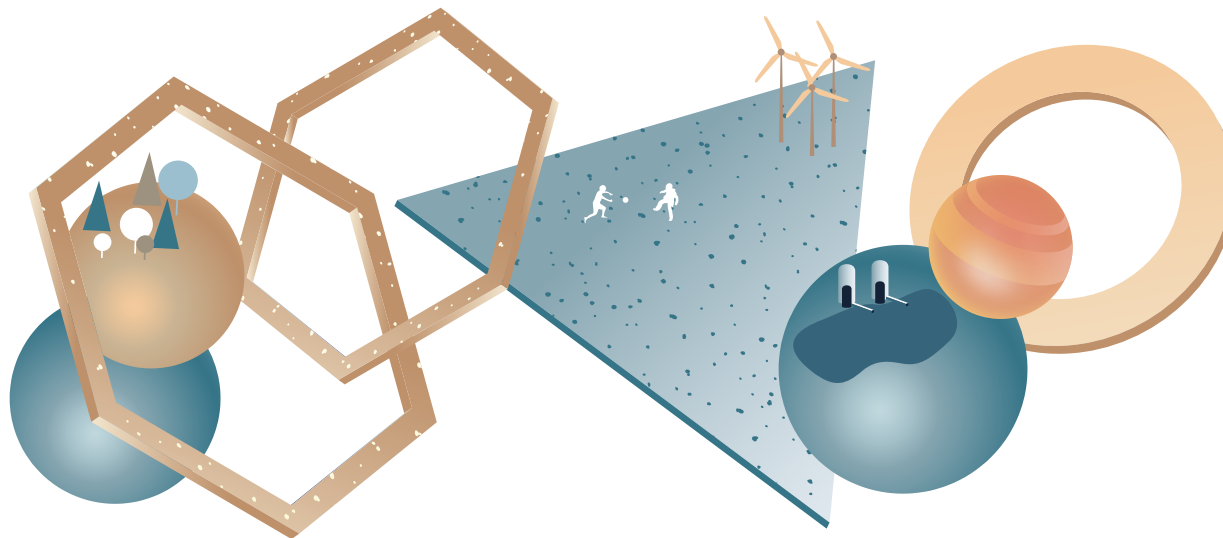
COFIDES reinforces its duty to enforce compliance and risk control through the internal audit function carried out by the division of Internal Control, as third line of defence, which reports organically to the Company's Chairman and functionally to the Audit and Risk Committee created by the Board of Directors. Included among its functions, this Department is responsible for periodically supervising the effectiveness and efficiency of the internal control system and for proposing improvements in its operation and risk control.

As a part of executing the annual Internal Audit Plan, which is approved by the Audit and Risk Committee, it is constantly taking preventive action to control those processes where the greatest deviations occur or those that could have the greatest impact on the Company. The results and recommendations of its internal audits are communicated to the Company or the Committee, as appropriate, so that they may adopt the best measures to improve the internal control system.



In addition to the foregoing, the Control, Internal Audit and Quality Department is responsible for the technical coordination of Quality and Protection of Company data.

In 2021, the Company undertook numerous control and mitigation actions to deal with the most significant risks. For its part, the Control, Internal Audit and Quality department periodically monitors compliance with the objectives and progress made with regard to the measures adopted to control management risks.



7. External audits / controls

7.1. AUDIT OF FINANCIAL STATEMENTS

The current Company's auditor Mazars Auditores, S.L.P. was selected through an open contracting procedure and the agreement to hire this firm for a three-year period was adopted at the Ordinary General Shareholders' Meeting held on 28 October 2020.

Before awarding the contract, the Audit and Risk Committee assessed the independence of Mazars Auditores, S.L.P. and verified that in 2020 no services had been contracted with them other than account auditing, which could put the firm's independence at risk. Subsequently, prior to the preparation of the accounts, the auditor's independence is assessed by the Audit and Risk Committee, the COFIDES Internal Control division and the auditor himself.

Additionally, on 28 December 2020, Mazars Auditores S.L.P. was contracted to audit the accounts of the EC/Huruma Fund facility in relation to COFIDES's reporting obligations to the EU as manager of the community budget.

In any case, the Company does not believe that there are any objective reasons to question the independence of its auditors.

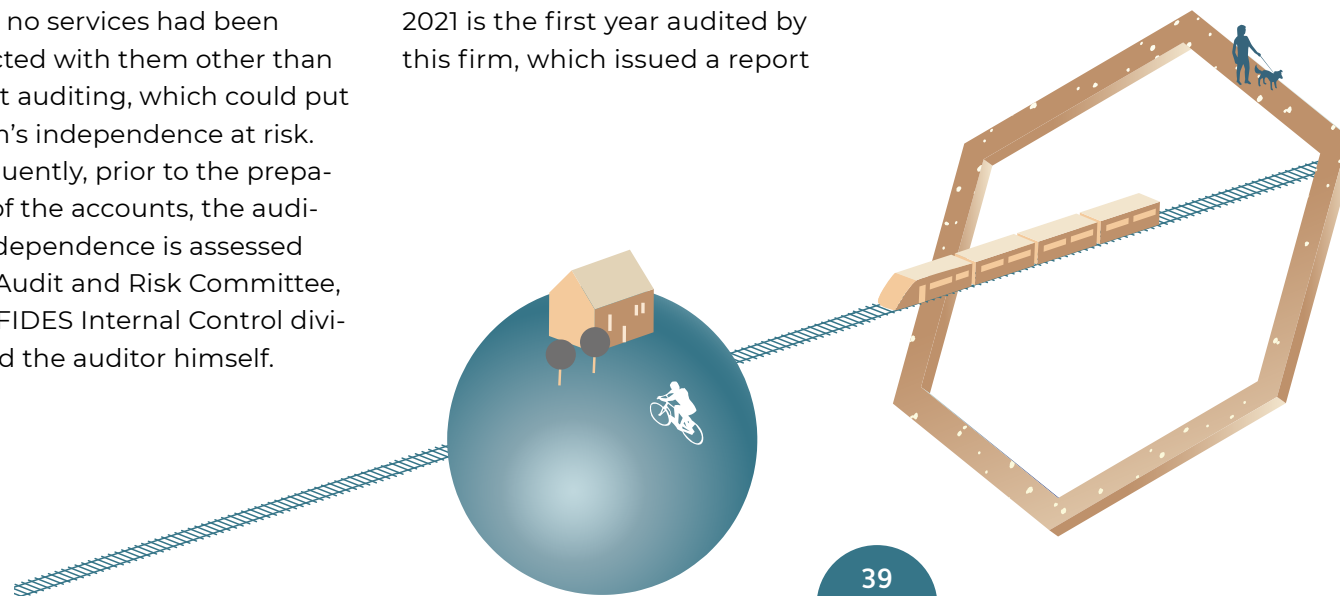
2021 is the first year audited by this firm, which issued a report

with an unqualified opinion on 1 April 2021.

The audit fees paid to the audit firm for the audit of fiscal year 2021 will not exceed 0.09% of the Company's turnover.

7.2. AUDIT BY THE GENERAL AUDIT OFFICE OF THE STATE ADMINISTRATION

According to the provisions of Article 116 of the Fiscal, Administrative and Social Order Law 66/1997, of 30 December 1997, the Company is entrusted with the management of three funds with no legal personality, specifically the Fund for Investment Abroad F.C.P.J. (FIEX) and the Fund for Foreign Investment Operations of Small and Medium Enterprises, F.C.P.J. (FONPYME) and the Fund for the Recapitalisation of Companies affected by COVID-19, F.C.P.J. (FONREC).



7. External audits

Audits of the accounts of the aforementioned funds are part of the accountability process of the entities belonging to the state public sector included in the General Budget Act, chapters III and IV under the heading “State public sector accounting” which includes the obligation of having the General Audit Office of the State Administration audit said accounts. Therefore, the annual accounts of the funds are sent to this Office at the close of the financial year.

The fiscal year 2021 is being audited at the date of issuance of this report.

7.3. INSPECTIONS BY THE COURT OF AUDITORS

In accordance with the provisions of Article 4 of Organic Law 2/1982 of 12 May 1982 on the Court of Auditors and Article 27 of Law 7/1988 of 5 April 1988 on the Functioning of the Court of Auditors, the accounts of the Company and of the funds it manages are sent annually to the Court of Auditors for external, permanent and consumptive oversight as an integral part of the economic and financial activity of the public sector.

7.4. PERSONAL DATA PROTECTION AUDIT

During the year, the data protection risk management system and its internal control model were improved.

In addition, the organisational and technical measures of the institution were reviewed by an external expert during the year. New security measures to be adopted by the company stem from this action.

In compliance with the new regulations on the prevention of money laundering, applicable from April 2021, the first impact assessment on the risks associated with the protection of personal data in the due diligence measures for the prevention of money laundering of the financed operations was carried out.

With regard to the Privacy Policy, updates were made to the information provided to data subjects on the processing activity on COFIDES websites.

In addition, in connection with the development of the new FONREC and Huruma Fund websites, compliance requirements on cookies and privacy policies have been incorporated into their design.

COFIDES has set up a section in the Integrity Channel of its website for several matters, including the exercise of rights associated with the protection of personal data. No requests were received in fiscal year 2021.

7.5. EXTERNAL AUDIT ON ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT)

In 2021 a full external audit was performed on anti-money laundering and combating terrorism financing in 2020, complying with the guidelines set by Law 10/2010, Royal Decree 304/2014 and Order EHA/2444/2007. The External Expert Report for the period from 1 January 2020 to 31 December 2020, issued on 26/02/2021, concludes as follows:

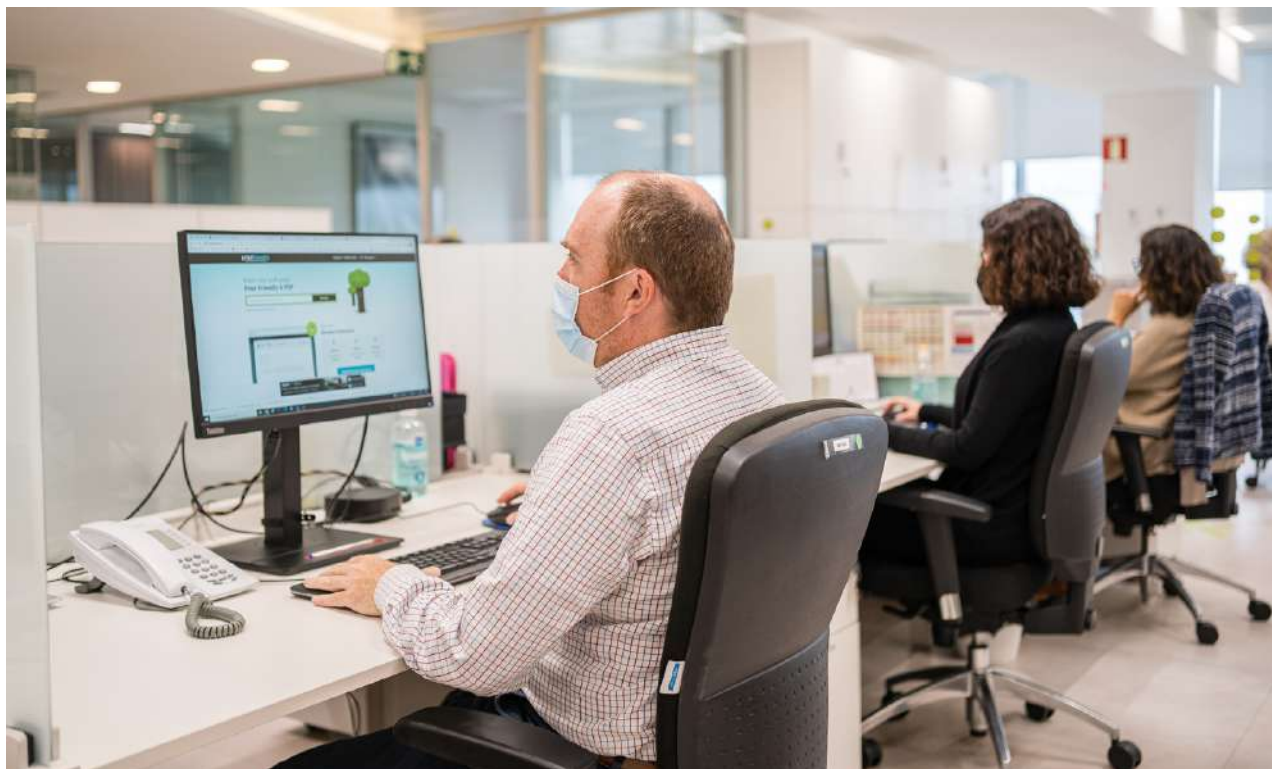
7. External audits

... “No noteworthy aspect was found that could significantly affect the Company’s anti-money laundering and combating terrorism financing system.

Nonetheless, a series of corrections and improvements have been expressed to reinforce the anti-money laundering and combating terrorism financing system, as described in Annex II “Corrections and Improvements Proposed” in this Report.

The Entity has the internal control measures and bodies for anti-money laundering and combating terrorism financing, based on the following fundamental pillars:

- Prior analysis of the Anti-Money Laundering and Combating the Financing of Terrorism risk model.
- Procedures Manual for Anti-Money Laundering and Combating the Financing of Terrorism.
- Organisation structure for Anti-Money Laundering and Combating the Financing of Terrorism.
- Policies and procedures for admission, due diligence, information, internal control, evaluation and risk management, ensured compliance with applicable stipulations and communications.
- Policies to file, control and store documents and records.
- Training on Anti-Money Laundering and Combating the Financing of Terrorism.



7. External audits

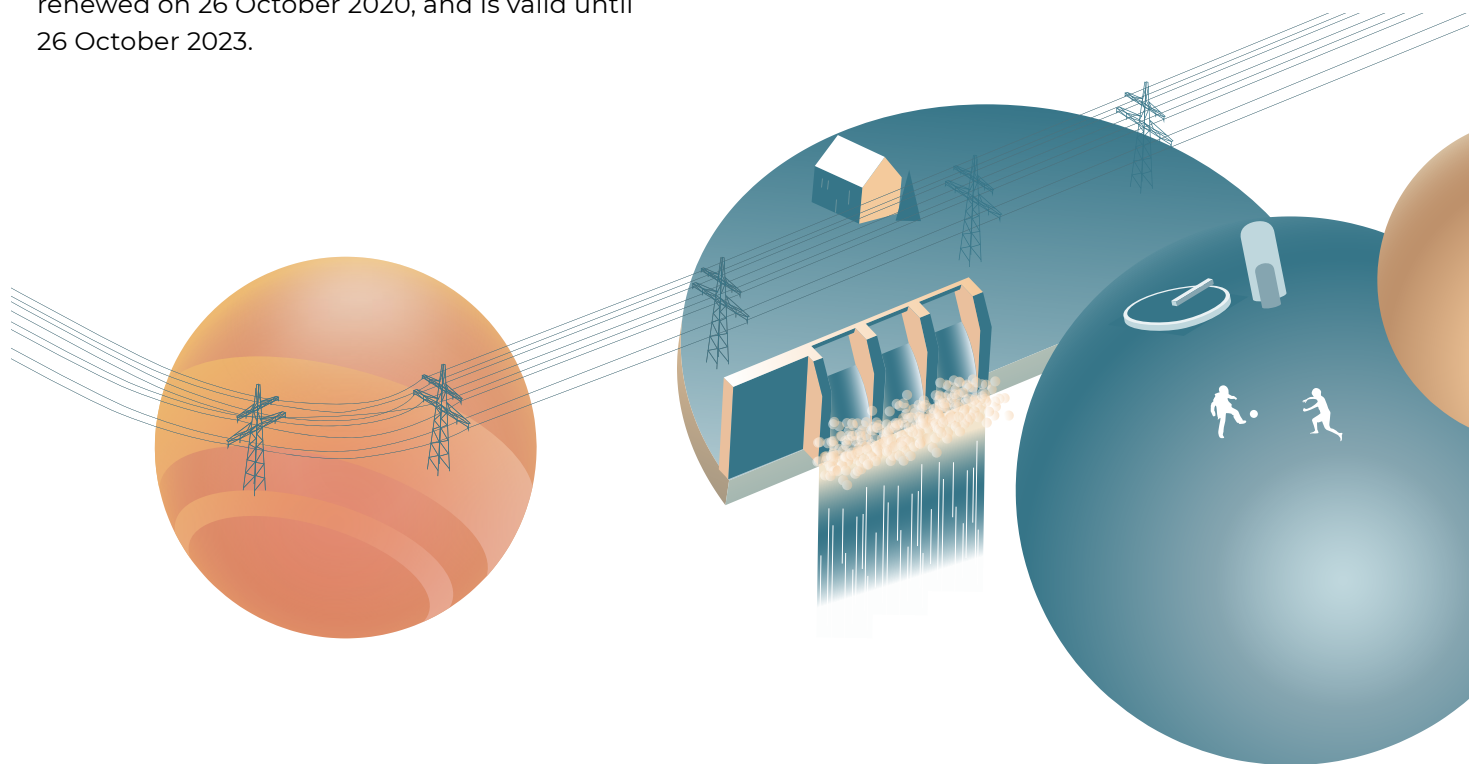
- *Internal verification of internal control measures.*
- *Policy for communication of breaches and infringements.*
- *Computer applications and security measures for compliance with policies related to the above points.*

Likewise, in 2020 a full external audit was performed on anti-money laundering and combating terrorism financing in year 2021, complying with the guidelines set by Law 10/2010, Royal Decree 304/2014 and Order EHA/2444/2007.

The External Expert's Follow-up Report for fiscal year 2021 (period from 1 January 2021 to 31 December 2021), which was issued on 28/02/2022, concludes in a similar way to the audit of the previous year, except for the finding of a single rectification (as a result of the new regulations established in 2021) and some improvements to reinforce the prevention system. This fact denotes a progressive improvement in the risk control processes in this division.

7.6. EXTERNAL AUDIT OF THE QUALITY MANAGEMENT SYSTEM

In 2021, an audit was performed for follow-up of the AENOR quality management system certificate, also complying with ISO 9001:2015 by AENOR. This certificate was issued for the first time on 26 October 2005, most recently renewed on 26 October 2020, and is valid until 26 October 2023.



8. Other information of interest

8.1. THE COMPANY'S EXTERNAL COMMUNICATIONS UNIT

In 2021, the External Corporate Communications Unit developed a Communications Strategy based on the 2019-2021 COFIDES Strategic Plan with the aim of disseminating its objectives and establishing the Company's corporate image.

COFIDES remained in constant communication with its main stakeholders: shareholders, customers, the media, and society in general, to strengthen relationships and provide them with a deeper understanding of the Company. To that end, it has been active in the media through interviews, opinion articles and press releases which have helped people to gain a better understanding of the Company. Likewise, it has continued participating in briefing breakfasts, events and panel discussions.

In April, a call for tenders was launched for a communications agency to support the management of communications for the Fund for the Recapitalisation of Companies Affected by COVID-19 (FONREC). In order to publicise

this new instrument, a round of visits to all the Autonomous Communities was organised, including interviews with the main regional and national media.

A new section was also created in the private area of the COFIDES website so that members of the FONREC's Technical Investment Committee can access all the documentation relating to FONREC.

Also this year saw the launch of the Huruma Fund website, a bilingual (Spanish and English) site with detailed information on the fund and its investments. In addition, the Fund's communication management continued with the preparation and dissemination of press releases and the publication of Fund news on social media (Twitter and LinkedIn).

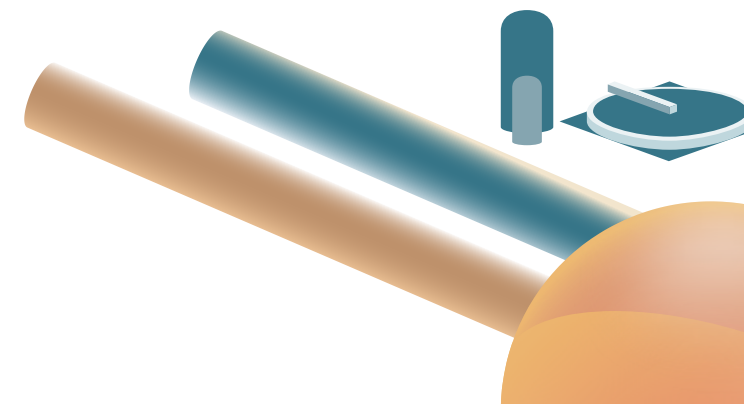
The unit collaborated in the organisation and production of the Technical Assistance in Financial Inclusion Day (TIF Programme), an event to present the Triple Inclusive Finance programme in a hybrid format combining in-person and virtual presence of speakers.

In order to reinforce transparency and communication channels with customers, shareholders and other stakeholders, COFIDES has enhanced its presence in social media such as LinkedIn, Twitter, YouTube, where it has been gaining notoriety by providing ongoing and immediate information about the Company's activities.

8.2. SUBSIDIARIES AND AFFILIATED COMPANIES

COFIDES has no subsidiaries.

However, as a result of its activity with its equity and with the funds it manages, it holds temporary and minority shares in the entities listed in Annex I on its own behalf or as the manager of FLEX and FONPYME.



9. ANNEX I

INVESTED COMPANIES AS OF 31/12/2021

Operation	Direct Affiliate	Indirect Affiliate	% Shares Direct Affiliate	% Shares Company Project	Type of Capital	Funds
ABENER-ARGELIA-K1	Solar Power Plant One Spa (SPP1)		15.00%		Open	FIEX
GRUPO EMPRESARIAL CUERVA-PANAMA-KIAI	Hidroeléctrica San Lorenzo, S.A.		37.76%		Capital-Interest	FONPYME
AUREOS CAPITAL- AMÉRICA LATINA-K1	Colony Latin America Fund I-A L.P.		4.72%	N.A.	Open	FIEX
BEFESA-MEXICO-K1	Sistemas de Desarrollo Sustentable, S.A. de C.V.		35.00%		Open	FIEX
FELIÚ DE LA PENYA- POLONIA-KIAI	BBB9, Sp.Z.o.o.	Aga Light, S.A.	44.10%	44.10%	Capital-Interest	FIEX
FMO-HOLANDA-K1	The Currency Exchange Fund N.V.		1.10%	1.10%	Open	FIEX
FUNDACIÓN EMPRESA Y CRECIMIENTO- ARGENTINA-K1	Pymar Fund, L.P.		28.28%	28.28%	Open	FIEX
GESTAMP-RUSIA-KIAI	Gestamp Holding Rusia, S.L	Todlem, S.L (Holding)	16.85%		Capital-Interest	FIEX
		Gestamp Severstal Vsevolozhsk OOO (Soc. Productiva)		12.64%		
		Gestamp Severstal Kaluga LLC (Soc. Productiva)		12.64%		
GESTAMP-CHINA-KIAI	Gestamp Holding China, A.B.	Gestamp Auto Components (Kunsham) Co, Ltd	23.25%	23.25%	Capital-Interest	FIEX
GESTAMP-CHINA- DONGGUAN-KIAI	Mursolar XXI, S.L	Gestamp Auto Components (Dongguan Co, Ltd)	17.5%	17.5%	Capital-Interest	FIEX

9. Annex I

INVESTED COMPANIES AS OF 31/12/2021

Operation	Direct Affiliate	Indirect Affiliate	% Shares Direct Affiliate	% Shares Company Project	Type of Capital	Funds
GESTAMP-CHINA-SHENYANG-KIAI	Mursolar XXI, S.L.	Gestamp Auto Components (Shenyang Co, Ltd)	17.5%	17,5%	Capital-Interest	FIEX
ALEATICA-PERÚ AUTOPISTA DEL NORTE-KIAI	Autopista del Norte, S.A.C.		33.00%		Capital-Interest	FIEX
REVERTÉ-MÉXICO-KIAI	Regio Mármol, S.A. de C.V.		29.69%		Capital-Interest	FIEX
GENERA AVANTE-PANAMÁ-KIA1/KIA2	Electrón Investment, S.A.		17.81% total (15.14% FIEX) (2.67% COFIDES)		Capital-Interest	COFIDES/FIEX
N+1-INTERNACIONAL-K1	Alteralia, S.C.A. Sicar I Compartment		21.25%	n.a.	Open	FIEX
AURICA-INTERNACIONAL-K1	Aurica III FCR		9.38% total (7.12% FIEX) (1.875% COFIDES)	n.a.	Open	COFIDES/FIEX
GLOBALVIA-EEUU-KIA1	Magnolia Operations Holdings II LLC	Magnolia Operations Holdings LLC Pocahontas Parkway Operations, LLC	48.48%	7,36%	Capital-Interest	FIEX
ORTIZ-COLOMBIA-CONEXIÓN NORTE-KIA1	Autopistas del Noreste, SAS		0.5% total (0.425% FIEX) (0.075% COFIDES)	0.5% total (0.425% FIEX) (0.075% COFIDES)	Open	COFIDES/FIEX
FONDO NORAX-INTERNACIONAL-K1	Norax Green Capital SCA SICAR		14% approx.	n.a.	Open	FIEX

9. Annex I

INVESTED COMPANIES AS OF 31/12/2021

Operation	Direct Affiliate	Indirect Affiliate	% Shares Direct Affiliate	% Shares Company Project	Type of Capital	Funds
GLOBALVIA-CHILE-KIAI	Globalvia Licitaciones e Infraestructuras Chile SpA	Sociedad concesionaria Vespucio Norte Express S.A. Sociedad concesionaria Túnel de San Cristóbal S.A.	15.5% (13.5625% FIEX) (1.9375% COFIDES)	5.27% (4.61125% FIEX) (0.65875% COFIDES)	Capital-Interest	COFIDES/FIEX
COFIDES OMAN FUND-INTERNACIONAL-K1	Spain Oman Private Equity Fund, FCR		48.92% total (48.43% FIEX) (0.49% COFIDES)	n.a.	Open	COFIDES/FIEX
ORTIZ-COLOMBIA- SISGA-K1/PSEP2/CGK3	Concesión Transversal del Sisga, S.A.S.		24.99% total (21.24% FIEX) (3.75% COFIDES)	(21.24% FIEX) (3.75% COFIDES)	Open	COFIDES/FIEX
FONDO ALANTRA- INTERNACIONAL-K1	Alteralia II S.C.A. (SICAR-RAIF)		14.63%	n.a.	Open	COFIDES/FIEX
APOTRANS-EEUU-KIAI	Truck & Wheel USA Corporations		36.06% approx.	n.a.	Capital-Interest	FIEX
FONDO ADARA- INTERNACIONAL-K1	Adara Ventures III SCA, Sicar		7.59%	n.a.	Open Capital	FIEX
FONDO NEXXUS- INTERNACIONAL-K1	Nexus Iberia Private Equity Fund I, FCR		8.84%	n.a.	Open Capital	FIEX
FONDO HURUMA- INTERNACIONAL-K1	Huruma Fund S.C.A., SICAR R-EuSEF		0.83%	n.a.	Open Capital	COFIDES
FONDO INVEREADY- INTERNACIONAL-K1	Inveready Venture Finance III, F.C.R – PYME		10%	n.a.	Open Capital	FONPYME
FONDO JME- INTERNACIONAL-K1	JME Ventures III, FCR		5.20%	n.a.	Open Capital	FONPYME
FONDO K FUND- INTERNACIONAL-K1	K Fund II, F.C.R.E.		7.14%	n.a.	Open Capital	FONPYME

9. Annex I

INVESTED COMPANIES AS OF 31/12/2021

Operation	Direct Affiliate	Indirect Affiliate	% Shares Direct Affiliate	% Shares Company Project	Type of Capital	Funds
FONDO KIBO- INTERNACIONAL-K1	Kibo Ventures Fund III, FCRE		4.17%	n.a.	Open Capital	FONPYME
ORTIZ-COLOMBIA- BOSA-K1/PSEP2/CGK3	Promotora Hospital de Bosa, S.A.S.		45% total (22.5 FIEX) (22.5% COFIDES)	(22.5% FIEX) (22.5% COFIDES)	Open Capital	COFIDES/FIEX
ORTIZ-COLOMBIA-STR-K1/ PSEP2/CGK3	Energía de Colombia STR, S.A.S. E.S.P.		20% total (18.62 FIEX) (1.38% COFIDES)	(18.62% FIEX) (1.38% COFIDES)	Open Capital	COFIDES/FIEX



