



COFIDES 2019

Compañía Española de Financiación del Desarrollo

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

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

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

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

This self-assessment refers to the two Spanish SWFs managed by Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (hereinafter "COFIDES"): Fund for Foreign Investments (Fondo para Inversiones en el Exterior, F.C.P.J. -hereinafter ("FIEX") and Fund for Foreign Investment Operations of Small and Medium Enterprises (Fondo para Inversiones en el Exterior, F.C.P.J. -hereinafter "FONPYME") (both FIEX and FONPYME hereinafter referred as the "Funds" or "SWF"):

The Funds were created and are regulated by the statute of the following Spanish legal framework:

FIEX was created by article 114 Law 66/1997, of 30 December, Administrative Fiscal Measures and Social Order, and FONPYME by article 115 of the said law (hereinafter "Law 66/1997").

Law 66/1997 provides for the main features of the Funds. Additional and as the development of such act, Funds' activities and operation are in more detail regulated by the Spanish Royal Decree 1226/2006 of October 27 (hereinafter "Regulation 1226/2006")

The owner of the Funds is the Spanish State, as the only contributor. Consequently, as Spanish State wholly-owned funds, for public law purposes, the Funds belong to the Spanish public sector. Specifically, Funds are assigned to the Secretary of State for Trade ("Secretaría de Estado de Comercio" -hereinafter "SEC"), which currently belongs to the Ministry of Industry, Trade and Tourism.

From a legal standpoint, Funds are established as fund without legal personality ("fondo carente de personalidad jurídica"), therefore not as a corporation, company or any sort of separate legal entity, but rather established as a separate pool of assets ("patrimonio separado").

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

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

<https://www.boe.es/buscar/act.php?id=BOE-A-1997-28053>

<https://www.boe.es/buscar/act.php?lang=en&id=BOE-A-2006-19827&tn=&p=>

COFIDES ownership is:

56.68% public held by ICEX (Spanish Institute for Foreign Trade), ICO (state-owned bank, attached to the Ministry of Economy) and ENISA (public institute to finance start-ups).

46.32% private capital held by Banco Santander, BBVA and Bank Sabadell.

1.14% held by CAF-Corporación Andina de Fomento (Development Latin-American Bank)

Principle 2

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

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

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

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

<https://www.boe.es/buscar/act.php?id=BOE-A-1997-28053>

Principle 3

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

The industries, geographical scope and different instruments are directed by the Executive Committee (hereinafter “EC”), formed by public servants from different Spanish ministries. As Funds are assigned to the SEC, EC decisions are aligned with the general Spanish trade policy in force from time to time. Daily management of the Funds are driven by the Operational Guidelines approved by the EF (see section 18). In particular, members of the EC check the financial support from different public entities received by a particular project.

Assets of FIEX and FONPYME funds managed by COFIDES are not significant within the general macroeconomic policy instruments.

Principle 4

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

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

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

Both Funds' source of funding is the yearly General State Budget (ex. Article 20 Regulation 1226/2006). The General State Budget is prepared by the Spanish central government to be approved yearly as an act by the Spanish Parliament and is publicly disclosed at the Spanish Official Gazette ("Boletín Oficial del Estado").

The proposal for new funding each year is made by COFIDES, to be passed by the corresponding EC, based on financial needs in accordance with Funds' business forecasts. This proposal is studied by the Spanish Central Government for its inclusion in the corresponding Budget. The Funds have always been funded by annual Budget.

All the Funds' investment income is reinvested. (ex. Article 18.2 Development Regulation).

The funds' assets are consolidated within the Spanish General Budget. Each account is reported within its classification (financial assets, participations or cash).

Figures are publicly disclosed in an aggregated manner for the Spanish public budget and are not identifiable for each Fund.

Principle 5

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

The Funds report the following statistical data both to the OECD via the Ministry of International Affairs and yearly to the State via the Secretary of Trade.

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

The Funds' transactions, as mainly addressed to foreign entities, are reported for statistical purposes to the Spanish Central Bank (cross-border financing) and the Ministry of Industry, Trade and Tourism (foreign equity investments).

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

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

As generally described in section 1, *in fine*, Funds are administrated by its respective EC and managed by COFIDES (“Manager”).

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

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

COFIDES, as the Funds’ Manager, is responsible for the day-to-day running of the portfolio, including inter alia the execution of investments/disinvestments approved by EC, monitoring of portfolio companies, accounting, depositary and other related administrative tasks.

Principle 7

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

The objective of the Funds has been set by Law 66/1997 (see Section 2) and, therefore, it cannot be changed save as by means of a change of said law.

Oversight by the Funds’ owner (i.e. Spanish Central Government/State) is developed by the state agencies that audit public sector (IGAE and Tribunal de Cuentas -see Section 12).

Likewise, structural changes in the Funds can be made by means of new regulations enacted by the owner, amending, therefore, the Development Regulation.

The composition of the EC is directly set up by the Development Regulation. They are formed by:

- A president, who by legal provision is the Secretary of State for Commerce.
- A first vice president, who is, by legal provision, the general director of International Trade and Investments.
- A second vice president, who by legal provision is the president of COFIDES.
- Twelve additional committee members:
 - Five representatives of the General Directorate of International Trade and Investments
 - One representative of the General Directorate of Industry and of the Small and Medium Enterprises.
 - Two representatives of ICEX Spain Export and Investment.
 - One representative of the General Secretariat of the Treasury and Financial Policy
 - One representative of the State Secretariat for Budgets and Expenditures.
 - One representative of the Official Credit Institute, ICO
 - One representative of the General Secretary of the Industry and of the Small and Medium Enterprises.
- A secretary, without voice or vote.

Except for the president and first and second vice-presidents, whose appointment as members of the Committees is automatic because of their position in government, the remaining members must be appointed by the Minister of Industry, Trade and Tourism, at the proposal of the Secretary of State for Commerce.

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

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

Annual Accounts and Report of the Fund.

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

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

Principle 8

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

The governing body of the Funds is the EC (one for each, but with the same members for both bodies), as per article 116.1 Law 66/1997.

Role and responsibilities of the EC are defined in articles 3 (FIEX) and 11 (FONPYME) of the Development Regulation, including a list of administration functions:

- Evaluate and approve or deny the operations proposed by the Manager.
- Analyze and assess the evolution of the portfolio investments and approve, if required, the measures considered appropriate to ensure the smooth running of said operations to fulfil the objective of the Funds.
- Propose to the Government, through the Secretary of State for Commerce, any proposals deemed necessary to ensure the proper functioning of the Fund
- Approve and send to the Minister of Industry, Trade and Tourism and to the General Intervention of the State Administration (IGAE) the annual accounts of the Fund, as well as the annual report.
- Establish a financing limit per operation under operational criteria and to avoid excessive concentration of risks, based on the annual increase in the Fund's endowment, as well as any other operational limits deemed necessary to establish, to ensure the proper functioning of the Fund and risk monitoring.
- Evaluate and approve collaboration agreements.
- Approve the preliminary draft annual budgets of the Fund for submission to the Minister of Industry, Trade and Tourism in accordance with the provisions of article 33 of Law 47/2003, of November 26, General Budget.
- Verify the adequacy of the Manager's remuneration set by Law 66/1997.
- Approve due diligence cost.
- Request the Manager any information necessary to assess the risks assumed by the State as well as determine the economic-financial information that must be sent specifically or periodically to the EC.
- Establish the eligibility criteria for investments.
- Any other inherent in the administration of the Fund.

The ECs approve the Operational Guidelines, which is a compendium of investment and divestment procedures, including eligible investments, operating issues and reporting activities.

Principle 9

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

Law 66/1997, in number 2 of its article 116, the designation of COFIDES as manager of the Funds, in its own name and on behalf of the Funds.

Operational management role and responsibilities of COFIDES, as Fund manager, are listed in articles 5 (FIEX) and 13 (FONPYME) of the Development Regulation, including inter alia:

- Evaluate investment proposals
- Submit to the EC such proposals
- Perform legal and financial closing
- Monitor portfolio investments
- Represent the Funds in the decision-making bodies of portfolio companies
- Monitor the activity of capital expansion funds or private equity funds participated by the Funds and participate in their decision-making or administration bodies if this does not entail that COFIDES assumes direct management of the companies in which the fund invests. Act as depositary of the financial documentation of investments.
- Do administration tasks with the strictest principles of financial prudence.
- Propose to the EC divestments
- Act legally in the interest and on behalf of the Funds
- Sign collaboration agreements that may take place with other investors who wish to participate in the activities of the Funds
- To propose to the EC a limit of assumption of risk per investment, as well as any other operational limits that are considered necessary to establish, to ensure the proper functioning of the Funds and risk monitoring.
- Act as Secretary of the EC
- Undertake differentiated and independent accounting for each Fund.
- Prepare the annual budgets of the Funds

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

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

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

COFIDES Board of Directors, set up by representatives of its shareholders (with the Spanish public State with a majority stake).

COFIDES Steering Committee is composed by its chairman /CEO of COFIDES, the general director and the deputy directors of each area.

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

- Documents and reports that must be submitted to the instances referred to in the previous paragraph or to other instances. By way of example and not limitation, the following should be noted:
- Proposals for investment operations, divestment, refinancing, and others in the portfolio companies.

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

Each deputy director is responsible for implementing in its department the decisions taken by the EC and the Steering Committee.

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

Principle 10

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

As mentioned in sections 6 to 9, the accountability framework is defined in the Law 66/1997 and Development Regulation.

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

Principle 11

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

The Funds annual report and financial statements included in its management report, brief monitoring of the portfolio companies only disclosed to the EC and the IGAE (general intervention of the state administration, which is the auditing entity of public companies and entities - see section 12).

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

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

Principle 12

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

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

The General Comptroller of the State Administration (IGAE) is the internal supervisory agency of the state public sector and the direction and management centre for public accounts.

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

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

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

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

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

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

Principle 13

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

EC members are subject to the general liability regime for Spanish civil servants, which include the submission to the Code of Conduct provided by Chapter VI Title III of Law 5/2015. Additionally, EC president and vice-presidents, due to its condition as the most senior official of the central administration ("alto cargo"), are subject to special duties of care in the exercise of their public activity, as provided by Law 3/2015. Specifically, EC members must refrain from participating in any decisions in case of conflict of interest.

Most EC members are career top civil servants. Under the Spanish public system, civil servants accede via a competitive process and career to become in a top civil servant is based on knowledge and professional merits. As mentioned in point 7 above, the composition of the EC is directly set up by the Development Regulation.

EC members are subject to the general liability regime for Spanish civil servants. In particular, they must refrain from participating in any decision in case of conflict of interest.

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

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

Members of the Steering Committee are usually selected from among senior staff when the necessity arises and based on experience, capacity and seniority.

COFIDES has a Code of Ethics applicable to all employees, the Code of Ethics is part of the policies of good governance, regulatory compliance, criminal prevention and corporate responsibility of COFIDES.

The Code includes both the conduct that COFIDES expects from its professionals and the Company's actions towards its stakeholders. The objective is to serve as a deontological guide establishing the values and commitments that will guide the professional activity in the Company:

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

Members of the EC and Steering Committee are covered by insurance

Principle 14

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

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

- Suppliers and services providers hiring manual, based on the principles of publicity, concurrence, transparency, confidentiality, equality and non-discrimination, in accordance with Law 9/2017 on Public Sector Contracts.
- Money laundering prevention manual
- Anti-corruption manual
- Confidentiality manual

Principle 15

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

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

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

Principle 16

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

The Funds' governance framework is based on Law 66/1997 and Development Regulation, which are legal provisions of public domain.

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

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

<https://www.boe.es/buscar/act.php?id=BOE-A-1997-28053>

<https://www.boe.es/buscar/act.php?lang=en&id=BOE-A-2006-19827&tn=&p=>

Principle 17

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

Funds financial statements are public in COFIDES web page (only in Spanish):

<https://www.cofides.es/biblioteca-de-documentos/cuentas-fiex-2018>

<https://www.cofides.es/biblioteca-de-documentos/cuentas-fonpyme-2018>

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

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

Pillar 3: Investment

Principle 18

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

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

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

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

The Funds investment policy is included in the Operational Guidelines.

It is approved by the EC and was initially established in 2005. Since then, it was reviewed in 2011, 2015, 2017 and 2019.

The Operational Guidelines states that the Funds can invest in:

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

The investment policy adjusts tight to the objective of the fund contemplated in the Law (66/1997):

Promote the internationalization of the activity of companies, and, in general, of the Spanish economy, through temporary and minority direct participation in the social capital of Spanish companies for their internationalization or of companies located abroad, and, in general, through participation in the own funds of the aforementioned companies and through any participatory instruments. Temporary and minority direct participations may also be taken in vehicles such as expansion capital funds that promote the internationalization of the company or the Spanish economy.

The risk matrix is included in the same Operational Guidelines (see section 22).

The Funds do not use any kind of leverage or speculative derivatives.

The Funds, through COFIDES, have never used external investment managers. External Due Diligence is requested following market standards.

A description of the Funds investment policy and how to apply to receive financial support is publicly disclosed in the COFIDES web page: <https://www.cofides.es/en/financing/internacionalization>

Principle 19

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

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

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

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

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

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

On top of this, the Compliance Department carry out periodical performance reviews.

Principle 20

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

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

Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its

investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

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

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

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

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

The vote is either issued directly or by a proxy.

As the Funds do not invest in listed entities, they do not public the general approach of ownerships rights.

Principle 22

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

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

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

Principle 23

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

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

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

In the case of special situations, COFIDES carry out monitoring reports oftener (half-yearly to monthly).

Portfolio reports with key indicators are displayed to the Steering Committee on a monthly basis and to the EC quarterly.

Key indicators are: new investment and divestment of current year, portfolio average rating, diversification by country, industry, ticket amount and investment product.

An abstract of the main key indicators is included in the annual report and published on the COFIDES web page (Spanish language): <https://www.cofides.es/en/node/3955>

Principle 24

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

Preparation and implementation of the GAPP was led by the General Manager.

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