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| CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR) | Code<br><b>POL-27</b> |
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## 1. INTRODUCTION

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ICO views Corporate Social Responsibility as a set of strategies, policies and actions that all companies should implement to ensure their activity is environmentally, economically and socially sustainable, encompassing the Institute itself as well as those groups of stakeholders that interact with it in undertaking its business activities.

### 1. OBJECTIVE

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The aim of this Corporate Social Responsibility policy is for ICO to be an institution that operates embodying ethical, social and environmental values, transparency and social commitment, applying principles of good governance and for its different stakeholder groups to view it as such.

## 2. GENERAL PRINCIPLES

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Along these lines, ICO's Corporate Social Responsibility activities and commitments are focussed on the following:

### 2.1 Good governance and transparency

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ICO focusses its good governance measures on ensuring the ethical conduct of its executives and employees as set forth in its code of conduct, a strict compliance with applicable legislation and in promoting open communication and transparency in its activities. Internal policies, regulations and procedures will thus be put in place in order to regulate said activities, and internal bodies will be set up to monitor and provide oversight, ensuring best practices are upheld.

The Institute shall put in place the necessary mechanisms to improve objectivity and professionalism in decision making, encouraging internal communication and fostering transparency in terms of the roles, members and agreements of the different governing bodies making up its corporate governance (executive,

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management and internal control bodies).

The Institute has drawn up a Code of Conduct which details the basic ethical principles that it understands must be applied to ICO activities and business practices, as well as the professional conduct guidelines for employees, whether in relation with other employees and management staff, or with customers, suppliers and third parties. Furthermore, ICO has approved and published its Internal Code of Conduct for Securities Market Operations that sets forth the framework of action for ICO operations in the financial markets.

## **2.2 Respect for the environment**

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Despite ICO's activity not having a significant impact on the environment, the Institute has made a commitment to monitor its use of resources and adopt those measures required to make the necessary savings. Furthermore, it pledges to carry out the necessary separating and recycling of waste generated at its facilities or by its activities. It also carries out awareness-raising campaigns aimed at employees in order for them to extend respect for the environment to their everyday lives. Likewise, ICO undertakes to ensure that all of its activities such as direct financing, financial intermediation and venture capital activities comply with the applicable environmental policies and practices and thus exclude activities which have a negative impact on the environment. ICO shall define a set of social and environmental indicators to monitor the impact stemming from its activities.

## **2.3 Global Compact**

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ICO has also endorsed the 10 principles of the UN Global Compact, and as such has adopted, supports and fosters within its sphere of influence the set of fundamental values proclaimed by the United Nations in terms of human rights, labour regulations, the environment and fighting corruption.

### 3. PRINCIPLES IN TERMS OF STAKEHOLDERS

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#### 3.1 Customers

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When designing its financing products, ICO shall observe the particular circumstances present in Spain and in those international markets where Spanish companies operate at any given time. Acting in a complimentary manner to other private banking institutions, ICO's funding lines facilitate access to bank loans for the self-employed and small and medium-sized companies and, where applicable, to those companies operating in regions where the GDP is below the national average, fostering their consolidation and supporting their international expansion. Furthermore, ICO will evaluate the practices and policies applicable to its direct financing, bank intermediation and venture capital operations, ensuring those activities found to be illegal or in breach of fundamental rights are excluded. ICO will likewise ensure it remains exemplary and transparent in its operations and that it continues to apply international best practices.

Likewise, ICO shall bear in mind social responsibility values and principles when providing loans in order to instil them in the companies granted financing or ICO products. To this end, ICO shall define a set of social and environmental indicators to monitor the impact stemming from its activities.

#### 3.2 Financial institutions

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As part of its role as an intermediary in company financing, ICO shall foster partnerships with financial institutions to instil and promote CSR strategies in the management and organisation of SMEs and among entrepreneurs. Indicators will hence be defined whereby companies benefiting from ICO loans will mandatorily report their economic, environmental and social performances.

#### 3.3 Investors

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In order to pursue its financing activity, ICO is required to seek capital on domestic and international financial markets. The design of financial products and the

search for corresponding investment shall follow the same corporate social responsibility principles observed internally. Thus, wherever possible, priority shall be given to those investors who are committed to upholding human and labour rights and to eradicating child labour, forced labour and exploitation of any kind. The Institute is committed to encouraging transparency and promoting the publication of relevant and reliable information on its operations in order to foster trust and credibility among its investors.

### 3.4 Suppliers

In compliance with the requirements set forth in legislation governing public sector contracts, ICO aims to include social responsibility criteria in its contracting activity. It therefore takes into account those socially responsible practices upheld by its suppliers, in particular regarding long-term job creation, equal rights policies and work-life balance for employees, employing persons at risk of social and labour exclusion and respect for the environment.

### 3.5 Employees

In terms of its **hiring practices**, ICO, as a public institution, shall ensure strict compliance to the constitutional principles of equality, merit and ability and comply with the advertising and governing principles of the Basic Statute of Public Employment. The selection board set up for that purpose shall guarantee the participants' rights and legitimate expectations of access to public jobs. The selection bodies shall be exclusively technical in nature, service on which shall be individual and professional and members shall not represent the interests of third parties.

ICO shall foster and promote **equal rights and non-discrimination policies** in its labour relations, whereby discrimination on grounds of gender, religion, ethnicity or for any other reason is not tolerated. Furthermore, it shall foster the adoption of measures enabling all employees to strike a balance between work and family life. ICO shall encourage a policy that favours **merit and effort** in line with the measures mentioned above.

Ongoing **training** of staff is recognised as a right held by workers for their

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professional development and as a necessary goal for ICO to attain its objectives.

All of the above aspects shall be addressed as part of the statutory **collective bargaining process** between workforce representatives and the Management.

### 3.6 Social organisations

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ICO is committed to establishing partnerships with third sector organisations through which it aims to further their objectives. This commitment will largely be realised through the drafting and execution of an annual corporate voluntary work plan including activities to support third sector organisations and training programmes in which ICO employees can contribute experience and know-how to entrepreneurs and groups at risk of social exclusion.

### 3.7 Public Administrations

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ICO co-operates with different public administration bodies and institutions, setting up partnerships to contribute value to society and foster the use of best practices within its sphere of influence.

## 4. COMMITMENT AND COMPLIANCE WITH CSR

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The General Board will examine and, if applicable, approve the Corporate Governance and CSR reports compiled pursuant to GR14 standards and the Global Compact Progress Report. These reports shall be made available to interested parties on the company website.

The ICO executive management team is committed to supporting, fostering and promoting integration of the above mentioned principles in the strategy pursued by the institution and its operations, as well as to raising awareness on and facilitating its compliance.

Likewise, the ICO executive management team is committed to reviewing this policy on an annual basis in order to meet new challenges that may arise.