COFIDES Inversión y desarrollo

Summary Key Terms and Conditions for Indirect Investments under the Co-investment Fund (FOCO)

Fund Objective	The Co-Investment Fund (FOCO), managed by Compañía Española de Financiación del Desarrollo (COFIDES), is a financial instrument whose purpose is to mobilize resources from foreign investors, both public and private, to boost productive investments made by private firms on Spanish territory.
Fund Description	FOCO will promote foreign investments into Spain´s economy and improve access to finance strategic sectors, particularly (but not exclusively) those tied to the green and digital transitions and the *Proyectos Estratégicos para la Recuperación y Transformación Económica* (PERTEs)[1], as well as to make a relevant contribution to the development of capital markets in these areas.
Target Sectors	Spain´s strategic economic sectors aligned with the Spanish Recovery and resiliency Plan, including those tied to the green and digital transitions and those included in the PERTEs, as well as other strategic economic activities such as sustainable mobility, sustainable infrastructure, healthcare, digital and green transition, sustainable agriculture, biotechnology and life sciences, deep technologies or cleantech, among others. FOCO shall exclude activities related to (i) fossil fuels, (ii) energy-intensive and/or high CO2-emitting industries (iii) waste collection, waste treatment and disposal, (iv) production, rental, or sale of polluting vehicles, (v) processing of nuclear fuel, production of nuclear energy. Further details on the exclusion list are provided in Annex I.
Fund Size	€2 Billion
Fund Currency	EUR
Investment Period	The initial endowment of FOCO (€2 Billion) must be fully committed by the 30th of June 2026. All the investment returns will be retained by the Fund and will be used to finance new investments beyond 2026.
Term of the Fund	Open ended Fund
Indirect Financing key conditions	a) FOCO shall invest in existing funds that invest in the sectors targeted by FOCO and shall be able to create tailor-made financing vehicles targeting the same sectors. b) The maximum participation of FOCO as LP in any fund or other investment vehicle shall not exceed 49 % of the total target fund size (in one or subsequent closings) and shall not cause the share of publicly owned equity in a fund or investment vehicle to surpass 49% of the total equity. c) FOCO´s participation in a specific fund is compatible with that of other Spanish public LPs as long as the total public share of public LPs in the specific Fund will not exceed the 49 % of the total target fund or vehicle size. d) FOCO´s commitment in any fund is compatible with EIF´s commitments[2]. e) The Fund will only invest in asset classes comparable in nature and terms to those of the co-investors.

[1] PERTE: Strategic Projects for Economic Recovery and Transformation are a public-private collaboration instrument in which the different public administrations, companies and research centers collaborate. Its objective is to promote large projects with the capability to boost economic growth, employment and the competitiveness of the Spanish economy.

[2] European Investment Fun (EIF) commitments will not be accounted for calculating the share of total publicly owned equity commitments in any given fund.

<table>
<tr><td>Maximum and minimum eligible fund allocations</td><td>

- FOCO may commit in each fund a maximum commitment of €150m.
- The minimum aggregate amount to be invested in a specific fund shall be limited to €10 million.

</td></tr>
<tr><td>Eligible Investments</td><td>

a) *Asset Management Companies (AMC):*

- The AMC must be incorporated in an EU member state or the UK and registered or authorized by the corresponding local regulatory authority.
- FOCO will have a preference for AMC who have managed several funds and has a track record closing and investing in similar funds. Although funds managed by investments teams with a strong track record in previous and similar funds would also be eligible.
- The AMC and the Fund, if incorporated, should comply with the solvency capital requirements demanded by the UK or EU member State regulatory body, when required by the corresponding applicable legislation and by the applicable regulations, in addition to the absence of any outstanding sanction proceedings.
- The AMC should demonstrate either a solid track record fundraising with non-Spanish LPs or the capacity to do so.
- The AMC should have a track record investing in Spain or demonstrate the capacity to invest in Spain and implement the corresponding investment strategy, which shall include Spain as a geography for the proposed Fund investments.
- The AMC of the funds should be at least 51% privately owned.
- The AMC shall comply with the above-mentioned requirements at the time of submitting the proposal and during the entire FOCO´s participation in the Fund.

b) *Investment Vehicles:*

- FOCO shall directly co-invest with third-party foreign investors in Funds that have committed to invest in Spain´s strategic economic sectors.
- Private Equity, Infrastructure Funds, Venture Capital, Private Debt and Venture Debt. The investment period for Private Debt and Venture Debt must conclude before June 2026.
- Target fund size ≥ €100m.
- Currency: EUR
- Strategy:
  - Generalist[3] or sector-focused.
  - Mainly growth, not excluding buy-out strategies as a complement to the main growth strategy or Scale Up.
  - Equity, and/or quasi-equity (mezzanine) and debt.
- Maximum 25% of the Fund to be invested in a single investee. Funds that are or will be incorporated in an EU member state or the UK and registered or authorized with the CNMV or, when required by the applicable legislation, under the corresponding local regulatory authority.
- The Fund´s legal documentation must explicitly reflect that the fund shall not invest directly or indirectly in companies whose activity is included in those listed in Annex I (List of excluded activities and assets).

</td></tr>
</table>

[3] Generalist Funds shall be required to allocate an amount twice that of the co-investment by FOCO in the target industries described in this document.

	c) *Investment Teams:* • At least two investment team professionals of the Fund (partner / director) must have been investment team members of a previous fund managed by the AMC during its whole investment period or the investment team should have significant experience working together and a stablished track record in other AMCs managing equivalent funds during their whole investment periods. d) *Eligible Co-Investors*: Third-party co-investors may include, among others: • Foreign public institutions, such as public pension funds, sovereign and sub-sovereign funds, multilateral institutions investing in private capital markets (such as the European Investment Fund). • Foreign private long-term institutional investors such as investment funds, pension funds or insurance companies. • Foreign private investors such as international family offices. • Domestic private investment vehicles and entities, provided that they mobilize financial resources from foreign private investors. e) *Co-investment conditions:* • The amount contributed by foreign co-investors shall be at least equivalent to the FOCO contribution. • The contribution by foreign co-investors shall be on pari-passu terms. • ≥ 2x of FOCO's committed capital shall be invested in eligible investees in Spain as defined in Annex II. f) *Other criteria:* The Fund's investments shall: • Comply with the 'Do No Significant Harm' (DNSH) principle as set out in the DNSH Technical Guidance (2021/C58/01). • Comply with the list of excluded activities, as further described in Annex I. • Fund managers will be required to have independent auditors carry out ex-post controls on the effective compliance with the DNSH principle of funded projects and with the relevant environmental legislation, both at EU and national level, for all projects. • Comply with the Spanish Law 19/2003 and Royal Decree 571/2023 regarding foreign investments. • Comply with relevant national and EU standards and legislation, as applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aiming at tax avoidance and shall not perform any illegal activities. • Comply with Art 22 of the Regulation 2021/241 of the EU establishing the Recovery and Resilience Facility, in particular with those provisions regarding the collection of data related to beneficial owners and keeping the transaction records in accordance with Article 132 of the Financial Regulation. g) *Excluded Funds:* • Contains in its portfolio a company which has a business activity that is in the list of excluded activities and assets of Annex I. h) *Funds Underlying Eligible Investees* • Private companies aligned with the target sectors which perform activities and investments in Spain and comply with the criteria listed in Annex I and Annex II. • Existing entities or newly created companies incorporated in the European Union and with work centers in Spain, irrespective of its

	shareholding structure. Company holdings of final beneficiaries could be incorporated in any jurisdiction not excluded in Annex II. • Private companies that comply with the eligibility criteria detailed in Annex II.
LP's Rights	FOCO shall appoint, if applicable, an Advisory Committee member.
Duration of Investment	Up to 10 years.
Application process/Information request	Interested AMCs shall make available to COFIDES the proposal including the following information: -Management team CVs -Composition of the investment committee of the fund/Senior investment team -Investment Strategy -Track record (both AMC and investment team) -Target sectors -Deal Flow (One pager) -Geographical scope -Fund size -Legal/governance structure -Proposed terms -Expected returns -Other investor(s) (recurring investors from previous funds) -Timing of fund raising -Exit Strategy Pre-selected Funds/AMC will progress to the due diligence process, which will be carried out in accordance with COFIDES internal rules and procedures.

ANNEX I

List of excluded activities and assets

The following list of activities and assets shall be excluded from eligibility by the Fund:

In case of loans, project bonds or equivalent instruments:

- Activities and assets related to fossil fuels, including downstream use, except for projects under this measure in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the 'Do no significant harm' Technical Guidance (2021/C58/01).

- Activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks. Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks an explanation of the reasons why this is not possible shall be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

- Activities and assets related to waste landfills, incinerators and mechanical biological treatment plants.

  This exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

  The following activities shall be excluded:
    - Waste collection (NACE 38.1x)
    - Waste treatment and disposal (NACE 38.2x)
    - Processing of nuclear fuel (NACE 24.46)
    - Production of nuclear energy (sub-activity of NACE 35.11)

  This exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

- Activities and assets where the long-term disposal of waste may cause harm to the environment.

- A specific exclusion approach based on the NACE codes will be applied for the following activities:

  (i) Fossil fuel-based energy production and related activities, as follows:

    a) Coal mining, processing, transport and storage;
    b) Oil exploration & production, refining, transport, distribution and storage;

c) Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage;
d) Electric power generation, exceeding the Emissions Performance Standard of 250 grams of CO_2e per kWh of electricity, applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydropower plants with large reservoirs.

(ii) Energy-intensive and/or high CO_2-emitting industries, as follows:

a) Manufacture of other inorganic basic chemicals (NACE 20.13)
b) Manufacture of other organic basic chemicals (NACE 20.14)
c) Manufacture of fertilizers and nitrogen compounds (NACE 20.15)
d) Manufacture of plastics in primary forms (NACE 20.16)
e) Manufacture of cement (NACE 23.51)
f) Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10)
g) Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20)
h) Manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34)
i) Aluminium production (NACE 24.42)
j) Manufacture of conventionally fueled aircraft and related machinery (sub-activity of NACE 30.30)
k) Conventionally fueled air transport and airports and service activities incidental to conventionally fueled air transportation (sub-activities of NACE 51.10, 51.21and 52.23).

Notwithstanding the above, investments in sectors mentioned in section (ii) items a) – k) included, shall be allowed if the fund manager confirms that the specific final recipient transaction qualifies as environmentally sustainable investments as defined in the "EU taxonomy for sustainable activities" (Regulation (EU) 2020/852, as amended from time to time) as supplemented by the technical screening criteria established under the "EU Taxonomy Delegated Acts" (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively).

Restrictions related to polluting vehicles: the fund manager shall request the financial intermediaries to ensure that the Final Recipients with a 'substantial focus' on the production, rental or sale of 'polluting vehicles' are excluded by the eligibility under this instrument, or - alternatively - are required to adopt and publish green transition plans.

It is considered that a Final Recipient has a "substantial focus" on a sector or business activity if the Final Recipient derives more than 50% of their revenues during the preceding financial year from activities and/or assets related to production, rental or sale of polluting vehicles.

Production, rental or sale of polluting vehicles is considered any activity that concerns the:

- Manufacture of combustion engine vehicles (sub-activity of NACE 29.10 Manufacture of motor vehicles).
- Wholesale and retail trade of polluting vehicles (sub-activities of NACE codes 45.11 Sale of cars and light motor vehicles, 45.19 Sale of other motor vehicles).
- Rental and leasing of polluting vehicles (sub-activities of NACE 77.11 Renting and leasing of cars and light motor vehicles, 77.12 Renting and leasing of trucks).

Polluting vehicles: "Polluting vehicles" are defined as:

- Vehicles exceeding the threshold of 50g CO2/km (M1 passenger cars and N1 light-duty vehicles).
- Trucks and other heavy-duty vehicles e.g., tractors (i.e., categories N2 and N3) - only zero-emission, low-emission (as defined in Article 3(12) of Regulation (EU) 2019/1242: with CO2 emissions of less than half of the reference CO2 emissions of all vehicles in the vehicle sub-group; reference values differ depending on the type of truck).
- Buses:
    - `Low floor' buses (M2 and M3 categories, typically urban and suburban buses running on short distances within an agglomeration). Only electric and plug-in hybrid buses would be DNSH-compliant.
    - `High-floor' buses (M2 and M3 categories, typically inter-urban coaches): all coaches that comply with the latest step with respect to pollutant emissions from heavy-duty vehicles under EURO VI (EURO VI-E) would be DNSH compliant.

In the case of equity, quasi-equity, corporate bonds or equivalent instruments:

Companies with a substantial focus[4] in the following sectors shall be excluded:

i. Fossil fuel-based energy production and related activities. Except for (a) assets and activities under this measure in the generation of electricity and/or heat, as well as the related transmission and distribution infrastructure, that use natural gas and that comply with the conditions established in Annex III of the Technical Guide "Do not cause significant damage" (2021/C58/01) and (b) activities and assets in energy-intensive and/or high CO2-emitting industries for which the use of fossil fuels is temporary and technically unavoidable for timely transition towards a fossil fuel-free operation.
ii. Energy-intensive and/or high CO2-emitting industries. Including activities and assets under the Community Emissions Trading Scheme (ECTS) that achieve projected greenhouse gas emissions that are not lower than the relevant reference values. Where the supported activity achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks, and explanation of the reasons why this is not possible will be provided. The reference values established for the free allocation of activities included in the scope of the emissions trading scheme, as set out in Commission Implementing Regulation (EU) 2021/447.

A specific exclusion approach based on NACE codes will be applied for the following activities:

(i) Energy production from fossil fuels and related activities, such as:

a) Coal mining, processing, transportation and storage;
b) Oil exploration and production, refining, transportation, distribution and storage;
c) Exploration and production of natural gas, liquefaction, regasification, transportation, distribution and storage;
d) Generation of electrical energy, which exceeds the emissions performance standard set at 250 grams of CO2eq per kWh of electricity, applicable to electrical

[4] It is considered that a Final Recipient has a "substantial focus" on a sector or business activity if such sector or activity is identified as an essential part of the business of the Final Recipient respectively in relation to the gross receipts, profits or customer base of the Final Recipient. The gross income generated by the restricted sector or activity will not exceed, in any case, 50% of the gross income.

power and cogeneration plants that use fossil fuels, geothermal and hydroelectric plants with large reservoirs.

(ii) Energy-intensive industries and/or large CO2 emitters, such as:

a) Manufacture of other inorganic basic chemicals (NACE 20.13)
b) Manufacture of other organic basic chemicals (NACE 20.14)
c) Manufacture of fertilizers and nitrogen compounds (NACE 20.15)
d) Manufacture of plastics in primary forms (NACE 20.16)
e) Manufacture of cement (NACE 23.51)
f) Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10)
g) Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20)
h) Manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34)
i) Aluminum production (NACE 24.42)
j) Manufacture of conventionally fueled aircraft and related machinery (sub-activity of NACE 30.30)
k) Conventionally fueled air transport and airports and service activities incidental to conventionally fueled air transportation (sub-activities of NACE 51.10, 51.21and 52.23).

Notwithstanding the above, investments in sectors mentioned in section (ii) items a) – k) included, shall be allowed if the fund manager confirms that the specific final recipient transaction qualifies as environmentally sustainable investments as defined in the "EU taxonomy for sustainable activities" (Regulation (EU) 2020/852, as amended from time to time) as supplemented by the technical screening criteria established under the "EU Taxonomy Delegated Acts" (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively).

iii. Production, rental or sale of polluting vehicles. Polluting vehicles are defined as vehicles without zero emissions.

iv. Collection, treatment and disposal of waste. This exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

v. Processing of nuclear fuel and production of nuclear energy.

Annex II

Funds Underlying Eligible Investees

i. To be eligible as a beneficiary of any of the Fund's financial instruments or investment or financing provided by the Fund, a company must meet the following requirements:
   a) Be a private and non-financial company.
   b) Be incorporated in the EU and with work centers in Spain, irrespective of its shareholding structure, their size and ownership of capital. Although, company holdings of final beneficiaries could be incorporated in any jurisdiction not legally classified as a tax haven.
   c) For beneficiaries whose tax residence is in a country or territory legally classified as a tax haven or who have direct or indirect participation in companies with tax residence in a country or territory regulated by regulations as a risk or non-cooperative jurisdiction, an analysis will be performed on a case-by-case basis. For these purposes, indirect participation is understood to be the actual ownership of shares or participations that allows control over the entity.
   d) Not have been sentenced by a final sentence for specific crimes, including prevarication, bribery, embezzlement of public funds, influence peddling, fraud, illegal exactions, or urban planning or environmental crimes.
   e) Not have caused the final termination of any contract with the Administration due to guilt.
   f) Be up to date with payment of obligations for the reimbursement of subsidies or public aid.
   g) Be up to date with compliance with tax and Social Security obligations.
   h) Not have requested voluntary bankruptcy; not have been declared insolvent in any procedure; not be declared bankrupt unless an agreement has become effective in this case; not be subject to judicial intervention or disqualification in accordance with Law 22/2003, of July 9, Bankruptcy, without the period of disqualification established in the bankruptcy qualification ruling having concluded.

ii. Instrumental companies created in Spain by a promoter, whether they are of national or foreign origin, will also be eligible to execute projects aligned with the objectives of the Fund, provided that they meet the requirements mentioned in the previous points.

iii. The Fund will finance productive investment projects in Spain carried out by private companies that comply with the criteria mentioned in this Annex, and the Fund's resources will not be used to invest in projects abroad.

iv. Investments shall be made in any sector that contributes to the achievement of the Fund's objectives as indicated in the corresponding measure of the CID approved by the European Council on October 17, 2023. The activities and assets indicated in Annex I will be excluded. Likewise, investment operations that arise in the real estate sector will not be eligible for support from the Fund, unless they are directly affected by a different business activity.