

2016 Sustainability Report

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

COFIDES 

Funding for your investment abroad

COFIDES 
Funding for your investment abroad

Index

LETTER FROM THE CHAIRMAN **02**

INTRODUCTION TO COFIDES **04**

MANAGEMENT AND EXTERNAL FINANCING EFFECTS **07**

COMMUNICATION ON CSR AND DEVELOPMENT **22**

RELATION WITH STAKEHOLDERS **25**

PEOPLE BEHIND THE MANAGEMENT AND THE RESULTS **27**

2016 - 2017 ACTIONS **29**

SUPPLEMENTARY INFORMATION **30**

■ Report parameters **30**

■ Global Compact Principles **34**

■ GRI content index **35**

■ External assurance report **37**



Letter from the Chairman

Since its creation, COFIDES has remained faithful to its constituted mandate which consists of providing financial support for internationalisation projects where there is a Spanish interest promoted by the private sector, along with making a contribution to the economic and social development of emerging or developing countries, as recipients of the financed operations by the Company. As a public-private entity with a public mandate, COFIDES deems additionality as one of its fundamental guiding principles. Therefore, it has focused its efforts and leadership in supporting direct foreign investment, which it offers through its financial products with varying risk profiles and terms and which are more difficult to find in the private financial sector such as capital or quasi-capital. Its commitment is to fulfil its goals in accordance with the instrument regulations, funds or investment vehicles in which it participates, actively complying with the Company's internal policies, as well as the international initiatives and agreements of which Spain is part of and finally to become a responsible financial actor of note, both nationally and internationally.

COFIDES includes the contribution to the compliance of the SDGs in this Report

In 2016, and a year since the three UN Summits were held (Addis Ababa, New York and Paris), the importance of the private sector in the implementation of the core development goals has been verified. For it is now that we can say that the international community has a powerful common agenda for achieving sustainable peace and prosperity on a healthy planet.

With the Sustainable Development Goals (SDGs) and the Climate Agreement in force, we have a plan in place until 2030 that will help guide COFIDES to contribute, within its scope, to tackle the complex challenges that we face. SDGs are universal goals, which by nature are integrated and indivisible and combine the sustainable development dimensions: economic, social and environmental. The private sector is a relevant partner and its financing is our responsibility, reaffirming the commitment made in 2005 with the United Nations Global Compact initiative. For the first time a preliminary analysis was carried out to include COFIDES' contribution to the compliance of the SDGs in this Report. This exercise consolidates the one already started in 2011 with the Millennium Development Goals (MDGs) and will be improved in the future once the impact measurements have been agreed internationally by both the development financing and support stakeholders and by the rest of the international scene, public and private agents, all involved towards achieving these global goals.

The Company pays attention to human and labour rights in different areas. This year, information on this matter has been included in the Report, within the framework of the SDGs and with particular reference to decent work.

COFIDES, as an active member of the EDFI (European Development Finance Institutions) Association, aims to play an important role in the European External Investment Plan framework. To this effect, the Company has taken part in the EDFI's Strategy and Policy Task Force which, among other achievements, has allowed greater flexibility in the shared financial instruments: European Financing Partners (EFP) and Interact Climate Change Facility (ICCF) ensuring for example, that both instruments have a wider geographical scope, helping all eligible countries with official development assistance.

Specifically, and with regard to climate change, following the Paris Agreement ratification, COFIDES carried out a preliminary analysis on the impact of financed operations in this field. The results of this study will enable the Company to design a strategy that will contribute to the transition towards a low carbon economy model and resilience to climate change impacts.

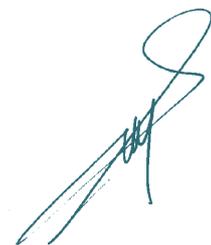
In 2016, COFIDES obtained the accreditation that enabled us to act as an approved co-financier in the EU Blending Facilities framework. Undoubtedly, one of the greatest milestones of the year, after which COFIDES embarked on an intensive period of identifying projects and opportunities, that is already beginning to bear fruit.

Moreover, during 2016, COFIDES continued supporting the Spanish Agency for International Cooperation for Development through its management of the Development Promotion Fund (FONPRODE), sharing its skills and experience, gained through its 25-plus years of activity in financial and non-financial risk analysis at an international level.

Having the principle of transparency as a guideline in all its statements, COFIDES remains committed to disseminating its activity both abroad, through its fluid external communication policy, as well as to its own employees, culminating in 2016 with the new Employee Portal implementation and the launch of an internal newsletter. In both dimensions, external and internal, the Company has consolidated its policy of promoting CSR, with activity (on the web, information seminars, internal training, etc.) related to the dissemination of knowledge on sustainability. In this sense, COFIDES maintains a fruitful relationship with its stakeholders, as reflected in the Report and measures the satisfaction of its clients as a financial actor with a public mandate.

None of these achievements would have been possible without the Company's team. The achievement of being able to permanently rely on enthusiastic people who are committed to working towards the goals of each moment with a strategic outlook in the medium and long term, in a motivated and efficient manner on a daily basis, is hugely satisfying for the Company at all levels and should be an ongoing goal. The improvement of social benefits, flexi-time measures, investment in internal training per employee and dual vocational outdoor activities (social and instructive), and with the involvement of all the people that make up COFIDES, are all actions that attest this shared willingness for continuous improvement. The shared commitment has manifested itself in numerous actions such as taking part in charity runs (Intermon-Oxfam and cancer-related charities) or food collection.

Finally, I would like to highlight the constant support that comes from our project companies, the members of the Board of Directors, FIEX and FONPYME committees, personnel from the different ministries with whom we regularly interact, as well as all our goods and services suppliers, for helping us to reach all these goals.



Salvador Marín Hernández
Chairman and CEO

Introduction to COFIDES

COFIDES as a public-private institution

Compañía Española de Financiación del Desarrollo, COFIDES S.A., S.M.E. (hereinafter COFIDES) is a state and private owned company, established in 1988 with the aim of providing medium and long-term financing to viable overseas private investment projects, where there is a Spanish interest, to contribute both to the development of the host countries as well as to the internationalisation of the economy and Spanish companies. The COFIDES share capital is made up of public entities with 53% shareholding, private banks and a multilateral financial institution. Additional information can be found in the Corporate Governance Report.

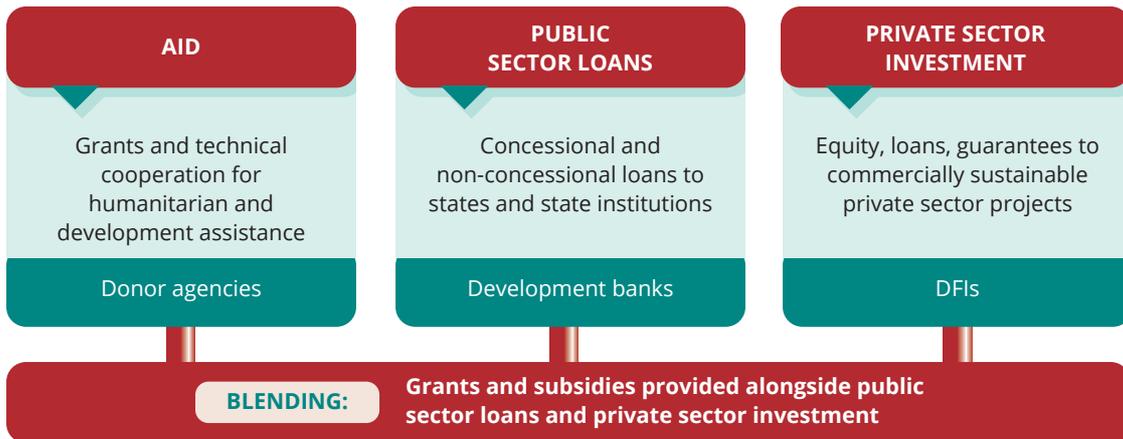
To comply with this dual goal, COFIDES on one hand uses its own resources to finance investment projects in emerging or developing countries and on the other it manages the FIEX and FONPYME funds on behalf of the State (Secretariat for Trade, within the Ministry of Economy, Industry and Competitiveness). These funds were created to finance investment projects abroad regardless of the state of development of the destination country. Overall, COFIDES has the capacity to mobilise resources of around €2,500m.

COFIDES' activity as a private public company, supplements with additionality criteria the resources offered by the market and those provided by the investors of the projects themselves.

COFIDES as a development finance institution

In the international financial architecture relating to development there are mainly three paths for channelling financial resources: official aid, multilateral banks and development finance institutions (DFIs). COFIDES is a member of the DFI group and is a founding member of the EDFI. In 2016, the EDFI published the '[Investing to create jobs, boosting growth and fighting poverty](#)' report, which gives an updated view of the role played by the European DFIs on the international development agenda. The projects financed by the DFIs are characterised by being carried out responsibly, promoting respect for human rights and environmental protection. In this regard, COFIDES establishes alliances with the private sector to finance profitable projects abroad that are correctly managed. COFIDES' integrated project analysis, including the non-financial aspects, is a key factor in ensuring the viability and sustainability of them, as well as to guarantee their commitment towards sustainable development.

Complementary development finance strategies



Furthermore, COFIDES carries out management support activities in the reimbursable funding operations of the FONPRODE, which falls within the remit of the Ministry of Foreign Affairs and Cooperation. Moreover, in 2016 COFIDES obtained European Commission accreditation to manage funds of the Blending Facilities, a financing instrument of the European Union which is articulated through the combination of EU grants from accredited public and private financiers.

COFIDES as a supporting entity in the management of FONPRODE

COFIDES began to support AECID in the management of FONPRODE in October 2015. This support is limited to reimbursable cooperation operations whose goal is the social and economic development of partner countries of the Spanish Cooperation, through investment or economic resource transfers of a reimbursable nature.

During 2016, COFIDES supported the preparation of a financial terms profile, 3 operations' proposals and the formalisation of 2 operations. FONPRODE reimbursable portfolio (85 operations) was 100% monitored and 11 missions were identified on behalf of FONPRODE.

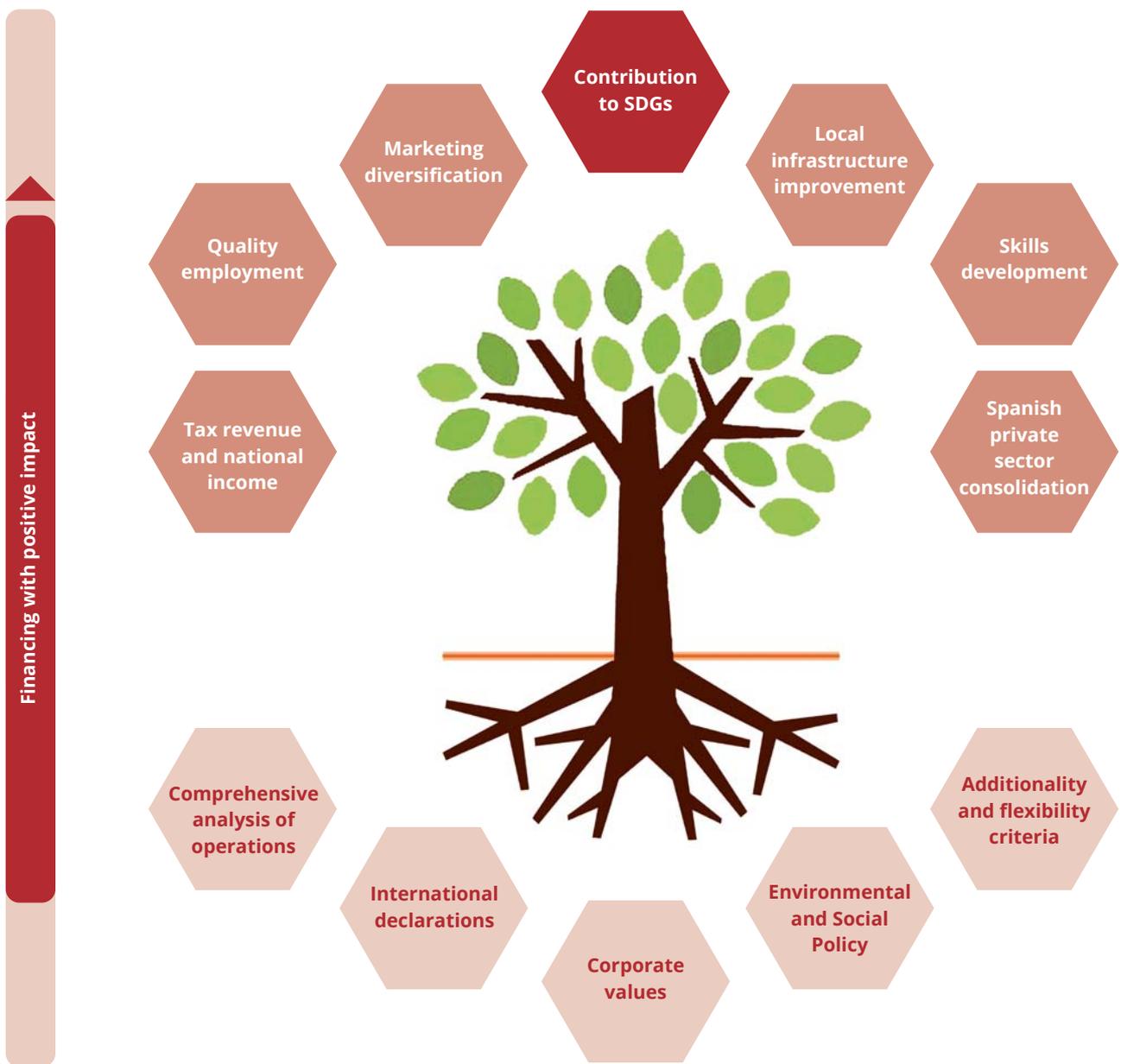
Blending Facilities

In May 2016, COFIDES achieved an important milestone by obtaining the accreditation of the European Commission to act as an accredited co-financier allowing its participation as a leading financial entity in the EU Blending Facilities. The European Commission has continued promoting the creation of Thematic Facilities, which are added to the geographical ones. After launching ElectrIFI, the Commission subsequently launched AgriFI to support projects that promote sustainable value chains in the agricultural sector and contribute to food security. COFIDES is fully integrated in the Blending project cycle, attending technical committee meetings and executive committees of the different facilities, both regional and thematic. In this sense, COFIDES has already begun the work of identifying potential operations.

In parallel, COFIDES regularly attends meetings held in the framework of the EU platform for blending in external cooperation, which discusses the general issues related to Blending instruments. Having obtained the accreditation from the European Commission, COFIDES could have the ability to implement delegated cooperation projects.

Likewise, in 2016, COFIDES became a member of the Social Performance Task Force (SPTF), a non-profit organisation involved in global financial inclusion with the goal of making financial services safer and more beneficial to the population with low levels of banking. COFIDES supports the organisation mission and commits itself to making the best efforts to integrate the standards and good practices for social performance management, as well as to promote them in the dealings with their promoters, in all activities.

This report intends to reflect the financing vision with a positive impact to which COFIDES aspires. To do so, the policies and actions related to the non-financial issues analysis are described first, secondly, to the impact that the Company's financing has on both Spanish companies and on countries that receive the investment, taking as a reference point the 2030 Agenda for Sustainable Development, approved by the UN General Assembly in September 2015.



Management and external financing effects

Management of non-financial aspects in project financing

In June 2016, 15 years will have passed since the adoption of COFIDES' [Environmental and Social Policy](#). This is a practical document, which in addition to setting out the guiding principles, establishes a set of procedural guidelines which give functionality to this policy, through the complete integration of social and environmental aspects in the due diligence process. It is aligned with the international standards of reference in DFIs. It applies to all countries where operations are financed, including those countries carrying a high risk of political or social instability. Its scope includes all the financing instruments of the Company.

The analysis and management process of socio-environmental issues throughout the project life is detailed in the 2015 Sustainability Report. This analysis results in the assignment of an environmental and social rating for each direct investment operation. The table below shows the portfolio profile distribution at 31st December 2016 in relation to these aspects.

Investment Portfolio (%)		
31/12/16		
Rating	Environmental	Social
A	20	16
B+	13	19
B	35	57
C	32	8

All this has made it possible to carry out the follow up of those operations identified as susceptible during their evaluation, in order to know if their development is in line with the requirements established by COFIDES. The monitoring criterion is based on the risk associated with the project and on specific actions that have been requested.

	2016	2015	2014
Operations follow up - Operations reviewed (%)	31	40	48

As planned, during 2016 COFIDES has extended its socio-environmental assessment system to the funds in which it invests, both in the analysis and in the monitoring phase once they have been incorporated into the Company's portfolio.

The socio-environmental and development analysts training is ongoing and in the previous year it focused on issues related to climate change, human rights, gender, health and safety, International Finance Corporation performance standards, as well as on indicators and development projects, with a total duration of 439 hours.

Regarding corporate governance actions, in 2016, the evaluation and follow up tool for projects in this area has been improved and finalised, and discussions have been held with different company profiles to carry out an initial assessment of their involvement and development in this area. This is a step prior to the complete implementation of the tool, both in capital and loan operations and for various company profiles. It has also continued to cooperate with other DFIs in order to make further progress in this area.

External effects of financing projects

COFIDES' mission comprises two inter-related aims: encouraging host country development as well as contributing to the internationalisation of Spanish companies and economy. In this sense, it can be considered that the internationalisation of Spanish companies, as well as the contribution to the economic growth of those destination countries receiving COFIDES investment and provided that this process of internationalisation is carried out with appropriate and responsible management, also positively contributes to the economic growth of Spain. Ultimately, both aspects encourage compliance with the 2030 Development Agenda, since it is a universal agenda applied in all countries.

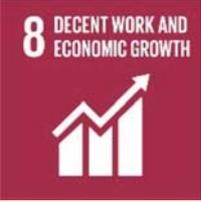
The SDGs represent a key element of this Agenda and constitute a new stage in the global fight against poverty, because despite the progress made in recent years there are still key challenges at a global level. The 17 SDGs and their 169 associated goals, which came into force on 1st January 2016 involve, in a balanced manner the three dimensions of sustainable development, economic, social and environmental. This new international agenda believes that the private sector plays a key role in achieving these SDGs.

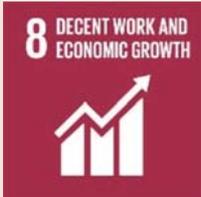
As anticipated, COFIDES has carried out an analysis exercise to understand its direct and indirect contribution, through financing, to the SDGs. The result of matching each goal with information regarding the Company's mission, as well as with the reality that the financed projects show, is included in the following table. Priority SDGs are those in which COFIDES contributes to at least two goals. This analysis exercise consolidates the one initiated in 2011 with the SDGs and will be further refined in the future.



COFIDES moderating a roundtable on SDGs and risk management

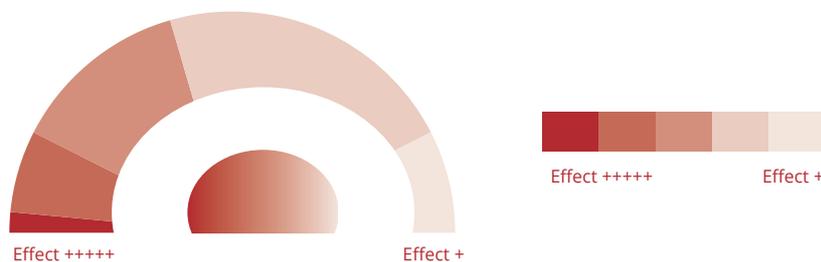
SDGs	GOAL	COFIDES' contribution from the point of view of: Company mission Information on financed projects
	<p>1.1</p> <p>1.a</p>	<p>Eradicate extreme poverty:</p> <p>IFIs 'Contributing to Creating More and Better Jobs' declaration commitment</p> <p>Contribution to job creation in ODA recipient countries:</p> <ul style="list-style-type: none"> • 51,849 direct jobs in direct investment and ICCF and EFP funds • 77,773 indirect jobs • 64,811 induced jobs <p>Wages and salaries (direct employment): €236.66m in direct investment Average daily salary income per person: €23.43</p> <hr/> <p>Ensure resource mobilisation from various sources to provide sufficient resources to developing countries:</p> <p>COFIDES second corporate goal: contribution to the development of countries of investment COFIDES, FIEX and FONPYME intervention capacity (amount): €2,500m Support to the financial, legal, environmental, social and development management of FONPRODE reimbursable operations COFIDES accredited entity to manage the European Commission Blending Facility funds Involvement in ICCF and EFP Facilities</p>
	<p>5.1</p> <p></p> <p>5.5</p>	<p>End discrimination against women:</p> <p>Enforcement of gender policy in financed operations Inclusion of International standards in financing agreements:</p> <ul style="list-style-type: none"> • ILO fundamental Conventions 100 and 111 • ILO Convention 183 • UN Convention on the Elimination of All Forms of Discrimination against Women • Beijing Platform for Action (UN) <hr/> <p>Ensure the full involvement of women in economic life</p> <p>Number of jobs held by women: 7,756 (14%)</p>

SDGs	GOAL	COFIDES' contribution from the point of view of: Company mission Information on financed projects
	<p>8.2</p>	<p>Achieve higher levels of economic productivity through diversification, technology upgrading and innovation:</p> <p>Support to Spanish company internationalisation as a vector of economic growth through diversification and modernisation in the destination countries of investment and innovation in the Spanish private sector</p> <p>Employment data and other aspects of Spanish companies (page 19) Additionality of financing data (page 21) Structural and market effects that help create a modern and diversified economy in 29.89% of projects Transfer of know-how in 66.30% of projects</p>
	<p>8.3</p>	<p>Promote SME growth through access to financial services:</p> <p>Management of FONPYME</p> <p>SME operations account for 50% of the COFIDES / FONPYME joint portfolio</p>
	<p>8.5</p>	<p>Achieve full and productive employment and ensure decent work:</p> <p>Commitment to Statements:</p> <ul style="list-style-type: none"> • IFIs 'Contributing to Creating More and Better Jobs' • 'EDFI Principles for Responsible Financing' <p>Environmental and Social Policy</p> <p>International standards included in financing agreements:</p> <ul style="list-style-type: none"> • ILO fundamental Conventions • ILO Conventions on decent work (remuneration, working hours and health and safety) • UN Convention on the Rights of the Child <p>Contribution to the creation of:</p> <ul style="list-style-type: none"> • 55,125 direct jobs in direct investment and ICCF and EFP funds • 82,687 indirect jobs • 68,906 induced jobs <p>Wages and salaries (direct employment): €353.68m in direct investment</p>
	<p>8.7</p>	<p>Eradication of forced labour and child labour</p> <p>Environmental and Social Policy</p> <ul style="list-style-type: none"> • Exclusion list: COFIDES does not finance projects involving forced labour and/or child labour • Demand for compliance with ILO fundamental Conventions 29, 105, 138 and 182

SDGs	GOAL	COFIDES' contribution from the point of view of Company mission Information on financed projects
	<p>8.8</p> <p>8.10</p> 	<p>Protect labour rights and promote a safe working environment for all workers including migrants:</p> <p>Environmental and Social Policy. ILO fundamental Conventions and others related to decent work, including those on health and safety and migrant workers</p> <p>84.78% projects with professional training 53.26% projects with local management training 46% projects, with a significant social risk had active prevention and health plans</p> <hr/> <p>Strengthen the capacity of domestic financial institutions to expand access to banking and financial services:</p> <p>Involvement in EFP projects</p>
	<p>9.3</p> <p>9.4</p> <p>Pyme Invierte >></p>	<p>Increase the access of small businesses to financial services:</p> <p>Management of FONPYME Pyme Invierte Program (ICEX/COFIDES)</p> <hr/> <p>Upgrade infrastructure and retrofit industries to be sustainable by promoting the adoption of clean and environmentally sound technologies and industrial processes:</p> <p>Most of the supported projects are infrastructure and industry projects that in the host countries involve the adoption of new technologies</p> <p>61.41% industry projects 11.41% infrastructure projects 66.30% projects with transfer of technology and know-how 43% projects with a significant environmental risk have an ISO 14001 certification</p>
	<p>7.2</p>	<p>Increase the share of renewable energy in the global energy mix:</p> <p>ElectriFI Facility Involvement in the ICCF Facility Climate change mitigation projects</p> <p>6,231,551 Megawatts in renewable energy projects</p>

SDGs	GOAL	COFIDES' contribution from the point of view of: Company mission Information on financed projects
	<p>17.5</p> <p>17.17</p>    <p>17.19</p> 	<p>Adopt and implement investment promotion systems for least developed countries:</p> <p>Management support for the reimbursable operations of FONPRODE COFIDES accredited entity to manage the European Commission Blending Facility funds</p> <p>19% projects in countries of the 2012-2016 Spanish Cooperation Plan</p> <hr/> <p>Promote effective public, public-private and civil society partnerships:</p> <p>The triple dimension of COFIDES' public-private partnerships:</p> <ul style="list-style-type: none"> • Shareholders alliance: COFIDES brings together public shareholders (ICEX, ICO, ENISA, CAF) and private shareholders (BBVA, SANTANDER, SABADELL, POPULAR) • Financing alliance: Spanish public financing for investment in the private sector: COFIDES, FIEX, FONPYME, FIEM, FONPRODE (AECID) • Institutional alliance: International and Multilateral Organisations: EDFI, Global Compact, Blending, SPTF, FAO. Agreements with national and autonomous agencies and institutions <hr/> <p>Develop indicators to measure progress in sustainable development:</p> <p>Memorandum regarding IFIs Harmonized Development Results Indicators for Private Sector Investment Operations. Design of tools to measure development effects on direct investment in projects, funds, microfinance and loans to State. Data aggregated for direct investment in COFIDES, FIEX and FONPYME projects.</p> <p>17.24% promoters subscribed to the Global Compact initiative</p>

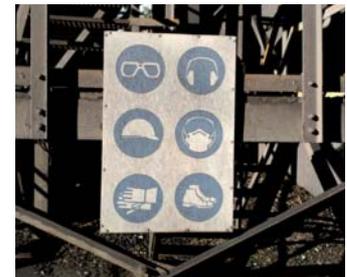
Portfolio project classification by the effect on the development of the destination countries of the investment (%)



COFIDES believes that, through its activity, private investment projects financing, can contribute to the new international agenda especially in two areas: decent work and climate change. Additional and specific information on the Company's actions on both issues can be found below.

Decent work

Decent work includes both the possibility of working and the right to work under appropriate working conditions, taking into account the particular cases of vulnerable groups such as women or migrants. In this sense, you can count on a healthy workforce, with adequate knowledge and skills to carry out productive and rewarding work and to allow full participation in society. The private sector has a clear role in this area because of its key responsibility in creating quality jobs. COFIDES pays attention to human and labour rights in different areas, from the rejection of child labour and forced labour, to the promotion of safe and decent working conditions in financed projects, including the supply chain and vulnerable groups when deemed necessary.



The evaluation of decent work in the projects financed by COFIDES

FRAMEWORK

- IFIs 'Contributing to Creating More and Better Jobs' international declaration (2013)
- EDFI Principles on Responsible Financing (2009)
- UN Global Compact (2005)

POLICIES

- Environment and Social in investments (2001)
- Gender in investments (2015)

ANALYSIS

- Fundamental human rights: child labour, forced labour, non-discrimination and freedom of association
- Health and Safety: Labour Risk Plan and internal management, audits and specialised areas
- Adequate working conditions: working day description, immigrant hiring, salary conditions, social benefits, management systems, certifications and security personnel
- Supply chain
- Risk and social impact rating

CONTRACT

- OECD Guidelines for multinational enterprises
- UN Global Compact
- ILO Conventions: Fundamental + Decent Work + Migrants + Indigenous
- UN Conventions: Children and Women
- Request mechanisms to receive complaints and suggestions
- Information on serious incidents

INDICATORS

- Number of direct jobs : 55,125
- Number of indirect jobs : 82,687
- Average daily salary per person: €31.31
- Women employment: 7,756
- 46% of projects, with socially significant risk, have had active prevention and health plans follow-up
- Projects with employees training: 84.78%
- Projects with local management training: 53.26%

Climate change

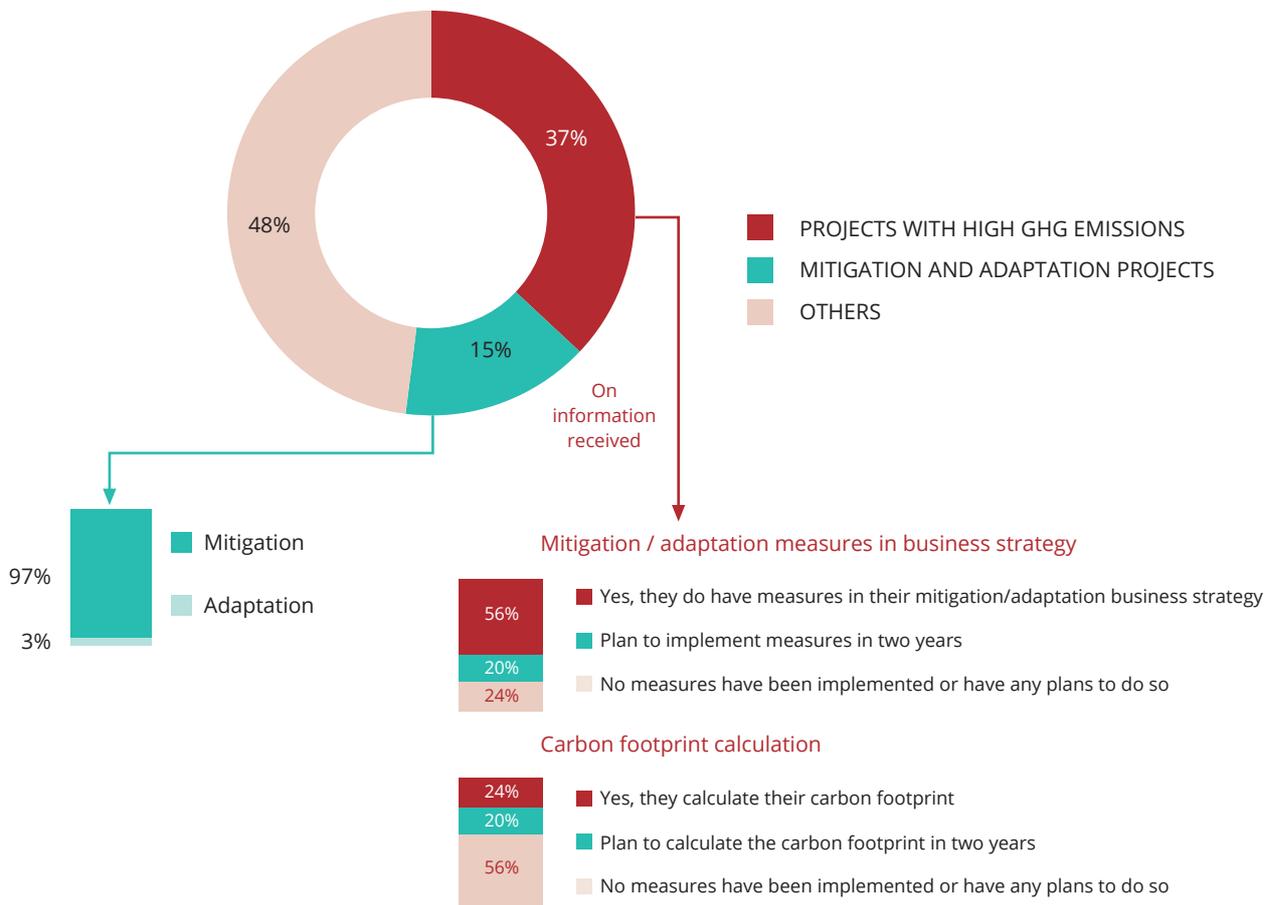
Ratification of the Paris Agreement in November 2016 is consolidating the transition towards a low-carbon economy model and resilience to climate change impacts.

Climate Change Strategy

In 2016, COFIDES made an impact evaluation of its portfolio projects on climate change, through the information request on actions being carried out in the financed projects. Responses were received from 108 projects and a first profile portfolio analysis in this field was carried out.

Through this analysis, the financed projects that belong to sectors with high GHG emissions have been identified, which are those that through improvements can optimise the environmental quality and soften the harmful effects on the environment. These projects account for 37% of the portfolio. Likewise, those funded projects that have a direct benefit in terms of climate change have been identified. These account for 15% of the portfolio, of which 97% correspond to mitigation projects and 3% to climate change adaptation projects. The weight of mitigation versus adaptation investment is in line with the trends observed in the financial resources mobilisation at international level.

At the end of 2016, information on 59% of projects with high GHG emissions had been received. More than half of these projects have already integrated climate change into their business strategy through different initiatives (use of clean technologies, implementation of reforestation programs, energy efficiency plans, among others). Also, 24% calculated their carbon footprint.



During 2016, COFIDES has continued to work on the accreditation process for the Green Climate Fund (GCF). The GCF is an entity of the United Nations Framework Convention on Climate Change (UNFCCC) that funds climate change mitigation and adaptation projects. The GCF is intended to be the centrepiece of efforts to raise climate finance of \$100 billion by 2020, promoting a significant shift towards development paths of low-carbon emissions and resilience against the effects of climate change through program-based strategies driven by the beneficiary countries.

Investment in climate change projects

COFIDES-FIEX funds have been jointly involved in ICCF since 2011, the main purpose of which is to finance private and viable projects that help to mitigate climate change and promote energy efficiency in the countries receiving Official Development Assistance.

In addition, COFIDES-FIEX-FONPYME funds make direct investments to projects that mitigate climate change. In 2016, COFIDES formalised the following projects:

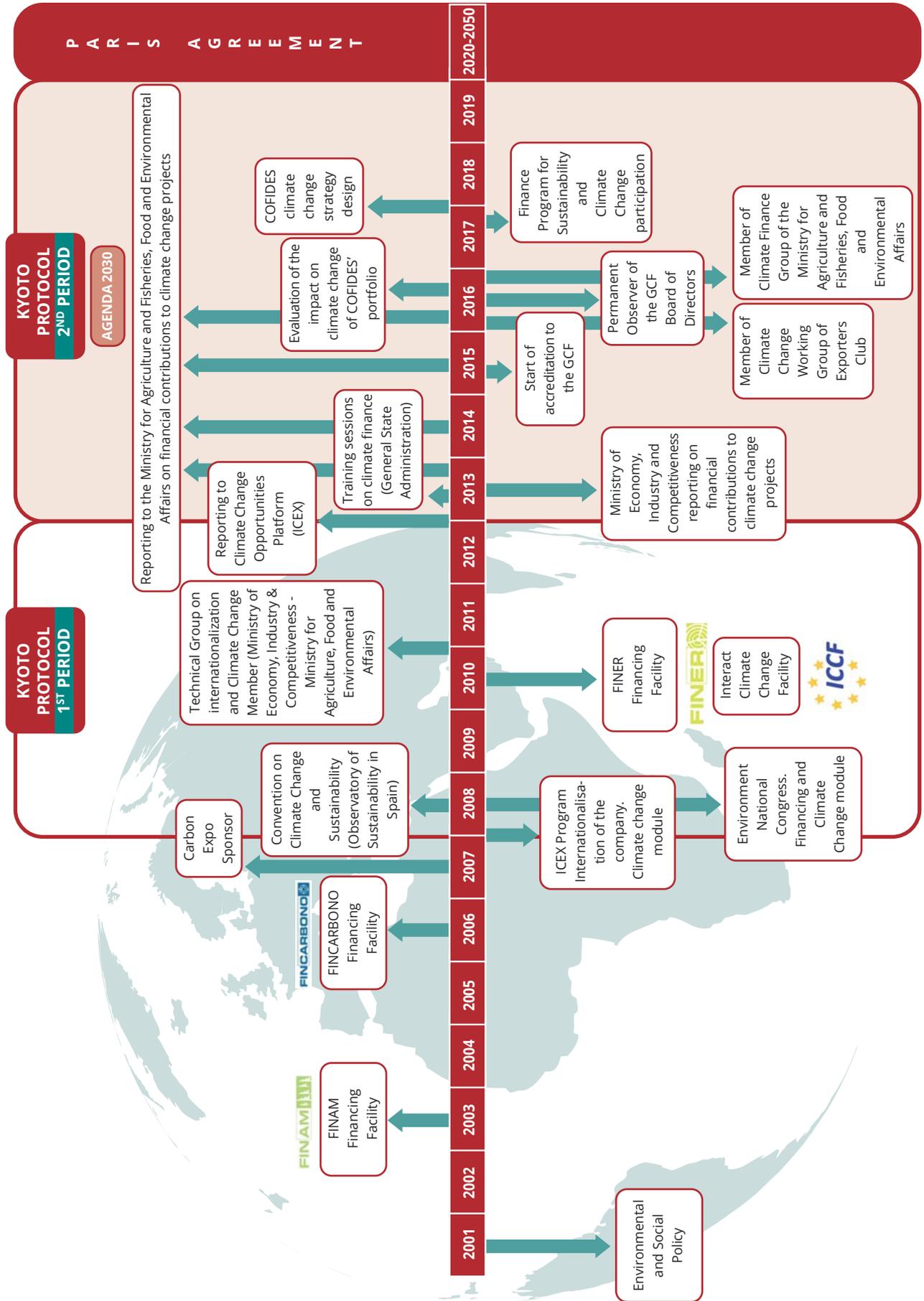
COUNTRY	SECTOR	Estimated annual reduction in emissions (T CO ₂)	FUNDING	AMOUNT COMMITTED by COFIDES/FIEX/FONPYME (€m)
PERU	Hydroelectric power	32.710	ICCF	0,28
HONDURAS	Solar energy	39.800	ICCF	0,91
UGANDA	Hydroelectric power	20.000	ICCF	0,19
INTERNATIONAL	Renewable energy	N.a ¹	FIEX	5
INDIA	Energy efficiency	N.a	COFIDES/FIEX	7,9
CHINA	Solar energy	N.a	COFIDES/FONPYME	0,35

¹ N.a.: Not available

Reporting on climate change

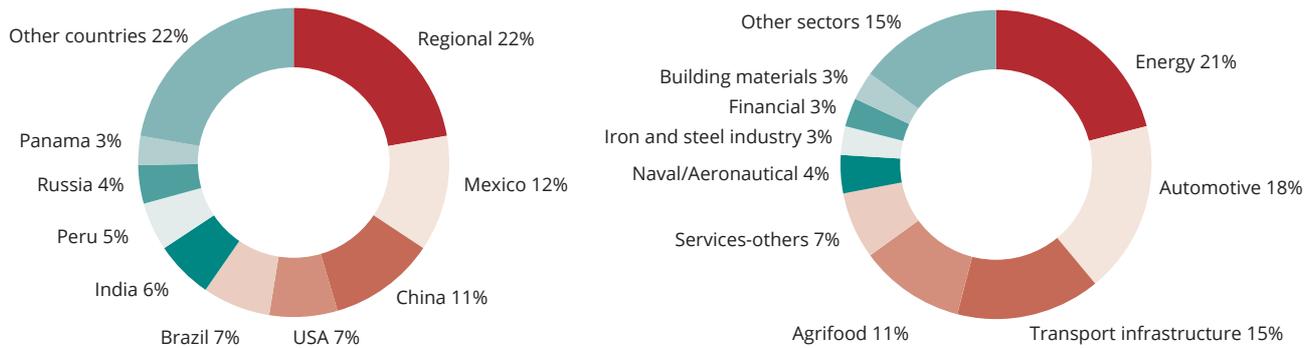
Since 2013, COFIDES has annually reported information on the financial contributions made in non-Annex I countries to the UNFCCC in the fight against climate change to the Ministry of Agriculture and Fisheries, Food and Environment Affairs. This reporting responds to the information reporting obligations that Spain has, in the framework of the UNFCCC and the European Union.

Historical summary of COFIDES' actions on climate change



Internationalisation and development of the Spanish economy

The companies in COFIDES' portfolio have developed their projects in the countries and in the sectors of activity that are detailed in the following graphs.



International financing operations (regional area) are aimed at fostering and promoting the sponsoring company's internationalisation through the granting of financing directly in Spain.

As for the internationalisation impact on the national economy, an analysis on various theories of companies internationalisation, from the classical theory, the product life cycle, Uppsala model and/or Porter paradigm, to the internationalisation theory or the eclectic study of Dunning, among others, stress the fact that internationalisation benefits companies beyond the fact of being a way of selling out their products and/or services, as it also implies positive indirect effects on the company itself, as well as on the productive apparatus of the company country of origin that carries out foreign direct investment (FDI), both in micro and macroeconomic aspects.

The fact that a company invests abroad does not mean that it does not do so in the country of origin, but quite the opposite. FDI is associated with increased domestic investment, because the international expansion of the company and its direct investment are complementary and not mutually exclusive. In addition, by analysing the FDI financed projects by COFIDES, it has been verified how these have clear positive effects also in origin, among others, on the productivity and employment field, as well as the image of Spain; producing a dragging effect on Spanish exports and allowing the development of other capacities as a result of FDI, as well as the development and transfer of new technology.

The information collected on these variables shows the following data relating to the Spanish companies that have received funding from COFIDES.

Employment in Spain of financed companies	Portfolio ¹ (%)		
	31/12/16	31/12/15	31/12/14
Maintained productive activity in Spain	100	100	100
Employment levels created or maintained in Spain:			
- Total	88	81	72
- Of which, SME	91	91	80
Employment created in Spain			
- Total	68	69	59
- Of which, SME	70	77	65
Other benefits for Spanish companies	Formalised (%)		
	2016	2015	2014
Benefit from knowledge transfer to the Spanish company through its local partner	8	13,51	2,33
Exported Spanish capital goods	18	37,84	34,88
Secured their supply chain	14	29,73	25,58

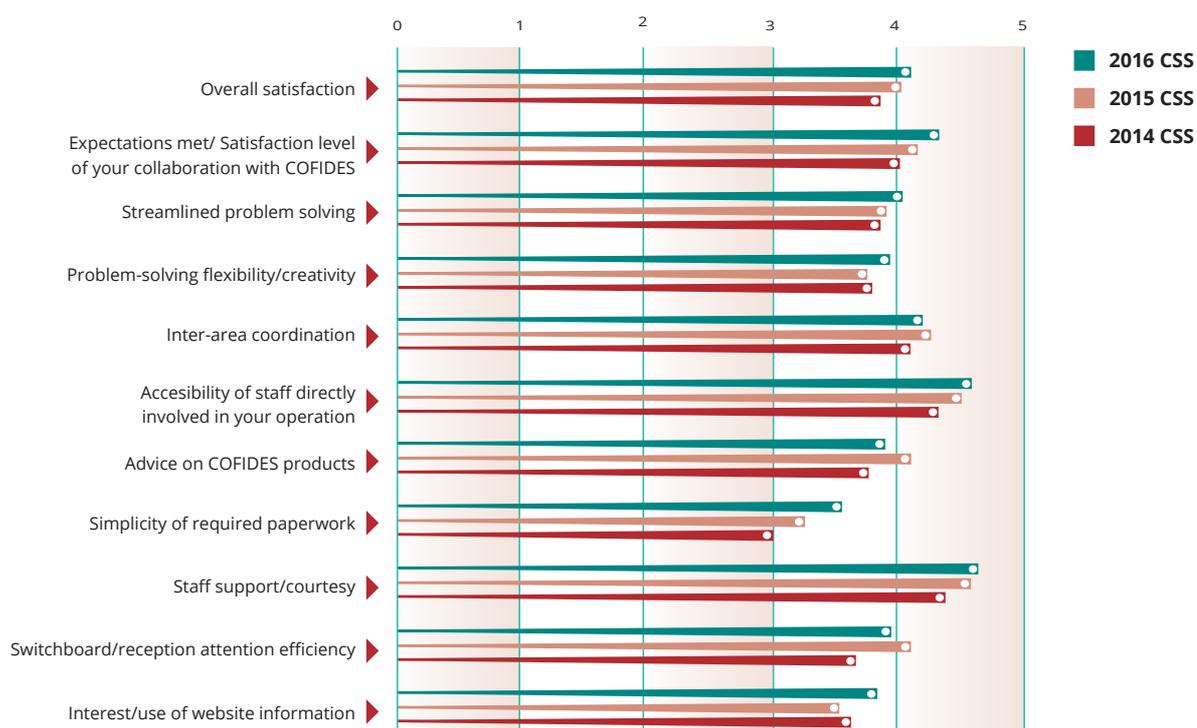
¹ Data obtained from a representative sample

Moreover, it is important to point out the catalytic effect of COFIDES financing which, in the case of approved projects in 2016, was 25 times the amount approved by the Company.

On the other hand, COFIDES considers it essential to know the expectations and needs of the financed Spanish companies, as well as to base their interventions on the principle of additionality regarding the offer of the private financial sector, a key role of its activity. Actions and data in this area are described below.

Customer satisfaction survey (CSS)

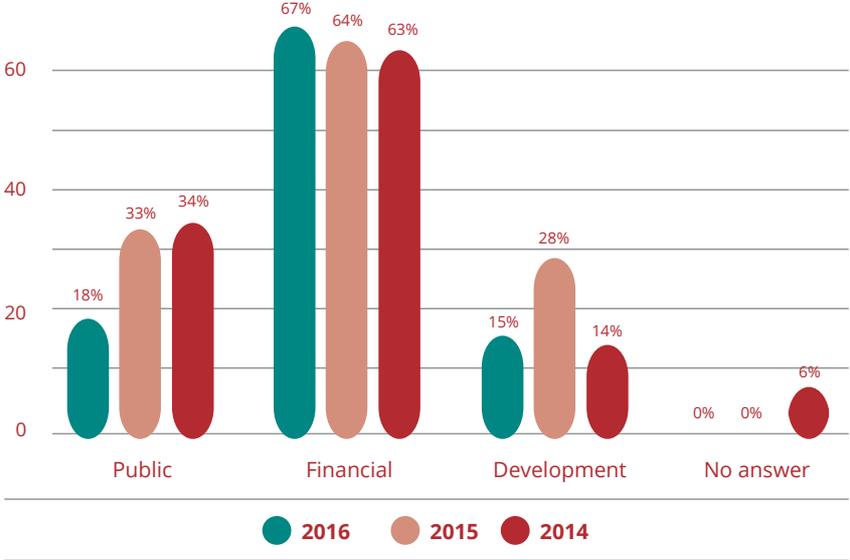
As in the previous year, the COFIDES satisfaction survey was conducted with its business customers to deepen their insight into the positioning of the services provided. From the responses received, one of the key highlights was that SMEs accounted for more than half of the responses received (59%).



As a result of the overall improvement in the assessment of almost all aspects included in the survey, the overall Global Index of Customer satisfaction reached 4.11 (out of 5). This was a significant improvement when compared to 2015 (4.03), and this increase is indicative of the continued Company effort, year-on year to provide the best services and the best financing. It is also very important that the aspect related to the fulfilment of expectations reaches 4.32. It also highlights the high level of customer loyalty, especially when it is considered that all survey respondents mentioned that they would be willing to work with the Company again. The assessment highlights the maintenance of the high levels of quality in the provisioning of services by the Company and its employees last year.

The data provided by the survey on customer perceptions regarding the role of COFIDES being more a financial institution than a public or development entity are also interesting. In 2016 there is a decrease in the perception of COFIDES as a public and development entity with respect to previous years, while the financial aspect perception remains the most relevant. It must be considered that there are survey respondents who view COFIDES in a single dimension and others in varying dimensions.

Evolution in the customer's perception regarding COFIDES dimensions that justify requested documentation



By way of improvement, although the level of documentation requirements being requested has been accepted and this has improved over the previous year, suggestions are still being made to further simplify the procedures for the provision of the required documentation. Likewise, we will work to respond to the demand for more information on the products offered by COFIDES and the conditions that projects must meet in order to access financing. Finally, the corporate web will continue to be promoted, paying special attention to content that may be of more interest to clients.

Additionality and flexibility of COFIDES financing

One of the criteria that guide COFIDES investment is additionality with respect to the offer of the private financial sector. The characteristics of the financing arranged by COFIDES and FIEX and FONPYME funds during 2016 are as follows:

Indicator		Result (% against volume of operations)		
		2016	2015	2014
Financial product	Equity:	10	8.11	2.33
	Joint venture loan:	8	0	0
	Ordinary loan:	78	89.19	83.72
	Subordinated loan:	4	2.70	13.95
Guarantee with promoter resources	Not required:	22	16.22	11.63
Financing period	More than 5 years:	56	48.65	39.53
Grace period	With grace period higher than 2 years:	6	5.40	0
SME financing		62	70.27	41.86
First productive deployment		26	32.43	18.60
Country of investment	High risk:	12	2.70	0
	Medium risk:	32	24.32	23.25
	Low risk:	28	40.54	44.19
	No risk:	28	32.43	32.56

Communication on CSR and development

Current legislation and public plans establish that authorities must maintain a CSR promotion policy. In this sense, actions relating to the dissemination on sustainability knowledge conducted by COFIDES in 2016 are detailed below.

Communication

Information on COFIDES website

The COFIDES website contains information on its Environmental and Social Policy as well as the impact of the Company's activity on countries receiving the funding and on the Spanish economy. Last year's data on external visits were as follows:

	2016	2015	2014
Sustainable investments	418	437	373
Internationalisation & development	1,587	1,431	1,040



In the [Sustainable Investments](#) section, visits to the Environmental and Social Policy as well as international declarations signed by COFIDES, the 'Principles for Responsible Financing' stand out. Regarding the [Internationalisation and Development](#) section, information on Blending project participation was included last year, as well as on the support to the management of FONPRODE. In 2017 it is planned to review and increase the content of the Sustainable Investments section.

Additionally, below is the data relating to the [Sustainability Reports](#) downloads during 2016 and the Globalisation, Development and Non-Financial Risks Handbook published in 2014. The revision of this Handbook, scheduled for 2016, will finally be available on the web in 2017.

	2016	2015	2014
Sustainability Reports	101	98	60
Globalisation, Development and Non-Financial Risks' handbook	34	49	71

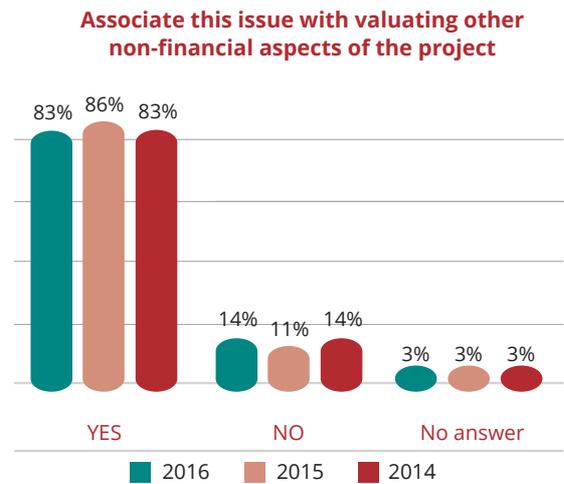
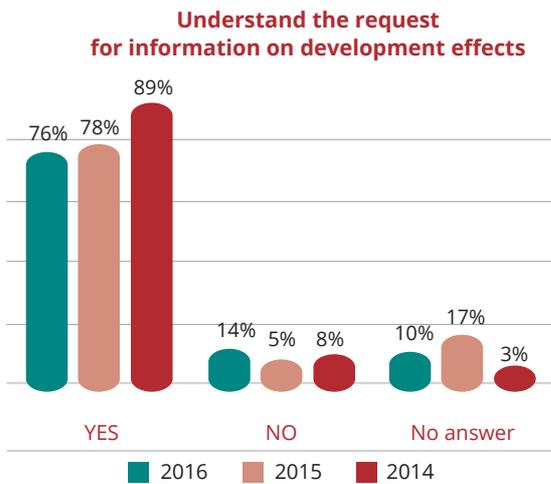
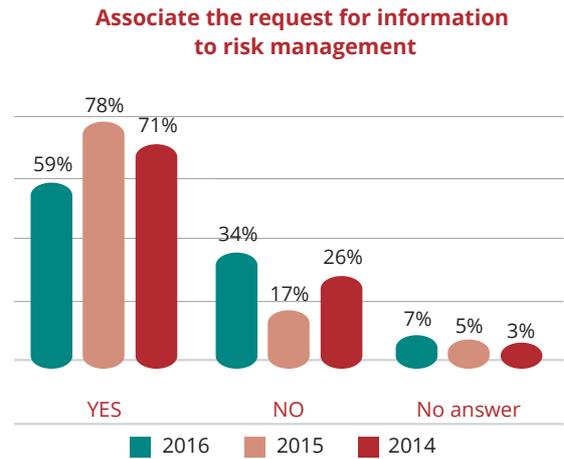
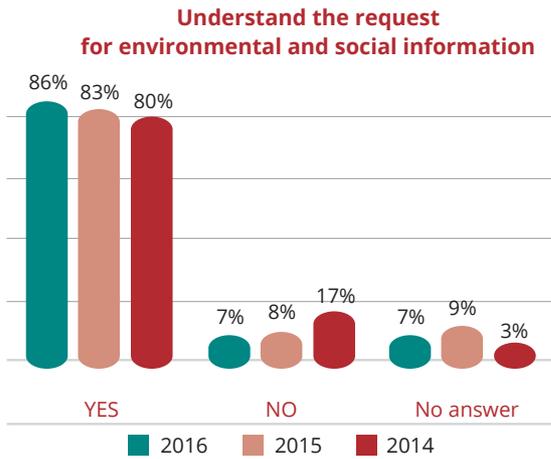
Participation in conferences and collaborations

As in previous years, COFIDES has worked in various forums related to the environmental and social risk management and broader questions on CSR. In 2016 the involvement is summarised in the following table:

Detail of Participation	Organiser
Roundtable on Cooperation Opportunities with the Green Climate Fund	ICEX / Spanish Climate Change Office
Engineering and Climate Action: Green Financing, Regulation and Energy Transition	TECNIBERIA / Engineering and business Foundation
Roundtable on SDGs and risk management	Global Compact Network Spain / CEOE / ICEX / ILO
New possibilities for co-financing Blending projects with the EU	Exporters Club / CEOE / Chamber of Commerce / COFIDES
'Inicia Programme - 2. Company values'. Aimed at preparatory school and senior school students.	Global Compact Network Spain / Rafael del Pino Foundation
Environmental & social aspects working group	EDFI
Development Effectiveness working group	
Social and environmental risk management in International Business Management Master's course	International University Menéndez Pelayo / Centre of Economics and Business Studies

Client companies and non-financial risks

Successful due diligence, encompassing all environmental, social and economic aspects of the project, as well as its impact on development is ultimately dependent on the level of promoter support. COFIDES creates an active dialogue with the beneficiaries of the financing. Since 2014 several questions have been incorporated into the customer satisfaction questionnaire regarding whether companies understood the reasons why they were being asked for environmental, social and development information, and whether they associated these issues with risk management and puts non-financial aspects of projects into value.



Internal training

The 2016 Training Plan included a session on investments complemented with a briefing on non-financial risk analysis as well as on the impact on development, conducted by the Sustainability team. This training session was attended by 44% of employees.

Relation with stakeholders

COFIDES communication channels are enough dynamic to ensure that main issues or concerns of those groups with which it has a direct relationship can easily reach the Company.

Key issues marked in red have been identified as relevant in stakeholder surveys to establish their information preferences.

CATEGORIES	STAKEHOLDERS	TYPE OF RELATIONSHIP	FREQUENCY	KEY ISSUE	COFIDES RESPONSE
SHAREHOLDERS	Private and public shareholders	Shareholders Meetings: Board of Directors Meetings: Collaborative work meetings:	Biannual Monthly Ad hoc	Corporate governance.	Task and instruction fulfilment. Comprehensive and timely information on Company management. Feedback and suggestions receipt and management. Corporate Governance Report. Sustainability Report.
				Management and control.	
				Sustainability.	
				Profitability.	
				Values, principles, regulations and standards.	
				Integral due diligence process.	
				Customer satisfaction survey results.	
				Additionality of financing in the Spanish financial sector.	
				Impact on destination countries of investment (economic, social and environmental).	
				Fight against climate change.	
SDGs achievement.					
Consolidation of financed Spanish companies.					
Information related to COFIDES staff.					
GENERAL STATE ADMINISTRATION	State Secretariat for Trade General Steering for Trade and Investment	FIEX and FONPYME Executive Committee: Institutional thematic meetings:	Monthly Ad hoc	FIEX and FONPYME Funds management.	Guideline development on foreign trade policy.
				COFIDES role in the Spanish Foreign Trade Policy (internationalisation of Spanish companies).	Issue of technical and management reports. Comprehensive and timely information on Company management.
				FIEM Facility - EU Facilities.	Corporate Governance Report.
	State Secretariat for International Cooperation and for Ibero-America AECID	FONPRODE Executive Committee: Bilateral meetings:	Quarterly Periodic	FONPRODE management support.	Planning, identification, analysis, formalisation and monitoring of operations support.
				Ministry of the Treasury and Public Function	Central Government Audit Office (IGAE):
		Court of Auditors	Account Auditing:	Ad hoc	

CATEGORIES	STAKEHOLDERS	TYPE OF RELATIONSHIP	FREQUENCY	KEY ISSUE	COFIDES RESPONSE	
BUSINESS COLLABORATORS	Companies	Negotiation:	Constant	International funding.	Funding contracts.	
		Integrated analysis:		Funding additionality and flexibility.		
		Business meetings, investment forums and seminars:	Ad hoc	Institutional support.	Flexible mechanisms in financing.	
		Satisfaction surveys:	Annual	Agility in processing funding.	State funding.	
	EDFI	Annual General Meeting:	Annual	Valued aspects when making an investment.	Improvement process for operating procedures. ISO 9001 quality certification.	
				Project examples.	Activity Report.	
Consolidation of financed Spanish companies.						
Multilateral institutions	Investment Comitees EFP/ICCF:	Periodic	Co-financing and harmonisation of policies and procedures.	Strategy involvement.		
	Themed working groups:			Investment decisions on co-financed projects.		
CIVIL SOCIETY	Discussion groups	Meetings at different levels:	Ad hoc	Development of the private sector.	Signing of cooperation agreements.	
		Seminars and forums:		Development effects on investment country.	Information commitments.	
CIVIL SOCIETY	NGOs	Reports:	Ad hoc	Effects on development.	Procedures on environmental and social risks management.	
		Workshops and seminars:		Environmental and social risks management.		
HUMAN RESOURCES	Employees	Transparency.	Ad hoc	General State Administration coherence policies in the field of development.	Measurement of development effects.	
		Local community expectations.		Sustainability Report.		
		Internal meetings:	Periodic	Career development.	HR Handbook.	
		Steering Committee meeting notes:	Weekly	Company's culture.	Career Development Plan.	
		Welcome day:	Ad hoc	Social benefits.	Gender Policy.	
MEDIA	National, regional newspapers Technical journals	Family conciliation.	Ad hoc	Values, principles, regulations and standards.	Protocol for labour, sexual and gender harassment	
		Anonymous suggestion box:		Constant	Information related to the staff.	Employees Portal.
		Advertising:		Ad hoc	Consolidation of financed Spanish companies.	Newsletter.
		Press releases:	Constant	Add news.	Communication Plan.	
		Social networks (Twitter, LinkedIn and YouTube):	Constant			
		Advertising:	Ad hoc			

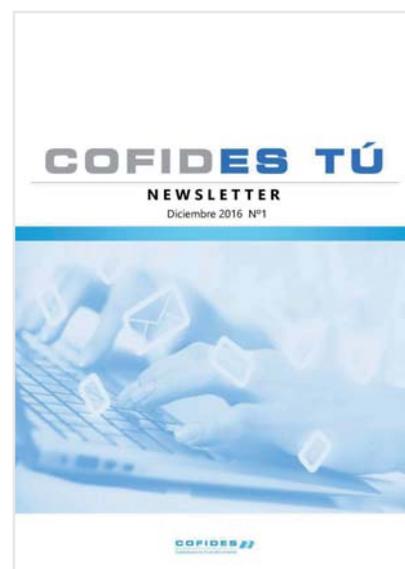
For all interested parties, as well as the channels listed in the table above, the web page is also available and includes a suggestions box, the Annual Report, the Corporate Governance Report and the Sustainability Report. Additionally, the Sustainability Report includes an evaluation questionnaire so that any interested parties leave their comments. Finally, COFIDES has an active presence on social networks, specifically [Twitter](#), [LinkedIn](#) and [YouTube](#).

People behind the management and the results

Staff

The main goal of Human Resources management is to select and train the people that the company needs, providing the necessary means for them to carry out their work with motivation and to try and ensure that people in the company meet their needs by contributing decisively to building a cohesive and committed team with the goal and strategy of the Company.

In this sense, in 2016 several improvements were implemented: an employee portal has been created, a daily use tool that intends to be a useful information vehicle between the company and the employees, which is crucial for the improvement of the Company's internal communication; an internal newsletter has been launched to strengthen internal communication; the Human Resources handbook and the training and work environment procedure have been revised and updated; finally, other measures have been approved, among which stand out the improvement of the package of the employee social benefits and the extension of the intensive workday.



Information regarding the Human Resources team in 2016 is shown below.

Staff	Total: 78	Women (%): 65.38	
	Senior and technical management: 21	52.38	
	Technical team: 47	68.09	
Age groups (%)	Support staff: 10	80.00	
	Under 35: 19.23	53.33	
	36-45: 52.56	68.29	
	46-55: 20.51	68.75	
	Over 55: 7.69	66.67	
Education level (%)	Doctorates//PhDs: 7.89		
	Master//MSc: 56.58		
	Degree//B/BScs: 77.63		
	Diploma//Associate Degrees: 7.89		
	Other specialised courses: 15.79		
Contract type	Nº of employees		
	Permanent staff: 85.90%	Full time	Women: 44
			Men: 22
	Employees with temporary contract: 14.10%	Part time	Women: 1
			Men: -
	Full time	Women: 6	
		Men: 5	
Total employee turnover (%) [[Starters-Leavers]/Total employees]* 100%	Total: 7.69	Women	Men
	Under 35:	1.28	5.13
	36-45:	-	-
	46-55:	1.28	-
	Over 55:	-	-

Absentee rate (%)	0.77		
Average seniority, years	9.41		
Average age	41.69		
Average salary (gross) (Permanent staff)	€46,793.94 (National minimum wage: €9,172.80) Support staff: €26,726.92 Technical management and technical team: €50,442.49		
Average salary (gross) (Permanent staff + Temps)	42,757.97 € (National minimum wage: €9,172.80) Support staff: €26,726.92 Technical management and technical team: €45,186.92		
Social benefits (average for employee)	€4,980.85		
Training	Investment (average per employee)	€1,758.91	
	Total N° of hours: 8,820	Average N° of hours per employee: Senior management: 55 Tech. Manag. & Tech. team: 123 Support staff: 58	
	N° of hours by gender	Women: 111 Men: 117	
Employee information and participation mechanisms	Annual Company meetings: 2		
	Weekly meeting minutes with the decisions made in Steering Committee: 145		
	Suggestion Box	N° of suggestions received and answered:	134
		Accepted (%):	34.3
		Pending resolution (%):	0
Claims (%):		19.4	
Subjects	Complaints (%):	0	
	HR (%):	82.8	
	General services (%):	9.7	
	IT (%):	1.5	
Pending claims at 31/12/15 and resolved in 2016 (%):		6	
		100	

COFIDES continues to support the Employment Strategy and Young Entrepreneurship launched by the Ministry of Employment and Social Security. In 2016 six interns benefited from the signed cooperation agreements:

- ESIC BUSINESS & MARKETING SCHOOL
- ICEX SPAIN TRADE AND INVESTMENT
- EOI
- OTTO VON GUERICKE UNIVERSITY



COFIDES Photography Contest: Sustainable Tourism for Development

2016 - 2017 Actions

Actions planned for 2016	Compliance status
Accreditation of EU Blending Facilities	Completed
Accreditation of the Green Climate Fund	In progress
Development Policy	In progress
Assessment of the contribution of financed projects to the SDGs	Completed
Design and expansion of development effects measurement tools for microfinance instruments and loans to States	Completed
Inclusion of corporate governance questions in operation analysis and monitoring	In progress
Globalisation Development and Non-Financial Risks Handbook update	In progress
General Meeting of Shareholders Procedure	Completed
Revision of the Code of Ethics	Completed
Implementation of an employee portal	Completed

Actions planned for 2017

Refinement of a Development Policy
Accreditation of the Green Climate Fund
Development of a disclosure Policy in the Green Climate Fund framework
Development of an environmental liabilities procedure related to the management of security rights
Evaluation of adherence to new international initiatives on sustainability
Publication of the International Financing, Development and Non-Financial Risk Handbook
Extending the range of information available on the web on sustainable investments
Incorporation of corporate governance issues into operations analysis and monitoring activities

Supplementary information

Report Parameters

The scope of this report is limited to 2016. The data from 2006 to 2009 appears in the UN Global Compact Communication on Progress Reports and data from 2010 to 2015 in the corresponding Sustainability Reports. This constitutes an integrated body of information in itself, so that each Report could refer to specific issues detailed in previous reports. All these reports are available on the COFIDES website. Likewise, it responds to the 2016 Communication on Progress Report, as shown in the section on the Global Compact's Principles.

COFIDES has chosen to report this year in line with the GRI-G4 Core option and it has been externally verified by AENOR.

Materiality analysis

Process and definition of Report content

In 2016, as part of the materiality process initiated in 2015, a query was raised to COFIDES' main stakeholders, with the aim of finding out which subjects they would like to be informed about in the area of sustainability (corporate governance, comprehensive risk management and financing impact). The stakeholders surveyed were: shareholders, members of the Board of Directors, members of the Executive Committees of the Funds, client companies and employees. In later stages, the rest of the groups will be consulted.

KEY ISSUES	Material aspects	Coverage	ANSWER - GRI Indicators. Additional information
COFIDES Corporate governance: - Decision-making bodies - Control system - Risk management - Compliance systems	COFIDES governance	ID	G4-34 CGR - Section 6: Control system CGR- Section 7: Risk Management
	Compliance	ID	SO8
	Customers' privacy	ED	PR8
	Anti-corruption	ID & ED	SO4; SO5
COFIDES values, principles, standards and norms	COFIDES values, standards and norms	ID & ED	G4-56 CGR - Section 5.3 (Ethics Code)
Investment project examples	Investment project examples	ED	Activity Report

KEY ISSUES	Material aspects	Coverage	ANSWER - GRI Indicators. Additional information
Comprehensive due diligence process (with special emphasis on socio-environmental issues)	Product Portfolio Shareholder activism	ED	Management approaches: Financial sector, Environment, Social FS6; FS10
Business customer satisfaction	Products and services labelling	ED	Management Approach: Product responsibility PR5
COFIDES additionality of financing in the Spanish financial sector	Indirect economic impacts	ED	EC8
Impact on destination countries of investment:			
- Economic	Economic performance Indirect economic impacts	ED	EC1; EC8
- Environment	Emissions	ED	Management approach: Environment FS10; EC2; EN15
- Social	Employment; Investment; Local Communities	ED	Management approach: Financial and Social FS10; LA1; HR1; HR2; SO1
Fight against climate change	Economic performance Indirect economic impacts	ED	EC2; EC8 Climate Change section
SDGs achievement	Indirect economic impacts	ED	EC8
Consolidation of financed Spanish companies	Indirect economic impacts	ED	EC8
Information related to the staff	Employment; Training and education; Diversity and equal opportunities; Equal remuneration for women and men; Grievance mechanisms; Economic performance	ID	Management Approaches: Labour Practices LA1; LA3; LA9; LA12; LA13; LA16; EC1

The table of relations with interest groups shows the topics that each of the groups consulted considered more relevant to be kept informed. In general terms, the content of the published reports adequately reflects these information preferences. However, this study needs to be extended to the other stakeholders.

Report coverage, scope and limits

This report includes information on risk management and the impact on the development of the operations financed, that is, the financing of projects (external dimension). Regarding the internal dimension, the Report provides the data considered to be relevant in order to understand the internal management of the Company. The impact of COFIDES can be summarised as follows:

Scope	Impact on Sustainability	COFIDES' influence	Priority ¹
INTERNAL DIMENSION	Low	High	Low
EXTERNAL DIMENSION Investment in funds	High	Medium	High
EXTERNAL DIMENSION Investment in loans	High	Medium	High
EXTERNAL DIMENSION Equity investment	High	High	High

¹ Refers to the preference for providing related data on the effects of financing over the internal dimension, since the sustainability impact of the first ones is higher than subsequent ones.

The report includes information on projects formalised in 2016 as well as the project portfolio as of 31st December 2016. The indicators currently obtained in COFIDES relate to the non-financial aspects of the projects, which are based mainly on the information provided by the promoters of the projects during the different due diligence phases. Although the project analysts of the different specialities are responsible for checking the information received, it is not possible to accept the non-financial information with the same guarantees as the audited financial information of the projects. By maintaining a systematic and permanent attention to, not only the financial aspects of the projects but also to the other aspects that guarantee their sustainability, the goal of COFIDES is to achieve a systematisation in the information that allows a value to be assigned against these questions, both in internationalised companies and COFIDES itself. The information on external effects does not include data from previous years, as the portfolio constantly changes, through the investment in new projects each year, whilst disinvesting from others. The compilation of data on external effects is necessarily limited to direct investment with underlying projects, thus excluding international financing and funds.

As already noted, the data on the projects and the companies financed are based on the information provided by the companies. No sampling techniques are used nor it is based on any hypothesis. The effort is focused on obtaining the greatest number of possible answers, to then carry out a data collection exercise and a linear aggregation of them. The indicators related to the internal dimension are compiled by the corresponding areas and added linearly.

Additional information

The description of the four-category rating included in the 'Management of non-financial aspects in project financing' section is as follows:

Risk/Impact	Description
A: High	Risk and/or potential negative impact of varying diversity, severe, usually irreversible or without precedent.
B+: Medium-High	Risk and/or moderate potential negative impact and mainly, localised and reversible specific characteristics that may generate risks or impacts of greater magnitude and scope.
B: Medium	Risk and/or potential negative impact, mainly, localised and reversible which may be effectively mitigated by known and proven measures.
C: Low	Risk and/or potential negative impact with little or no significance.

Moreover, throughout the Report, information on the financial vehicles of the EFP and the ICCF is provided. More information about them can be found in the Activity Report and in www.edfi.be.

Finally, for the indirect jobs calculation, please refer to pages 9 and 10, overall it is estimated that each direct job generates 1- 2 indirect jobs, which refers to the goods and service suppliers need for production; meanwhile, the induced jobs are generated by increased demand linked to new employee earnings, although the estimate varies, it is generally considered one new job is created for every two either direct or indirect.

As ever, COFIDES is open to receiving feedback and comments on this report from interested parties. For this, there is a questionnaire at the end of the Report for comments that will go towards improving the information provided in the report. Further information on any aspect of this Sustainability Report may be obtained from lola.vazquez@cofides.es.

Global Compact Principles

Area	Principles	COFIDES Sustainability Report
Human rights	1.- - Businesses should support and respect the protection of internationally proclaimed human rights.	Due diligence on investment.
	2.- Businesses should make sure they are not complicit in human rights abuses.	Decent work.
Labour rights	3.- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Compliance with the ILO Conventions numbers 87 and 98 on collective bargaining and right of association.
	4.- Businesses should uphold the elimination of all forms of forced and compulsory labour.	Compliance with ILO Fundamental Conventions 29 and 105 on the elimination of forced labour.
	5.- Businesses should uphold the effective abolition of child labour.	Compliance with ILO Fundamental Conventions 138 and 182 on the abolition of child labour.
	6.- Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Compliance with ILO Fundamental Conventions 100 and 111 on the elimination of discrimination in employment and occupation.
Environmental	7.- Business should support a precautionary approach to environmental challenges.	Due diligence in the investment.
	8.- Businesses should undertake initiatives to promote greater environmental responsibility.	Due diligence in the investment. Climate change.
	9.- Business should encourage the development of environmentally friendly technologies.	Climate change.
Fight against corruption	10.- Businesses should work against corruption in all its forms, including extortion and bribery.	Compliance with the OECD Anti-bribery Convention.

Gri content index

G4- Content Index - Financial Services Sector Supplement			
GENERAL STANDARD DISCLOSURES			
Profile	Description	LOCATION	Remarks
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organisation.	2-3 AR 2-4	
Organisational Profile			
G4-3	Name of the organisation.	CGR 2	
G4-4	Primary brands, products, and services.	AR 4	https://www.cofides.es/en/products/
G4-5	Location of the organisation's headquarters.	CGR 2	
G4-6	Number of countries where the organisation operates, and names of countries where the organisation has significant operations.	18 AR 12-13	
G4-7	Report the nature of ownership and legal form.	CGR 2	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	10;18 MR 40; AR 6-9	
G4-9	Scale of the organisation, including: Total number of employees, total number of operations, net sales, total capitalisation, quantity of products or services provided.	27 FS 55-59; MR 38-42	
G4-10	Total number of employees by employment contract and gender. Report any significant variations in employment numbers.	27	See evolution in pages: SR 2013: 28; SR 2014: 27; SR 2015: 27
G4-11	Percentage of total employees covered by collective bargaining agreements.		100% (Bureaus and Offices Labor Agreement)
G4-12	Describe the organisation's supply chain.		COFIDES contracts consulting services in relation to its financial activity. The location of the consultants hired in 2016 was:18 in Spain, 1 in Brazil, 1 in Portugal, 1 in Argentina and 2 in USA. Additionally COFIDES acquires products and services for the Company head offices.
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.		First exercise complete of providing advisory service for the FONPRODE and development of new financing lines, which has resulted in an increase of the Company's workforce. Other operating expenses have seen a decrease because of a cost reduction policy compared to the previous year in which major expenses had to be absorbed due to the change of head offices. No change in ownership.
G4-14	Report how the precautionary approach or principle is addressed by the organisation.	6-7	The precautionary principle relates to the integrated risk management in financing.
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.		https://www.cofides.es/en/international-statements/
G4-16	List memberships of associations and national or international advocacy organisations to which the organisation belongs.		European Development Finance Institutions (EDFI) http://www.edfi.be/ Global Compact Network Spain http://www.pactomundial.org/ The Spanish Venture Capital & Private Equity Association (ASCRI). http://www.ascr.org/
Material Aspects and Boundaries			
G4-17	List all entities included in the organisation's consolidated financial statements. Report whether any entity included in the organisation's consolidated financial statements is not covered by the report.		Not applicable.
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	30-32	
G4-19	List all the material Aspects identified in the process for defining report content.	30-31	
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	30-32	
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	30-32	With regard to geographical areas and according to the interests of the State Secretariat for Trade, COFIDES is allocating FIEX and FONPYME resources to countries of the Comprehensive Market Development Plans (PIDM), an action that is embodied by the company's commercial policy as well as in the design of financial instruments (country lines). https://www.cofides.es/en/financial-instruments/
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.		No significant changes.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.		No significant changes.
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organisation.	25-26	
G4-25	Basis for identification and selection of stakeholders with whom to engage.		Identification was conducted by COFIDES CSR team whilst completing previous Sustainability Reports and has been validated by the area management and COFIDES Chairman and CEO. In 2016 the identification made in 2015 has been ratified.
G4-26	Organisation's approach to stakeholder engagement, including frequency and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	25-26; 30	Stakeholders such as AECID, EDFI and think tanks will soon be consulted. In 2016, no SR feedback via the questionnaire was received, nor were any comments made with regard to feedback on social networks.
G4-27	Key topics and concerns that have been raised through stakeholder engagement. Report the stakeholder groups that raised each of the key topics and concerns.	25-26	
Profile			
G4-28	Reporting period for information provided.		01/01/16 - 31/12/16
G4-29	Date of previous report.		Sustainability Report 2015 (Published in June 2016).
G4-30	Reporting cycle.		Yearly
G4-31	Contact point for questions regarding the report or its contents.		lola.vazquez@cofides.es
G4-32	Report the 'in accordance' option the organisation has chosen. Report the reference to the External Assurance Report.		Essential option
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the report. Report the scope and basis of any external assurance provided.		AENOR certifies the Quality Management System. The senior management has approved the request for the external verification of the Report.
Governance			
G4-34	Governance structure of the organisation, including committees of the highest governance body.	CGR 5-12	
Ethics and Integrity			
G4-56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	CGR 15	https://www.cofides.es/en/mission-vision-and-values/

FINANCIAL SERVICES INDICATORS					
Indicator	ID	ED	LOCATION	Remarks	
	Disclosure on management approach.		X	4-7; 10; 18	
Product Portfolio					
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME, large) and by sector.		X	10; 18	
Active Ownership					
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.		X	6-7	
ECONOMIC PERFORMANCE					
Indicator	ID	ED	LOCATION	Remarks	
	Disclosure on management approach.	X	X	ID: 25-26; ED: 8-21	
Economic Performance					
EC1	Direct economic value generated and distributed.	X	X	ID: MR 38; FS 55-57 ED: 8-13	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.		X	15-17	
Indirect Economic Impacts					
EC8	Significant indirect economic impacts, including the extent of impacts.		X	8-21	
ENVIRONMENTAL					
Indicator	ID	ED	LOCATION	Remarks	
	Disclosure on management approach.		X	6-7; 15-17	Trips are determined by the commercial activity and the company investments.
Emissions					
EN15	Direct greenhouse gas emissions.		X	15-17	CO ₂ emissions (Kg): Plane: 96,460; Train: 1,472. Data provided by COFIDES' travel agency. Data for FONPRODE missions are also included. See evolution in pages: SR 2013: 31; SR 2014: 29; SR 2015: 35.
SOCIAL: Labour Practices and Decent Work					
Indicator	ID	ED	LOCATION	Remarks	
	Disclosure on management approach.	X	X	ID: 24; 27-28 ED: 6-14	
Employment					
LA1	Total workforce by employment type, employment contract, and region.	X	X	ID: 27 ED: 14	ID Indicator: See evolution in pages: SR 2013: 28; SR 2014: 27; SR 2015: 27 ED indicator: number of direct positions, and positions taken up by women.
LA3	Return to work and retention rates after parental leave, by gender.	X			100% re-incorporation and retention. 3 men and 2 women were entitled to a paternity/maternity leave.
Training and Education					
LA9	Average hours of training per year per employee by gender, and by employee category.	X		28	See evolution in pages: SR 2013: 28; SR 2014: 27; SR 2015: 28.
Diversity and Equal Opportunity					
LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	X		27 CGR 9	In 2016 COFIDES continued to be compliant with the Law on the Integration of People with Disabilities, through its own employment hiring policy. Additionally, it contracts services from Special Employment Centres.
Equal Remuneration for Women and Men					
LA13	Ratio of basic salary of women to men.	X		28	There are no differences since the basic salaries are set forth in the Bureaus and Offices Labour Agreement.
Labour Practices Grievance Mechanisms					
LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms.	X		28	Each year, a detailed report on the suggestion box results is sent to all employees. Complaints are mostly related to human resources issues and typically are of little relevance to everyday activity.
SOCIAL: Human Rights					
Indicator	ID	ED	LOCATION	Remarks	
	Disclosure on management approach.		X	6-7; 14	
Investment					
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		X	6-7; 14	
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		X		18 hours of training. 3 employees.
SOCIAL: Society					
Indicator	ID	ED	LOCATION	Remarks	
	Disclosure on management approach.	X	X	ID: CGR 21; ED: 6-7	
Local Communities					
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		X		In 2014 this question was included in the new development impact form. However no systematic information on it has been obtained.
Anti-corruption					
SO4	Communication and training on anti-corruption policies and procedures.	X	X		Since 2013, COFIDES has had a foreign public official anti-corruption procedure in place for all financed operations.
SO5	Confirmed incidents of corruption and action taken.	X	X	CGR 21	
Compliance					
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	X			In 2016 there were no fines or sanctions.
SOCIAL: Product Responsibility					
Indicator	ID	ED	LOCATION	Remarks	
	Disclosure on management approach.		X	19-20	
Product and Service Labeling					
PR5	Result of surveys measuring customer satisfaction.		X	19-20	
Customer Privacy					
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		X		In 2016 there were no complaints of this type. COFIDES has put in place specific procedures to ensure compliance with existing legal requirements related to privacy and the handling of confidential data.
ID: INTERNAL DIMENSION; ED: EXTERNAL DIMENSION SR: Sustainability Report; CGR: Corporate Governance Report; AR: Activity Report; MR: Management Report; FS: Financial Statements					

Feedback questionnaire

We hope that the contents of this report have proved to be of interest to you. Any comments you would like to make will help us to improve. Please send any feedback to lola.vaquez@cofides.es. Thank you.

STRICTLY CONFIDENTIAL

Company name and address: (optional)

Name: (optional)

Position

Financial specialist

Public Administration

CSR specialist

Others

Civil Society

Email (optional)

1- How would you score COFIDES' Sustainability Report overall?

Extremely useful

Not useful at all

1

2

3

4

5

2- Please assess the Report in terms of the following:

Good

Normal

Poor

Information Quality

Ease of understanding

Thoroughness

3- Do you think that the Sustainability Report adequately reflects the economic, social and environmental management of the financed projects?

High

Low

1

2

3

4

5

4- Do you think that the Sustainability Report adequately reflects the development effects of the projects financed?

High

Low

1

2

3

4

5

5- What sort of information would you like to see in future reports?

6- Questions:





Edited by:

Compañía Española de Financiación del Desarrollo, COFIDES, S.A. S.M.E.
Paseo de la Castellana, 278
28046 Madrid
Telephones: (+34) 91 562 60 08 / (+34) 91 745 44 80
Fax: (+34) 91 561 00 15
www.cofides.es

Coordination:

COFIDES Financing for Development and Sustainability Division

Translation:

Amaya Martínez

Design:

Pictorama S.L.

Photographs:

Project in South Africa. Page 14

Photograph provided by:

Global Compact Network Spain. Page 8

Edition date:

June 2017

2016 Sustainability Report

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

COFIDES 

Funding for your investment abroad