



Institut Català  
de Finances



Generalitat  
de Catalunya

# INSTITUT CATALÀ DE FINANCES GROUP SUSTAINABILITY REPORT 2023

# 01 LETTER FROM THE CEO



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## LETTER FROM THE CEO

Public development banking and sustainability are inextricably intertwined. Like the rest of the world, Catalonia faces the overarching challenge of making economic growth compatible with environmental and social sustainability. At the ICF Group we are mindful of this challenge and we are committed to ensuring our business operations play a key role in this process of transformation of the Catalan economic landscape. We are aware that very long-term financing and investment, the core of our business, needs to be a lever for enterprises and organisations to undertake the projects required to decarbonise, grow and hire more and better staff or unlock social transformation initiatives.

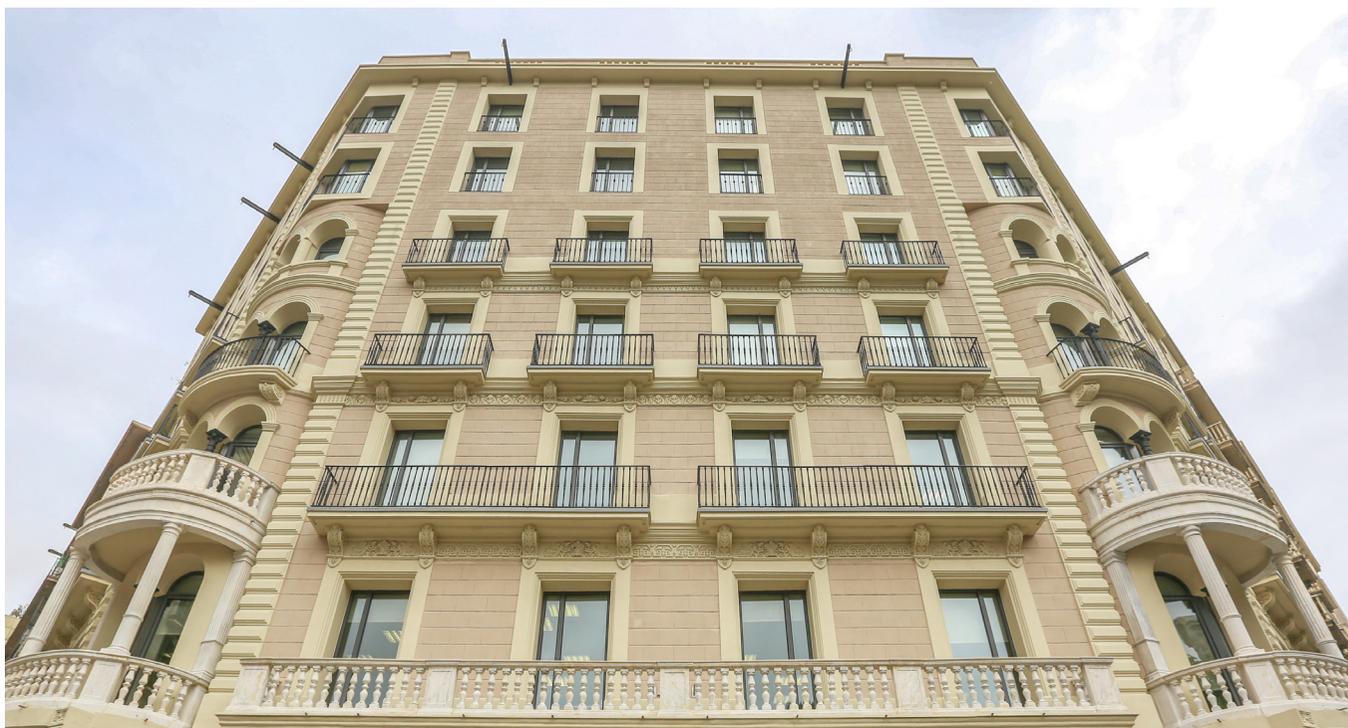
Our sustainability review for 2023 shows that we are on the right track as one out of every two euros in loans and guarantees has been earmarked for projects meeting environmental, social and governance (ESG) criteria, and this is good news.

From the environmental standpoint, 2023 in our country has been shaped by an unprecedented drought, the worst on record. The ICF has stood by the sector hardest hit by this drought; the primary sector. Our Agroliquidity facility, made possible by an agreement with the Ministry of Climate Action, Food and Rural Agenda, has helped over 1,200 farmers and stockbreeders with funding to the tune of EUR 77 million. This has enabled them to meet specific liquidity needs and cope with the drought better. Supporting one of the country's strategic sectors in times of hardship is part of our mission.

In addition to financing the primary sector, we have also funded projects for irrigation communities, industries and other services to upgrade their water usage systems and cut their water use. Our customers report that these projects have saved 38,640 m<sup>3</sup> of water per year, the equivalent of the annual use of 905 people or 43 Olympic-size swimming pools. Our goal for 2024 is to ensure that our funding not only helps to make

sectors more resilient to potential water restrictions but also enables them to cut the amount of water they use.

This year, we have calculated the carbon footprint of our entire business for the first time. As a financial institution, the bulk of our footprint (99%) is produced by the operations of the enterprises and projects we finance. Unpacking the data shows that our activity has



released 1.2 million tonnes of carbon dioxide equivalent into the atmosphere. This figure on its own tells us relatively little, but it will provide us with a baseline to see whether we can reduce or offset it over the coming years by funding more green projects which sequester carbon or prevent greenhouse gas emissions.

Sustainability has long since ceased to mean only environmental sustainability. The United Nations and the European Union are leading the way in terms of socioeconomic development goals. Here too, Catalonia's public development bank has a crucial role to play. In 2023, we have continued to strive to mitigate one of the greatest challenges in this area in our country: access to housing. Government of Catalonia figures show that over the last ten years, the cost of rental housing in Catalonia has gone up by 55%.<sup>1</sup> This increase, which is also found in other parts of Europe, has a special impact in our country because our public rental stock is well below the European average; in Spain it stands at 2.5%, while in the European Union as a whole it is 9.3%.<sup>2</sup> Over the last few years, ICF funding has enabled more than 2,400 price-protected housing units to be put on the rental market. We are aware that the social housing

sector, driven mainly by local councils and foundations, has plans and projects to try to meet the target of 300,000 publicly-subsidised housing units in twenty years.

This report outlines in greater detail the ICF Group's endeavours in 2023 to pursue its goal of furnishing a genuine lever for transforming economic activity in Catalonia to make it more environmentally and socially sustainable.



**Vanessa Servera i Planas**  
Consellera delegada de l'ICF

<sup>1</sup> Government of Catalonia housing statistics [https://habitatge.gencat.cat/ca/dades/indicadors\\_estadistiques/estadistiques\\_de\\_construccio\\_i\\_mercat\\_immobiliari/mercat\\_de\\_lloguer/lloguers-per-ambits-geografics](https://habitatge.gencat.cat/ca/dades/indicadors_estadistiques/estadistiques_de_construccio_i_mercat_immobiliari/mercat_de_lloguer/lloguers-per-ambits-geografics).

<sup>2</sup> Chair in Housing and Future at Pompeu Fabra University (page 5): [https://www.upf.edu/documents/244440153/248756268/Policy\\_brief2+C%C3%A0tedra+HiF--+Col%C2%B7Laboraci%C3%B3+Publicoprivada\\_def.pdf/atd23940-0562-742f-b52f-f0e71b981c2f](https://www.upf.edu/documents/244440153/248756268/Policy_brief2+C%C3%A0tedra+HiF--+Col%C2%B7Laboraci%C3%B3+Publicoprivada_def.pdf/atd23940-0562-742f-b52f-f0e71b981c2f).

# 02

# THE ICF



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This ICF Group sustainability report for 2023 is a compilation and summary of all the institution's non-financial information. Although the institution has been keenly aware for years of the importance of mainstreaming environmental and social criteria in its business operations, gathering comparable and verifiable data is still a challenge.

98% of the ICF's customers are entrepreneurs or SMEs with a strong focus on business performance and maintaining and growing their operations, yet they have relatively small structures. This poses a problem when trying to compile key information. A significant part of the data in this report has been calculated by aggregating information provided by customers and setting the ICF's own criteria to decide whether a financing transaction can be considered green or social. In 2024, the ICF will need to further define these criteria more clearly and in line with EU regulatory requirements.

This year it has been useful to draw on the advice of the European Investment Bank (EIB) through consultants PricewaterhouseCoopers®, which in addition to training our teams in the EIB's tools for classifying green operations has also helped the risk screening teams to get more tools to review transactions from the sustainability standpoint.

The structure of this report is based on the ESG initialism. After an introduction to the ICF (section 3), our environmental efforts (E) are outlined in section 4 followed by social aspects (S) in section 5. These two sections have a similar internal structure: first, background is provided for each area, then actions in credit investments are examined followed by venture capital actions, and finally the ICF's in-house endeavours. The sixth and final section covers the ICF's internal governance (G) on sustainability and provides an overview of in-house policies.



## 2.1 The group

The ICF is the Government of Catalonia's public development bank and our mission is to cater for the financing and investment needs of the Catalan business community and social organisations. With financing solutions based on loans, guarantees and venture capital investment, the ICF contributes to the Catalan economy's growth, innovation and sustainability.

### We meet the financing and investment needs of the Catalan business and social communities

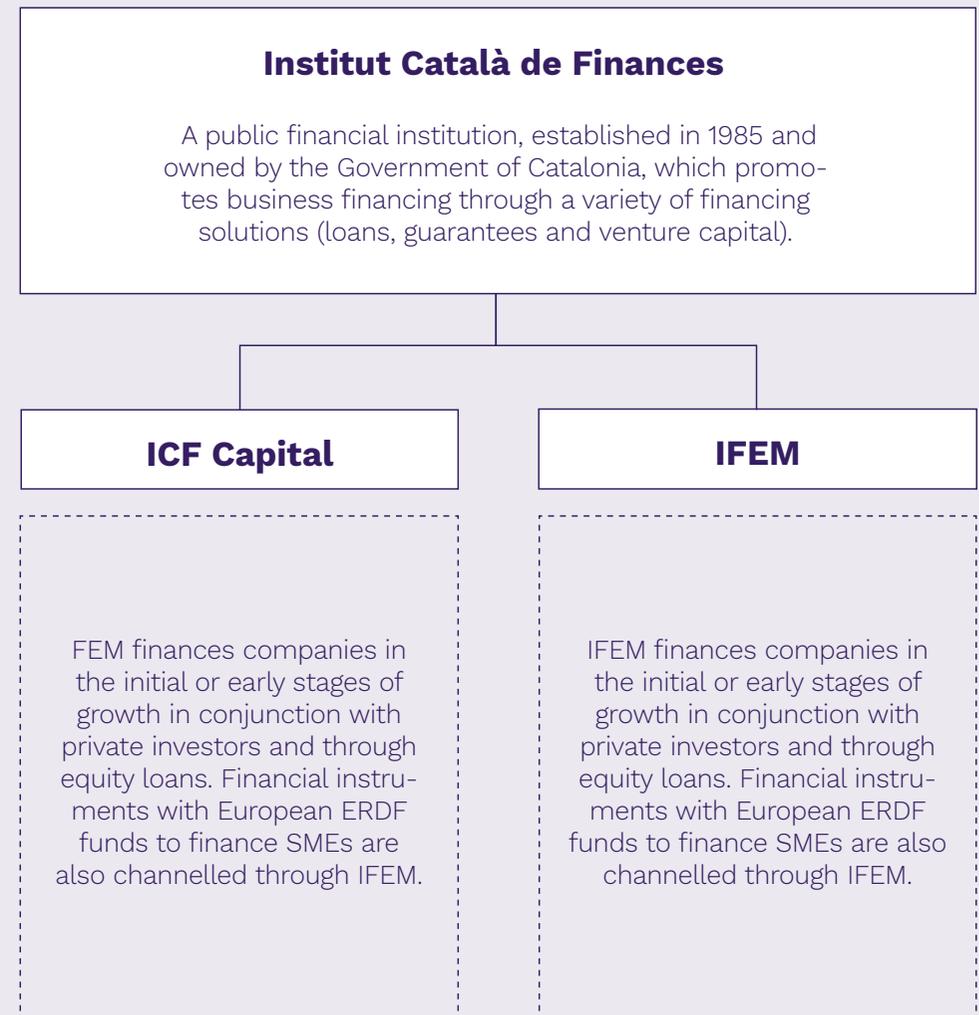
To accomplish its mission, the ICF seeks to contribute to the economy, society and the environment while supporting projects and initiatives aligned with the country's key strategic drivers: reindustrialisation, the green transition and the social shield.

The ICF operates through a number of companies which offer the self-employed, start-ups, SMEs and organisations a range of solutions tailored to their needs.

**Institut Català de Finances:** A public financial institution, established in 1985 and owned by the Government of Catalonia, which promotes business financing through a variety of financing solutions (loans, guarantees and venture capital).

**Instruments Financers per a Empreses Innovadores (IFEM):** IFEM finances companies in the initial or early stages of growth in conjunction with private investors and through equity loans. Financial instruments with European ERDF funds to finance SMEs are also channelled through IFEM.

**ICF Capital:** IFEM finances companies in the initial or early stages of growth in conjunction with private investors and through equity loans. Financial instruments with European ERDF funds to finance SMEs are also channelled through IFEM.





## 2.2 Business model

Our operations largely concern providing loans and guarantees and investing in venture capital.

### 2.2.1 Loan solutions

We design financing solutions for almost all business sectors to support projects aligned with Catalonia's strategic objectives and **add to the private financial sector's offering.**

Our close partnership with the Government of Catalonia means we can provide **facilities with advantageous conditions** for particular purposes. Likewise, we manage facilities featuring preferential conditions due to co-financing from the EU's European Regional Development Fund (ERDF) which seeks to invest in growth and employment.

- ▶ Financing for investment projects and working capital needs.
- ▶ Addressed to entrepreneurs, the self-employed, SMEs, large companies and public and private sector organisations.
- ▶ Medium- and long-term financing.
- ▶ Loans to unlock projects in digitalisation and reindustrialisation, the green transition, social housing, upgrading the primary sector, etc.
- ▶ Loans backed by Avalis de Catalunya for guarantees for the self-employed and SMEs.

## 2.2.2 Guarantee solutions

- ▶ Financial guarantees for large companies or significant amounts of money.

## 2.2.3 Venture capital solutions

Through venture capital investment, **we back start-ups** with innovation projects and foster the growth and consolidation of existing companies. To this end, the institution has two business lines:

- ▶ Investment in **venture capital funds** run by independent managers in the seed, development and growth segments across a number of sectors.
- ▶ Direct investment in companies and start-ups through **two own funds** managed by ICF Capital and one public-private vehicle.
- ▶ **ICF Capital Expansió II**: fund equipped with €50 million to invest in business growth projects via capital increases.
- ▶ **ICF Venture Tech II**: fund furnished with €20 million to invest in innovation projects with growth potential via debt, convertible debt and/or equity..
- ▶ IFEM Innovació: public-private co-investment in start-ups by means of equity loans.

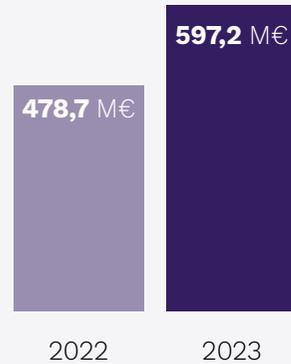


## 2.3 Performance indicators

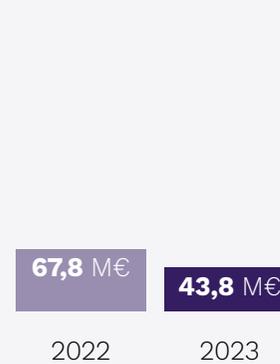
The ICF has once again cemented its role as a public development bank. In 2023, the institution has increased its new business by 17.3% compared to the previous year, achieving a total of EUR **641 million** in loan, guarantee and venture capital transactions, EUR 94.5 million more than in 2022.

**We have increased our business by 17% by driving sustainability and the primary sector**

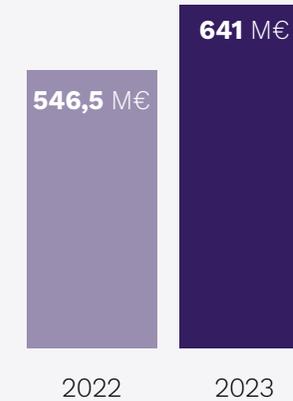
### Loans and guarantees



### Venture capital



### Total



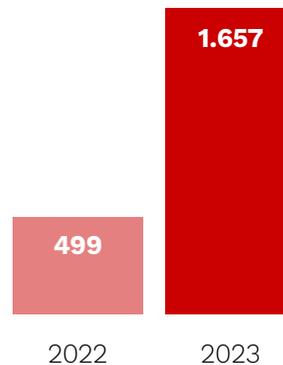
+17,3%

+94,5 M€

The Government of Catalonia's public bank **has also financed three times as many companies** as in the previous year to reach a total of 1,657, 98% of which were entrepreneurs and SMEs.

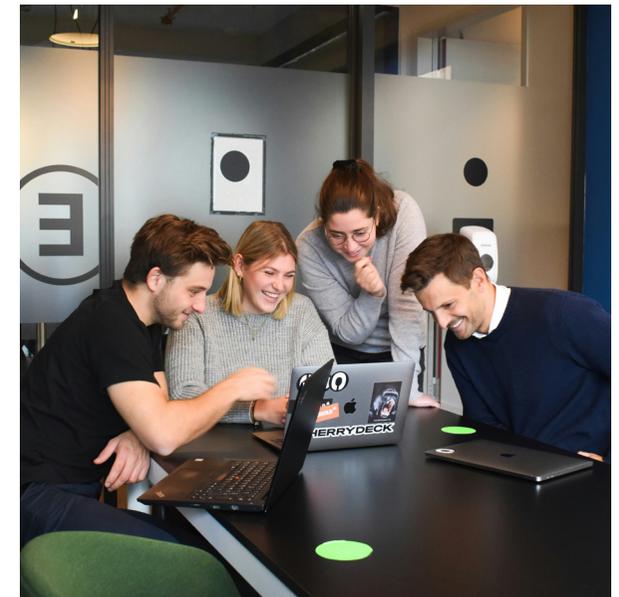
**98% of the companies we have financed were entrepreneurs and SMEs**

### Companies financed



+232%

+1.158  
COMPANIES  
FINANCED





Generally speaking, the public development bank's business has grown in 2023 in line with the growth of transactions backing the primary sector and the rise in financing for social and sustainability projects.

Seventy-five percent of **the recipients of the ICF's funding have been farmers** and stockbreeders, who have been awarded a total of EUR 77 million under the ICF Agroliquidity loan facility. The institution has supported the country's farmers in a year in which they have been hard hit by the worst drought since records began and widespread price rises.

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### **One out of every two euros in loans and guarantees has been allocated to ESG projects**

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Our commitment to sustainability also accounts for much of the increase in the ICF's business in 2023. EUR 119 million in loans and guarantees has been made available while funding exclusively for projects with environmental, social and governance (ESG) criteria has grown by EUR 109 million.

Indeed, one out of every two euros in ICF loans and guarantees has gone to projects with ESG criteria as part of our goal of **fostering sustainability, the green transition and the supply of social rental housing** in Catalonia.

## 2.4 Commitment to sustainability

The Government of Catalonia's public development bank is firmly and strategically committed to sustainability. An example of this is our adherence to several national and international ESG initiatives:



The ICF Group has subscribed to the UN Global Compact on Sustainable Development Goals (SDGs) since 2021.



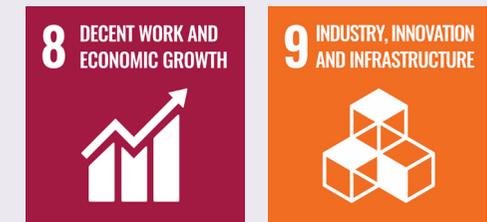
Since 2023, we have been signatories of the Government of Catalonia's voluntary agreements for calculating carbon footprint.



ICF Capital has signed up to the UN Principles for Responsible Investment.

Support for the SDGs has been mainstreamed in the ICF's strategy and two strategic goals and five priority goals have been identified:

### Strategic Goals



### Priority Goals



## 2.4.1 Credit investment processes

As part of building sustainability into the lending business model, **most of the ICF's customers<sup>3</sup> have to complete a statutory declaration which gathers data on the environmental, social and governance impacts** associated with the purpose of the transactions. The data compiled further include quantitative aspects to learn about the environmental and social impact of the investment. The screening team also selects the sustainable development goals to which the financing transaction contributes.

Based on this information, **the screening team classifies each financing transaction by whether it meets the minimum criteria to be considered E (environmental) or S (social)**. Some of the ICF's facilities already include this categorisation at the outset. For example, all EcoGreen facility transactions are rated E and publicly-subsidised housing finance transactions are rated S.

In 2023, each analyst's criteria have shaped the classification of transactions. In 2024, work is already underway on drawing up common and stricter criteria which will enable better adjustment of the classification and its comparison.

<sup>3</sup> Customers applying for specific fast-track facilities or through third parties do not have to complete the statutory declaration. Specifically, in 2023, Agroliquidity facility and AVALIS facility customers did not have to fill in the statutory declaration. This means that 372 customers (23% of the total) completed the declaration, accounting for 86% of business in 2023.

<sup>4</sup> More detailed information on ESG processes in venture capital is available in the venture capital sustainability report on the ICF's website.

## 2.4.2 Venture capital processes <sup>4</sup>

### 2.4.2.1. Investment in external funds

The decision to invest in funds operated by third-party managers is made by factoring in the ESG aspects included in the investment proposals with regard to the manager and the fund while ensuring the investment contributes to both society and the environment. Hence **at the end of 2023, 32% of commitments in funds of third-party managers can be catalogued in Articles 8 and 9** as sustainable funds pursuant to EU Regulation No 2019/2088 on sustain-

nability-related disclosures in the financial services sector (the SFDR). These articles include a range of sustainability considerations albeit to varying extents. **Article 8 funds are ones that promote environmental or social characteristics**, or a combination of these characteristics, while those **in Article 9 are geared towards sustainable investments**.

Since the entry into force of the disclosure regulation in March 2021, **there has been a positive evolution in terms of promoting sustainable funds. Of the new commitments concluded by the ICF in 2023, 100% correspond to Article 8 and 9 funds**.



### 2.4.2.2. Inversió directa

#### Investment assessment

As in the case of loans and guarantees, **in-house ESG assessment uses a questionnaire to pinpoint at a high level financially material sustainability risks** and opportunities in the industry and for the company.

**Financial materiality in sector terms is determined using the SASB® Standards.** SASB has developed a complete set of 77 globally applicable industry-specific ESG standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry.

The transaction proposal's recommendations include whether or not to conduct a specific ESG preventive audit based on the materiality of the identified sustainability risks.

#### Investment execution

**Coverage of potential material sustainability risks identified or the adoption of ESG best practices** in the company may be required as mandatory safeguards in the investment execution process.

The investment team also encourages **the implementation of ESG measures in investees** with the scope and extent deemed appropriate for the specific possibilities of each investee based on the proposal approved when making the investment decision.

To do this they seek support from the boards of other co-investors who share the same values with ICF Capital as responsible investors.



Likewise and within their remit, fund manager employees **may be directly engaged in investees' functional committees** based on the level of involvement arranged in the investment agreement. This involvement may include regular meetings of financial committees, executive committees or sustainability committees.

#### Divestment

Prior to any divestment action or additional funding round, the investment business officer has to perform **an ESG assessment to ascertain to what extent ESG management has helped to create a more valuable and sustainable undertaking.** They use the ESG assessment conducted in the screening stage as a baseline for logging processes accomplished and also keep a record of the progress achieved. The results of this screening are included in the considerations when seeking and defining a suitable exit for the investment.

## **ESG Committee**

The ICF's venture capital division also has an ESG Committee whose roles are:

- ▶ Implementing and supervising ESG practices
- ▶ Proposing to the Board of Directors such amendments to the responsible investment policy as it deems appropriate/necessary.
- ▶ Approving any updates to the ESG advisory questionnaire it considers apposite.
- ▶ Proposing to the Board of Directors the ESG training sessions it thinks expedient.

This committee is made up of:

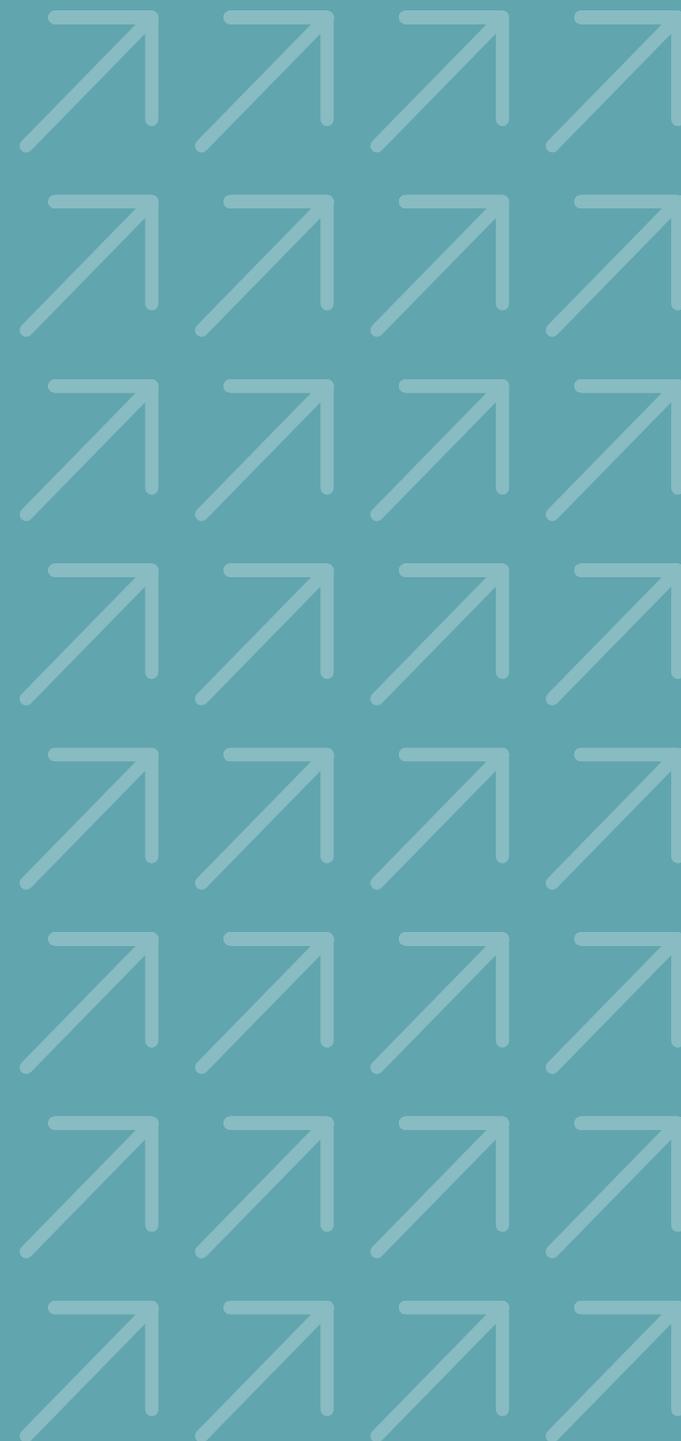
- ▶ Ms Irene Bertran Aixut, Venture Capital Director.
- ▶ Mr Adrià Torrelles Burgués, Capital Expansió Director.
- ▶ Mr Emili Gómez Jané, Development Capital Director
- ▶ Mr Lluís Bruguera, Business Officer.
- ▶ Mr Jianmin Yu, Head of ESG at ICF Capital.
- ▶ Mr Oriol Vidal-Barraquer, Product, Brand and Sustainability Director in the ICF Group



03

# Environment

## ESG



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## 3.1 Background

**Human activity has accelerated the increase in the Earth's global temperature** which has risen by around 1.2° C compared to the pre-industrial era, a warming unprecedented in human history and caused by a significant increase in greenhouse gas emissions.

The consequences of global warming are already evident all around us. **Extreme weather events, such as hurricanes, cyclones, droughts, torrential rains and floods, heat waves and wildfires, are getting larger and more frequent** and every year lead to the deaths of thousands of people and have a high economic cost. Longer-term consequences with a greater global impact include loss of marine biodiversity, melting polar ice, rising sea levels and desertification.

The scientific community, brought together in the United Nations Intergovernmental Panel on Climate Change (IPCC), is working with a range of **scenarios which forecast the evolution of global temperature increases based on the policy measures and actions rolled out** around the world to address climate change. Various scenarios envisaged for 2100 are under examination:

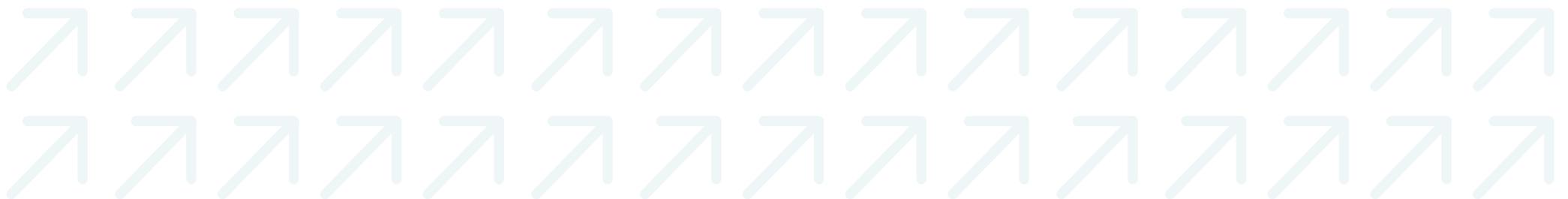
- ▶ Temperature increase of up to 3.4° C if current activity and policies continue without any additional measures to tackle climate change.
- ▶ Temperature increase of up to 2.9° C if the current commitments established by countries (nationally determined contributions or NDC) are applied.
- ▶ Temperature increase of up to 2.3° C if long-term targets, including zero emission targets, are fully implemented.

Authorities and supervisors are another lever in shifting the financial system towards a more sustainable economy. Here there are forums, such as the Network for Greening the Financial System (NGFS) made up mainly of central banks and supervisors which promote the financial system's role in the green transition.

In Europe, the European Union has transferred **sustainability criteria to the regulatory sphere in order to channel public and private capital towards more sustainable investments**. It has drawn up technical criteria which enable sustainable investments to be classified (EU Taxonomy) to avoid greenwashing. The European taxonomy's technical selection criteria apply to six environmentally sustainable objectives.

To date, the European Union has produced criteria for the climate change mitigation and adaptation objectives and is working to complete the rest of them. Climate risks have become key factors for supervisors bearing in mind their potential implications for the financial system. Climate risks translate into physical and transition risks. Physical risks can come from events classified as 'acute' meaning floods, cyclones, droughts or heat waves. Likewise, there are the physical risks called 'chronic', such as the consequences of rising sea levels. Transition risks concern legal, technological and consumer behaviour changes tied to the transition to a greener and more sustainable economy. In November 2021, the European Central Bank published its Guide on climate-related and environmental risks about supervisory expectations relating to climate risk management and disclosure in credit institutions.

In the financial and corporate realm, ESG ratings have been brought in about sustainable criteria and indicators related to environmental, social and governance issues. Plus a number of European organisations and authorities are working to build ESG aspects related to banking supervision into the Basel three pillars and at the corporate level with the publication of specific regulations for disclosing sustainability information (SFDR and CSRD).



## 3.2 Our commitment

The ICF Group, like other institutions in the financial system, has the duty and commitment to leverage the mitigation of the impact of economic activity on the environment. Specific goals in this area are:

- ▶ Raising awareness among ICF customer businesses about their environmental impact.
- ▶ Financing and investing in projects that mitigate climate change:

**35% in lending business.**

**Ensuring 30% of venture capital business is sustainable.<sup>5</sup>**

- ▶ Signing up to the Government of Catalonia's voluntary agreements for calculating carbon footprint.

<sup>5</sup> As defined in Regulation (EU) 2019/2088 on sustainability-related disclosures concerning venture capital funds and their managers which came into force in March 2021.



## 3.3 ICF climate change actions

### 3.3.1 Credit investment actions

#### 3.3.1.1. Green Gateway Project

In 2023, the ICF arranged a EUR 100 million loan with the European Investment Bank (EIB) to finance its regular operations. This loan came with a commitment that 30% of the amount would be earmarked to finance green projects.

The EIB provides its customers with an **advisory programme to train their key teams in sustainability issues** and specifically in its tool and methodology for calculating actions which the EIB considers to be green.

At the ICF, the project consisted of ongoing mentoring for several months in 2023 delivered by PricewaterhouseCoopers® on behalf of the EIB. The ICF was the first Spanish financial institution to complete the project.

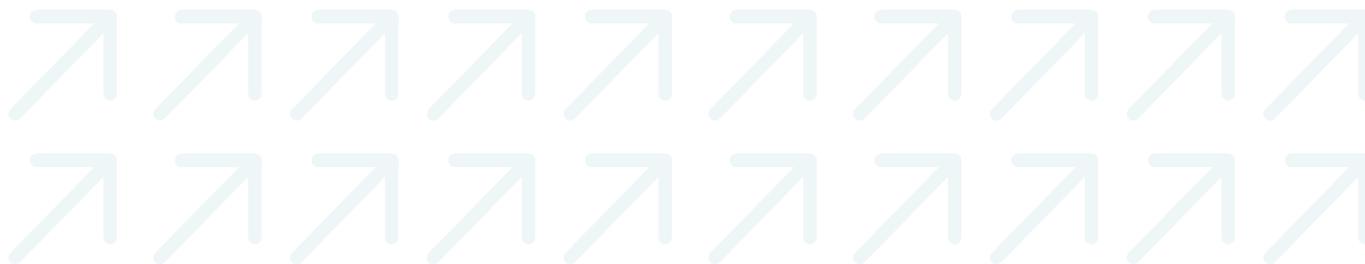
#### WORK STRAND A:

Operational support in identifying and classifying projects eligible for EIB green finance

#### WORK STRAND B:

Drawing up a medium-term environmental sustainability roadmap

The project has furnished the ICF with a **better overview of how we manage sustainability in all our processes** while enabling teams to identify operations that are eligible under the EIB criteria.



### 3.3.1.2. Green catalogue

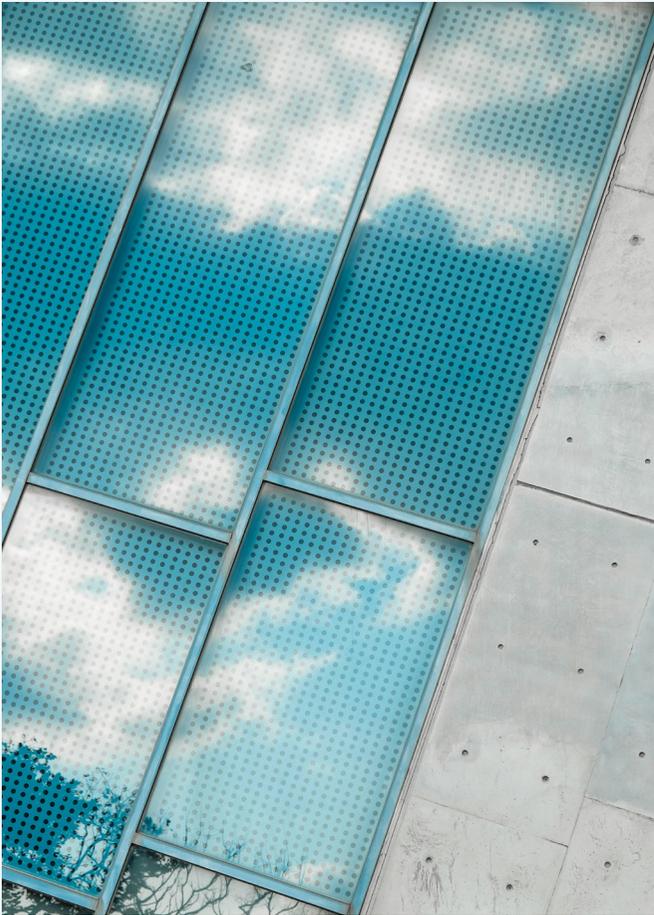
In 2023, the ICF's loan portfolio has featured three specific loan facilities for climate change-related actions:

FACILITY	PURPOSE	AMOUNT CONCLUDED 2023	NO. OF CUSTOMERS 2023	OUTSTANDING RISK PORTFOLIO	PORTFOLIO CUSTOMERS
ECOGREEN	For financing sustainable and environmentally-friendly investments or working capital needs that drive projects in the green economy, circular economy, energy efficiency, etc.	€23.1 million	29 customers	€75.2 million	59 customers
CLIMATE ACTION	Loans for agriculture, agri-food, forestry, fisheries and aquaculture enterprises and others in their value chain as well as energy communities seeking to finance investments with climate action components.	0,6 M €	3 clients	0,6 M €	3 clients
ICF AVALIS GREEN	Loans secured by Avalis de Catalunya for Catalan SMEs undertaking projects related to energy-efficiency, self-consumption of renewable or photovoltaic energy, waste recycling or treatment and other environmentally-friendly initiatives	€0.3 million	2 customers	€0.2 million	5 customers

In 2024, we will expand the ICF's green products catalogue to furnish an incentive for businesses and organisations to embark on projects to lessen their environmental impact or enhance the environment.

## VISALIA ENERGIA

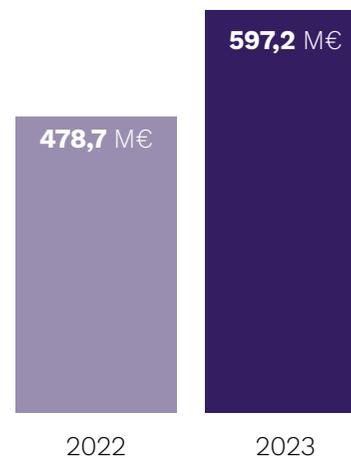
The Visalia group is an electricity marketer based in el Garraf which also aspires to become a distributor and producer of large- and small-scale green energy for self-consumption for homeowners' associations, private individuals, small businesses, SMEs and industries. At the ICF we have financed the construction of a solar farm with an installed capacity of 9.98 MW to generate the electricity they will be able to supply to their customers.



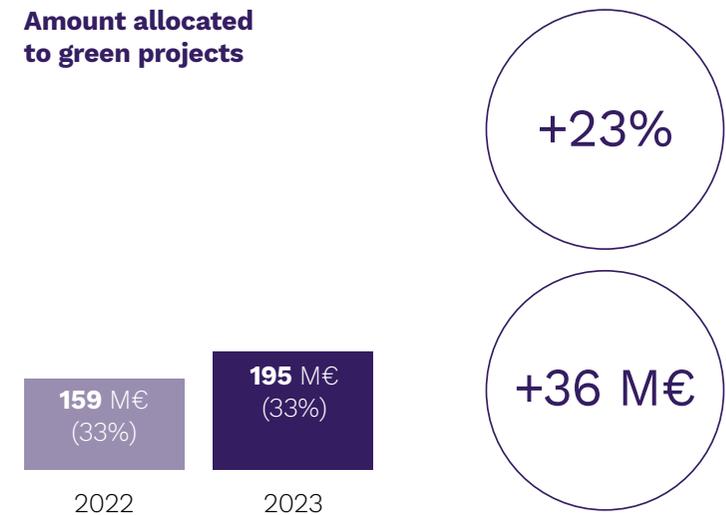
### 3.3.1.3. Green score

As part of the risk screening process, and based on the data provided by customers and the kind of projects to be financed, the risk team classifies transactions by whether they have a green component, i.e. whether they can contribute to improving or mitigating climate change. This shows that **33% of the ICF's business (by amount) has been earmarked for this type of project, 23% more than in the previous year.**

#### Total business



#### Amount allocated to green projects



## RAMADERA MONTSENY

Ramadera Montseny, SL has received support from the ICF to carry out various initiatives with the aim of making their pig farming operations more sustainable. The executed projects include a treatment plant for the processing of manure, which will minimize the emission of greenhouse gases, and a change in the livestock feeding system that will reduce consumption and also the generation of manure.

### 3.3.1.4. Green business as classified by the European Investment Bank

Under the European Investment Bank's financing, transactions which may qualify for the EIB loan<sup>6</sup> are classified according to whether they are eligible for inclusion in the 30% green financing. This classification, which is more restrictive than the ICF score, makes it possible to identify a portion of 2023 business that has been earmarked for projects aligned with the EIB's criteria for the following green activities:

Infrastructure for low-carbon transport	10.637.000,00 €
Generating renewable energy	9.118.263,20 €
Energy efficiency	3.899.129,34 €
Other green projects - biodiversity	1.380.000,00 €
Other green projects - pollution prevention and control investment	1.338.716,38 €
Other green projects - water	1.322.106,00 €
Other renewable energy projects	1.250.000,00 €
Other green projects	700.000,00 €
Other green projects - circular economy	600.000,00 €
Renewable energy generation / energy efficiency	596.916,59 €
Other climate mitigation investment	220.000,00 €
Climate adaptation investment	180.000,00 €
<b>TOTAL</b>	<b>31.242.131,51 €</b>

It should be borne in mind that only green business eligible for EIB certification is classified. This means that the maximum amount that can be classified for the term of the loan is EUR 200 million.

<sup>6</sup> The EIB loan amounting to EUR 100 million mandates concluding transactions with enterprises and organisations of up to EUR 200 million following the EIB's eligibility criteria. The EIB's screening tool (Green Eligibility Checker) is used to identify whether transactions qualify for the 30%, although at the date of publication of this report the classification of all transactions has not yet been validated or accepted by the EIB. The highest amount eligible for this classification would be EUR 200 million and the minimum commitment is EUR 60 million.

## SANDAR TECHNOLOGIES

Financing a photovoltaic system on the roof of the company's industrial unit. The company estimates that this will prevent the emission of 251.6 kg of CO<sub>2</sub> by generating green energy.



### 3.3.1.5. Performance indicators in the statutory declaration

As a result of the statutory declaration on sustainability, information on ESG parameters has been gathered for <sup>86%</sup> of the amount awarded in loans in <sup>2023</sup>. This information allows approximate analysis of the environmental impact of the ICF's operations:<sup>7</sup>

## 78 projects worth EUR 149.1 million which are de-veloping products tailored to the circular economy

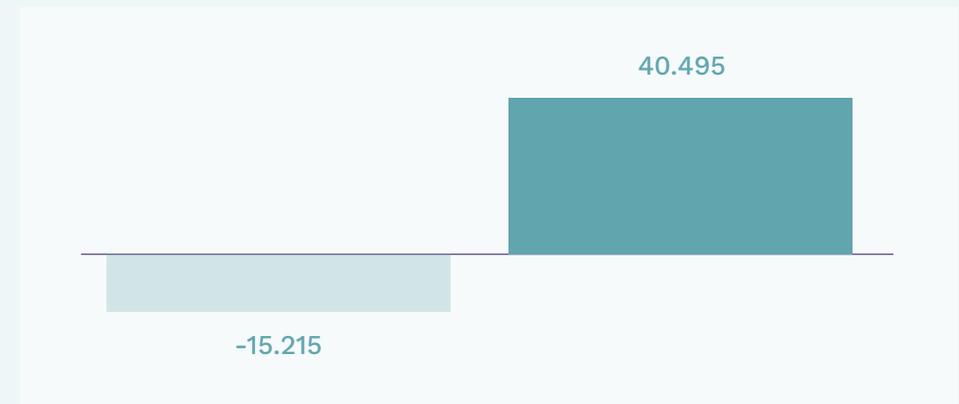
### Cartaes

Financing of the job placement undertaking run by Càritas Parroquial de Tàrrrega which was set up with the goal of generating employment for people with special difficulties in working and finding a job. In addition to its goal of employment for people at risk of exclusion, Cartaes has a specific circular economy target which is the controlled recovery and treatment of non-organic waste for recycling so as to achieve a social, environmental and economic impact in el Urgell.



## 89 projects amounting to EUR 122.7 million are tar-geted at improving energy efficiency parameters

These projects have made it possible to save 15,215 MWh a year and produce 40,495 MWh of energy from green sources, the equivalent of the daily usage of 2,049 households.<sup>8</sup>



### Club Natació Sabadell

€3.9 million loan to Club Natació Sabadell to turn the club into a near-zero use organisation in relation to the fossil fuels, especially natural gas, needed to meet its facilities' heating demands.

Further information: [https://www.viaempresa.cat/economia/club-natacio-sabadell-curs-accelerat-eficiencia-energetica\\_2190948\\_102.html](https://www.viaempresa.cat/economia/club-natacio-sabadell-curs-accelerat-eficiencia-energetica_2190948_102.html)

<sup>7</sup> Average annual usage of 9,922 kWh (according to the Spanish Organisation of Consumers and Users): <https://www.ocu.org/vivienda-y-energia/gas-luz/noticias/cuanta-energia-consume-una-casa-571584>.

## 41 projects worth EUR 47.7 million to improve sustainable natural resources management

These projects have saved 3,273 tonnes of waste. They have also saved 38,640 m<sup>3</sup> of water per year, the equivalent of the annual use of 905 people<sup>9</sup> or 43 Olympic-size swimming pools<sup>10</sup>

### Francolí Irrigation Community

€1.2 million EcoGreen facility loan to replace irrigation pumps to step up energy efficiency, automate meters and upgrade the regulating pond.



## 13 green transport projects for EUR 18.9 million

These projects have prevented the emission of 139.8 tonnes of CO<sub>2</sub> into the atmosphere

### Cooltra

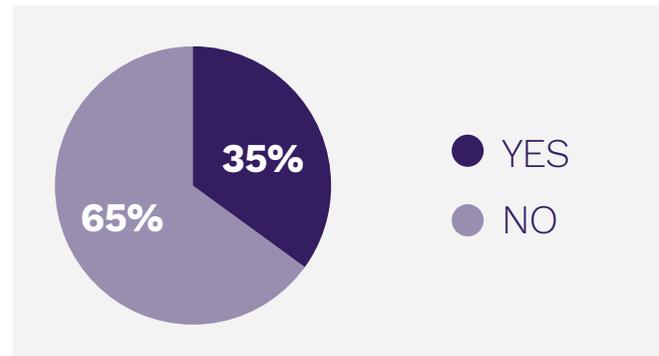
ICF involvement in an €18 million green syndicated loan for a project on sustainability and decarbonisation of European cities through emission-free mobility enabled by electric vehicles. Cooltra is tapping this financing to drive investment and growth in electric scooters and bikes in a number of cities.



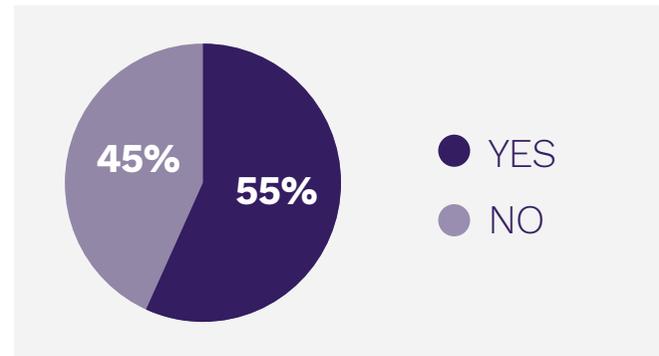
<sup>9</sup> Catalan Water Agency, <https://aca.gencat.cat/ca/laca/campanyes-i-divulgacio/campanyes/aspall-i-eficiencia-de-laigua/index.htm>.

<sup>10</sup> International Swimming Federation: [https://resources.fina.org/fina/document/2022/02/08/77c3058d-b549-4543-8524-ad51a857864e/210805-Facilities-Rules\\_clean.pdf](https://resources.fina.org/fina/document/2022/02/08/77c3058d-b549-4543-8524-ad51a857864e/210805-Facilities-Rules_clean.pdf).

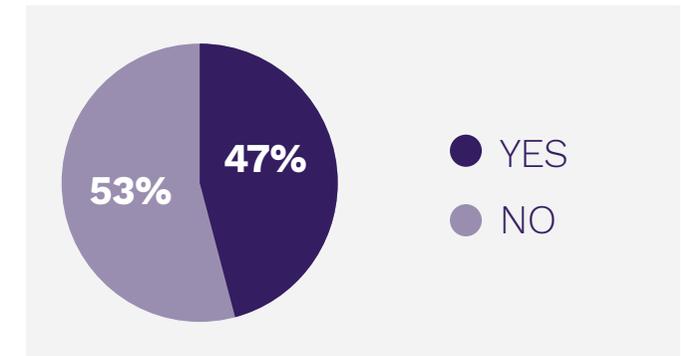
**35% of customers have environmental management systems or procedures for protecting or conserving the environment**



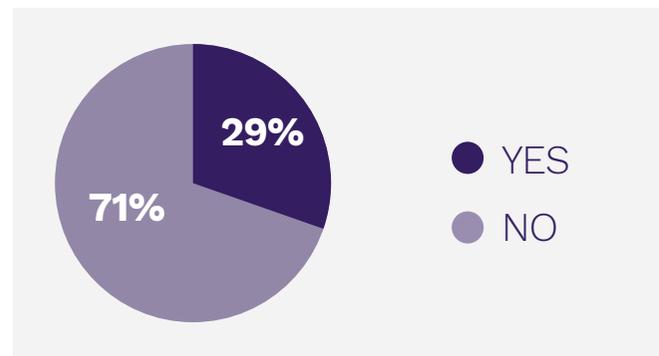
**55% of customers who have completed the statutory declaration say they have waste recycling, reduction and management mechanisms in place**



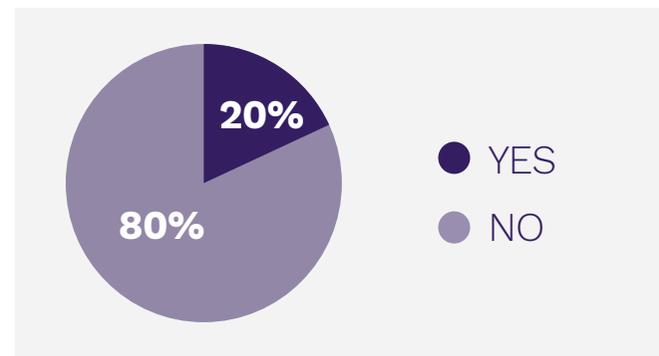
**47% report they have a resource efficiency plan for the use of their facilities**



**25% of customers say they use renewable energy or have self-consumption systems**



**Only 20% of customers believe they will have to undertake major investments to bring their processes or business into line with the new environmental requirements**



The findings of this analysis show that there is room for ICF customers to improve their environmental management systems. Indeed, the data also reveal that only fifteen companies which have received financing in 2023 say they measure their carbon footprint in all three possible scopes:

They measure Scope 1	33
They measure Scope 2	17
They measure Scope 3	41
They measure all three scopes	15

### 3.3.2 Venture capital actions

In the conclusion stage of direct investment, the document signed by both parties includes a section tailored to the features of the transaction setting out the environmental measures which investees undertake to put in place. These measures include:

- ▶ Contribution to sustainable development. The company seeks to sign up to the United Nations Global Compact and engage in environmental industry initiatives.
- ▶ Inclusion of environmental aspects in the annual evaluations of the company and subsidiaries which may affect the operation and performance of their business.



#### 3.3.2.1. Performance indicators

Analysis of the information reported by equity investees enables us to identify relevant social data:

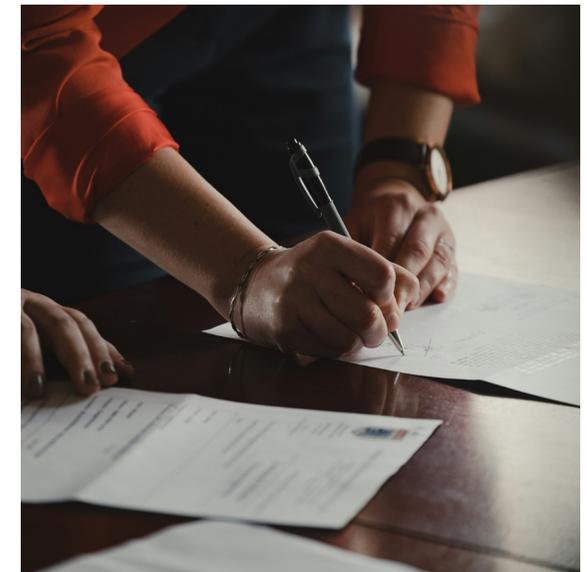
##### In growth (ICF Capital Expansió II):

INVESTEES	DATA
<b>Especialitats M Masdeu</b> , pastries	▶ 100% of investees use renewable energy.
<b>Semillas Batlle</b> , seed production	▶ 67% have an ESG officer.
<b>Pastisart</b> , food	▶ 50% have an environmental management policy.
<b>PMP</b> , construction	▶ 33% control their CO2 emissions.
<b>Tecnic Process</b> , bioprocessing equipment	
<b>Grup Boix</b> , forest management	

#### FEATURED INVESTMENT:

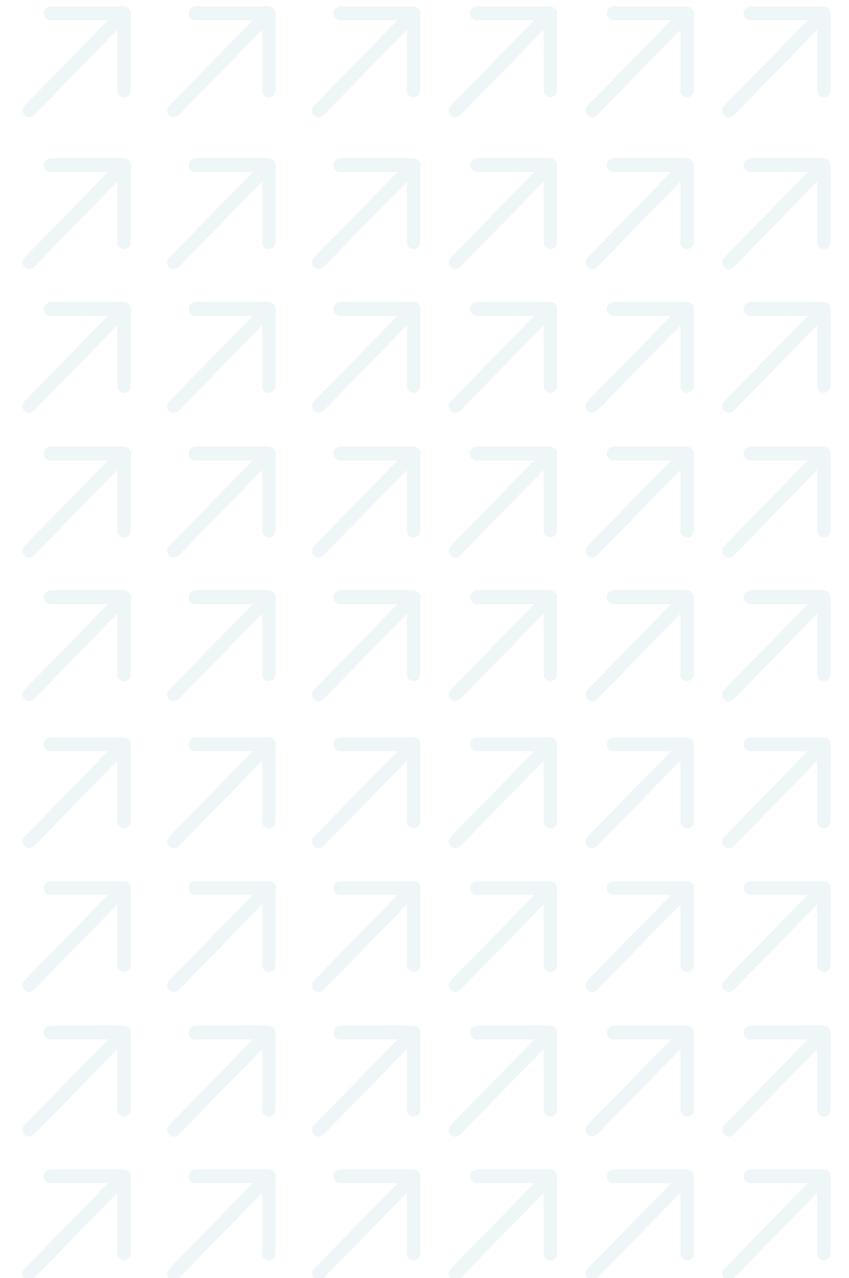
In 2023, the ICF and **Grup Boix** have concluded a €5 million capital increase in 2023 to kick-start the construction of a new plant. Through the ICF Capital Expansió II fund, the institution has become a minority member of the company to support this project for a new production unit which is highly sustainable and circular.

The ICF sees Grup Boix as an inspiring example of a growth project to be backed by ICF Capital as it encompasses aspects as significant as managing the region's forestry resources, enhancing their value through industry and generating high quality local jobs.



**In Development (ICF Venture Tech II)**

INVESTEES	DATA
<p>Lodgify, digital</p> <p>InBrain, pharmaceutical</p> <p>Vytrus Biotech, pharmaceutical</p> <p>Top Doctors, healthtech</p> <p>Bigle Legal, legaltech</p> <p>Bloobirds, digital</p> <p>Newton Learning, digital</p> <p>Housfy, digital</p> <p>Kintai, fintech</p> <p>Quside, quantum tech</p>	<ul style="list-style-type: none"><li>▶ 20% have an ESG officer.</li><li>▶ 10% have an environmental management policy.</li></ul>



## 3.4 In-house actions

### Measures to cut electricity use

In 2023, the ICF fitted 42 self-generation solar panels with 20 kW in installed capacity. These panels are used to generate power in the common areas of the building which the ICF shares with other tenants (lobbies, lifts, stairwells, etc.).

Fitting the panels has also entailed rolling out a self-consumption management system which allows real-time display of the panels' production data.

Since 2019, the electricity utility contract for the ICF building has stipulated a 100% mix of renewable energy sources.

This year the ICF has also upgraded its printer system, targeting a reduction in energy use and waste with new equipment and a card-based printing system designed to discourage unnecessary printing. The new inkjet printing equipment does not require

heat to print the text. The ink cartridges are reusable and last longer than toner cartridges.

All these actions have had an impact on energy savings. Total energy use in the ICF building, both in the common areas and on the floors where the ICF is based, has been slashed by 14% compared to 2022.

The ICF's parking facility hosts an electric vehicle charger. In 2024, this option will be expanded by two dual chargers and one single charger, bringing the total number of chargers to six.

In 2024, the building's lift machinery will be replaced by more energy-efficient equipment.

Electricity use (figures in MW)



## 3.5 Our impact; the ICF Group's carbon footprint

Like other business sectors, banks produce greenhouse gas (GHG) emissions. However, financial institutions' impact on climate change tends to be mainly indirect;<sup>11</sup> in other words, the bulk of the impact stems from the emissions of the organisations or individuals they finance, which are on average 750 times greater than those from operational activities.<sup>12</sup>

The ICF Group is currently pursuing a number of action strands to mainstream sustainability across its business model in both operational and financial activities.

In 2023, the Group has completed the calculation of its carbon footprint and for the first time includes the calculation of financed emissions. This is the starting point for identifying areas for action and putting in place **decarbonisation measures** which will enable the organisation to cut its operational footprint by 20%, align 35% of its activities with sustainable financing and become a carbon neutral organisation by 2050. These are all strategic objectives set by the organisation.

The carbon footprint calculation draws a distinction between direct emissions released by facilities and processes within the organisation's boundaries (Scope 1) and indirect emissions which are those not owned by or under the control of the organisation (Scopes 2 and 3).

The calculation of emissions from the ICF Group's own business operations was based on the **ISO 14064-1** standard and the standards **The Greenhouse Gas**

**Protocol – A Corporate Accounting and Reporting Standard (GHG Protocol) and The Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Standard.**

Meanwhile, the guidelines set out by **PCAF** (Partnership for Carbon Accounting Financials) in its report **The Global GHG Accounting and Reporting Standard for the Financial Industry** were used as a baseline for calculating emissions from lending and investment activities.

The result of the carbon footprint calculation in 2023 is set out in the table below:

Ambit	Emissions (t CO <sub>2</sub> -eq.)
<b>Scope 1</b> , direct emissions; fixed and mobile combustion, diffuse emissions	0
<b>Scope 2</b> , indirect emissions; purchase of electricity	0 <sup>13</sup>
<b>Scope 3</b> , other indirect emissions	1.214.852,33
<b>Total</b>	<b>1.214.852,33</b>

<sup>11</sup> Climate Financial Risk Forum Guide 2022. Scenario Analysis Guide for Banks (Climate Financial Risk Forum).

<sup>12</sup> CDP "The Time to Green Finance".

<sup>13</sup> The power used in our offices comes from 100% renewable sources certified by the supplier.

### 3.5.1 Distribution by category

The ICF's **direct emissions** in 2023 are **0 tonnes of CO2 equivalent**.

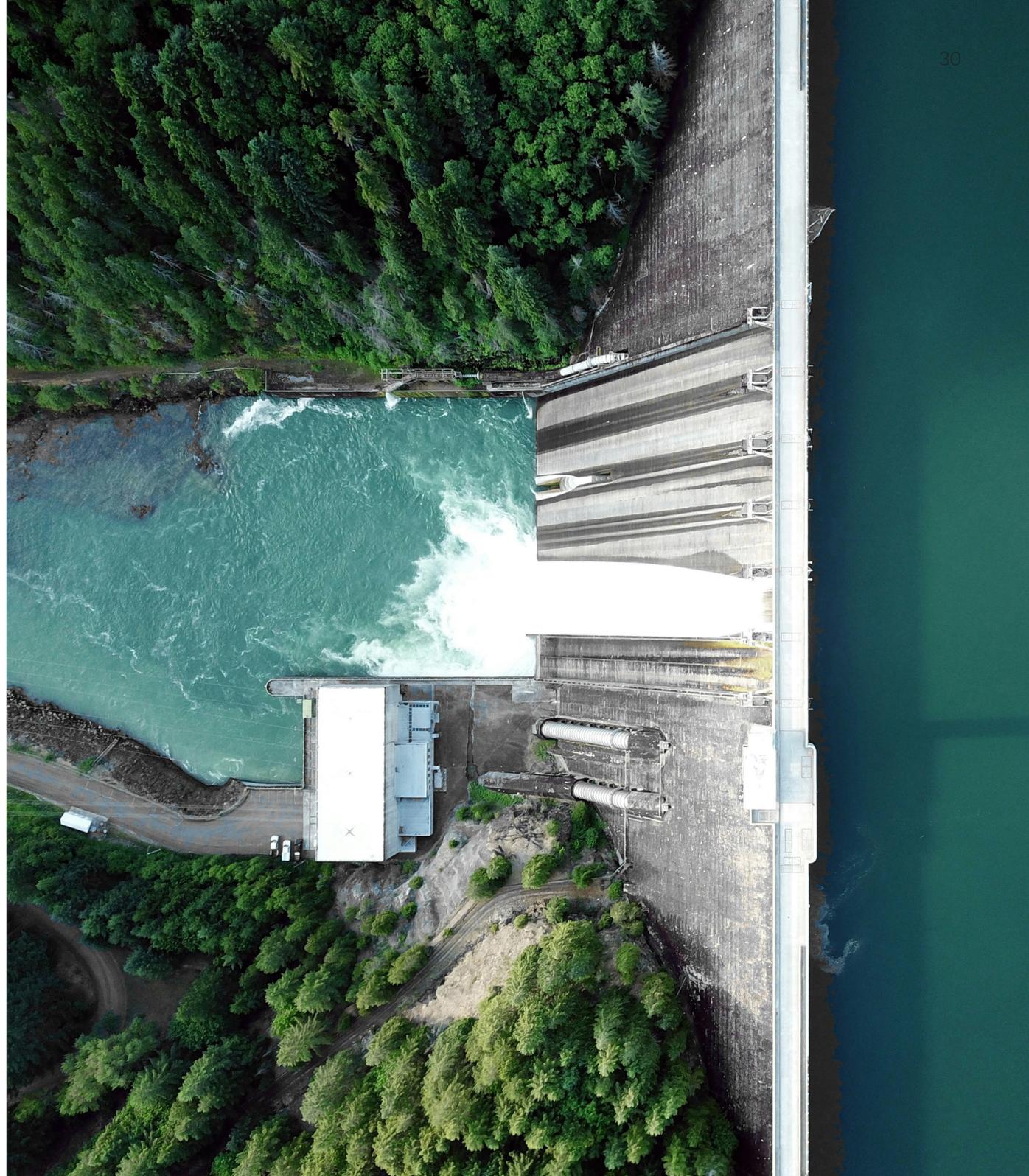
In **indirect emissions**, with respect to **energy usage**, 100% of the energy used by the ICF comes from renewable energy sources which means that under market-based method criteria,<sup>14</sup> these emissions are equivalent to **0 tonnes of CO2 equivalent**. Using the location-based method,<sup>15</sup> total emissions are 170.5 tonnes of CO2 equivalent.

The most significant indirect emissions contributor to the carbon footprint is emissions from the **lending and investment portfolio**, accounting for 99.9% of total CO2 equivalent emissions, followed by services used (comprising emissions from waste treatment, water use and other services). Hence, almost 100% of the ICF Group's emissions come from its financial business.

This year the ICF Group has also joined the Government of Catalonia's greenhouse gas emissions reduction voluntary agreements programme. This means the Group is committed to monitoring its GHG emissions and putting in place annual measures to reduce them.

<sup>14</sup> The market-based method calculates emissions by considering the specific emission factor of the individual electricity marketer (in the case of the ICF Group, this factor in 2023 is equal to 0 as it has purchased all its electricity with a 100% renewable origin guarantee).

<sup>15</sup> The location-based method calculates emissions from the country's electricity mix provided by the Catalan Office for Climate Change (OCCC, 2023).



## Direct emissions

Carbon footprint categories according to ISO 14064	Emissions t CO <sub>2</sub> -eq. (2022)	Emissions t CO <sub>2</sub> -eq. (2023)
<b>Fixed combustion<sup>16</sup></b>	<b>0,0</b>	<b>0,0</b>
<b>Mobile combustion (transport)</b>	<b>0,0</b>	<b>0,0</b>
<b>Fugitive<sup>17</sup></b>	<b>0,0</b>	<b>0,0</b>
Refrigerant fugitive	0,0	0,0
Other fugitive	0,0	0,0
<b>Process</b>	<b>0,0</b>	<b>0,0</b>
Emissions	0,0	0,0
Industrial process removals (informative)	0,0	0,0
<b>Land use, land-use change and forestry</b>	<b>0,0</b>	<b>0,0</b>
Emissions	0,0	0,0
Removals (informative)	0,0	0,0
Biomass combustion (informative for biogenic CO <sub>2</sub> )	0,0	0,0
<b>Total direct</b>	<b>0,0</b>	<b>0,0</b>

<sup>16</sup> Due to data availability, fixed combustion emissions have only been calculated for the building owned by the Group in Gran Via.

<sup>17</sup> Due to data availability, refrigerant gas emissions have only been calculated for the building owned by the Group in Gran Via.

<sup>18</sup> Due to data availability, waste treatment emissions have only been calculated for the building owned by the Group in Gran Via.

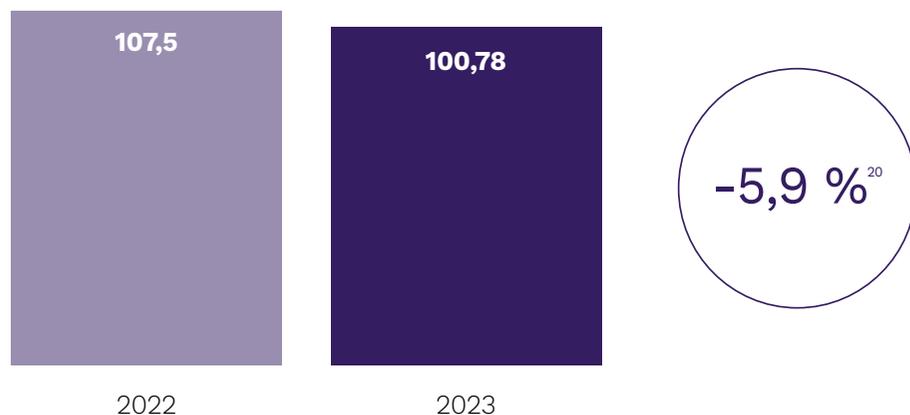
<sup>19</sup> Results according to the location-based method in which the attribution factor is the energy mix of the country's grid taken from the Catalan Office for Climate Change (2023).

Carbon footprint categories according to ISO 14064	Emissions t CO <sub>2</sub> -eq. (2022)	Emissions t CO <sub>2</sub> -eq. (2023)
<b>Purchased energy</b>	<b>0,0</b>	<b>0,0</b>
Electricity consumption	0,0	0,0
Market-based consumption	0,00	0,00
Location-based consumption	0,00	170,5
Energy consumption	0,0	0,0
<b>Transport</b>	<b>73,5</b>	<b>79,3</b>
Distribution transport	0,0	0
Employee commuting	63,7	65,4
Customer and visitor transport	0,0	0
Business travel	9,7	13,9
<b>Services used</b>	<b>0,5</b>	<b>811,1</b>
Waste treatment <sup>18</sup>	0,3	0,08
Municipal or similar waste	0,0	0,08
Other waste	0,3	0,0
Water consumption	0,2	1,9
Mains water	0,2	1,9
Water from other sources	0,0	0,0
Other services	ND	809,1
<b>Purchased goods</b>	<b>33,1</b>	<b>295,2</b>
Materials, raw materials and products	24,8	19,5
Biogenic carbon removals in materials (informative)	0,0	0,0
Purchased electricity production <sup>19</sup>	8,3	31,8
Market-based production	0,00	0,00
Location-based production	8,3	31,8
Capital goods	ND	275,7
<b>Use of products generated by the organisation</b>	<b>0,0</b>	<b>0,0</b>
Use of products sold by the organisation	0,0	0,0
<b>Other indirect emissions</b>	<b>0,0</b>	<b>1.213.666,7</b>
Leased buildings	ND	73,12
Financed emissions	ND	1.213.593,6
<b>Removals (informative)</b>	<b>0,0</b>	<b>0,0</b>
<b>Total indirect</b>	<b>107,1</b>	<b>1.214.852,3</b>

In 2023, the number of categories in the carbon footprint calculation has been expanded to include purchased services and capital goods as well as emissions from leased buildings and financed emissions.

Overall, and for those categories comparable to 2022, emissions have increased slightly.

### Total emissions (t CO<sub>2</sub>-eq.)



<sup>20</sup> The calculation includes the categories of transport, waste treatment, water consumption and purchased goods (excluding capital goods).

## 3.5.2 Financed emissions

Calculating financed emissions (emissions from the lending and investment portfolio) is the first step in improving our understanding of the climate change impacts, risks and opportunities to which the Group's financial business is exposed. This makes it possible to map out solutions to mitigate the risks associated with financial assets and unlock the opportunities of the transition to a low-carbon economy while also broadening the range of sustainable products and services which additionally cater to stakeholder requirements.

This year, the ICF Group has for the first time completed the calculation of its financed emissions with a view to fostering new initiatives which drive funding for projects aimed at mitigating and adapting to the effects of climate change. The Group's target is for more than **35% of new business to be aligned with sustainable financing principles**.

The Group has taken as a baseline the guidelines set by PCAF for **quantifying the financed emissions of its lending and investment portfolio as at 31 December 2023** which cover the following types of assets:

- ▶ Listed equity and corporate bonds.
- ▶ Business loans and unlisted equity.
- ▶ Project finance.
- ▶ Mortgages.
- ▶ Commercial real estate.
- ▶ Sovereign debt.

In total, six of the seven assets in the PCAF standard have been covered and the data used have always been the latest available. In the case of the motor vehicle loans category, this year the organisation has not yet monitored the emissions of this type of asset independently due to insufficient information available.

GHG emissions from the financing and investment portfolio - financial year 2023. <sup>21</sup>	Total investment and financing covered (millions of euros)	Scope of emissions	Scope 1 and 2 emissions	Emissions àmbit 3 (t CO2-eq.)	Emissions totals (t CO2-eq.)	Intensitat d'emissions (t CO2-eq./M €)	Qualitat de les dades ponderada (qualitat alta = 1; qualitat baixa = 5)
Listed equity and corporate bonds <sup>22</sup>	192	1 + 2 + 3	21,630	124,288	145,918	758	1.3
Business loans and unlisted equity	650.0	1 + 2 + 3	172,211	329,927	502,138	772.5	4.1
Project finance	1,190	1 + 2 + 3	152,014	394,641	546,654	459.6	4.2
Commercial real estate	258.0	1 + 2	14,835	-	14,835	57.5	3.8
Mortgages	<b>135.1</b>	<b>1 + 2</b>	<b>1,021</b>	-	<b>1,021</b>	<b>7.6</b>	<b>3.4</b>
Motor vehicle loans	-	-	-	-	-	-	-
Sovereign debt <sup>23</sup>	Excluding LULUCF	1	3,027	-	3,027	184.3	3.6
	Including LULUCF	1	2,459	-	2,459	149.8	1.8

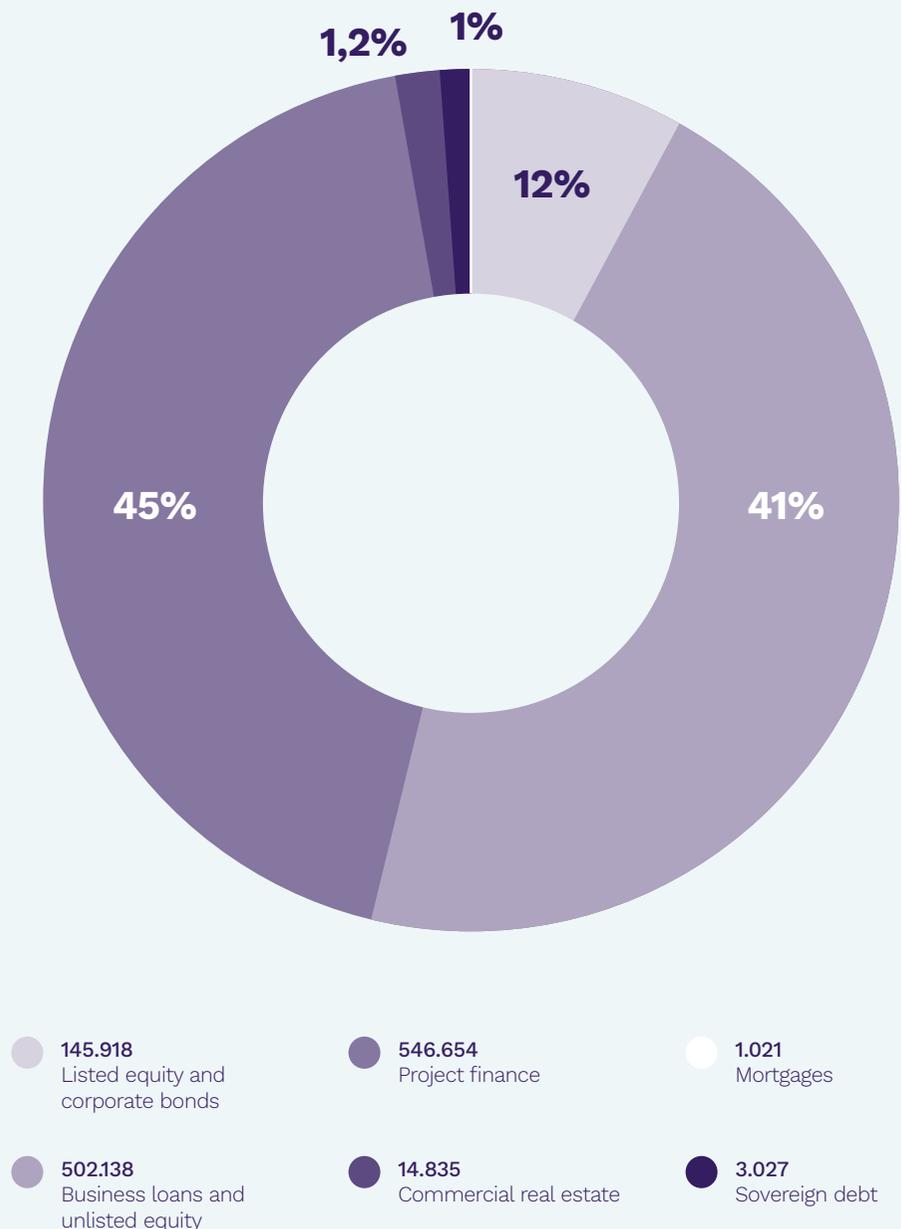


<sup>21</sup> The calculation has been made with an operational control approach following the bottom-up methodology developed by PCAF described in The Global GHG Accounting and Reporting Standard for the Financial Industry (Part A). Second edition.

<sup>22</sup> All emissions in the listed equity and corporate bonds category come from fixed income investments in corporate bonds. The Group does not have listed equity in companies.

<sup>23</sup> Following the standard's guidelines, sovereign debt emissions have been calculated including and excluding LULUCF (land use, land-use change, and forestry). There is disagreement on whether or not to use this indicator when accounting for CO<sub>2</sub> equivalent emissions. Since each country addresses this indicator differently in their mitigation targets and investors may have divergent views on the potential of land use to mitigate emissions, PCAF requires financial institutions to report their sovereign debt emissions both including and excluding LULUCF.

## Emissions totals (t CO2-eq.)



Total financed emissions from the ICF Group's lending and investment portfolio at 31 December 2023 is **1,213,593.6 t of CO2 equivalent**.<sup>24</sup>

The asset category with the largest exposure in 2023 is **project finance**, with a total of EUR 1,190 million, followed by **business loans and unlisted equity** at EUR 650 million. These assets make up the largest part of the Group's financed emissions and account for 45% and 41% of the total, respectively. The business loans and unlisted equity category includes firstly, loans awarded by the ICF, and secondly, equity of unlisted companies which are part of ICF Capital's direct investment portfolio plus emissions resulting from investment in funds of funds.<sup>25</sup>

Nevertheless, a useful metric to better grasp the greenhouse gas emissions impact of investment is emissions intensity (tonnes of CO2 equivalent/million euros), a metric that shows the amount of carbon emitted per euro invested. Thus, the most emission-intensive assets are **business loans and listed equity** (772.5 t CO2 equivalent/million euros), and **listed equity and corporate bonds** (758 t CO2 equivalent/million euros).

The least emission-intensive assets are **sovereign debt** (184.3 t CO2 equivalent/million euros), **commercial real estate** (57.5 t CO2 equivalent/million euros) and **mortgages** (7.6 t CO2 equivalent/million euros). They respectively have emissions of 3,027 t CO2 equivalent (0.24% of the total), 14,835 t CO2 equivalent (1.22%) and 1,021 t CO2 equivalent (0.08%).

<sup>24</sup> Total emissions have been calculated using gross sovereign debt emissions excluding the LULUCF variable.

<sup>25</sup> As far as fund of funds investment business is concerned, emissions have only been calculated for a part of the portfolio based on access to and availability of data provided by external fund managers. In total, emissions have been calculated for 30.8% of the total commitment of external funds under management as at 31.12.2023. Under a continuous improvement approach, we will seek to expand this coverage in the coming years.

### 3.5.3 PCAF scoring

PCAF sets a scale of the quality of the data used to calculate companies' emissions, assigning a score of 1 to the highest quality data and a score of 5 to the lowest. As a general rule, the more estimates are used to derive emissions, the poorer the data quality and the worse the score, while data gathered from direct, more accurate sources make for better data quality. In all cases, the most recent available data have been used.



Asset class	Information	Weighted data quality
Listed equity and corporate bonds	Scopes 1, 2 and 3 extracted from companies' published sustainability reports (verified or unverified).	1,3
Business loans and unlisted equity	Estimated according to income or assets by sector for scopes 1, 2 and 3. In a few cases, emissions are the emissions published by the company (not verified by a third party).	4,1
Project finance	Estimated according to income or assets by sector for scopes 1, 2 and 3.	4,2
Commercial real estate	Emissions according to the building's energy certificate or estimated according to the type of building and its floor area. Scope 1 and 2 emissions are reported.	3,8
Mortgages	Emissions according to the energy certificate or estimated according to the type of building and its floor area. Scope 1 and 2 emissions are reported.	3,4
Sovereign debt	Emissions from national emission inventories (reported to UNFCCC) or using proxy GHG emission estimates. Scope 1 emissions are reported.	3,6
	Including LULUCF (net emissions).	
	Excluding LULUCF.	1,8

As can be seen, data quality is better in the listed equity and corporate bond category as the emissions data are as reported by the companies themselves in their sustainability reports. Data quality is also high for sovereign debt (excluding LULUCF) since in this case the emissions data have also been sourced from the reports produced by the relevant countries or governments.

The next categories with the best data quality are mortgages and commercial real estate where an energy certificate is available for around 50% of the portfolio of these asset classes.

# 04 SOCIAL ESG



## 4.1 Background

Since the United Nations General Assembly adopted the 2030 Agenda, sustainability has no longer just been an environmental issue. The Sustainable Development Goals (SDGs) encompass **social development, including the eradication of poverty and hunger, gender equality, quality education and reducing inequalities.**

Some of the 2030 Agenda's goals also deal with aspects of economic development such as promoting growth, inclusive industrialisation, inclusive and safe cities and promoting peace.

## 4.2 Our commitment

As a public development bank, the ICF **directly addresses Goal 8, sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.** Indeed, this goal is hardwired into our mission. However, our commitment goes beyond the economic growth of companies since we also have a **social remit as funders of projects seeking not only financial returns but also human development** in areas such as housing, health, leisure and care for people.

In this area, our goals for 2023 were:

- ▶ Driving the construction of social housing.
- ▶ Setting up specific facilities to finance the social and solidarity economy.
- ▶ Meeting the financing needs of non-profit organisations.



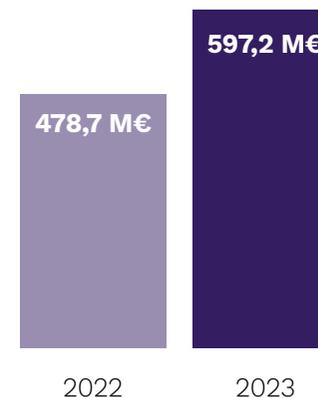
## 4.3 Social actions

### 4.3.1 Credit investment actions

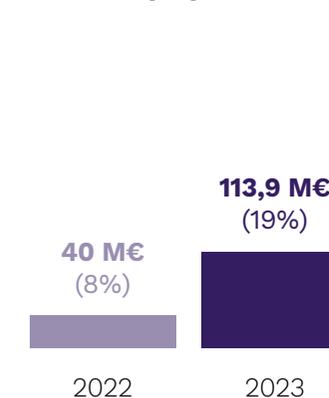
#### 4.3.1.1. Social score

As part of the risk screening process and based on the data provided by customers and the kind of projects to be financed, the risk team classifies transactions by whether they have a social component, i.e. whether they help to improve the lives of people, especially the most disadvantaged. This shows that **19% of the ICF's business (by amount) has been earmarked for this type of project**, 185% more than in the previous year.

#### Total operations



#### Amount allocated to social projects



+185 %

+113,9 M€

### Hermanas Hospitalarias Sagrado Corazón de Jesús

€11.5 million loan to finance the project to build a new integrated intermediate care centre in Barcelona, CAIB Jordà, run by the Hermanas Hospitalarias Sagrado Corazón de Jesús Maria – Hospital Mare de Déu de la Mercè. This new facility will treat highly complex patients, a vulnerable population with many conditions such as mental disorders, addictions, cognitive disorders and neurodegenerative diseases.

#### 4.3.1.2. Job creation

The funding awarded in 2023 has gone to **businesses and organisations that together maintain around 25,500 jobs.**

### MSTECH

€2.7 million loan and a €1.4 million grant from the Ministry of Business and Labour to purchase the first plant which Mahle mothballed in Vilanova i la Geltrú in 2018. The company, which develops equipment for manufacturing electronic machinery, will initially employ 25 workers from the former Mahle undertaking.

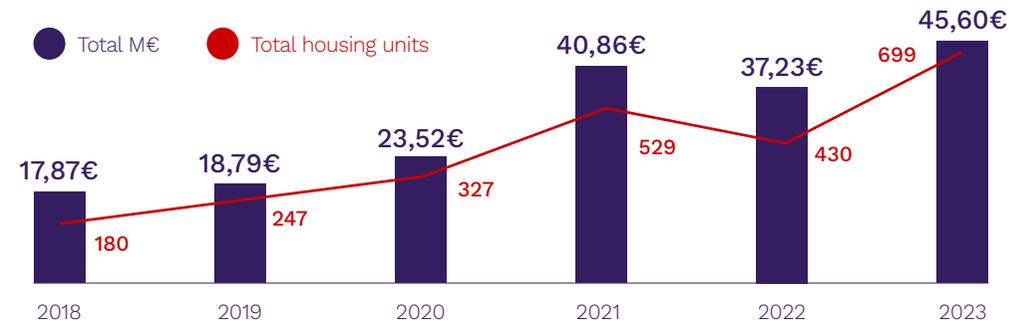


#### 4.3.1.3. Social housing

Since 2018, the ICF has played a crucial role in financing publicly-subsidised housing in Catalonia. In 2023, in conjunction with the Catalan Housing Agency (AHC) we have promoted this financing. Firstly, we have funded new housing developments by foundations, local councils and other organisations. Secondly, we have financed buying and renovating housing units in stressed areas to make them available to vulnerable groups. Our **partnership with the AHC means these loans can be offered at a subsidised interest rate and with very long-term repayment schedules.**

Over this period, the ICF has made it possible to provide **more than 2,400 publicly-subsidised flats at affordable prices** to improve access to housing.

#### Financing publicly-subsidised housing



### Cooperativa Obrera de Viviendas El Prat

**Cooperativa Obrera de Viviendas (COV)** in El Prat de Llobregat has started a new development of 101 cooperative social housing units in 2023.

The building, which is being constructed on land provided by El Prat Town Council and will have the highest energy rating, has been made possible by an ICF loan, contributions from other financial institutions, such as the ethical and solidarity-based financial services cooperative Coop57, and the cooperative's own resources. The homes will be rented on an affordable, stable, cooperative and sustainable basis and the families will be able to move in by the end of 2025.

#### 4.3.1.4. Financing non-profit organisations

The ICF not only finances companies but also non-profit organisations and administrations.<sup>26</sup> Hence, **15% of business in 2023 (EUR 92 million) was allocated to this kind of organisation**. Non-profit organisations account for 19% of the total loan portfolio (EUR 421 million).

### Featured financing

The ICF has backed the **Fundació Ajuda i Esperança** in its growth projects in caring for adults experiencing unwanted loneliness and with mental health problems and teenagers and young people through an emotional support chat. The organisation has a long track record in social issues, emotional support and suicide prevention and is tackling its future projects in partnership with the Institut Català de Finances by means of a loan to finance its needs.

Further information: <https://www.icf.cat/ca/sala-de-premsa/LICF-dona-suport-a-la-Fundacio-Ajuda-i-Esperanca-entitat-dedicada-a-lacompanyament-emocional-i-la-prevenccio-del-suicidi>.



#### 4.3.1.5. Performance indicators in the statutory declaration

As a result of the statutory declaration on sustainability, information on ESG parameters has been gathered for 86% of the amount awarded in loans in 2023. This information allows tentative analysis of the social impact of the ICF's operations:

**83 projects with a total of EUR 90.3 million earmarked for rolling out initiatives and infrastructures in essential services (health, education, vocational training, etc.)**

These projects will benefit 25,970 people in Catalonia

### Vithas Hospitals

Participation in a €65 million co-financed loan for building a state-of-the-art hospital in Esplugues de Llobregat.



<sup>26</sup> Cooperatives (excluding the agricultural sector), foundations, associations and any other kind of organisation which has had a publicly-subsidised housing project financed are considered non-profit organisations. The most relevant transactions have been analysed in order to exclude for-profit organisations from this category.

114 projects for a total of EUR 73.5 million allocated to enhancing the socioeconomic situation of vulnerable groups (people below the poverty line, excluded groups, vulnerable people, etc.)

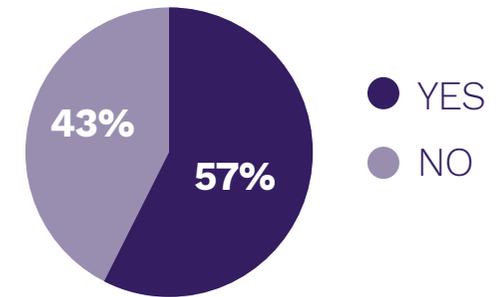
These projects will benefit 16,119 people in Catalonia

## Fundació Puigvert

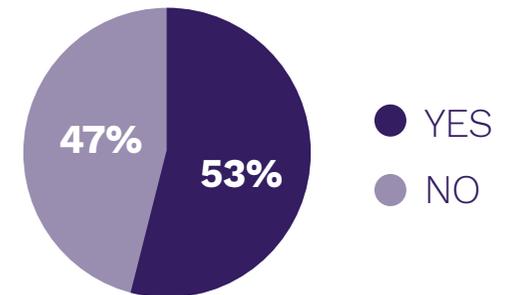
€2.4 million to finance upgrading and remodelling the health centre's facilities and equipment in Barcelona. The project is co-financed with BBVA. Fundació Puigvert is a hospital specialising in urology, nephrology, andrology and reproductive medicine.



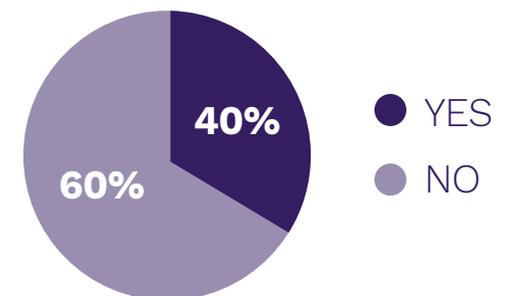
57% of customers say they have implemented measures to improve the working environment



53% of customers who completed the statutory declaration said they have systems in place to actively listen to their customers



40% say they make contributions to social initiatives



## 4.3.2 Venture capital actions

In the conclusion stage of direct investment, the document signed by both parties includes a section tailored to the features of the transaction setting out the social measures which investees undertake to put in place. These measures include:

- ▶ Contribution to sustainable development. The company seeks to sign up to the United Nations Global Compact and engage in social industry initiatives.
- ▶ Inclusion of social aspects in the annual evaluations of the company and subsidiaries which may affect the operation and performance of their business.



### 4.3.2.1. Principals magnituds

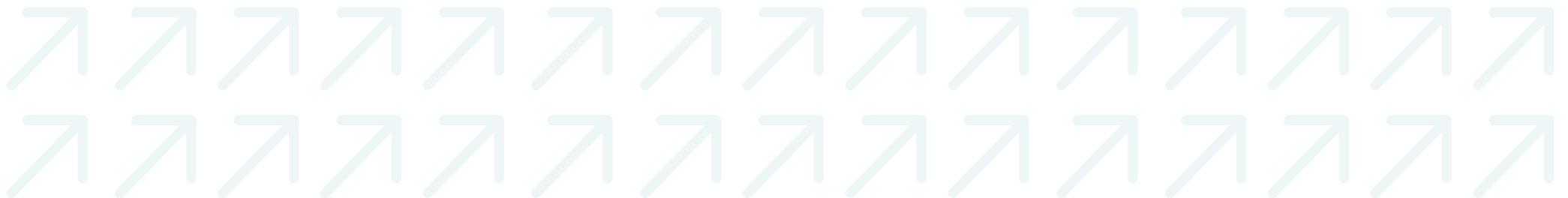
Analysis of the information reported by equity investees enables us to identify relevant social data:

#### In growth (ICF Capital Expansió II):

INVESTEES	DATA
	<ul style="list-style-type: none"> <li>▶ 910 employees in total.</li> <li>▶ 42% are women.</li> <li>▶ 87% have an open-ended contract.</li> <li>▶ 83% have a health and safety policy.</li> </ul>
<b>Especialitats M Masdeu, pastries</b>	▶ 100% monitor customer satisfaction.
<b>Semillas Batlle, seed production</b>	▶ 83% have a supplier contracting policy.
<b>Pastisart, food</b>	▶ 100% partner social initiatives.
<b>PMP, construction</b>	▶ 16.7 hours of annual training per employee.
<b>Tecnic Process, bioprocessing equipment</b>	▶ 83% have women in management positions.
	▶ 33% have women on their board of directors.
	▶ 0 cases of violation or discrimination of human rights.

**In Development (ICF Venture Tech II)**

INVESTEES	DATA
	<ul style="list-style-type: none"> <li>▶ 1,034 employees in total.</li> </ul>
Lodgify, digital	<ul style="list-style-type: none"> <li>▶ 46% are women.</li> </ul>
InBrain, pharmaceutical	<ul style="list-style-type: none"> <li>▶ 96% have an open-ended contract.</li> </ul>
Vytrus Biotech, pharmaceutical	<ul style="list-style-type: none"> <li>▶ 90% have health and safety policies.</li> </ul>
Top Doctors, healthtech	<ul style="list-style-type: none"> <li>▶ 100% monitor customer satisfaction.</li> </ul>
Bigle Legal, legaltech	<ul style="list-style-type: none"> <li>▶ 70% have a supplier contracting policy.</li> </ul>
Bloomberg, digital	<ul style="list-style-type: none"> <li>▶ 60% partner social initiatives.</li> </ul>
Newton Learning, digital	<ul style="list-style-type: none"> <li>▶ 40% have women in management positions.</li> </ul>
Housfy, digital	<ul style="list-style-type: none"> <li>▶ 27% have women on their board of directors.</li> </ul>
Kintai, fintech	
Quside, quantum tech	



## 4.3.3 In-house actions

### 4.3.3.1. Compromis social

#### New agreement

In 2023, **the ICF and the workers' representatives have come to an understanding for the renewal the Collective Bargaining Agreement for the companies in the Institut Català de Finances Group.**<sup>27</sup> The new agreement, which runs until 2027, ensures we are up to date in employment issues and is a better tool for attracting and retaining talent and delivering enhanced services to Catalonia's economic and social fabric. The updates to the agreement address the need to bring the ICF's working conditions into line with the sectors in which it operates: the financial sector and the public sector.

#### Training our team:

At the ICF, we believe that the **professional growth of our team is crucial to our success.** So we have designed a comprehensive training plan which covers a wide range of topics, from specific knowledge to personal skills. These training courses **enable our team's professionals to constantly refresh their knowledge,** keep up to date with regulatory changes and gain new skills relevant to their professional development.

In 2023, a total of **63 training actions have been held with 1,672 teaching hours and 25 attendees** at the sessions on communication skills, management and new certifications.

Specifically in **sustainability, training actions have been run with a direct impact on 137 team members** and a total of **46.5 hours.**



<sup>27</sup> Although the understanding was reached in 2023, the new agreement was published in March 2024.

### 4.3.3.2. Diversidad e igualdad de oportunidades

Equal opportunities and non-discrimination by gender are an essential priority for the ICF. Furthering these goals translates into better professional and personal development of its staff. The institution has a number of tools to ensure effective equality, safeguard it and raise awareness about these issues in the ICF team.

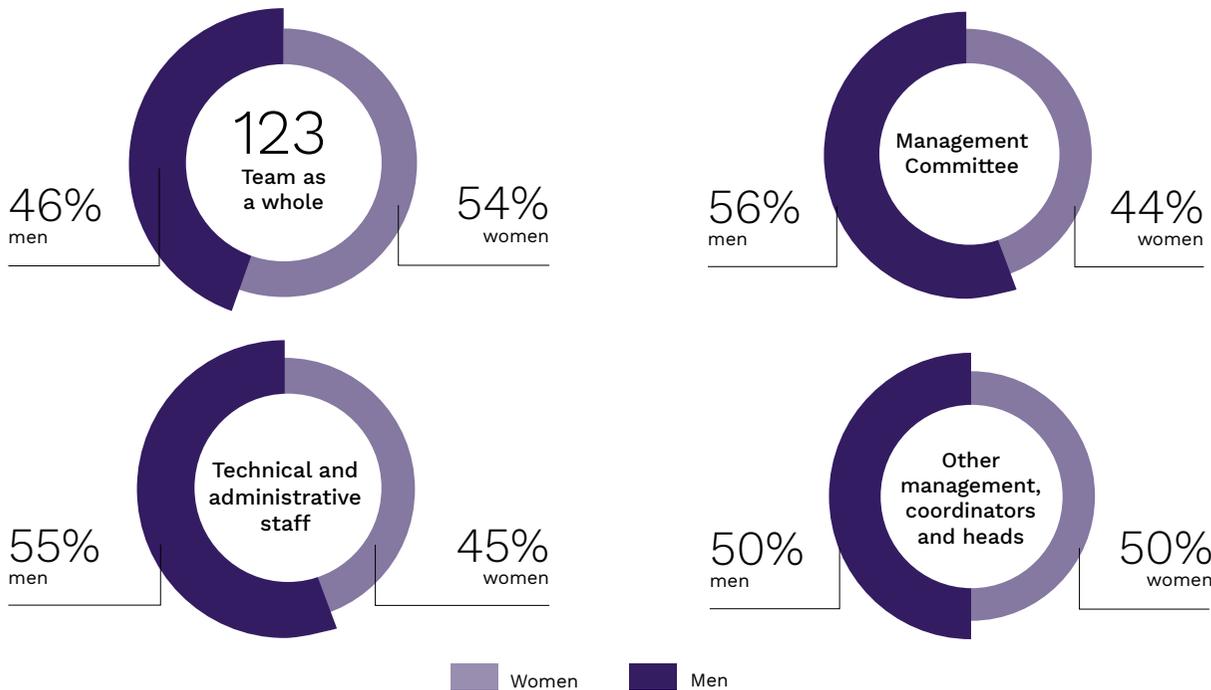
One of these tools is the institution's Code of Conduct which sets out a number of principles addressing non-discrimination, work-life balance and repudiation of any form of harassment.

Since January 2021 the ICF has also had in place an Equality Plan designed to transform and improve the organisation and add to the gender perspective and equal opportunities in its business ethics by rolling out an array of initiatives and strategies. Several actions have been run this year to foster equality, in particular a talk given on 8 March to mark International Women's Day.

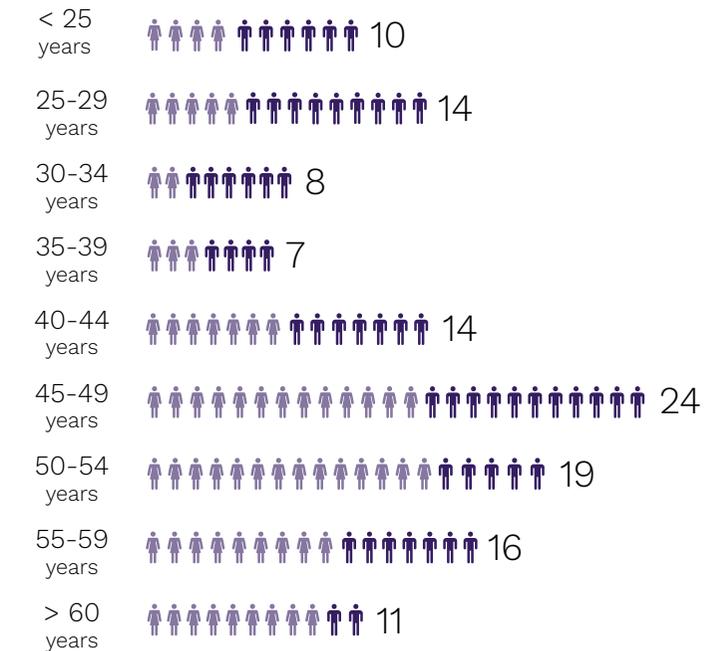
Furthermore, women employees have voluntarily taken part in the "Spend a Day with Me" activity in

which pairs of women from the organisation share various aspects of their daily lives to foster understanding and support between team members. These initiatives attest to the organisation's ongoing commitment to gender equality and building an inclusive and respectful working environment.

Breakdown of staff by gender and occupational category



Breakdown of staff by age group



#### 4.3.3.3. Equality Plan

Endorsed by the Equality Committee in February 2021, the Equality Plan is **designed to help secure genuine equality between women and men in the workplace** and dismantle stereotypes, attitudes and obstacles which make it difficult for women to gain access to certain positions and jobs on an equal footing with men. It is a means of transforming and improving the organisation while mainstreaming the gender perspective and equal opportunities in our business ethics. Based on the Plan, a number of programmed initiatives are undertaken which are arranged in various areas of action. The organisation is assessed across ten areas and it is recommended that all actions should be conducted with these areas as a guideline.

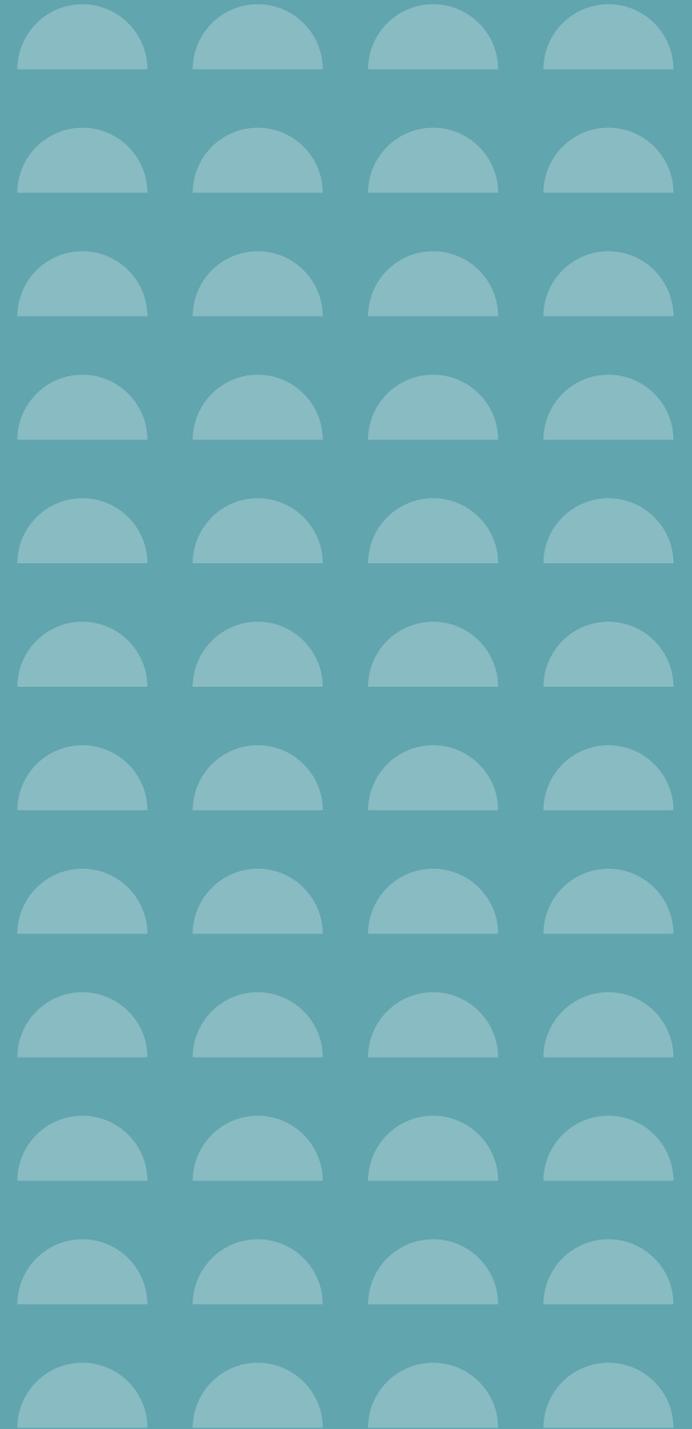
In 2024, the Equality Plan will be updated to broaden its scope and ensure that it fully addresses all groups at risk of discrimination.



05

# GOVERNANCE

# ESG



Institut Català  
de Finances



Generalitat  
de Catalunya

## 5.1 Introduction and objectives

Institutions' commitment to sustainability needs to be reflected in their governance. The ICF's governance objectives are:

- ▶ Embedding sustainability in the ICF's business criteria.
- ▶ Training the ICF team to equip them with the skills they need to mainstream sustainability criteria when screening lending and venture capital transactions.
- ▶ Implementing the highest transparency standards.



## 5.2 In-house processes and tools

In addition to the specific aspects and initiatives we have continued to pursue in 2023 and which are set out below, a new director of Product, Brand and Sustainability joined the institution's Management Committee in July. Adding the sustainability dimension to the ICF's highest management body will help to further promote it at the strategic level.

### 5.2.1. Ethics Channel

To support and comply with current whistleblower safeguarding regulations, and in particular to ensure appropriate protection of whistleblowers, the ICF Group has in place an Ethics Channel for **reporting all kinds of alleged wrongdoing** in the ICF Group.

The **Ethics Channel is on the corporate website and accessible** to the general public. It can be used to report via a pre-established form any purported impropriety or conduct contrary to the general regulatory framework applicable to the ICF Group.

All **reports received are treated in the strictest confidence** and anonymously at the whistleblower's discretion. They can be submitted in writing, verbally or in both ways.

### 5.2.2. Code of Conduct

The Code of Conduct includes the **values, ethical principles and rules of conduct which govern and inspire the ICF Group's professional performance**. All employees, officers and members of the governing bodies of the organisations in the ICF Group are required to be familiar with and observe the Code of Conduct.



### 5.2.3. Remuneration policy

The policy applies to the ICF Group and specifically to the group which includes members of the governing bodies, the CEO, officers and other key personnel, where this means officers and employees who incur risks in the performance of their duties and whose activities may have a significant impact on the Group's risk profile. It also includes staff who undertake key supervisory and oversight functions defined as such by the governing bodies. It lays down the basic principles which are to guide the remuneration strategy including:

- ▶ Consistency with the business strategy.
- ▶ Moderation and tied to achieving targets.
- ▶ Geared towards fostering the company's long-term profitability and sustainability.
- ▶ Balanced relationship between fixed and variable components.

### 5.2.4. Crime prevention and anti-fraud policy

This policy's purpose is to **prevent wrongful actions which may contravene any legal or criminal regulations** or are contrary to good business management practices. It is also a commitment to ongoing monitoring and penalising fraudulent actions and conduct while maintaining effective communication and awareness-raising mechanisms for all ICF Group staff in building an ethical and honest corporate culture. It is binding on all ICF staff.

The ICF is committed to ethical and regulatory compliance, **does not tolerate conduct or actions prohibited by law or contrary to social mores**, and in particular prohibits any corrupt, fraudulent, coercive, collusive or obstructive practices as described in the policy.

### 5.2.5. Policy for accepting and offering gifts

It **lays down action principles and procedures for all employees, officers and members of the governing bodies of the ICF Group** in relation to accepting or offering gifts and hospitality of any kind while performing their professional duties.

Generally speaking, ICF Group staff **may not accept or offer, whether directly or indirectly, any gifts** or hospitality related to the performance of their professional duties in the Group.

This means gifts or hospitality (whatever their amount) which are given in a non-transparent way or in private homes by individuals or companies involved in bidding processes and any made in cash or equivalent means of payment cannot be accepted or offered.

They may not be accepted under any circumstances in which they could be construed as a way to influence the recipient's judgment or decision-making or might generate any kind of conflict of interest or result in any undue benefit being obtained.

Promotional items of little financial value (for advertising purposes) or courtesy gifts allowed by social mores or customary care in business relations, or when their financial value is no more than €50, may be accepted on an exceptional basis.

In case of doubt or disagreement in the application of the principles set out in this policy, the most restrictive interpretation is to be used.



## 5.2.6 Conflict of interest policy

Its purpose is to **set up a general framework for preventing and managing conflicts of interest in the ICF Group** to ensure that in all professional performance the interests of customers, the ICF Group and its owner take precedence over personal interests. It sets out measures for preventing and managing conflicts and the roles and responsibilities of the units involved in their management.

## 5.2.7 Policy for disclosing financial information

The purpose of the policy is to **enhance Pillar III with greater transparency**. The ultimate goal is to ensure that the financial information disclosed is clear, relevant, reliable and comparable in compliance with Spain's regulatory framework in terms of accounting and applicable principles under rule seven in Circular 4/2017 and disclosure as per Law 10/2014.

## 5.2.8 Policy on integrating the SDGs into the ICF Group

It was endorsed in December 2020 for the Group's companies as an indicator of its proactive commitment to achieving the Sustainable Development Goals (SDGs) in line with the United Nations 2030 Agenda and the National Plan for implementing it in Catalonia. Here the group has identified strategic (8 and 9) and priority (3, 7, 11, 13 and 17) SDGs in its operations to ensure that each funding transaction is associated with at least one specific SDG and up to at most three based on the type of products, projects and customers.





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