



Institut Català  
de Finances

2023

# Corporate Governance Annual Report

## DETAILS OF ISSUER

END DATE OF THE FISCAL YEAR OF REFERENCE: 31.12.2023

TAX ID (CIF): Q5855055 I

COMPANY NAME:

INSTITUT CATALÀ DE FINANCES

REGISTERED ADDRESS:

GRAN VIA DE LES CORTS CATALANES 635, 6TH FLOOR. BARCELONA

## Contents

A. OWNERSHIP STRUCTURE_____	2
B. GENERAL MEETING OR EQUIVALENT BODY_____	2
C. MANAGEMENT STRUCTURE_____	3
D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS_____	11
E. RISK MANAGEMENT AND CONTROL SYSTEMS_____	12
F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO FINANCIAL REPORTING (ICFR)_____	15
G. OTHER REVELANT INFORMATION_____	25

ANNEX: EXTERNAL AUDIT REPORT

## A. OWNERSHIP STRUCTURE

A.1 List the direct and indirect holders of significant ownership interests in your organization at year-end.

NIF o CIF S0811011G	Name or corporate name of the owner GENERALITAT DE CATALUNYA	% of share capital 100,0%
------------------------	---	------------------------------

AA.2 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

Not applicable.

A.3 Indicate, if applicable, any commercial, contractual, or corporate relationships that exist between significant shareholders, and the company, unless they are deemed insignificant or arise from ordinary or trading exchange activities:

The existing relationships are derived from ordinary business activities.

A.4 Indicate, if applicable, any restrictions as to exercise of voting rights, as well as restrictions on the acquisition or transfer of shares in the capital.

Yes

☐

Not

☒

Restrictions description

## B. GENERAL MEETING OR EQUIVALENT BODY

B.1 List the quorum requirements for the constitution of the general meeting or equivalent body as established in the bylaws. Describe how they differ from the minimum requirements set forth in the Capital Companies Law (CCL) or the applicable regulations.

The ICF, parent company of the ICF Group, is an entity with its own legal personality subject to the private legal system, one hundred percent owned by the Catalan Regional Government, the Generalitat de Catalunya. According to the specific legal status granted by its law, as it is not a capital company, it does not have a General Meeting *strictu sensu*. The Government of the Generalitat is the sole holder of its share capital, acting similarly to the General Meeting.

The Entity's highest decision-making body is the Supervisory Board, which can be likened to a board of directors.

B.2 Explain the system for adopting social agreements. Describe how it differs from the regime provided for in the CCL, or any applicable regulations.

The main reference standard of the ICF is Legislative Decree 1/2022, of 26 July, July enacting the recast text of the Law of the Institut Català de Finances. This Legislative Decree replaces the one in force until then, 4/2002, which had been amended several times, in order to ensure the ICF Governance bodies with the CRD IV directive, emphasizing the presence of independent members and stipulating that the ICF is subject to the specific regulations for those of credit institutions.

The system for adopting resolutions is similar to that of any capital company collegiate body: resolutions are adopted by a majority of votes with special emphasis on the pre-eminence of the quorum of independent members in the case of the Supervisory Board and the Executive Committee.

B.3. Briefly indicate the resolutions adopted at the General Meetings or equivalent bodies held during the year referred to in this report and the percentage of votes with which the resolutions have been adopted.

As mentioned above, there is no General Meeting in the strict sense of the term and the Generalitat carries out its duties *mutatis mutandi* the sole owner of the share capital, and approves the annual accounts of the ICF as the only significant resolution of the year.

B.4. Indicates whether at general meetings or equivalent bodies held during the financial year there has been any item on the agenda that has not been approved by shareholders.

There has been no item on the agenda that has not been approved.

B.5. Indicate the address and way of accessing corporate governance information on the entity's website.

<http://www.icf.cat/ca/qui-som/organs-govern/>

B.6. Indicates whether meetings have been held of the different trade unions, if any, of the holders of securities issued by the entity, the purpose of the meetings held during the year referred to in this report and the main agreements adopted.

Not applicable.

## C. MANAGEMENT STRUCTURE

### C.1 Board of Directors or governing body

Pursuant to Decree Law 1/2022 of 28 July, which enacts the second recast text of the Law on the Institut Català de Finances, the body that performs the duties similar to those of a board of directors is the Supervisory Board, which is authorised to create decentralised bodies, commissions and executive committees and investment committees which can participate in governing the Entity within their remit.

This Decree Law also states that the Supervisory Board must set up all the commissions and committees required by the regulations on credit entities, in particular the Joint Audit and Control Committee and the Appointments and Remuneration Committee. Furthermore, it may freely create any others as it sees fit, delegating whatever powers are agreed to be appropriate.

The Bylaws of the ICF, which regulate its governing bodies, were approved by the Board on 2 October 2014, with subsequent amendments, the last of them on February 28, 2024. As regards decision-making, they provide that

- The Supervisory Board will be deemed validly held when over half of its members are in attendance, either present or by proxy, using one of the means of communication referred to in the previous article, and among them are a majority of independent members, as specified in Article 13.1 of the Bylaws.
- The resolutions of the Supervisory Board shall be adopted by a majority of those present or represented, each member having one (1) vote. In the event of a tie, the Chair has the casting vote. (Article 11.3)

The appointment of new members of the Supervisory Board is the responsibility of the Generalitat, pursuant to the Law on the ICF, and is subject to a positive report by the Appointments and Remuneration Committee.

The main resolutions adopted by the Supervisory Board during 2022, all by a unanimous vote at thirteen meetings, are as follows:

- Supervisory Board meeting (01/09/2023): election of the new CEO, Ms. Vanessa Servera i Planas.
- Supervisory Board meeting (03/29/2023): ICF Annual Accounts 2022. Agreement to submit to the Generalitat, for approval, the annual financial statements for the year 2022 with the proposed allocation of profits for year entirely to voluntary reserves. Also, approve the 2022 Annual Corporate Governance Report. Finally, approval of the 2023 Budget update.
- Supervisory Board meeting (04/26/2023): approval of the Pillar III Disclosure Report.
- Board of Governors (09/27/2023): approval of the 2024 Budget.

In addition, during 2023, several investments have been approved that, according to the attributions by amount or level of risk, correspond to the Supervisory Board. On the other hand, business lines and strategic projects of the ICF Group have also been analysed.

C.1.1 List the maximum and minimum number of directors or other members of the governing body as specified in the bylaws:

<b>Maximum number of directors/members of the body</b>	11
<b>Minimum number of directors / members of the body</b>	7

C.1.2. Complete the following box on the members of the board or governing body, and their different status: as of 31.12.2023

<b>Name or corporate name of the director/member of the governing body</b>	<b>Charge</b>	<b>Last appointment date</b>
JOSEP MARIA VILARRÚBIA TÀPIA (proprietary) (1)	Chair	25/10/2022
VANESSA SERVER And PLANAS (executive)	Chief Executive Officer	10/01/2023
MIQUEL PUIG RAPOSO (proprietary)	Member	22/11/2022
RAFAEL ABELLA MARTIN (independent)	Member	13/12/2016 (*)
JOAN B. CASAS ONTENIENTE (independent)	Member	05/10/2021
ALBERT CASTELLANOS MADUELL (proprietary)	Member	09/10/2018
NÚRIA CUENCA LEÓN (proprietary)	Member	05/10/2021
JOSÉ LUIS PEYDRÓ MAYOR (independent)	Member	18/09/2018 (**)
FRANCESC XAVIER PUIG PLA (independent)	Member	05/10/2021
MARIA PILAR SOLDEVILA GARCIA (independent)	Member	05/10/2021

(1) On 16/01/2024, he has been replaced in the position by Mr. Josep Maria Aguirre i Font.

(\*) Renewed on 17/12/2020 for a period of 4 additional years.

(\*\*) Renewed on 09/28/2022 for a period of 4 additional years.

C.1.3. Identify, where appropriate, the members of the board or governing body who assume positions as directors or directors in other entities that form part of the organisation's group: : as of 31.12.2023

Name or company name of the director/member of the administrative body	Company name of the group entity	Charge
VANESSA SERVERA IN PLANAS	Instruments Financers per a Empreses Innovadores, SLU (IFEM)	Chair
VANESSA SERVERA IN PLANAS	Institut Català de Finances Capital, SGEIC, SAU	Chair

C.1.4. Complete the following table with information on the number of female Directors who sit on the Board of Directors and its committees, and any changes over the last four years (at the end of each year)

	Fiscal year 2023		Fiscal year 2022		Fiscal year 2021		Fiscal year 2020	
	Nre.	%	Nre.	%	Nre.	%	Nre.	%
<b>Supervisory Board</b>	3	30	2	18	3	27	4	36
<b>Executive Committee</b>	1	25	0	0	0	0	1	25
<b>Joint Audit and Control Committee</b>	0	0	0	0	0	0	1	33
<b>Appointments and Remuneration Committee</b>	1	50	1	33	1	33	1	33

C.1.5 Indicate whether the company has policies for diversity in relation to its administrative, management and supervisory bodies with regard to issues such as age, gender, disability, or training and professional experience.

yes ☒ no ☐ partial policies ☐

If so, describe this diversity policy, its objectives, measures and how it has been applied, and the results in the exercise. The specific measures adopted by the administrative body and the appointments and remuneration committee to achieve a balanced and diverse presence of directors or directors will also be indicated.

If society does not implement a diversity policy, explain the reasons.

The Appointments and Remuneration Committee assesses the suitability of each person, individually, and of each governing body, collectively, in accordance with the Institution's Suitability Policy, as approved by the Supervisory Board on 1 December 2016 and with its own procedures, as approved by the Appointments and Remuneration Committee on 17 November 2016. This evaluation is based on the assessment of three factors: good repute, knowledge and experience, and the ability to implement good governance. With regard to diversity, the Procedure establishes that in the incorporation of new members: *their contribution to the diversity and balance of the membership will be taken into account, together with their ability to contribute value in decision making and plural points of view to discussions on matters within their competence and, overall, having sufficient practical experience in the management of credit institutions.*

Furthermore, in February 2021 the ICF Group's Equal Opportunities Plan was adopted. It provides for gender assessment for the various levels of responsibility and drawing up action plans. Looking ahead to next year, it is expected to be updated.

It is, therefore, normal practice as far as possible to ensure a balanced composition of each governing body, especially with regard to gender equality, without this entailing previously established quotas in any case.

C.1.6 Complete the following table regarding the total remuneration of the directors or members of the governing body accrued during the year:

Remuneration Type	Thousands of euros
	ICF
Fixed remuneration (CEO)	121
Other remuneration (Independent directors)	131
TOTAL:	252

In addition, there are 30 thousand euros of provisions for variable remuneration, the settlement of which is subject to evaluation by the Appointments and Remuneration Committee.

C.1.7 Identify the senior management members who are not at the same time directors or members of the executive governing body, and indicate the total remuneration paid to them during the year:

Below is a list of the members of ICF Management that the Appointments and Remuneration Committee considers key personnel at 31 December 2022, excluding those who are also members of the Supervisory Board:

Corporate Management – Audit, Compliance and Legal Advice
Management – Risk
Management – Venture Capital Investments
Management – Administration, Finance and Markets
Risk Management – Monitoring and Management
Management – Commercial
Management – Human Resources and Organization
Management – Technology
Management – Product Development
Management – Internal Audit and Control
Head – Marketing

Total remuneration for key staff (thousands of euros)	893
---	-----

In addition, there are 154 thousand euros of provisions for variable remuneration, the settlement of which is subject to evaluation by the Appointment and Remuneration Committee.

C.1.8 Indicate whether the bylaws or the regulations of the Board establish a limited mandate for directors or members of the governing body:

Yes ☒ No ☐

Maximum number of exercises of mandate	4+≤4
--	------

According to the Statute of the governing bodies, the term is for a maximum of 4 years and they can be re-elected for a new period of up to 4 additional years.

C.1.9. Indicate whether the individual and consolidated annual accounts submitted for approval to the board or governing body are previously certified:

Yes ☐ Not ☒

Identify, where appropriate, the person(s) who have certified the individual and consolidated annual accounts of the entity, for preparation by the board or governing body:

The individual and consolidated annual accounts are pursuant to the following review circuit prior to their formulation, in accordance with the provisions of the group's accounting policies:

- Internally: Finance Department, Management Committee, Joint Audit and Control Committee
- Externally: review by external auditors, with the submission of a draft audit report prior to formulation

C.1.10. Explain, if any, the mechanisms established by the board or governing body to ensure that the individual and consolidated financial statements formulated by it from being submitted to the general meeting or equivalent body with exceptions in the audit report.

The Joint Audit and Control Committee (hereinafter, JACC), pursuant to Article 23 of the Bylaws of the Governing Bodies of the ICF, oversees the effectiveness of the control systems of the entity and the role of its Internal and External Audit, Regulatory Compliance, Global Risk Management and Internal Control, and gives its opinion to the Supervisory Board regarding any financial information to be published. In this regard, as part of its duties:

- It supervises the internal audit activities of the ICF and therefore approves its annual work plan, the budget and annual activity report, ensuring that the main risks are reviewed, together with the internal control systems and procedures.
- It evaluates the degree of development of the audit plans and the implementation of their recommendations.

The Joint Audit and Control Committee also supervises the preparation and presentation of regulatory financial information, ensuring its compliance with legal requirements and the proper application of accounting principles.

C.1.11. Does the secretary of the board or governing body have the status of director?

Yes ☐ No ☒

C.1.12. Indicate, if any, the mechanisms in place to preserve the independence of the external auditor, financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

The Joint Audit and Control Committee, in addition to proposing the appointment of the auditor, is responsible for establishing the appropriate relationships with auditors to receive information on those issues that may jeopardize their independence, and any others related to the audit process. In any case, the Audit and Control Committee will receive annual confirmation from the auditors of their independence from the Institute or entities directly or indirectly related to it, as well as information on additional services of any kind provided to these entities by the aforementioned auditors, or related persons or entities in accordance with the provisions of the legislation on account auditing.



Regarding to rating agencies, the recruitment process specifically requires them to be:

- a) Considered eligible for Eurosystem operations with the European Central Bank.
- b) Agencies registered or certified in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council.
- c) Part of the list of registered rating agencies published by the ESMA (European Securities and Markets Authority) on its website.

## C.2 Board or administrative body committees

### C.2.1. List the committees of the board or governing body:

As of December 31, 2023, the Supervisory Board's delegated committees were as follows:

Name of the commission
Executive Committee
Joint Audit and Control Committee
Appointments and Remuneration Committee

C.2.2 List all the committees of the board or governing bodies, their members and proportion of executive directors, proprietary directors, independent and other external directors (entities lacking the legal status of a capital company must not enter the category of the director in the chart and in the text section they must specify the category of each director in accordance with their legal regime and the manner in which they meet the conditions for being members of the Audit Committee and Appointments and Remuneration Committee):

### EXECUTIVE COMMITTEE (as of 12/31/2023)

Name	Post
<b>JOSEP MARIA VILARRÚBIA TÀPIA (proprietary) (1)</b>	Chair
<b>VANESSA SERVER And PLANAS (executive)</b>	Member
<b>JOSÉ LUIS PEYDRÓ MAYOR (independent)</b>	Member
<b>FRANC ESC XAVIER PUIG PLA (independent)</b>	Member

(1) On 16/01/2024, he has been replaced in the position by Mr. Josep Maria Aguirre i Font.

<b>% of executive directors</b>	25%
<b>% of proprietary directors</b>	25%
<b>% of independent directors</b>	50%
<b>% from other external directors</b>	-
<b>Number of meetings</b>	7

Explain the duties of this committee, describe its procedures and organisational and operational rules and summarise its most important actions during the year:

The powers delegated by the Supervisory Board are (article 21.9 of the ICF's Bylaws) to the Executive Committee:

- To decide on all matters delegated by the Supervisory Board. Specifically and in accordance with the powers currently delegated, to decide on investment proposals, relating to credit risk, or investments in venture capital or financial holdings.
- To decide on new products considered may have a significant impact on the risk profile of the Entity, if so considered, subsequently reporting them to the Governing Board.
- To ensure that the actions of the ICF Group are consistent with the risk tolerance framework defined by the Supervisory Board, together with other governing and management bodies.

#### JOINT AUDIT AND CONTROL COMMITTEE (as of 31/12/2023)

Name	Post
<b>RAFAEL ABELLA MARTIN (independent)</b>	Chair
<b>JOSÉ LUÍS PEYDRÓ ALCALDE (independent)</b>	Member
<b>JOAN BAPTISTA CASAS ONTENIENTE (independent)</b>	Member

<b>% of executive directors</b>	-
<b>% of proprietary directors</b>	-
<b>% of independent directors</b>	100%
<b>% from other external directors</b>	-
<b>Number of meetings</b>	7

Explain the functions attributed to this committee, describe the procedures and rules for its organization and operation and summarize the most important actions during the year:

The competences of the Joint Audit and Control Committee (delegate committee of the Supervisory Board, article 22.9 Statute of the Governing Bodies of the ICF), in accordance with the provisions of the reference regulations:

- To supervise the effectiveness of the Entity's control, and the functions of the Internal Audit, Regulatory Compliance and Internal Control, Global Risk and Risk Management and Information Systems. It also supervises work related to information security management as well as monitors the indicators and controls that mark its governance every six months.

- b) To approve or to modify the Bylaws of the functions referred to in the previous point, while guaranteeing their independence, autonomy and universality.
- c) To give opinion to the Governing Board, prior to its decision, on any matter within its competence, as well as on any financial information that must be published, the creation or acquisition of shares in entities whose object or geographical situation are different from those approved in the ICF's investment policy.
- d) To supervise the process of drafting and presenting regulated financial information, ensuring compliance with legal requirements and the correct application of accounting principles.
- e) To be promptly informed of any control action or specific information requirement that may be carried out by any supervisory body, regardless of the area responsible for complying with such requests.
- f) To define the entity's tolerance to general risks, ensure that the risk profile remains within the objectives and keep the Supervisory Board informed of the measures adopted to correct any variance that may arise.
- g) To establish and supervise a mechanism that enables employees to confidentially report any potentially significant irregularities.

#### APPOINTMENTS AND REMUNERATION COMMITTEE (as of 12/31/2023)

Name	Post
<b>RAFAEL ABELLA MARTIN (independent)</b>	Member
<b>PILAR SOLDEVILA GARCIA (independent)</b>	Member

<b>% of executive directors</b>	-
<b>% of proprietary directors</b>	-
<b>% of independent directors</b>	100%
<b>% from other external directors</b>	-
<b>Number of meetings</b>	8

Explain the duties of this committee, describe its procedures and organisational and operational rules and summarise its most important actions during the year:

The competences of the Appointment and Remuneration Committee (delegate committee of the Supervisory Board, article 2 3.8 of the ICF's Governing Bodies) are:

- a) To propose the criteria and policies to be followed for the composition of the Supervisory Board, taking into account the principles of honorability, suitability and good governance.
- b) In accordance with the requirements of suitability and incompatibility established by the regulations of credit institutions and following the policies and procedures approved by the governing bodies competent in the matter, it will carry out the evaluation of the suitability of the members of the ICF Supervisory Board, in accordance with the provisions of the corresponding Regulations for the cessation, appointment and re-election of the members of the ICF's governing bodies. It is the responsibility of the Chief Executive Officer to inform this committee about the hiring of senior managers and key personnel carried out in the exercise of their powers. Key personnel must be understood as those employees who can influence the risk profile of the entity, as defined in banking regulations.
- c) To oversee the criteria used for the identification and evolution of key ICF personnel.

- d) To propose to the Supervisory Board the remuneration policy and the system and amount of any fixed and/or variable remuneration of members, management staff and key personnel, ensuring that it is compatible with the interests of the institution in the long term and with adequate and effective risk management.
- e) To propose to the Supervisory Board knowledge updating programs aimed at practicing members.
- f) To inform and give opinion to the Supervisory Board on transactions that involve or may involve conflicts of interest, in accordance with the Code of Good Practice.
- g) At the request of the Chair of the Governing Board, to issue an opinion to the Governing Board so that it can decide on the authorization, to any member of the governing bodies, of the development of a new position in a different entity, as well as on the early dismissal, of an independent member of any governing body of the entity.
- h) To propose to the Governing Board recommendations for the succession processes of the President and the First Executive and, where appropriate, make proposals for an orderly and planned succession.
- i) To monitor and follow up cases of bullying and sexual harassment involving key personnel.

## D. RELATED-PARTY AND INTRAGROUP OPERATIONS

D.1 Detail the operations carried out between the institute or group entities, and the shareholders, cooperative shareholders, proprietary rights holders or any others of an equivalent nature.

The ICF Group has the following operations with the sole shareholder:

Group Company	Nature of the relationship	Type of operation
<b>Institut Català de Finances</b>	Commercial	Loans, transactional credit account and accounts receivable
<b>Institut Català de Finances</b>	Commercial	Management of departmental funds
<b>Institut Català de Finances</b>	Commercial	ICF lease to shareholder of office space

D.2 Describe any transactions between the institute or group entities and the directors or members of the governing body or executives of the institute.

No loan or guarantee operation in favour of the directors or members of the governing body was granted during the year.

There have been no transactions with any member of the governing bodies other than those described in other sections of this document.

D.3 Detail intragroup operations

The breakdown of intragroup operations is shown in note 34 of the consolidated report.

D.4 Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the entity or its group, and its directors or members of the administrative body, or directors.

Article 18 of the Statutes of the governing bodies of the ICF determines, as an obligation of the members of the Supervisory Board, to avoid situations that may cause a conflict of interest, between the entity and these, understood as the situation in which the decision-making of a member or members may be influenced by other reasoning and justifications different from the entity's own and exclusive interests. in accordance with the Group's Code of Good Practice.

The Appointments and Remuneration Committee has, among other functions, the following functions:

- To inform and give opinion to the Supervisory Board on transactions that involve or may involve conflicts of interest, in accordance with the Code of Good Practice.

## E. RISK CONTROL AND MANAGEMENT SYSTEMS

### E.1 Explain the scope of the entity's Risk Management System

The ICF Group's risk management system works comprehensively, adopting the model of the three lines of defence, following the guidelines on internal governance of the European Banking Authority (EBA/GL/2021/05). This organizational framework separates internal control functions from the lines of business they control, segregating roles and resources. This differentiation translates into the model of the three lines of defence, which establishes:

- **First line:** includes business areas and committees, main guarantors of the control environment of their own activities.
- **Second line:** includes areas and committees for monitoring and controlling risks, which are responsible for designing and maintaining the Group's risk model and verifying its correct application in the different areas.
- **Third line:** formed by Internal Audit, it carries out an independent review, verifying compliance and effectiveness of the established corporate policies as well as supervision of the actions of the first and second lines of defence.

The ICF Group establishes the general lines of the Risk Management System applicable to its consolidated group, through its **corporate risk map**, which incorporates both financial and non-financial risks that have a significant impact on the ICF Group and that, therefore, require monitoring and monitoring. This risk map quantifies each of the risks through the control systems and established procedures, which allow the different risks to be monitored and mitigated, reinforcing the control environment, reporting in an aggregate way in 14 corporate risks to the Joint Audit and Control Committee and the Governing Board for their control and supervision. Likewise, the ICF Group has a **Risk Appetite Framework (RAF)**, which integrates the institution's risk management policies, procedures, functions and responsibilities. The RAF includes a risk appetite statement (RAS), which defines the main financial risks of the ICF Group, which are assigned a series of metrics and thresholds in order to quantify, manage and control the different associated risks.

The ICF Group establishes general qualitative principles, defined in the RAF, which are applied in risk management and control. These principles are classified into 6 broad categories and state the following:

- 1. Risk profile:** the ICF Group must adopt a medium risk profile that ensures the development of the activity and countercyclical role without jeopardizing its solvency. The risk will be medium-low once the effect of guarantees is discounted, aligned in the medium term with the bank benchmark.
- 2. Solvency and hedging:** the Group must maintain liquidity and solvency levels that allow it to meet its commitments, even in stressful scenarios. It will act in accordance with the principles of prudence in the management of its risks.
- 3. Concentration:** the Group must diversify its investment portfolio so that there is no activity, client or sector that could put it at risk.
- 4. Sustainability:** the Group's activity must promote investments that promote sustainable development.
- 5. Compliance:** the Group's activity must comply, at all times, with current regulations of the legal system, paying special attention to the specificities applicable to it regarding the regulations on state aid and the European System of Accounts (ESA).
- 6. Market risk and interest rates:** the result of the balance sheet must be stable and conditional exclusively on margin

generated from its main activity. The Group will not carry out speculative activity.

## E.2 Identify the bodies of the entity responsible for drawing up and execution of the Risk Management System

**The business areas and committees** correspond to the first line of defence, and are responsible for developing and maintaining effective controls over the risks of their corresponding businesses. In this sense, each area operates within the framework of the risk policies that it maintains defined and approved and that allow it to identify, manage and mitigate its risks, as well as operate in an appropriate control environment.

The management bodies that make up the ICF Group's first line of defence are made up of:

- The **Credit Investment Committee** whose main responsibilities include decisions on credit investments with a risk greater than €1m and less than €8M. For decisions of lower amounts, attributions are delegated to technical decision-making bodies.
- The **Capital Investment Committee** whose main responsibilities include decisions on investments or divestments in capital operations with a risk of less than or equal to €4M.
- The **Analysis Committee of ICF Capital**, whose functions include supervising the evolution of the investment portfolio in venture capital instruments as well as analysing investment or divestment operations to be submitted to the Board.
- The **Venture Capital Committee – IFEM** whose functions include recommending additional or complementary investments, modifications and investments.
- The **Assets and Liabilities Committee (COAP)** has, among others, the following functions assigned: supervision of the balance sheet strategy, control and management of balance sheet risks, optimization of the financial margin, approval of contracting conditions for indebtedness operations and coverage and approval of the cost of funding.
- The **Supervisory Committee**, whose functions include monitoring the general evolution of the loan portfolio and specific operations to identify incidents that could impact on the overall evolution of the institution's credit risk (review of economic groups over 10 million euros, decisions on management, accounting rating and allocations by holder or groups according to their attributions).
- The **Technical Liquidity Committee** with the main function of determining and updating cash flow needs so that the Administration and Markets Department can propose actions to the COAP.

The management bodies that make up the second line of defence have responsibilities for the design, control and monitoring of the entity's risks. These committees are as follows:

- The **Digital Information Security Committee (CSI)**, whose functions include regularly reporting information security to the Steering Committee.
- The **Internal Control Body (OCI)** that is responsible for designing and coordinating action policies in the field of PBC and its functions include the analysis and resolution of alerts of Prevention and Money Laundering (PBC) that are raised to it.

The main body of the third line of defence is formed by **the Joint Audit and Control Committee (JACC)**, a governing body delegated by the Governing Board and responsible for the control and supervision of the risks of the ICF Group. Its functions include the following:

- Reviewing, overseeing and monitoring the corporate risk map, in order to identify and contain the impact of potential risks.

- Reviewing, overseeing and monitoring the evolution of the risks and metrics of the ICF Group's RAS, ensuring compliance with controls and limits.
- Taking timely manner to ensure effective risk management and, where necessary, mitigate risk exposures, in particular those that exceed risk appetite.
- Periodically reporting the Supervisory Board of the evolution and control of the Group's risks as well as advise it on the overall risk propensity, current and future, and its strategy in this area.
- It is responsible for the integrity of the RAF, including the identification and scaling of breaches with respect to acquired risk limits and risk exposures.
- Supervising the process of preparing and presenting regulated financial information, ensuring compliance with legal requirements and the correct application of accounting principles.
- Analysing and evaluate proposals on the Group's risk management strategy and policies, as well as transmit policies for approval to the Governing Board.
- Being familiar with, assessing and follow the observations and recommendations that may be made periodically by the supervisory authorities in the exercise of their function and those of Internal Audit which have a relevant impact.
- Overseeing the effectiveness of the Group's internal control, internal audit, where appropriate, and risk management systems, as well as discuss with the account auditors the significant weaknesses of the internal control system detected in the development of the audit.

The ultimate responsibility for risks falls to **the Supervisory Board**. Among its functions in the area of risks, the Governing Board is responsible for defining the Group's strategic management in relation to Risk Appetite, as well as regularly reviewing and monitoring the current risk profile and risk limits with respect to the agreed levels.

### E.3 Point out the main risks that may affect the achievement of business objectives

The ICF Group has control systems that allow it to identify, evaluate, control and measure the risks to which it is exposed, both financial and non-financial. The main tools for managing these risks are set out in the Risk Appetite Statement (RAS), which incorporates the control and monitoring of financial risks, and the corporate risk map which, through the assessment of procedures and controls, integrates both financial and non-financial risks.

The main financial risks to which the ICF Group is exposed are:

- **Credit risk:** possibility of incurring losses due to non-compliance with payment obligations by borrowers or deterioration of their credit quality.
- **Structural interest rate risk:** risk of incurring losses both at the level of financial margin and equity of the ICF Group as a result of variations in the interest rate curve.
- **Solvency and capital risk:** risk of incurring insufficient capital at the regulatory level, necessary to deal with unexpected losses to the institution.
- **Business and asset quality risk:** derived from non-compliance with the Group's asset profitability and quality targets.
- **Liquidity risk:** risk of incurring losses due to not having sufficient liquid funds, or due to an increase in financing costs, which prevents compliance with the commitments acquired as they become enforceable; as well as the risk of not being able to undo a certain position as a result of market imperfections.
- **Concentration risk:** risk of incurring losses due to excessive concentration in an economic group.
- **Risk of activity in venture capital:** possibility of incurring losses derived from a negative impact on the value of a venture capital investment as well as exceeding the established thresholds that limit the volume of this activity.

The main non-financial risks to which the ICF Group is exposed and which is included in the corporate risk map are:

- **Regulatory risk:** related to non-compliance with internal and/or external regulations.

- **Governance risk:** related to the inadequate management and administration of the entity as well as the instability in its governance.
- **Rich in cybersecurity and IT failures:** risk of external cyber attacks, incidents with impact on sensitive information and systems failures.
- **Reputational risk:** related to events that have a direct negative impact on the image and reputation of the entity.
- **Human capital management risk:** related to difficulties in selecting and/or retaining talent and managing occupational risks.
- **Sustainability risk:** risk related to the lack or incorrect integration of ESG criteria in the activity.
- **Strategic risk:** related to the lack of definition or implementation of a corporate strategy.
- **Risk of fraud:** associated with deliberate actions that may incur both internal and external fraud.
- **Operational risk:** related to errors in the execution and management of processes related to daily operations.

#### E.4 State whether the organisation has a risk tolerance level.

The ICF Group has the Risk Appetite Declaration (RAS) that allows it to identify, control and manage the main financial risks to which it is exposed, as well as to establish tolerance levels on these risks, which are aligned with both the corporate strategy and the financial plan.

In addition to the RAS, the institution's corporate risk map allows all the institution's risks, both financial and non-financial, to be identified, assessed and documented. The monitoring of this risk map makes it possible to control and manage risks on a double scale that assesses both the inherent risk and the effectiveness of the control environment.

#### E.5 Indicate what risks have occurred during the financial year

Risk is inherent to financial activity and, therefore, the materialisation of risks to a greater or lesser extent is present in the activity carried out by the Group. The ICF Group provides detailed information on the risks in note 3 of the consolidated annual accounts that are available on the corporate website.

#### E.6. Explain the response and supervision plans for the main risks of the entity, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise.

The risk appetite declaration (RAS) and the corporate risk map are the main elements of risk reporting at the highest level. The Joint Audit and Control Committee (JACC) is the governing body responsible for overseeing, controlling and validating this information periodically as well as submitting it to the Supervisory Board.

On an annual basis, a review of all risks and their thresholds is carried out, to respond to new challenges that may occur both external changes (macro-economic changes) and internal changes (strategic changes). The Joint Audit and Control Committee (JACC) is responsible for presenting to the Supervisory Board, when it deems it relevant, actions and recommendations that you may develop to ensure compliance with the limits as well as to address new challenges.



## F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up the risk control and management systems in relation to your entity's procedure for issuing financial information (IFRS).

### F.1 Entity control environment

Report, indicating its main characteristics of, at least:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFRS; (ii) the implementation of this system; and (iii) its supervision

The Supervisory Board of the ICF, as derived from article 9 of the Bylaws of the ICF's governing bodies, is responsible for the existence of an adequate and effective ICFRS, and the Administration, Finance and Markets Department is responsible for its design, implementation and operation. Likewise, in the Internal Policy for the Control of Financial Reporting and in article 22 of the Statute of the ICF's Governing Bodies, it is established that the Joint Audit and Control Committee will be responsible for supervising the ICFRS, its main functions being in this area:

- To supervise the process of preparation and integrity of financial information, reviewing compliance with regulatory requirements and the correct application of accounting criteria.
- To periodically review the internal control and risk management systems, so that the main risks are properly identified, managed and reported, and discuss with the account auditor the significant weaknesses of the internal control system detected in the development of the audit.
- To ensure the independence and effectiveness of the internal audit function, which, in compliance with an annual action plan, will make it possible to evaluate the effectiveness of the ICFRS and periodically inform the CMAiC of the weaknesses detected during this work and the corrective measures proposed.
- To establish mechanisms that allow employees to confidentially and, if deemed appropriate, anonymously, irregularities of potential importance, especially financial and accounting.

The functions of the Joint Audit and Control Committee are specified in the following tasks:

- Approving the Audit Plan detailing the audits to be carried out of the ICFRS.
- Determine who will be responsible for executing the evaluation of the ICFRS.
- Evaluate the sufficiency of the work carried out in the ICFRS environment, as well as analyse the results obtained by the different parties involved in the execution of ICFRS supervision and evaluate their impact on financial information.
- Prioritize monitoring of corrective actions proposed in the ICFRS environment.

Although the Joint Audit and Control Committee must be proactive in analysing the key areas of control and supervision of the ICFRS, it may entrust the execution of the supervision and evaluation work of the ICFRS to the support functions:

- Internal Audit
- Auditors Externs
- Other Experts

F.1.2. If, especially with regard to the process of preparing financial information, the following elements exist:

- Departments and/or mechanisms in charge: (i) the design and review of the organizational structure; (ii) to clearly define the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) that there are sufficient procedures for them to be properly disseminated in the Entity.

The review and approval of the organizational structure and the lines of responsibility and authority is carried out by the Chief Executive Officer of the ICF, based on the proposals that the Appointments and Remuneration Committee makes to the Board about the members who must be part of each of the commissions and committees of the Institute. In the definition of the organizational structure, the establishment of clear lines of responsibility and authority and an adequate distribution of tasks and functions are taken into account.

When preparing financial information the lines of authority and responsibility defined are taken into account. There is a planning process of the tasks to be performed until the information is issued to the market, which, amongst other factors, considers the assignment of tasks and responsibilities, the setting of time frames for delivering information at different stages of preparation and the review processes to which the information is submitted before it is drawn up and subsequently disclosed. This process is documented and adapted to each document issued in accordance with the situation, the initial description of the process and details of its monitoring being periodically reviewed by each of the parties involved.

The ICF's policy for the disclosure of financial information contains details of the financial information to be published in the markets and those responsible for approving it, including the following information:

- Individual and consolidated annual accounts and management report

These documents must be written with clarity, relevance, reliability and comparability, and include the quantitative and qualitative information necessary for a better understanding of the disclosed financial statements, in accordance with applicable standards, taking into account aspects of materiality, relevance and relative importance.

The responsibility for its preparation falls on the Finance Department, responsible for coordinating the drafting process with the rest of the areas involved. The supervision of the final drafting corresponds to the Directorate of Administration, Finance and Markets, and its formulation (or elevation to the approval of the Government, as the case may be), to the Supervisory Board of the Institute, after a favourable pronouncement by the Joint Audit and Control Committee.

- Corporate Governance Annual Report

The responsibility for its preparation and content corresponds to the Governing Board, which must expressly approve it. The responsibility for the preliminary drafting process falls on the Administration, Finance and Markets Directorate, through the Finance Department. For the information contained in certain blocks, we have the collaboration of the areas of Global Risk Management, Compliance and PBC, Internal Audit and Human Resources.

- Pillar III Disclosure Report

Report prepared in accordance with Bank of Spain Circular 3/2008, of 22 May, to credit institutions, on the determination and control of minimum own resources incorporated into Spanish law by the legislation on own resources and reporting obligations contained in the agreement adopted by the Basel Committee on Banking Supervision.

The responsibility for its approval falls on the Supervisory Board, with the Global Risk Management Area coordinating the preliminary drafting process, and the Corporate Compliance, Audit and Legal Advice Directorate, who carries out the final review of the document in accordance with the applicable regulations.

It should also be noted that the group has an updated, published and duly approved organizational chart.

- Code of conduct, approval body, degree of dissemination and instruction, principles and securities included (indicating whether there are specific mentions in the Register of Operations and preparation of financial information), body responsible for analysing non-compliance and proposing corrective actions and sanctions.

The ICF has a General Code of Conduct for Group professionals and a Code of Good Practice for the members of the Supervisory Board, which establish the ethical and conduct principles that inspire and govern the activity of all employees, managers and members of its governing and administrative bodies. The General Code of Conduct for Group professionals has maximum internal dissemination through the corporate intranet.

The values and principles of action set out in the Code of Conduct and Good Practices are as follows: compliance with the laws, professionalism, efficiency, honesty, discretion, equal opportunities and non-discrimination.

The Code of Conduct, which is required of all Group employees, provides for a penalty regime, linked to that established in the collective agreement in force at any given time.

The latest update of the ICF Group's General Code of Conduct for Professionals was approved on March 30, 2022.

- Complaints channel, which allows the reporting to the Audit Committee of financial and accounting irregularities, in addition to possible breaches of the code of conduct and irregular activities in the organization, informing, where appropriate, if it is confidential. It also has a specific procedure for the prevention of moral and sexual harassment.

The Ethical and Internal Investigations Channel was implemented in 2015 under the supervision of the Joint Audit and Control Committee and the Appointments and Remuneration Committee. It allows any alleged irregularity or conduct contrary to the general regulatory framework applicable to the ICF Group to be reported. Since 2019, it has also included a protocol for the prevention of moral and sexual harassment. The last update is February 28, 2024.

It is an internal channel (exclusively for employees) and visible (it is accessible through various links from the Company's intranet). Communications are individual and are anonymized for the purposes of registration, management and resolution. The communications received through the Channel will be treated in a completely confidential manner. The identity of the complainant will only be provided in the event that it is essential for the investigation and always with their prior consent, by judicial request. The possibility of entrusting the management and monitoring of the Ethical Channel to an external third party is also foreseen.

- Training programmes and periodic updating for personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFRS, covering at least accounting standards, auditing, internal control and risk management.

The Human Resources Department develops training and periodic updating programmes for the staff involved in the ICFRS. These programmes include continuous and ongoing training in accounting, consolidation, risk management and internal control of financial information for people directly or indirectly involved in preparing and issuing financial reports.

The main training sessions in 2023 for personnel involved in preparing and reviewing financial reports, given by prestigious external experts in the sector, were as follows:

Concepts	Attendees	Hours
Balance sheet risk management	3	25
Bank sustainability course	47	24
LCCI	20	15
Ignorant Guarantees	14	14
Conferences Institute of Internal Auditors	2	11
Green Eligibility Checker (BEI)	12	8

Regulatory trends in the banking sector	1	6
Budget and public finances	3	5
Application of bankruptcy law reform	7	3
IRIS Training	20	3
ESG in Venture Capital	12	3

## F.2 Risk assessment of financial information. Report, at least, of:

### F.2.1. What are the main characteristics of the risk identification process, including those of error or fraud, with regard to:

- Whether the procedure exists and has been documented.

The ICF Group, annually and within the framework of the analysis of the scope of the Financial Information Control System, formalizes the identification of relevant areas/processes and material risks, based on the methodology contained in the Internal Standard of the Financial Reporting Control System, and including in the process of identifying risks, error or fraud.

In this way, the determination of risks whose potential impact is significant on the financial statements focuses on the identification of critical management processes for the purposes of generating financial information and the areas or headings of the financial statements where these risks are materialized.

For the analysis, both quantitative factors (balance, atomisation, etc.) and qualitative factors (degree of process automation, standardisation of operations, level of accounting complexity, changes with respect to the previous year, identified control weaknesses, etc.) are considered.

- If the procedure covers all the objectives of the financial reporting (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.

The aforementioned procedure is defined to cover all the objectives of the financial reporting for each of the relevant areas/processes that have been considered significant. The policy is updated on an annual basis and is supervised by the Joint Audit and Control Committee.

- The existence of a procedure for identifying the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities.

There is, as a constituent part of the ICF Group's Accounting Policies and Principles, an annual consolidation scope analysis process that defines the criteria for investee entities to be considered a Group or Associate.

- If the procedure takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect financial statements.

The risk identification process takes into account both the most common and infrequent, extraordinary or more complex financial transactions, as well as the effect of other types of risk (operational, technological, financial, legal, reputational, etc.)

- Which governing body of the entity supervises the procedure.

The Joint Audit and Control Committee is the body responsible for annually supervising the risk identification process.

### F.3 Control activities

Report, indicating its main characteristics, if you have at least:

F.3.1 Procedures for reviewing and authorising financial information and a description of the ICFRS, to be published in the securities markets, indicating those responsible, as well as descriptive documentation of the flows of activities and controls (including those relating to fraud risk) of the different types of transactions that may materially affect financial statements, including the accounting closing procedure and the specific review of relevant judgments, estimates, valuations and projections.

As stated in section F.1.2, the Policy for Disclosure of Financial Information establishes the main documents being disclosed, their characteristics within the control environment and those responsible for verifying information for documents subject to financial disclosure abroad.

Likewise, the ICF Group has a description of Accounting Policies and Principles as a fundamental guide for the Group to apply accounting standards and homogeneous valuation principles in the preparation of its financial information. This document includes accounting policies and other procedures generally applicable in the preparation of the Group's financial statements, including, among others, procedures in relation to estimates made that may have a relevant impact on financial information, as well as critical procedures related to closing accounts and the preparation of annual accounts.

In relation to the activities and controls directly related to transactions that may materially affect the financial statements, the ICF Group has prepared a series of descriptive documents, risk matrices and controls of the relevant processes that affect the generation, preparation and preparation of financial information.

For each of the relevant processes, the descriptive documents establish the areas involved and on which the responsibility for control falls, the systems involved and the description of risks and controls. The risk and control matrices include, among others, the following fields:

- Description of the risk
- Attribute with which risk is identified
- Identification of whether or not the risk may incur fraud
- Control activity
- Control classification: key/standard
- Control category: preventive / detective
- Method: manual / mixed / automatic
- System that supports control
- Frequency of control
- Proof of control

The relevant processes are detailed below, as well as the main headings of the related financial statements (distinguishing between business and cross-cutting processes) defined in the scope of the ICFRS. This scope, in general, is made available to the Joint Audit and Control Committee in the first half of each year, in accordance with the Policy on the Financial Information Control System.

Business processes:

Process	Main related headings
Loans and guarantees	Customer loans  Impairment of value or (-) reversal of impairment in value and gains or losses due to modifications to cash flows of

	unvalued financial assets at fair value through profit or loss Deposits with credit institutions Interest income Non-current assets held for sale Gains (losses) on non-current assets for sale
Treasury	Deposits with credit institutions Debt securities Interest income Derivative hedging instruments Accumulated other comprehensive income Profit or (-) Losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net Deposits with credit institutions Marketable debt securities Interest expenses
RISC Capital	Investments Financial assets at fair value through other comprehensive income – Capital instruments Accumulated other comprehensive income Impairment of the value or (-) reversal of impairment of the value and gains or losses for changes in cash flows of financial assets not valued at fair value through profit or loss

Transversal processes:

- Accounting and tax management
- Human resources management
- Reporting and analysis

The aforementioned documentation provides:

- Description of the activities related to the process from its inception, indicating the particularities that a certain product or operation may have.
- Identification of relevant risks with material impact on financial statements.
- Identification of controls and their description, as well as their association with previously identified risks.
- Evaluation of the effectiveness of controls.

F.3.2 Internal control policies and procedures for IT Systems (including secure access, control and operation of changes, operational continuity and segregation of duties) that support the relevant procedures of the entity in relation to the preparation and publication of financial information.

IT systems are a fundamental part of internal control as they are used directly when preparing and monitoring information. The Corporate Compliance and Control Management, working jointly with the Human Resources Department, and with the support of the Technology Department, maintains control of access to applications and authorization, ensuring a proper separation of functions.

The ICF has approved its continuity policy from which the Business Continuity Plan is derived and which makes it possible to minimize the impact of the main contingency scenarios that may affect either the computer systems or processes considered critical. In practice, compliance with the measures described in the Plan would allow commercial, financial and operational activity to continue with very little impact on clients, associates and providers.

The ICF has a banking platform service which provides it with fully integrated software fulfilling all the entity's operational and business needs together with hardware which meets the capacity and performance requirements specified. Both components comply with the technical, security and continuity specifications set by the regulatory body.

For the rest of the non-core banking software and supporting infrastructure, the ICF has a data processing infrastructure service which, among other benefits, ensures the continuity of its systems, since this service is delivered through two data processing centres in different locations which are connected with each other and makes it possible to manage technical activity in detail, meet the demand for technical resources quickly and store information with improved media and more frequent backups.

Highly detailed procedures have been established for requesting new functions, changes to IT applications and changes to data. The traceability of these changes and the authorizations required are documented and supported by computer applications.

The information access security policy is gradually being amended from residing in each individual application to being hosted in a centralized directory (LDAP). Once this process has been completed, it will be easier to audit the review and control of the matrix, separating the roles of different users.

We have established and implemented security mechanisms to prevent information leaks, which currently include making it impossible to use unregistered devices via USB connections, burn CD/DVDs or install applications which are not authorized or standardized.

The ICF has approved its information security policy and is developing and implementing procedures and controls to improve cybersecurity management. Based on this policy, all the actions required by the ICF in this respect are being taken to enhance and provide tools and measures to mitigate the risk of potential incidents or attacks.

Audits are regularly carried out on different aspects of IT systems, including technical issues, access and compliance with legislations (GDPR, etc.).

The perimeter security of the information systems is guaranteed. Using different firewall segments, all incoming data requests are filtered and audited to certify that they are not malicious. Internally, the information systems are located in different areas depending on whether they are production systems, development environments or areas for connecting devices belonging to external partners.

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The generation of financial statements has pivoted since 2021 on the new external banking platform, which, as mentioned in section F.3.2., complies with all the specifications required by regulatory bodies.

In FY 2023, the Group has not outsourced critical activities to third parties in relation to the preparation of financial statements.

#### F.4 Information and reporting

Report, providing an outline of the main features, if you have at least the following:

F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the entity's operating units.

It is the responsibility of the General Finance and Operations Department to have formal descriptions of the processes and procedures for the generation of financial information. These processes must be designed with the aim of mitigating the risks associated with the different stages of preparing financial information.

In particular, the ICF Group's Accounting Policies and Principles, prepared and updated by the Finance Department under the General Finance and Operations Department(\*), set forth the accounting practices to be followed by the Group in the course of its activity. They include, among other points, procedures and responsibilities with respect to estimates that could have a significant impact on financial reporting, as well as critical procedures associated with closing the accounts and the preparation of the annual accounts.

All group employees are made aware of the accounting principles and policies via the corporate intranet.

F.4.2 Mechanisms in standard format for the gathering and preparation of financial information, which are applied and used in all units within the entity or group and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The accounting data are transferred directly to the financial information and enable full traceability between accounting and the financial statements both individual and consolidated.

For the purposes of formulating consolidated information, all the companies that make up the Group use mechanisms for gathering, analysing and preparing information in standard formats.

In relation to the process of preparing the annual reports:

- The Accounting Control and Management unit is responsible for preparing the notes of the financial statements, based on the following areas:
  - Global Risk Management, responsible for providing information on risk and capital management.
  - Human resources, responsible for providing information about personnel.
- The notes are subject to review at different levels. In the case of the parent company of the Group, the notes are subject to revision by the Finance Department, the General Finance and Operations Department, the Steering Committee and the Joint Audit and Control Committee, before being sent to the Supervisory Board to be submitted to the Generalitat for approval.

In relation to the process of preparing this report:

- The Administration, Finance and Markets Department, through the Finance Department, is responsible for drafting the document, with the support of Global Risk Management, Compliance and PBC, Internal Audit and Human Resources for certain sections.
- This report is subject to reviews at different levels. Specifically, it is reviewed by the Management Committee and the Joint Audit and Control Committee, before being passed on to the Supervisory Board for approval.



## F.5 System operation supervision

Provide an outline of the main features of at least the following:

F.5.1. The supervision activities of the ICFRS carried out by the Audit Committee, as well as whether the Company has an internal audit function whose competence is to support the Committee in the task of supervising the internal control system, including the ICFRS. It is also necessary to report on the scope of the evaluation of the ICFRS carried out during the year and the procedure by which the person responsible for executing the evaluation communicates its results, whether the Company has an action plan detailing any corrective measures, and whether its impact on financial information has been considered.

The Joint Audit and Control Committee (JACC) is responsible for supervising the process of preparing and presenting regulated financial information, ensuring compliance with legal requirements and the correct application of accounting principles. In order to carry out this supervision, it can entrust the execution of the supervision and evaluation work of the ICFRS to the following support functions:

- Internal Audit
- Auditors Externs
- Other Experts

In relation to the supervisory activities entrusted to the Internal Audit and Control area, and based on the provisions of its Statute, it regularly supervises compliance, sufficiency and effectiveness of the Group's internal control systems, and in particular the ICFRS. In this context, on 31 January 2023, the Joint Audit and Control Committee approved the Unit's Annual Plan for the current year, which included a specific review of the ICFRS, and which included the supervision by the Internal Audit of the risks and controls of the ICFRS in its incorporation into the entity's risk map.

On the other hand, and prior to the formulation of the 2022 accounts, the evaluation and testing of the ICFRS controls was presented to the Joint Audit and Control Committee, derived the corresponding recommendations, and following those of previous years. Likewise, during the year, the Internal Audit Unit has carried out, among other activities, the review on the contracting and assignment of external services for credit investment processes, the review of the monitoring of investments in external venture capital instruments and the performance of the control functions assumed by the Unit within the framework of the ERDF operational programme.

The conclusions of the Internal Audit, together with those made by the External Auditor, are communicated to the Joint Audit and Control Committee, thus allowing it to carry out its supervisory function in accordance with the requirements of current regulations. At the same time, the recommendations arising from all the reviews carried out form part of the follow-up process of recommendations carried out by the Internal Audit Unit a, reporting to the Joint Audit and Control Committee.

## F.6 Other relevant information

There is no other relevant information to report.

## F.7 External auditor's report

Inform us of:

F.7.1. State whether the ICFRS information sent to the markets has been submitted for review by the external auditor, in that case the entity should include the corresponding report as an Annex. Otherwise, it must justify this.

The ICF Group has submitted to review by the external auditor the ICFRS information for the financial year 2023. The report of the external auditor, Ernst & Young SL, is included as an annex to this annual corporate governance report.

The scope of auditor review procedures is determined by Circular E01/2012 of 25 January 2012 issued by the Spanish Institute of Chartered Accountants.

## G. OTHER REVELANT INFORMATION

If there is any relevant aspect in matters of corporate governance in the entity or companies of the group that has not been included in the rest of the sections of this report, but that it is necessary to include to collect more complete and reasoned information about the structure and practices of governance in the entity or its group, detail them briefly.

This section may be used to provide further information, clarifications, or reservations in relation to previous sections of the report; these should be significant and repetition should be avoided.

Specifically, it will be indicated whether the entity is subject to legislation other than Spanish corporate governance and, where appropriate, will include information that it is obliged to provide and is different from that required in this report.

The entity may also indicate whether it has voluntarily adhered to other codes of ethical principles or good practices, international, sectoral or other areas. If applicable, the entity will identify the code in question and the date of adhesion.

The ICF, as a private sector public entity, is also subject to additional external supervision, chiefly that of the Court of Auditors of Catalonia and the General Comptroller of the Generalitat.

This Annual Corporate Governance Report was unanimously approved by the ICF Supervisory Board at its meeting on March 20, 2024.

## ANNEX: EXTERNAL AUDITOR REPORT



**Auditor's report on the "Information Relating to the Internal Control  
over Financial Reporting (ICFR)" of Institut Català de Finances and  
subsidiaries for the year 2023**

*(Translation from the original report in Catalan)*

*Translation of a report originally issued in Catalan.  
In the event of discrepancy, the Catalan-language version prevails.*

## **AUDITOR'S REPORT ON THE "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"**

To the Governing Board of Institut Català de Finances:

As requested by the Governing Board of Institut Català de Finances (hereinafter, the Company) and the engagement letter dated 23 May 2023, we have applied certain procedures to the "Information relating to the ICFR" contained in Section F of the attached Annual Corporate Governance Report of Institut Català de Finances and subsidiaries (hereinafter, the Group) for the year 2023, which summarises the internal control procedures of the Company in relation to its annual financial reporting.

The Governing Board is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control and for developing improvements to those, and for preparing and establishing the contents of the "Information relating to the ICFR" contained in Section F of the attached Annual Corporate Governance Report.

It should be noted in this regard, that irrespective of the quality of the design and operating capacity of the internal control adopted by the Company in relation to its annual financial reporting, the internal control can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the 2023 consolidated financial statements of the Group and pursuant to the Auditing Standards generally accepted in Spain, the sole purpose of our assessment of the internal control of the Company was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Group's consolidated financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not extensive enough to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which sets out the work to be performed, the minimum scope of this work, and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Company's annual financial reporting for 2023 described in "Information relating to the ICFR" included in Section F of the Annual Corporate Governance Report. Therefore, had additional procedures been applied to those provided for in the abovementioned Guidelines or an audit or a review of the internal control over the regulated annual financial reporting been performed, other matters or aspects might have come to our attention that would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Institution in relation to the ICFR - detailed information included in the Management Report - and assessment of whether this information addresses all the required information that follows the minimum content described in the section F, relating to the description of the ICFR, of the IAGG model as established in Circular no. 5/2013, dated June 12, 2013 of the National Securities Market Commission (CNMV), and subsequent amendments, the most recent being Circular no. 1/2020, dated October 6 of the CNMV (hereinafter, the CNMV Circulars).
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) understanding the process of preparing it; (ii) obtaining the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtaining the information on whether the aforementioned control procedures have been implemented and are in use at the Group.
3. Reviewing the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparing the information detailed in point 1 above with the Group's knowledge of the system of ICFR obtained as a result of the procedures carried out as part of the audit of its financial statements.
5. Inspecting the minutes of meetings of the Governing Board, the Audit Committee and of other Group committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.
6. Obtaining the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

As a result of the procedures applied to the "Information relating to the ICFR" no inconsistencies or incidents have come to our attention that might affect it.

This report has been prepared exclusively under the framework of the requirements established by article 540 of the Consolidated Text of the Corporates Act (Ley de Sociedades de Capital) and by CNMV for the purposes of describing the system of ICFR in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signed in the original report in Catalan)

---

Albert Fernández Chafer

April 25, 2024