

# '08 CR Report



Memoria RC '08



Instituto de Crédito Oficial





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# ■ STRATEGY AND ANALYSIS





# 1. STRATEGY AND ANALYSIS

## 1.1 Statement from the most senior decision-maker

For the fifth consecutive year, we have drawn up our institution's Annual Report on Corporate Responsibility (CR) so as to give our main stakeholders as clear and comprehensive a view as possible of our economic, environmental and social performance in 2008.

Again, when presenting the information, we have chosen to keep to the structure laid out in the document, *Sustainability Reporting Guidelines (GRI), Version 3, 2006*, which, in our view, provides a more transparent way of describing ICO's work in the field of CR.

For the third time, we have submitted the report's content to independent verification by AENOR and received the top rating (A+). ICO thus gains further recognition as an expert reporter and takes its place among benchmark institutions in the presentation of CR reports.

Our CR policy is founded upon a profound respect for the values around which the institute's culture has been built. Accordingly, CR forms part of all its activities as opposed to being a separate issue. For CR is not a mere question of fulfilling minimum requirements but entails the voluntary incorporation of social and environmental concerns into the institute's daily management and its dealings with all the stakeholders.

During 2008, in its commitment to the environment, ICO improved the efficiency of its premises and energy installations. In this regard, the greatest effort was focussed on cutting down on the use of energy resources by installing solar panels to produce electricity. Photovoltaic solar energy helps reduce the emission of greenhouse gases as it does not release emissions of either CO<sub>2</sub> or other contaminating gases into the atmosphere, thereby playing a part in the fulfilment of the commitments acquired under the Kyoto Protocol.

Furthermore, for a number of years now, the institute has been engaged in initiatives aimed at alleviating the effects of climate change. For instance, in 2006, on a joint basis with Banco Santander Investment, ICO set up a carbon fund for the Spanish enterprise, known as FC2E; and, in 2008, it joined the Post-2012 Carbon Credit Fund, a European fund seeking to make headway in the fight against climate change beyond 2012.

One of the greatest obstacles facing people interested in starting up or consolidating a business lies in the lack of access to the financing necessary to set that activity under way. Here, ICO, as part of its traditional mission of helping disadvantaged groups, develops and implements new products whose purpose it is to meet such needs.

Particularly now, in the context of the economic crisis, the institute's role and activity are gaining in size and importance. In view of the current situation, a major stimulus package has been designed and deployed for the central purpose of providing SME, the self-employed and private individuals with financial resources and liquidity to help them cope with the most pressing needs of their enterprises and thus ensure the continuity of their business concerns and economies. To this end, in early 2009, ICO will start up four new loan facilities: ICO-Liquidity, ICO-Mortgage Deferral, ICO-SME Mortgage Deferral and ICO-Housing.

Our social commitment goes on to include initiatives to support projects of a social nature or of general interest, managed by Fundación ICO, the foundation through which the institute's social action is channelled. Its scope of performance covers the promotion and patronage of activities conducive to the social and cultural integration of immigrants, with a special focus on the empowerment of women; the backing of training schemes through the scholarship programme; the encouragement of international cooperation; and the protection of the environment.

Despite the fact that CR is intrinsically linked to the institute's very nature, we are fully aware of its significance at a time like the present. It is therefore our aim to show society that we are responsible and that, through our activity, it is possible to develop business opportunities which enhance social wellbeing. With the firm intention of breaking new ground in the area of CR, in 2009, we wish to strengthen the commitment of both management and workforce by fostering their involvement in CR activities geared towards our stakeholders.

## ■ 1.2 Description of key impacts, risks and opportunities

### ■ Impacts and risks for the institute in the area of sustainability

Aspects of relevance for ICO's stakeholders are a reflection of the risks and opportunities found in the financial sector in general. The main risks and opportunities are related to the following:

- Ethical behaviour, corporate integrity and the fulfilment of regulations. This conduct underpins the performance of ICO's activity, as shown in detail under the heading, Indicator HRI, in this report.
- The avoidance of financial exclusion. It is part of ICO's duties to attend to the more disadvantaged groups, especially those that are barred from the usual financing channels. In its constant bid to attend to the needs of society, above all, those of the more vulnerable groups, the institute implements new financing facilities to help such people overcome their difficulties.
- Impact on the environment. It is one of the institute's functions to support initiatives seeking to improve the environment and, in particular, those aimed at the alleviation of the effects of climate change. In its commitment to the encouragement of eco-friendly investments, for some years now, ICO has been involved in undertakings conducive to the reduction of the effects of climate change. In 2008, together with other European Union financial institutions, ICO set up the Post-2012 Carbon Credit Fund, described in detailed under Indicator EC2.
- Transparency vis-à-vis stakeholders. ICO attaches a great deal of importance to open, fluid dialogue with its stakeholders so as to pinpoint and provide an adequate response to their needs. For this purpose, the institute has a range of tools designed to ensure effective management in this area.

### ■ Trends and opportunities in the area of sustainability

ICO's central activity consists in the start-up of financing facilities to provide SME and, to a lesser extent, the self-employed, with the resources necessary to commence and maintain their investment projects.

As a result of the economic crisis, the institute's role has increased, as shown by the fact that ICO has designed and implemented a major stimulus package for the fundamental purpose of providing SME and the self-employed with the liquidity and financial resources necessary to enable them to cope with their running expenses and the needs of their enterprises or business concerns. Moreover, for the first time, in view of the hardship besetting certain groups, a facility for private individuals has been set up.

The institute's activity thus revolves round three central pillars: attending to the general financing needs of Spanish enterprises; the start-up of facilities for SME and the self-employed in the economic sectors suffering most from the crisis; and, as far as possible, the provision of assistance for a certain group of private individuals, through the ICO-Mortgage Deferral Facility.



# ■ ORGANISATIONAL PROFILE





## 2. ORGANISATIONAL PROFILE

### ■ 2.1 Name of the organisation

Instituto de Crédito Oficial

### ■ 2.2 Primary brands, products and/or services

In its twofold function as the State's Financial Agency and State-owned Investment Bank, ICO lends its support to investments by Spanish enterprises both within Spain and abroad through its financing facilities.

#### ■ The State's Financial Agency

As the **State's Financial Agency**, ICO, on express instructions from the Government, provides financial resources for victims of serious economic crises, natural disasters and similar. In these cases, ICO receives a prior allocation of public funds and/or acts through the compensation of interest rate spreads. At the same time, ICO manages official financing instruments for exports and development.

#### *Official Development Aid*

Through its Official Development Aid Fund (Fondo de Ayuda al Desarrollo, FAD), provisioned by the Spanish State, ICO awards financial assistance on a concessionary basis to developing countries, their public institutions or resident enterprises and also to multilateral financial institutions.

The purpose of the fund is to contribute to the economic and social development of the recipient countries by financing projects designed to this end, while boosting the internationalisation of the Spanish economy and Spain's involvement in multilateral financial institutions.

In the name of the Spanish Government, ICO arranges the credit, loan or grant agreements and provides the financial services pertinent to asset operations. In 2008, ICO's arrangements numbered 198, entailing a total amount of €2,352m, or over 100% more than the figure chalked up in 2007.

#### *Interest makeup*

The purpose of the Interest Makeup System (Contrato de Ajuste Recíproco de Intereses, CARI) is to stimulate the participation of Spanish and foreign private credit institutions in the long-term financing of Spanish exports. To benefit from the system, the interest rates established on operations by the lender institutions must be as indicated in the OECD Consensus.

#### *Microcredit Fund*

This fund (Fondo de Microcréditos, FCM) seeks to improve the standard of living of vulnerable groups while fostering the execution of basic social development projects. The loans are granted to foreign on-lending institutions which, either directly or through local financial institutions, make the loans available to beneficiaries.

ICO acts as financial agent, examines the solvency of the institutions in which it intends to invest the fund and arranges the operations. The Spanish International Cooperation Agency (AECI) pinpoints future programmes, selects the financial institutions and carries out follow-up and inspection tasks on the operations awarded. In 2008, 12 microcredit programmes were approved and arranged for a total amount of €94.85m.

### *Financing facilities to alleviate the economic effects of natural disasters*

As provided for in the bylaws, one of the institute's functions consists in helping to alleviate the economic effects caused by situations of grave economic crisis, natural disasters and similar. In the performance of this task, in 2008, two financing facilities were provisioned to alleviate the damage caused by fire on the Canary Islands and floods in Comunidad Valenciana.

## ■ Investment bank

As a Specialised Credit Institution or Investment Bank, ICO provides medium and long-term financing for the productive investments of enterprises established in Spain or of Spanish enterprises setting up abroad. This task is performed through the following instruments:

- Second-floor loans. Loan applications are filed with banks, savings banks and credit cooperatives.
- Direct operations. Enterprises apply directly to ICO for financing.

### *Second-floor lending*

As ICO has no branches, it uses the second-floor lending system, whereby it enters into agreements of cooperation with practically all financial institutions established in Spain. The institute thus ensures as wide a distribution as possible of its resources. The success of this system is due to a number of factors, including ease of access, simplicity of paperwork, long repayment terms and the satisfactory role played by financial institutions.

#### MAIN LINES OF ACTION. 2008. SECOND-FLOOR LENDING

- SME
- Internationalisation
- Corporate growth
- Entrepreneurs
- Information technologies "Plan Avanza"
- Film production
- Microcredits
- University studies loan
- *Learn to drive for a euro a day*

### *Direct financing*

Direct financing programmes were designed to finance public and private large-scale investment projects which require sizeable amounts of capital and long repayment terms. The priority target sectors of these programmes are energy (especially renewable), transport, telecommunications, innovation, technology, water, the environment and industry in general. ICO examines the applications, approving them as applicable, and assumes their risk. In these tasks, it acts in accordance with the economic and financial appraisal criteria generally used in commercial banking and evaluates the socio-economic and environmental impact of the operation in question.

Although, in some cases, these loans may be bilateral, they are usually syndicated with other financial institutions, cofinanced with multilateral financial institutions or, when the financing of Spanish investments abroad is involved, they are arranged through local financial institutions in the countries in which the investment is made.

## MAIN LINES OF ACTION. 2008. DIRECT FINANCING

- Corporate finance
- Project finance
- International finance
- Institutional finance
- Security and guarantees

## 2.3 Operational structure of the organisation

Operational working is described in Section 2.2.

ICO is not involved in any joint ventures.

## 2.4 Location of organisation's headquarters

Paseo del Prado nº 4, 28014 Madrid, España.

## 2.5 Number of countries where the organisation operates

The Annex to the institute's Annual Report contains information as to the recipient countries of investments through Official Development Aid (FAD), the Microcredit Fund (FCM), Corporate Internationalisation and the Programme for Large-scale Investments Abroad (PROINVEX).

## 2.6 Nature of ownership and legal form

Instituto de Crédito Oficial is a State-owned corporate entity attached to the Ministry of Economy and Finance through the Secretariat of State for the Economy. It has the legal form of a credit institution and is classified as the State's Financial Agency. ICO has its own legal status, equity and cash assets and is self-governing as far as management for the fulfilment of its purposes is concerned.

So as to enable Spanish enterprises to meet their financing requirements, ICO has holdings in a number of companies.

| COMPANY  | ICO's share |
|--|-------------|
| Fondo FOND-ICO   | 100%        |
| Fondo EURO-ICO   | 100%        |
| Axis Participaciones Empresariales                         | 100%        |
| Compañía Española de Reafianzamiento (CERSA)               | 23.49%      |
| Compañía Española de Financiación del Desarrollo (COFIDES) | 25.25%      |
| European Investment Fund (EIF)                             | 0.28%       |

## ■ 2.7 Markets served (\*)

ICO's financing facilities are used to finance investments on the Spanish and international markets.

(\*) International markets are described in Section 2.5

## ■ 2.8 Scale of the organisation

### KEY FIGURES\*

| <b>BALANCE</b> (1)                        | <b>2007</b> | <b>2008</b> |
|---|-------------|-------------|
| Total assets                              | 39.882      | 52.970      |
| Lending investment (2)                    | 36.684      | 43.724      |
| Second-floor loans (3)                    | 21.650      | 25.065      |
| Direct loans to customers                 | 13.550      | 17.784      |
| Market resources                          | 32.780      | 43.039      |
| Equity (4)                                | 2.225       | 2.736       |
| <b>STATEMENT OF INCOME</b> (1)            |             |             |
| Net interest revenue                      | 207         | 295         |
| Gross revenue                             | 228         | 350         |
| Operating activity revenue                | 108         | 122         |
| Pre-tax profit                            | 108         | 122         |
| Net profit                                | 82          | 89          |
| <b>RATIOS</b> (5)                         |             |             |
| ROE                                       | 3,56        | 3,09        |
| ROA                                       | 0,21        | 0,19        |
| Capital adequacy ratio                    | 11,23       | 11,19       |
| Operating expense / ATA                   | 0,11        | 0,09        |
| <b>HUMAN RESOURCES</b>                    |             |             |
| Number of employees                       | 278         | 296         |
| - Male                                    | 108         | 114         |
| - Female                                  | 170         | 182         |
| Technical specialists and middle managers | 188         | 203         |
| <b>SOCIO-CULTURAL ACTIVITIES</b>          |             |             |
| FUNDACIÓN ICO                             |             |             |
| <b>RATINGS</b>                            |             |             |
| Moody's                                   | Aaa         | Aaa         |
| Fitch Ratings                             | AAA         | AAA         |
| Standard & Poor's                         | AAA         | AAA         |

(1) Million euros. The statement of income has been adjusted in accordance with BoS Circular 6/2008.

(2) All lending investment figures are presented minus provisions and adjustments. The interbank market is not included.

(3) For the purposes of comparison, bonds issued by the securitisation fund and acquired by ICO are considered as second-floor.

(4) Includes the year's result.

(5) Percentages.

## ■ **2.9 Significant changes during 2008 regarding size, structure or ownership**

There were no significant changes in the institute's activity, structure or ownership.

## ■ **2.10 Awards received in 2008**

The institute did not receive any awards or distinctions.

# ■ REPORT PARAMETERS





## 3. REPORT PARAMETERS

### ■ REPORT PROFILE

#### ■ 3.1 Reporting period

This report covers the year 2008, from January 1 to December 31.

#### ■ 3.2 Date of most recent previous report

The year 2007.

#### ■ 3.3 Reporting cycle

Annual.

#### ■ 3.4 Contact point for questions regarding this report or its contents

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### ■ REPORT SCOPE AND BOUNDARY

#### ■ 3.5 Process for defining report content

In the definition of the report's content, the interests of ICO's main stakeholders have been taken into account. These stakeholders are the employees, customers, suppliers, the Public Administration and society in general.

In addition, the principle of comparability has been applied to enable those stakeholders who consult the report to compare the institute's performance with that of other institutions and with that of the institute itself in previous years.

So as to achieve a balanced, reasonable presentation of ICO's performance, in view of the experience of previous years, the *G3 Sustainability Reporting Guidelines (Global Reporting Initiative)* have, as far as possible, been followed.

### ■ **3.6 Boundary of the report**

The institute's CR report covers the full range of its activity.

### ■ **3.7 Specific limitations on the scope of the report**

The report addresses all economic, social and environmental aspects of the institute's activity.

### ■ **3.8 Basis for reporting on joint ventures**

ICO neither has nor executes any joint ventures.

### ■ **3.9 Data measurement techniques and bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in this report**

The report was prepared in accordance with the document, *Global Reporting Initiative (GRI): Sustainability Reporting Guidelines (G3)*.

### ■ **3.10 Explanation of the effect of any restatements of information provided in earlier reports and the reasons for such restatement**

There has been no restatement of the information contained in previous reports. However, certain data have been reformulated and in these cases, a footnote explaining the reason has been included.

### ■ **3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report**

There were no significant changes in respect of the previous period.

## ■ **GRI CONTENT INDEX**

### ■ **3.12 Table indicating the location of the standard disclosures in this report**

See Content Index.

## ■ ASSURANCE

### ■ 3.13 Policy and current practice with regard to seeking external assurance for the report

The CR Annual Report was submitted to external verification by an institution of repute in the scope of Corporate Responsibility (AENOR). Moreover, ICO's Annual Accounts are audited every year in compliance with legislation in force and are submitted to the control and supervision of the Bank of Spain.



# ■ GOVERNANCE, COMMITMENTS AND STAKEHOLDER ENGAGEMENT





## 4. GOVERNANCE, COMMITMENTS AND STAKEHOLDER ENGAGEMENT

### ■ GOVERNANCE

#### ■ 4.1 Governance structure of the organisation

In the performance of its functions, the institute is governed by a number of associated bodies, grouped as follows:

- Management bodies: Governing Council and Chairman.
- Ordinary management bodies: Management Committee, Operations Committee and the organic units making up ICO's structure.
- Coordination, backup and collaborative bodies.

### ■ MANAGEMENT BODIES

- The Governing Council is ICO's highest governing and administrative body. It is formed by the institute's Chairman, who likewise chairs the Council, and 10 members, plus the Secretary.

The appointment and removal of the Governing Council's members are incumbent on the Ministry of Economy and Finance, which designates them from among persons of proven competence who are at the service of the Public Administrations. The Council meets at least once a month.

- The Chairman of ICO is appointed by resolution of the Council of Ministers on the proposal of the Minister of Economy and Finance. His functions include the following, amongst others:
  - Supervise the institute's activity, ensuring the fulfilment of applicable regulations and the basic guidelines established by the Council of Ministers, the Government's Delegate Commission for Economic Affairs (Spanish initials, CDGAE) and the Ministry of Economy and Finance.
  - Implement the resolutions adopted by the Governing Council.
  - Appoint and remove the institute's Directors General and Deputy Directors, the Secretary to the Council and, as applicable, the Undersecretary to the Council.
  - Represent ICO and its Governing Council vis-à-vis all nature of entities and persons.
  - Submit the institute's performance, investment and funding programme to the Government's approval.

### ■ ORDINARY MANAGEMENT BODIES

- The Management Committee directs ICO's performance through the determination, promotion and coordination of the strategic lines of action on which the institute's policy is based, the courses of action undertaken for the implementation of these policies and the appraisal of the results obtained.

| Composition of the Management Committee |  |
|---|--|
| <input type="checkbox"/>                | Chairman of ICO                                |
| <input type="checkbox"/>                | Assistant Director General                     |
| <input type="checkbox"/>                | Director General of Investment and Finance     |
| <input type="checkbox"/>                | Director General of Control and Administration |
| <input type="checkbox"/>                | Director General of Technical Affairs          |

- The Operations Committee is responsible for the ordinary management of ICO’s activity. Its scope of duties consists in decision-taking and the provision of advice within the terms and limits established by the Governing Council or the Chairman. It is formed by the Chairman of ICO, the Directors General and the Secretary to the Council.

## ■ COORDINATION, BACKUP AND COLLABORATIVE BODIES

These bodies are created on the proposal of any area within the organisation, subject to the approval of the Operations Committee.

| Current coordination, backup and collaborative bodies |  |
|---|--|
| <input type="checkbox"/>                              | The Assets and Liabilities Commission                                      |
| <input type="checkbox"/>                              | The Procurement Commission   |
| <input type="checkbox"/>                              | The Internal Commission for the Control and Prevention of Money-laundering |
| <input type="checkbox"/>                              | The FAD Contract Commission  |
| <input type="checkbox"/>                              | The Assets Follow-up and Operations Commission                             |
| <input type="checkbox"/>                              | The Contingency Commission   |
| <input type="checkbox"/>                              | The Procurement Board  |
| <input type="checkbox"/>                              | The Social Affairs Commission  |
| <input type="checkbox"/>                              | The Joint Commission for Application, Interpretation and Vigilance         |
| <input type="checkbox"/>                              | The Training and Professional Advancement Commission                       |
| <input type="checkbox"/>                              | The Health and Safety Commission   |
| <input type="checkbox"/>                              | The Systems Commission   |
| <input type="checkbox"/>                              | The Risk Commission  |
| <input type="checkbox"/>                              | The Data Protection Commission   |

### ■ 4.2 Function of the Chairman (\*)

The Chairman of ICO performs executive functions.

(\*) His functions are described in Section 4.1.

### ■ 4.3 Members of the highest governing body that are independent and/or non-executive members

Apart from the Chairman, the members of the Governing Council have no executive functions.

#### ■ **4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body<sup>(\*)</sup>**

ICO is a State-owned corporate entity attached to the Ministry of Economy and Finance. Therefore, its owner is the Spanish State.

(\*) See Indicator HR5 for the communication mechanisms available to the employees.

#### ■ **4.5 Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements) and the organisation's performance (including social and environmental performance)<sup>(\*)</sup>**

ICO's very activity is linked to social and environmental performance.

(\*) See Indicator in Section LA12.

#### ■ **4.6 Processes in place for the highest governance body to ensure that conflicts of interest are avoided**

ICO's management personnel are subject to the incompatibility system established under Act 5/2006, April 10, whereby conflicts of interest on the part of members of the Government and high-ranking officials of the State's General Administration are regulated.

#### ■ **4.7 Processes for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics**

The Governing Council, the highest governing and administrative body, is periodically informed of the activities carried out by ICO as regards social, environmental and economic aspects.

The appointment and removal of the members of the Governing Council is referred to in Section 4.1.

#### ■ **4.8 Internally-developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation<sup>(\*)</sup>**

##### ■ **ICO's mission**

The purpose of ICO's activities is to contribute to the growth and improved distribution of the national wealth and, in particular, to attend to situations which, on account of their social, cultural, innovative or ecological significance, are deserving of promotion and development.

##### ■ **ICO's values**

- Meet the financial needs of Spanish society and the country's economy while fostering their development.
- Maintain the institute's weight within the financial world.
- Protect its public image and brand.

- Create a work environment based on the assessment of personal merit.
- Enhance the career development of the employees.

## ■ Code of Conduct

ICO's Code of Conduct is a key element in the preservation of the institute's corporate integrity. Applicable to employees and management alike, it consists in a set of measures seeking to ensure the veracity, objectivity, independence and correct use of information. The document lays down what is expected of the institute's employees and managers in terms of ethical behaviour:

In addition to fulfilling legal regulations in force at all times, the employees are required to adapt their professional activity to the principles and criteria established in the Code of Conduct.

(\*) Additional information under Indicator HRI.

## ■ **4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities and adherence or compliance with internationally-agreed standards, codes of conduct and principles** (\*)

(\*) Indicator referred to in Point 2.3

ICO is of the view that its commitment to stakeholders should be shared by all the employees and units by which the institute is formed. This commitment is reflected in day-to-day performance procedures.

CR is promoted and coordinated by the Department of Institutional Relations, which is accountable to the Assistant Director General to the Chairman. In turn, the Assistant Director General keeps the Chairman abreast of developments. This direct link with the institute's highest-ranking officer reflects the importance attached to CR by ICO.

So as to further enhance the systematisation of CR, in 2009, a proposal for a reorganisation of the matter will be tabled. The entire enterprise will be represented in the discussions and lines of performance will be devised and developed with the involvement of all concerned, thus ensuring coherence and unity as regards initiatives oriented towards CR.

As far as structure is concerned, the new organisation of CR will be formed by ICO's Chairman, the Corporate Responsibility Committee and the Customer Service and Corporate Responsibility Area:

### ■ Chairman

The Chairman will approve the Annual CR Plan and all additional, relevant measures proposed by the Corporate Responsibility Committee. He will also designate the members of the CR Committee. Moreover, he may inform the institute's Governing Council of any CR measures and activities he deems appropriate.

### ■ Corporate Responsibility Committee

The Corporate Responsibility Committee will perform the following functions:

- Channel the CR information, ideas, proposals and actions presented by ICO's various units.
- Draw up the Annual CR Plan, which will be submitted to the Chairman's approval.
- Submit to the Chairman's approval any CR proposals that are not included in the Annual CR Plan.
- Keep the Chairman informed of progress regarding all CR actions approved.
- Promote the dissemination of information within the scope of CR.

## ■ Customer Service and Corporate Responsibility Area

It will be incumbent on the Customer Service and Corporate Responsibility Area to:

- coordinate Corporate Responsibility at ICO.
- prepare an initial proposal for the CR Plan, to be presented to the Corporate Responsibility Committee. The Customer Service and Corporate Responsibility Area will provide CR Committee members with a draft proposal for the Annual CR Plan. The CR Committee Members shall send their comments to the Customer Service and Corporate Responsibility Area before the first Annual CR Plan meeting is called.
- prepare the agenda for the CR Committee meetings and write up the minutes.
- inform the CR Committee of topical issues affecting the institute.
- prepare the Annual Report on Corporate Responsibility.
- prepare a report on the development of CR in the course of the year. This report will be discussed by the CR Committee and then referred to the Chairman.
- participate in, and represent ICO at, CR forums.
- channel and distribute all proposals and information.

## ■ 4.10. Procedures for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance

Indicator referred to in Section LA12 (Management by Targets).

## ■ COMMITMENTS TO EXTERNAL INITIATIVES

### ■ 4.11 Description of whether and how the precautionary approach or principle is addressed by the organisation

In its activity, ICO, like other financial institutions, has to deal with credit, reputation and operational risk:

- Credit risk. ICO pursues policies based on strictly technical aspects related to the inherent risks of the operations financed.
- Reputation risk. This term refers to the risk deriving from the opinion formed by the institute's various stakeholders, both internal and external, as regards the performance of its activity. ICO has defined standards of integrity and sound governance seeking to minimise the likelihood of irregularities. Further details will be found under Indicator HRI in this report.
- Operational risk. ICO is aware of the importance of having preventive mechanisms for the protection of critical data and the immediate resumption of operations should a disaster occur. For this purpose, the institute has a Contingency Committee, whose functions are as follows:
  - Pinpoint all the potential threats to which the institute might be exposed.
  - Design and implement the processes necessary to ensure that those of ICO's various management units which have been classified as critical take, on a joint basis, the steps required to avoid or minimise the effects of any crisis which may arise.
  - Determine and assess all components that are critical to the entity's activity.
  - Coordinate the processes and measures designed by the various management units.

So as to guarantee the continuity of business on the IT side, the institute has an external Alternative Backup Centre (CAR), which is tested periodically to ensure that it is in full working order.

## ■ **4.12 Externally-developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses**

Financial institutions play a crucial role in the business activity of any society. ICO, in its mission to attend to society as a whole, offers its customers a number of products specially designed to meet the needs of groups that are unable to obtain credit, in addition to other products seeking to fulfil a social purpose.

Moreover, a considerable part of the funds allocated by ICO to its lending activity is used to finance projects entailing eco-friendly business activities. The institute also participates in initiatives conducive to the alleviation of the effects of climate change: in 2006, together with Banco Santander Investment, ICO set up a Carbon Fund for the Spanish Enterprise (FC2E)\*; and, in 2008, it joined the Post-2012 Carbon Credit Fund, a European initiative launched to help combat climate change.

(\*) For further information, see Indicator EC2.

## ■ **4.13 Memberships in associations**

ICO is a member of Fundación Empresa y Sociedad, Fundación Carolina, Forética and Asociación Española del Pacto Mundial (ASEPAM).

# ■ **STAKEHOLDER ENGAGEMENT**

## ■ **4.14 List of stakeholder groups engaged by the organisation and included in the report**

Customers, employees, suppliers, the Public Administration and society in general.

## ■ **4.15 Basis for the identification and selection of stakeholders with whom to engage**

It is clear from Article 2 of the institute's bylaws that ICO's mission consists in improving society in general. Moreover, the groups with which it has a direct relationship form part of its stakeholder groups.

## ■ **4.16 Approaches for stakeholder engagement, including frequency of engagement by type and by stakeholder group (\*)**

ICO deems it necessary to know and respond adequately to the needs and expectations of all its stakeholders. Accordingly, it has a range of tools with which to manage its relations with stakeholder groups:

- **Customers.** The institute undertakes to provide all its customers with true and accurate information about the characteristics and conditions of its products and services, while replying promptly to any queries and claims its customers may have. With this end in view, ICO has set up a number of communication channels to ensure effective accessibility to information.

These communication channels are available to anyone interested in our financing facilities, suppliers and, in general, anybody wishing to express an opinion about ICO's activities and services.

- **Employees.** ICO's communication policy is based on direct, fluid and constant contact in an environment in which every single employee is free to broach any topic he considers to be of interest.

- **Society.** ICO fosters active communication with society by organising training courses, conferences, seminars, presentations and employee exchange schemes with other European institutions of a similar nature.

- **Investment opportunity seminars**

In 2008, together with ICEX (the Foreign Trade Institute) and Real Instituto Elcano, ICO organised two monographic seminars on investment opportunities in Turkey and Brazil for the Spanish enterprise. The seminars were held on ICO's premises and papers were delivered by leading, top-ranking officers from various Spanish institutions and enterprises.

- **International Development Banking Executives' Programme**

Since 2003, the institute has been organising a training course for executives working at development finance institutions. As in previous editions, last year, the course consisted of presentations given by specialists from ICO's various departments and professionals of renown in the international financial sphere.

The programme pursues two central aims: on the one hand, to promote technical assistance to the development banks of emerging countries by means of a training course for their executives; and, on the other, to give them an insight into all relevant aspects of ICO's activity.

In 2008, the eighth and ninth editions of the programme took place and were attended by 30 people from 20 different countries. For the first time, the course was attended by people from Brazil, Costa Rica, India, Macedonia and the Czech Republic. They all hold top posts at their respective institutions.

- **Iberoamérica Empresarial**

Together with Unidad Editorial, ICO sponsors the organisation of the seminars known as *Iberoamérica Empresarial*, which seeks to set up a forum of discussion attended by institutions and enterprises from Spain, Portugal and countries with interests in Latin America. The idea is to analyse the area's economic, commercial and financial situation and its economic involvement in the European Union.

In 2008, 14 talks took place:

- Cono Sur (Brazil, Argentina, Paraguay and Uruguay) and the global challenge: towards a non-exclusive role in world competitiveness.
  - The promotion of Latin American tourism as an investment opportunity.
  - The Mexican economy and investment opportunities in the State of Morelos.
  - Infrastructures in Brazil: Opportunities for the Spanish enterprise.
  - The Brazilian property market: A new alternative for Spanish investment.
  - The economic scenario for foreign investment in Colombia: Medellín, a new business target in Latin America.
  - Telecommunications in Latin America: Innovation, Competitiveness and Growth.
  - The future of Spanish investments in Cuba.
  - The great wager: Globalisation and Spanish multinationals in Latin America.
  - Mexico: Investment projects in infrastructures and logistics.
  - Latin America and the global financial crisis.
  - Peru: Political and economic challenges.
  - Brazil's competitive model.
  - Information and Communication Technologies: Business Opportunities in Chile.
- **Employee exchange schemes**

So as to share technical knowledge and establish fluid relations conducive to cooperation and collaboration in joint financing projects, ICO participates in employee exchange schemes with development banks. The first employee exchange agreement was signed in February 2004 with the Black Sea Trade and Development Bank (BSTDB). Later, in February 2005, another agreement of the same characteristics was formalised with the German State-owned bank, KfW.

In 2008, an agreement of cooperation was signed with Finnvera, the Finnish State-owned development institution, for the purpose of organising employee exchanges between the two entities.

- **Public Administration.** As an entity attached to the Ministry of Economy and Finance, ICO acts in accordance with the former's instructions, works alongside it through the implementation of various financing facilities and keeps it informed of its activities and performance. At the same time, the institute collaborates with the Ministries of the Environment and Rural and Marine Affairs; Industry, Tourism and Trade; Foreign Affairs and Cooperation; Education and Science; Public Administrations; and Housing.

\*For further information, see Indicator 4.17

## ■ **4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting**

In this section, the communication channels available to ICO's stakeholders are described.

### ■ **Complaints and suggestions channel**

In 2008, 347 complaints were received (11.8% more than in 2007). All complaints were processed within an average period of 6.45 working days. From January 1 to November 30, complaints were attended to within 5.46 working days. The annual processing period increased as a result of the large number of complaints received in December (115) when, on account of the start-up of new financing facilities, a lot of queries and complaints were received.

Most of the complaints (312) were received via the mailbox provided on ICO's website; 25 took the form of a letter (some from Consumers' Associations and Consumer Offices in some cities); and 10 were delivered to ICO's registrar.

As most of ICO's operations are carried out through on-lending institutions, 96% of the complaints concerned second-floor facilities. Nevertheless, in all claims in which the institute considered that an on-lending institution had been at fault, the customer was duly informed so that he could convey his complaint to the institution in question. Furthermore, when necessary, the institute contacted the central services of the financial institution so as to solve the problem and clarify any aspects of the lending operation's administrative procedure or management which might cause confusion. Only three complaints concerned the services provided by ICO and, once the issues had been settled, the customer was duly informed.

### ■ **Media and channels used to announce ICO's financing facilities and to attend to requests for information from enterprises and private individuals**

One of the cornerstones of the Quality Policy is the way in which the institute deals with its stakeholders and, in particular, with its current and potential customers and users, together with the financial institutions it works with for the purpose of distributing its lending facilities. As ICO does not have a network of branches, a number of channels and media have been set up so as to provide information about its various lines of action and, more importantly, to attend to requests for information and clarify any queries from enterprises and private individuals alike. The channels available to customers are: the customer service phone, the personal attention unit, the institutional electronic mailbox, the website, the newsletter, press releases and publicity campaigns, in addition to a corporate Intranet for the employees.

- Freephone: 900 121 121:

By means of this service, private individuals and enterprises may express all their queries about ICO's financing facilities and the paperwork involved and also find out about other activities performed by the institute. The service is provided by a telephone service centre selected through public tender and operators are given specific training for the job by ICO. In 2008, this service was provided by a Special Employment Centre.

In 2008, 61,497 queries were processed, reflecting an increase of 22.79% in respect of 2007.

#### FREE PHONE 900 121 121

| <b>ICO financing facility</b> | <b>Calls received via the ICO<br/>freephone service in 2008 (900 121 121)</b> | <b>% increase<br/>in respect of 2007</b> |
|-------------------------------|---|--|
| SME                           | 16,686  | 9.22                                     |
| University Studies Loan       | 13,648  | 57.49                                    |
| Fórum Filatélico/Afinsa       | 7,950   | 9.72                                     |
| Plan Avanza                   | 6,699   | (30.78)                                  |
| Other                         | 4,661   | (4.76)                                   |
| Entrepreneurs                 | 3,318   | 50.61                                    |
| Microcredits                  | 3,188   | 19.00                                    |
| Plan VIVE                     | 2,848   | -  |
| Liquidity Facility            | 1,745   | -  |
| Internationalisation          | 505   | 72.35                                    |
| Corporate growth              | 249   | 151.52                                   |
| <b>TOTAL</b>                  | <b>61,497</b>   |  |

- Personal Attention Unit

The institute has set up a Personal Attention Unit on its premises for the purpose of dealing, both personally and by phone, with all queries made by members of the public. In 2008, 3,735 queries were attended to by phone and 845, on a person-to-person basis.

- Institutional mailbox

ICO has an institutional e-mail address (ico@ico.es) for use by all members of the public. This makes it possible to attend to queries and requests from private individuals or enterprises in connection with any aspect of the institute's activity.

The institute has formally undertaken to reply to all e-mails in as short a time as possible, giving precise answers to the queries posed. As a result of the growing use of the new technologies, the number of queries received and answered has been rising considerably in recent years. In 2008, 6,626 queries were processed through this channel, reflecting an increase of 44.33 % in respect of 2007.

## ■ Telematic communication with on-lending institutions

The institute has set up a platform, known as Banc@ico, for the transmission of data to the financial institutions with which it has entered into agreements of cooperation for the marketing and distribution of its second-floor loans. By means of the electronic signature, all communications are ciphered so as to guarantee the integrity, confidentiality and non-rejection of the information. ICO updates the platform periodically so as to improve the quality of the service rendered to cooperating financial institutions and the end-borrowers of its funds.

## ■ The corporate Intranet

Transparency of information constitutes one of the institute's commitments to its workers. In addition to fostering personal, direct communication at all levels, ICO has made the corporate Intranet, known as the Portico, available to all the employees.

The three basic functions of the Intranet are as follows:

- The most frequently-used internal communication channel through which all the constantly-updated information of internal and external significance generated at the institute flows on a regular basis.
- The framework housing, in an orderly, user-friendly manner, all the applications, tools and documents necessary for the effective performance of the employees' daily work.
- The platform on which each employee may conduct his administrative affairs with the company, apply for courses, consult his payslip, find out about loans and so on.

In 2008, visits to the Portico totalled 1,186,774 and 941 new items were updated.

Each day, the Portico provides a national and international press bulletin containing all information published about ICO, along with the main national and international economic news. There is also a weekly bulletin containing all information published about the institute.

A section of the Intranet is devoted to newspaper articles about CR issues. In 2008, 35 items of interest for ICO in this area were published.

## ■ Ideas Box

Set up at the end of 2007, the purpose of the Ideas Box is to draw upon the employees' own suggestions to broaden the product portfolio, while improving service and product quality, process efficiency, ICO's image, health and safety measures in the work environment, productivity and cost-effectiveness.

The initiatives presented are appraised by a group formed for the specific purpose of analysing and assessing ideas. The ideas selected are then referred to the Management Committee, which will give the final go-ahead to the proposals, as applicable. Another duty of the aforementioned group consists in proposing *The best idea of the year* from all those received within the period. The winner is awarded a special bonus.

In 2008, two proposals appearing in the Ideas Box were selected and implemented: the installation of a bicycle park and the inclusion on e-mails of an eco-friendly and confidentiality statement to discourage recipients from printing messages.



# ■ MANAGEMENT APPROACH AND PERFORMANCE INDICATORS





## 5. MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

### ■ 5.1 Economic performance

#### ■ Information about the management approach

##### ◆ *Economic performance*

In 2008, the 2006-2012 Strategic Plan entered its third year. This plan establishes four targets:

- Direct investment drawdowns: As against a target of €4,084m, direct investment drawdowns reached a total of €6,534m.
- Lending investment net balance: In 2008, the net balance of lending investment amounted to €43,901m as against a targeted €41,109m.
- Results: Pre-tax profit surpassed the target set for 2008 to stand at €124.17m as against an initially-expected €115.48m.
- Operating expense/Net ordinary revenue: Targeted at 11.45%, this indicator reached 19.92%.

##### ◆ *Market presence*

See Section 2.5.

##### ◆ *Indirect economic impacts*

#### ■ Policy

See indicator in Section 4.8.

## ■ ECONOMIC PERFORMANCE INDICATORS

### ■ EC1. Economic value generated and distributed (\*)

The economic value generated and distributed by ICO is as follows:

#### ■ Employees

#### WAGES AND SALARIES

|                    | In thousand euros |        |
|--------------------|-------------------|--------|
|                    | 2007              | 2008   |
| Salary costs (*)   | 11,723            | 11,749 |
| Average salary (*) | 42.2              | 39.7   |

(\*) Includes all employee salary items and expenses.

## ■ Society

In the financial year of 2008, the budget allocated by ICO to the foundation, Fundación ICO, for the performance of the latter's activity amounted to €4.5m.

## ■ Suppliers

The amount disbursed in 2008 for the acquisition of goods and services totalled €18.3m.

(\*) For further information, see the statements of income in the Annual Report.

## ■ **EC2. Financial implications and other risks and opportunities for the organisation's activities due to climate change**

### **Carbon Fund for the Spanish Enterprise (FC2E)**

In March 2006, ICO and Santander Investment set up the Carbon Fund for the Spanish enterprise (FC2E), whose purpose is the acquisition of carbon rights deriving from projects executed in emerging countries and economies in transition under the Flexibility Mechanisms provided for in the Kyoto Protocol. The fund was designed to help Spanish enterprises fulfil the commitments laid down in the Kyoto Protocol.

In 2008, nine purchasing agreements were signed under FC2E for a total of 3.14 million TCO<sub>2</sub>e (tonnes of CO<sub>2</sub> equivalent). The agreements covered a broad scope both technologically (nine different technologies) and geographically: the portfolio is distributed between China, India, Brazil, Mexico and Russia. In 2008, the first rights were generated in Argentina.

Among the various technologies in which FC2E has invested, the following are worthy of special mention:

- Reduction of methane leaks in gas distribution networks; reduction of N<sub>2</sub>O emissions on industrial premises.
- Switching fuel to natural gas.
- Process change.
- Minihydrids of between 11 and 18 MW.
- Sequestration of methane for combustion to generate energy.
- Biomass energy production plants.
- Recovery of residual heat and the generation of energy from industrial process lines.
- Production of pellets from vegetable waste, for use as fuel and the subsequent generation of electricity.
- Integral treatment of solid waste.
- Generation of energy from methane found in waste water.

The fund has thus succeeded in setting up a diversified portfolio in terms of the projects' target countries, the technologies used and the number of projects, while respecting the limits established for each category: a 25% limit per country (except China, which has an extended limit of 40%); a 25% limit on methodologies; and a 15% limit on projects.

### **Post-2012 Carbon Credit Fund**

As the expiry of the Kyoto Protocol approaches (2012), there is some uncertainty as to the form a carbon rights trading system should take from that time onwards. As a result, projects of environmental interest are coming up against obstacles when trying to monetise to the full the economic benefits deriving from the emission reductions they may make after 2012.

In 2008, ICO, along with four other leading European State-owned financial institutions (the European Investment Bank (EIB), Caisse des Dépôts et Consignations (CDC), KfW and the Nordic Investment Bank (NIB)), launched the Post-2012 Carbon Credit Fund, with committed capital of €125m.

#### POST-2012 CARBON CREDIT FUND

| Institution              | Figures in million euros |
|--------------------------|--------------------------|
|                          | Amount committed         |
| EIB                      | 50                       |
| KfW                      | 25                       |
| CDC                      | 25                       |
| NIB                      | 15                       |
| ICO                      | 10                       |
| <b>Total commitments</b> | <b>125</b>               |

Of an exclusive nature, the innovative, ground-breaking fund aims to buy and sell carbon credits generated in the post-Kyoto period, which is initially expected to last until 2022. In assuming the inherent regulatory risk, the fund will show the market a clear sign of the confidence of the EIB and its partners in the development of a post-Kyoto system based on direct support for projects of environmental significance.

The fund will acquire the flows of post-2012 carbon credits corresponding to projects already approved by, or pending the approval of, the Clean Development Mechanisms (CDM) or Joint Implementation (JI) provided for under the UNFCCC (United Nations Framework Convention on Climate Change).

### ■ EC3. Coverage of the organisation's defined benefit plan obligations (\*)

ICO provides all its employees with a number of fringe benefits that are complementary to those established by law. Applicable to ICO's permanent personnel, this set of benefits is laid down in the Collective Bargaining Agreement, is universal in nature and precludes the application of any form of distinction or discrimination. The new Collective Bargaining Agreement, effective in 2008, contains a specific chapter devoted to social matters, where the fringe benefits available to the workforce are described:

- Financial assistance:
  - for those of the employees' children who have special needs or needs deriving from physical, psychic or sensorial impairments.
  - for the care and training of children.
  - for employee training.
  - for maintenance (luncheon vouchers).
- Exceptional, interest-free loans, consumer loans and housing loans at preferential interest rates.
- Private health and life insurance.
- Pension schemes.
- Retirement bonus.
- Provision of funerary services.

One of the new features in the Collective Bargaining Agreement consists in additional financial assistance for the use of public transport. Taking the form of a non-salary payment, financial assistance is provided for those employees who use public transport to reach the workplace. This aid will be applicable as of January 1 2010.

Furthermore, through Fundación ICO, the institute applies a considerable amount of resources to the promotion of activities and projects of a social, environmental, economic and general nature for the benefit of society as a whole. In 2008, the budget of Fundación ICO amounted to €4.5m.

(\*) The amount allocated to fringe benefits is indicated in the Annual Report.

#### ■ **EC4. Significant financial assistance received from the Government**

ICO does not receive assistance from the Government.

#### ■ **Market presence**

#### ■ **EC5. Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation**

The minimum wage established in the Collective Bargaining Agreement for employees joining the institute in 2008 is €27,315 for the technical specialist grade; €18,592 for clerical staff; and €15,792 for general service personnel. The minimum inter-professional wage established in 2008 was €8,400 euros per annum.

#### ■ **EC6. Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation**

All ICO's suppliers are established in Spain.

#### ■ **EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation**

This indicator is not applicable to ICO because the institute has no domestic or international branches.

#### ■ **Indirect economic impacts**

#### ■ **EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement (\*)**

(\*) See Expenses, in the Annual Report of Fundación ICO.

#### ■ **EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts**

The institute's role is defined by the duties laid down in its bylaws. The task of backing and boosting Spain's productive sectors so as to meet the financial needs of Spanish society and the economy is carried out on a close collaborative basis with the private financial sector with a view to contributing a value-added factor to foster economic development.

As in the case of similar institutions in the European Union, this value-added factor focuses on the following aspects:

- Covering certain market deficiencies by offering preferential conditions to certain sectors of activity and groups unable to access the usual financing channels. For instance, ICO provides financing facilities for the start-up of new enterprises or new business activities and also to promote technological innovation, investments in renewable energies and access by the general public to the new technologies.

- Contributing to the development of SME, which generate an essential portion of the country's business activity and employment.
- Supporting territorial development and cohesion by means of specific programmes for financing investments in infrastructures, telecommunications, alternative energy sources and the environment. ICO also provides backing for investments made by the Public Administrations for the purpose of improving and promoting public services.
- Acting on a complementary basis to the private financial sector by offering products under market conditions. On occasion, the institute acts in areas which the market does not cover or does so with difficulty. This is due to a variety of reasons: long maturities on operations, specificity in certain products, etc.

## ■ 5.2 Environmental performance

### ■ Information on the management approach

Sustainable development is a priority for ICO which, as a financial institution, has a certain impact on the environment, either through the consumption of resources in its day-to-day activity or on account of the environmental effects deriving from the products and services it supplies, especially those concerned with project finance.

In view of the above, ICO's approach centres on the following scopes:

- Reduction of the environmental impact of its corporate activity.
- Financing of projects involving environmental investments.
- Analysis of projects' social and environmental impact.

### ■ Direct consequences

Although ICO's corporate activity does not have a significant impact on the environment, the institute is committed to the responsible consumption of the resources it uses so as to minimise any harmful effects caused by its activity.

In order to reduce direct environmental consequences, ICO carries out a periodic control of the consumption of electricity and water, along with waste and emissions. In this way, mechanisms are established to ensure reduction.

#### **Environmental awareness of the employees**

In 2008, steps remained in place to enhance the awareness of the entire workforce as regards the responsible use of resources. As a result of the measures adopted to reduce the consumption of resources, combined with the cooperation of the employees, the use of water and electricity was reduced and the amount of recycled paper was increased.

#### **Energy**

Last year, the greatest effort was focussed on saving energy by means of the installation of photovoltaic panels and the upgrading of the heating and air-conditioning systems.

- ICO installed 36 photovoltaic panels on the roof of the building so as to harness solar energy and convert it to electricity. Photovoltaic solar energy helps reduce greenhouse gas emissions because it does not release emissions of CO<sub>2</sub> or other contaminating gases into the atmosphere, thereby contributing to the fulfilment of the commitments acquired under the Kyoto Protocol. In addition, it has the following advantages:
  - It does not consume fuel.

- It does not generate waste.
- It is in endless supply.

Since they were put into use, these solar panels, with a capacity of 5.40 kWp, have generated approximately 3,799 Kwh.

- Moreover, in 2008, the institute's heating and air-conditioning system was thoroughly overhauled, improving its efficiency and providing a broader range of settings both for the number of hours and the choice of temperatures. Thanks in the main to the new heating and air-conditioning system, in 2008, electricity consumption was cut back by 18.9% in respect of the previous year.

### **Waste classification and reuse**

It is one of the institute's aims to contribute to the protection of the environment by promoting the recycling and recovery of reusable materials.

In this regard, steps were taken for the recovery of paper, IT consumables and furniture and fittings.

There are used paper collection systems on all office floors of the building. In 2008, over 5,000 kg of paper were sent to recycling depots (25% more than in the previous year).

Obsolete IT equipment which still has a useful life is donated to Non-Governmental Organisations and educational centres on request. In 2008, 97 PC were donated (43% more than in 2007).

### **Water**

As ICO is engaged in the provision of financial services, the water it consumes does not have any major environmental impact. Water is used only for sanitation and air-conditioning purposes. As a result of the environmental awareness programme and the measures taken to reduce consumption, in 2008, the use of water was cut back by 12.8% in respect of the previous year.

## ■ **Indirect consequences**

ICO goes all out to promote lending facilities designed to finance projects which have a positive impact on the environment.

### • *Main financing facilities*

#### - **GRINVE and public institutions and enterprises**

Through the direct lending system, the Large-scale Investment Programme (GRINVE) finances domestic investment projects in priority sectors (energy, transport, telecommunications, innovation, technology, water and the environment). To be eligible for financing by ICO, applicants must provide reports on the environmental impact deriving from the project's execution.

Furthermore, through its Regional Development Programme, ICO finances investment plans involving infrastructures, business and social facilities and environmental improvements carried out by territorial administrations.

In 2008, environmental operations totalling €522.7m were arranged under this facility

#### - **Constitution of the Carbon Fund for the Spanish Enterprise.**

See indicator in Section EC2.

#### - **Constitution of the Post-2012 Carbon Credit Fund.**

See indicator in Section EC2.

- *Analysis of projects' social and environmental impact*

Although the variables used when quantifying financial risk have traditionally been of an economic nature, environmental commitment entails the consideration of environmental risk as another parameter to be taken into account in financial analysis. Accordingly, in risk analyses of its lending operations, the institute includes any consequences which may derive from the investment in question for the area in which it is carried out (impacts on biodiversity, areas under special protection, etc.).

For direct operations to be approved, projects must not only comply with environmental regulations in force but also include a report on their socio-economic and environmental impact. This report is prepared by the Research Department, an organisational unit which is independent of the lending area. In 2008, 122 operations were appraised.

This analysis is particularly thorough in all project-finance operations, which involve works or action with a potential environmental impact. The analysis is carried out by means of a tool known as ECOCHECK, designed to ascertain compliance with national environmental regulations and the main standards and directives established by those international bodies which, on account of their prestige, act as a common benchmark in environmental matters. In 2008, 72 operations were analysed through this system, or 14% more than in the previous year.

## ■ Goals and performance

The main courses of action planned in 2009 are as follows:

- *Standardisation of environmental criteria in supplier selection processes*

With the modification in 2007 of the Public Administrations Procurement Act, the institute may now include Corporate Responsibility criteria in its relations with suppliers in the form of the introduction of clauses of a social and environmental nature into selection processes. In 2009, ICO intends to establish a number of standardised environmental and social criteria to be included in supplier selection processes, within the scope of the principles of public procurement to which the institute is subject.

- *Environmental awareness campaigns*

Successful environmental management depends on the cooperation of all who work for the organisation. The year 2008 saw the continuation of steps taken in previous years for the purpose of enhancing the workforce's awareness of the need to use resources rationally. As a result, the consumption of resources was decreased. In view of this, in 2009, more environmental awareness campaigns will be launched to improve the use of resources on our premises.

## ■ Policy

See indicator in Section 4.8.

## ENVIRONMENTAL PERFORMANCE INDICATORS

### Aspect: Materials

#### EN1. Materials by weight or volume

##### MATERIALS BY WEIGHT OR VOLUME

| Ecoefficiency indicators                         | Unit  | 2007           | 2008           | Variation 07/08 |
|--|-------|----------------|----------------|-----------------|
| Electricity consumed per employee <sup>(1)</sup> | Kwh   | 9,590          | 6,940          | (27.6%)         |
| CO2 emissions <sup>(2)</sup>                     | Kg    | 1,411          | 1,143          | (18.9%)         |
| CO2 emissions per employee                       | Kg    | 4,124          | 2,984          | (27.6%)         |
| Total paper consumed                             | Kg    | 18,381         | 19,937         | +7.8%           |
| Paper consumed per employee                      | Kg    | 52             | 53.7           | (3.16%)         |
| IT equipment donated to NGO                      | Units | 52 complete PC | 97 complete PC | + 46.39%        |

(1) The calculation of the workforce includes not only ICO employees but also workers from other companies who have been engaged on the institute's premises (64 external workers in 2007 and 87 in 2008).

(2) Calculation made in accordance with the criteria of the National Energy Foundation

#### EN2. Percentage of materials used that are recycled input materials

ICO hires an external company to run the reprographic and printing service. The same company supplies and removes toners and ink cartridges. In 2008, consumption of these two items amounted to 334 units.

##### PERCENTAGE OF RECYCLED MATERIALS

| Ecoefficiency indicators                         | Unit | 2007  | 2008  | Variation 07/08 |
|--|------|-------|-------|-----------------|
| Total paper recycled <sup>(1)</sup>              | Kg   | 4,000 | 5,000 | + 25.00%        |
| Total paper recycled per employee <sup>(2)</sup> | Kg   | 11.6  | 13.05 | +12.5%          |

(1) Estimated calculation from the containers installed at ICO and their capacity.

(2) The calculation of the workforce includes not only ICO employees but also workers from other companies who have been engaged on the institute's premises (64 external workers in 2007 and 87 in 2008).

### Aspect: Energy

#### EN3. Direct energy consumption by primary energy sources

Electricity is the only primary source of energy used at ICO.

## DIRECT ENERGY CONSUMPTION

| Ecoefficiency indicators                         | Unit | 2007      | 2008      | Variation 07/08 |
|--|------|-----------|-----------|-----------------|
| Total electricity consumed                       | Kwh  | 3,280,000 | 2,658,317 | (18.95%)        |
| Electricity consumed per employee <sup>(1)</sup> | Kwh  | 9,590     | 6,940     | (27.60%)        |

(1) The calculation of the workforce includes not only ICO employees but also workers from other companies who have been engaged on the institute's premises (64 external workers in 2007 and 87 in 2008).

## ■ EN4. Indirect energy consumption by primary sources

INDIRECT ENERGY CONSUMPTION BY PRIMARY SOURCES<sup>1</sup>

|                | 2007  | 2008 |
|----------------|-------|------|
| Combined cycle | 30.4% | 42%  |
| Hydraulic      | 11.8% | 9%   |
| Coal           | 32.1% | 21%  |
| Nuclear        | 24.6% | 27%  |
| Fuel oil/gas   | 1.1%  | 1%   |

(1) Data are provided in accordance with the gross output combination of the electricity system in Spain, expressed in percentages (source, Spanish Electricity System 2007-2008, Red Eléctrica Española).

## ■ EN5. Energy saved due to the conservation and efficiency improvements

Indicator covered in the section on information concerning the management focus, environmental performance and targets for 2009.

## ■ EN6. Initiatives to provide energy-efficient or renewable energy-based products and services

Indicator covered in the section on information concerning the management focus and environmental performance.

## ■ EN7. Initiatives to reduce indirect energy consumption and reductions achieved

Indicator covered in the section on information concerning the management focus and environmental performance.

### Aspect: Water

## ■ EN8. Total water withdrawal by sources

## PERCENTAGE OF RECYCLABLE MATERIALS

| Ecoefficiency indicators                         | Unit           | 2007  | 2008  | Variation 07/08 |
|--|----------------|-------|-------|-----------------|
| Total water consumed                             | m <sup>3</sup> | 3,426 | 2,986 | (12.8%)         |
| Total water consumed per employee <sup>(1)</sup> | m <sup>3</sup> | 10    | 7.8   | (22%)           |

(1) The calculation of the workforce includes not only ICO employees but also workers from other companies who have been engaged on the institute's premises (64 external workers in 2007 and 87 in 2008).

### ■ EN9. Water sources significantly affected by withdrawal of water

Water is withdrawn from the municipal general supply network.

### ■ EN10. Percentage and total volume of water recycled and reused

Water is neither recycled nor reused.

#### Aspect: Biodiversity

### ■ EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas

ICO's premises are not located in areas of high biodiversity.

### ■ EN12. Description of significant impacts of activities on biodiversity in protected areas

Given its activity, ICO does not produce any significant impacts on biodiversity.

### ■ EN13. Habitats protected or restored (\*)

ICO's activities do not produce any significant impacts on biodiversity. Nevertheless, the institute, through its environmental financing facilities, and Fundación ICO, through its specific programmes, contribute to the preservation and conservation of the environment in general.

(\*) See Indicator SOI, Other activities of social interest.  
Environmental performance, management focus.

### ■ EN14. Strategies, current actions and future plans for managing impacts on biodiversity (\*)

Given ICO's activity, there are no significant impacts on biodiversity.

(\*) See Indicator EN13.

### ■ EN15. Number of species by level of extinction risk

ICO's operations do not affect any habitat of species in danger of extinction.

**Aspect: Emissions, effluents and waste**

■ **EN16. Total direct and indirect greenhouse gas emissions by weight**

See Indicator in Section EN1.

■ **EN17. Other relevant indirect greenhouse gas emissions**

INDIRECT CONSUMPTION OF ENERGY, ICO PERSONNEL BUSINESS TRIPS IN 2008

|                      | 2007    |   | 2008    |   | Variation 07/08 |   |
|----------------------|---------|---|---------|---|-----------------|---|
|                      | Km      | Emissions CO <sub>2</sub> Kg <sup>(1)</sup> | Km      | Emissions CO <sub>2</sub> Kg <sup>(1)</sup> | Km              | Emissions CO <sub>2</sub> Kg <sup>(1)</sup> |
| CAR                  | 26,871  | 6,046                                       | 23,934  | 5,170                                       | (10.9%)         | (14.48%)                                    |
| TRAIN <sup>(2)</sup> | 67,692  | 4,231                                       | 71,923  | 4,315                                       | +6%             | +1.98%                                      |
| PLANE <sup>(2)</sup> | 753,414 | 136,556                                     | 869,400 | 151,276                                     | +15.39%         | +15.39%                                     |
| TOTAL                | 847,977 | 146,833                                     | 965,257 | 160,761                                     | +10.4%          | +2.98%                                      |

(1) Calculation made in accordance with the criteria of the National Energy Foundation.

(2) Total emissions of the mode of transport used.

■ **EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved**

Indicator covered in Section EC2, environmental performance (management focus and targets).

■ **EN19. Emissions of ozone-depleting substances by weight**

Given its activity, ICO produces no direct emissions of contaminating substances.

■ **EN 20. Other significant air emissions by type and weight**

Given its activity, ICO produces no direct emissions of contaminating substances.

■ **EN21. Total water discharge by quality and destination**

Given its activity, ICO does not discharge waste water.

■ **EN22. Total weight of waste by type and disposal method**

See EN2.

■ **EN23. Total number and volume of significant spills**

Given its activity, ICO does not produce spills of chemical substances, fuels, etc.

■ **EN24. Weight of transported, imported, exported or treated waste deemed hazardous**

Given its activity, ICO does not produce, transport, import or export any waste deemed hazardous.

■ **EN25. Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff**

Given ICO's activity, its water and other waste effluents do not affect water sources.

**Aspect: Products and services**

■ **EN26. Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation**

Indicator covered in the section concerning information about the management focus and environmental performance and Indicator EN2.

■ **EN27. Percentage of products sold and their packaging materials that are reclaimed by category**

On account of the nature of its activity, ICO does not sell merchandise. Nevertheless, withdrawn equipment and products that still have a useful life are donated to a variety of bodies. See Indicator EN1

**Aspect: Compliance**

■ **EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations**

ICO has not incurred any non-compliance with environmental laws and regulations.

**Aspect: Transport**

■ **EN29. Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce**

Indicator covered in Section EN17.

**Aspect: Overall**

■ **EN30. Total environmental protection expenditures and investments by type**

See indicator concerning environmental performance and management focus and Indicator SO1.

## ■ 5.3 Social performance

### ■ Information concerning the management focus

#### ◆ *ICO Spanish Corporate Backing Facilities*

ICO Spanish Corporate Backing Facilities 2008: Entrepreneurs, SME, Corporate Growth and Internationalisation. Under these facilities, Spanish enterprises had the opportunity to access a total €7,275m to finance new projects and improve their competitiveness.

These facilities form part of the Corporate Promotion Plan passed in 2006 for the purpose of boosting society's enterprising spirit, promoting the creation of new enterprises, backing corporate growth, fostering internationalisation and stepping up the competitiveness of Spanish enterprises.

Through ICO's Corporate Backing Facility 2008, businessmen may access long-term, commission-free loans at preferential interest rates so as to develop their enterprises at any of the various stages: creation, extension, expansion and internationalisation.

#### **ICO-SME Facility**

The initial budget allocation for the ICO-SME Facility 2008 amounted to €7,000 m.

Since it was first started up 14 years ago, the ICO-SME Facility has been adapted to suit market demands as they have evolved in the course of time. Hence ICO has focussed its effort on increasing the allocation, improving the financing terms and conditions and making the resources available to the largest number of enterprises possible. Under the ICO-SME Facility, loans granted since 1993 total more than €42,868m. These resources have been used to finance nearly 650,000 projects, leading to the creation or consolidation of over 1,100,000 jobs.

In 2008, 93,448 operations were arranged for €6,734.18m.

#### **ICO-Entrepreneurs Facility**

So as to encourage the start-up of new enterprises or new professional activities, ICO set up its Entrepreneurs Facility.

The facility was provisioned with a budget allocation of €75m. In 2008, its second year, the ICO-Entrepreneurs Facility became firmly established as a benchmark source of finance for people wishing to start up a new enterprise. As a result, 1,772 operations were arranged for €72.82m.

#### **ICO-Corporate Growth Facility**

The ICO-Corporate Growth Facility was set up in 2006 to meet the needs of enterprises wishing to broaden the scope of their business but whose investment projects exceeded the maximum eligible for finance under the ICO-SME Facility. In 2008, the facility was made available to all enterprises with over 50 employees, there being no limitation as to turnover or balance.

Last year, 728 operations were arranged for €600m.

#### **ICO-Spanish Corporate Internationalisation Facility**

In its firm commitment to the internationalisation of the corporate network, ICO encourages Spanish enterprises to set up abroad. To achieve this aim, the institute has designed a Spanish Corporate Internationalisation Facility, directed at all enterprises, regardless of size.

In 2008, 206 operations were arranged for an amount of €150m.

• *Other facilities of social interest*

**Financing of social housing**

ICO has been collaborating in the financing of the Housing Policy since 1992 and has entered into a number of agreements concerning two types of measure: the promotion of housing for rent and the acquisition and development of land. In 2008, operations were arranged for a total amount of €41.14m.

Moreover, in 2008, ICO started up a Guarantee Facility for the Securitisation of Officially-sponsored Housing (VPO) Loans. The facility's aim is to back the financing of Officially-sponsored Housing, one of the Government's priorities. The ICO-FTVPO Facility has an allocation of €3,000m.

This initiative is geared towards financial institutions under the supervision of the Bank of Spain. Participating institutions undertake to reinvest all the funds obtained through the sale of the guaranteed tranche in the financing of new Officially-sponsored Housing. Such financing takes the form of new loans to both private individuals and promoters and constructors.

Through the facility, ICO seeks to establish new types of financing while promoting Officially-sponsored Housing by fostering the creation of new loans. In this way, the institute complements the task it has carried out in the past in the financing of Officially-sponsored Housing for rent.

**Access to the Information Society: ICO-Plan Avanza Facility**

The ICO-Plan Avanza Facility was designed to enable the maximum number possible of SME, young people, university students and members of the general public to access the Information Society. Ever since the programme was launched, both the general public and enterprises have shown a highly positive response to the three types of product available: the ICT Loan, the Youth and University Student Loan and the Digital Citizenry Loan. Since it was started up in 2006, the ICO-Plan Avanza Facility has provided loans for a total amount of over €1,010m for more than 220,000 private individuals and enterprises.

In 2008, the following modifications were included so as to improve the terms and conditions of Plan Avanza loans:

- The maximum amount for the SME ICT loan was increased from €50,000 to €200,000.
- In addition to IT products, electronic and telecommunications products may now be financed.
- Future beneficiaries of the loans may make further applications every calendar year instead of being entitled to just one loan for the entire duration of the agreement.

**- ICT loan**

The purpose of the ICT loan is to provide SME with finance for investment in IT equipment, applications and services for access to broadband connections, presence on the Internet, the incorporation of ICT into corporate processes, e-business and e-invoicing. The amount per loan may be up to €200,000, interest-free.

**- Youth and University Student Loan**

This loan seeks to enable young people (from 18 to 35) and students registered at Spanish universities to acquire computers with access to an Internet connection and optionally, software, antivirus programmes, peripherals and registration for a broadband connection. The amount per loan may be up to €3,000, interest-free.

**- Digital Citizenry Loan**

The loan has been designed to enable members of the general public to acquire computers with access to an Internet connection and optionally, software, antivirus programmes, peripherals and registration for a broadband connection. The amount per loan may be up to €3,000, interest-free.

## University Studies Loan

On a joint basis with the Ministry of Education and Science, ICO launched this financing facility to help people wishing to complete their post-graduate studies by taking an official master course. The measure, which comes by way of a complement to the usual scholarships and grants, seeks to ease students' mobility and autonomy.

Under the programme, post-graduates may apply for an interest-free loan to take an official master course in any of the 46 countries making up the European Higher Education Space. Borrowers will not have to repay the loan until their annual income exceeds €22,000. Applicants are not required to provide any guarantee or security.

In 2008, 3,465 operations were arranged for a total amount of €42.48m.

## Microcredits

This product is aimed at any private individual or microenterprise that lacks the guarantees or credit history necessary to access the usual financing channels. The microcredit is seen as an adequate way of promoting the creation of enterprises, stimulating the enterprising spirit and fostering balanced economic and social development by establishing the conditions necessary to do away with marginalisation.

In the facility's period of effectiveness (2007-2008), total arrangements amounted to €1.55m.

## Learning to drive for a euro a day

Set under way in conjunction with the Directorate General of Traffic, this programme is targeted at young Spaniards and foreigners resident in Spain, aged between 17 and 25, who do not have a Class B driving licence. The facility offers interest and expense-free finance for driving lessons. Financial assistance ranges from €500 to €1,000.

The programme's main aims are the improvement of road safety, the reduction of the number of drivers lacking a licence and the modernisation of the driving-school sector.

The facility has an allocation of €50m. In 2008, 13,444 operations were arranged for an amount of €13m.

(\*) Information about social performance as regards the employees is provided under Indicators LA1 to LA14.

## ■ Goals and performance

### • Customers

One of the greatest obstacles facing people wishing to start up or consolidate a business lies in gaining access to the finance necessary to set the activity in motion. In its mission to assist disadvantaged social groups, in 2009, ICO plans to launch new loan facilities designed for this purpose. The facilities will help relieve the financing needs caused by the lack of liquidity in the financial system. So as to achieve this end, the institute will start up four loan facilities:

- **The ICO-Liquidity Facility.** The provision of finance to enable solvent, viable business concerns to cope with their running expenses.
- **The ICO-Mortgage Deferral Facility.** The temporary and partial postponement of the obligation to pay 50% of mortgage instalments. The facility is aimed at certain social groups, holders of a mortgage constituted for the acquisition of the habitual residence.

- **The ICO-SME Deferral Facility.** All enterprises that are repaying an ICO-SME Facility loan may benefit from a one-year deferral. Accordingly, for that period, the enterprises will pay only the interest and will not have to repay capital.
- **The ICO-Housing Facility.** Through this facility, it will be possible to convert medium-term loans for housing construction into long-term loans, provided that the homes in question are put onto the rent market.

## ■ Policy

Indicator covered in Point 4.8

## ■ INDICATORS OF LABOUR PRACTICES AND DECENT WORK

### Aspect: Employment

#### ■ LA1. Total workforce by employment type, employment contract and region<sup>(\*)</sup>

ICO WORKFORCE DATA. 31.12.2008<sup>(\*\*)</sup>

|                        | 2007       | 2008       |
|------------------------|------------|------------|
| <b>Total employees</b> |            |            |
| Permanent hiring       | 264        | 268        |
| Temporary hiring       | 14         | 28         |
| <b>Total</b>           | <b>278</b> | <b>296</b> |

(\*) Additional information covered by Indicator LA13.

(\*\*) ICO's workforce is located on the institute's premises in Madrid.

#### ■ LA2. Total number and rate of employee turnover by age group, gender and region

EMPLOYEE TURNOVER AT 31.12.2008

|                     | 2007       | 2008       |
|---------------------|------------|------------|
| <b>Highs</b>        |            |            |
| Permanent contracts | 1          | 3*         |
| Trainee contracts   | 1          | 17         |
| <b>Lows</b>         |            |            |
| Retirements         | 4          | 0          |
| Dismissals          | 0          | 1          |
| Unpaid leave        | 9          | 3          |
| Voluntary lows      | 0          | 3          |
| <b>Men</b>          | <b>108</b> | <b>114</b> |
| <b>Women</b>        | <b>170</b> | <b>182</b> |

(\*) One of the highs corresponds to a return from compulsory unpaid leave.

## AVERAGE AGE OF THE WORKFORCE (YEARS)

**Breakdown by age**

|               |    |
|---------------|----|
| Up to 25      | 6  |
| From 26 to 30 | 31 |
| From 31 to 35 | 39 |
| From 36 to 40 | 58 |
| From 41 to 45 | 72 |
| From 46 to 50 | 30 |
| From 51 to 55 | 20 |
| From 56 to 60 | 32 |
| Over 60       | 8  |

■ **LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations (\*)**

Benefits are applicable to ICO's entire workforce.

(\*) See Indicator EC3

**Aspect: Labour/management relations**

■ **LA4. Percentage of employees covered by collective bargaining agreements**

The institute's Collective Bargaining Agreement is applicable to the entire workforce except management personnel (directors, deputy directors, middle managers, etc.); i.e., 83.1% of the workforce is covered by the Collective Bargaining Agreement.

■ **LA5. Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements**

The Collective Bargaining Agreement does not provide for a minimum notice period regarding operational changes. Nevertheless, top management contracts take account of such period (three months).

**Aspect: Occupational health and safety**

■ **LA6. Percentage of total workforce represented in formal joint-management-worker health and safety committees that help monitor and advise on occupational health and safety problems**

**Health and Safety Commission**

The Health and Safety Commission meets on a quarterly basis. Formed by employee and company representatives, it is assigned specific functions as regards the prevention of occupational hazards.

In addition to its specific functions in respect of the prevention of occupational hazards, the commission takes part in the preparation, implementation and appraisal of plans and programmes designed to prevent hazards on the corporate premises. Moreover, it promotes initiatives as to methods and procedures to improve conditions or set existing flaws to rights.

One of the initiatives carried out in 2008 consisted in the distribution among ICO's entire workforce of a manual, *Occupational Safety in the Office*, which specifies the hazards, along with protective and preventive measures applicable to all the employees.

### **Medical service**

The medical service is equipped with the facilities and staff necessary to perform a personalised follow-up of the health of all the employees of the institute. Apart from attending to personnel in case of accident or sickness, the service devotes a good part of its time to preventive medicine via consultations.

ICO's medical service works alongside the Blood Transfusion Centre of the Autonomous Community of Madrid in the organisation of annual blood donation campaigns directed at the institute's employees. In 2008, 48 donations were made.

## ■ **LA7. Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region**

In 2008, days lost on account of sick leave totalled 2,970 (\*). There were no occupational accidents in the year and the absenteeism rate was 94.8 hours per employee.

(\*) Calendar days. This figure does not include maternity or paternity leave.

## ■ **LA8. Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding these diseases**

In 2008, no training was organised in this scope.

## ■ **LA9. Health and safety topics covered in formal agreements with trade unions**

Indicator covered in Section LA6.

### **Aspect: Training**

## ■ **LA10. Average hours of training per year per employee by employee category**

In 2008, 106 training courses took place. Total hours invested in employee training numbered 15,805, or an average of 54.7 hours per employee per year, with a total investment of €215,400.45 and a cost per employee of €745.33. Last year, investment in training accounted for 2.01% of the salary cost.

As far as the workforce was concerned, in 2008, 220 employees took part in some form of training, or 76 % of the institute's personnel. This works out at an average of 71.8 hours and an average cost of €979.09 per person trained.

In 2008, the number of training hours decreased by 227 in respect of the previous year. This was because, in 2007, an outdoor training course on change management was organised, with the attendance of the entire workforce. For the same reason, investment in training fell back by 30% in 2008 in respect of 2007.

Training in the new technologies increased by 44%. It is of interest to note that almost 50% of the hours devoted to this type of training in 2008 were conducted by ICO employees in the form of internal training activities, an idea first launched at ICO in 2007.

#### AVERAGE TRAINING HOURS PER EMPLOYEE AND PERSON TRAINED

|                                   | 2008                |         | 2007                |         |
|-----------------------------------|---------------------|---------|---------------------|---------|
|                                   | Annual accumulation | Average | Annual accumulation | Average |
| Total training hours              | 15,805              | -       | 16,032              | -       |
| Number of employees (perm.+temp.) | 289                 | 54.7    | 281                 | 57.1    |
| Number of people trained          | 220                 | 71.8    | 269                 | 59.6    |

#### AVERAGE TRAINING EXPENSE PER EMPLOYEE AND PERSON TRAINED

|                                   | 2008                |         | 2007                |          |
|-----------------------------------|---------------------|---------|---------------------|----------|
|                                   | Annual accumulation | Average | Annual accumulation | Average  |
| Training cost                     | 215,400.45          | -       | 308,182.02          | -        |
| Number of employees (perm.+temp.) | 289                 | 745.33  | 281                 | 1,096.73 |
| Number of people trained          | 220                 | 979.09  | 269                 | 1,145.66 |

#### NUMBER OF HOURS AND INVESTMENT IN TRAINING BY PROFESSIONAL CATEGORIES

|                    | Share of total |               | 2007        |                   |             |
|--------------------|----------------|---------------|-------------|-------------------|-------------|
|                    | workforce      | N. of hours   | %           | Cost              | %           |
| Top managers       | 4.67%          | 524           | 3.3%        | 19,399.84         | 9.0%        |
| Middle managers    | 12.00%         | 1,481         | 9.4%        | 28,162.87         | 13.1%       |
| Technical staff    | 55.67%         | 9,046         | 57.2%       | 128,524.22        | 59.7%       |
| Clerical staff     | 26.33%         | 4,574         | 28.9%       | 39,313.52         | 18.3%       |
| Interns            | 1.33%          | 180           | 1.1%        | 0.00              | 0.0%        |
| <b>Total hours</b> | <b>100%</b>    | <b>15,805</b> | <b>100%</b> | <b>215,400.45</b> | <b>100%</b> |

### ■ LA11. Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

The main training areas are foreign languages and specific job training.

- **Foreign language training** takes up the bulk of the total, accounting for 52%, given the large number of people attending the courses.

- **Specific job training** includes both in-company training organised by the Human Resources Department and Complementary Training, consisting in courses that are not provided for in the training catalogue but are requested by individual employees. In 2008, across-the-board training courses were held on the following subjects:
  - Liquidity risk management.
  - Interest and exchange rate swaps.
  - New accounting standards.
  - New accounting standards for SME.
  - Coverage accounting in the management of credit institutions.
  - The Bank of Spain's new solvency circular.
  - Prevention of money-laundering.
  - Effective writing.

In 2008, once the V Collective Bargaining Agreement had been signed, the two-year Special Training Scheme was set under way, aimed at the promotion of clerical staff to the technical specialist grade.

Furthermore, so as to foster employee integration and job adaptation, it was decided to appoint tutors to act as guides for new employees and for those moving to a new post.

## ■ **LA12. Percentage of employees receiving regular performance and career development reviews**

### **Management by Targets**

Since 2007, the institute has been applying a Management-by-Targets System (DpO) with a view to boosting employees' professional advancement and generating a culture based on professional merit. When an employee accomplishes his objectives, he is rewarded with a variable percentage of his normal salary. The Management-by-Targets System is applied to the entire workforce.

The degree of annual fulfilment of each employee's objectives depends on the level of weighted fulfilment of four types of target:

- Of a strategic nature for ICO as a whole, as defined and approved by the Management Committee.
- Deputy Directorate level.
- Organic unit level (department or area)
- Individual.

### **Career Development System**

Introduced in 2003, the Career Development System (SDP) forms part of the all-embracing project to improve the management of the institute's human resources. The system's main objectives include: the availability of an objective procedure to define the professional career of technical specialists; employee involvement in the fulfilment of the targets set for his unit; and the enhancement of communication between the person in charge and his subordinates as a way of motivating the workforce.

In line with current trends, the SDP is based on the concept of performance evaluation by means of a systematic, periodic process of qualitative and quantitative appraisal of the duties and the degree of target accomplishment of each of the employees that form part of the system.

In 2008, 36 employees were promoted to a higher wage level through the SDP.

### **Aspect: Diversity and equal opportunities**

## ■ **LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity<sup>(\*)</sup>**

## DISTRIBUTION OF THE WORKFORCE BY PROFESSIONAL GROUPS AT 31.12.2008

| Professional group    | Men        | Women      | Employees  |
|-----------------------|------------|------------|------------|
| Managers              | 11         | 3          | 14         |
| Middle managers       | 19         | 17         | 36         |
| Technical specialists | 67         | 100        | 167        |
| Clerical staff        | 17         | 62         | 79         |
| <b>Total</b>          | <b>114</b> | <b>182</b> | <b>296</b> |

(\*) On ICO's Governing Council, there is one woman, representing 8% of its composition.

## ■ LA14. Ratio of basic salary of men to women by employee category

The institute advocates a work atmosphere free of discrimination as regards gender, religion, age, civil status, etc.

## WAGES AND SALARIES

|                     | Thousand euros |        |
|---------------------|----------------|--------|
|                     | 2007           | 2008   |
| Salary expenses (*) | 11,723         | 11,749 |
| Average salary (*)  | 42.2           | 39.7   |

(\*) This includes all salary items and expenses relating to the employees.

## ■ 5.4 Human rights

### Aspect: Investment and procurement practices

## ■ HR1. Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

The sound management of any institution is, to a large extent, linked to the rules governing the relations between its management team and stakeholders. It is, therefore, of the utmost importance to set a number of standards conducive to establishing these relations and generating trust. These principles are the foundation of corporate governance.

From the point of view of CR, the main principles guiding the behaviour of ICO as a financial institution towards its stakeholders are reflected in the following measures:

- Application of the principles of the Global Compact.
- Application of the OECD's recommendations to combat corruption among foreign public servants.
- The Ethical Code.
- Data protection.
- Prevention and control of money-laundering.
- Internal audit.

## The United Nations Global Compact

In 2005, ICO joined the United Nations Global Compact, the most significant initiative to date in the promotion of Corporate Responsibility. The pact seeks to encourage enterprises' social commitment through 10 principles based on human and labour rights, environmental matters and the fight against corruption. Institutions which volunteer to take part in the initiative undertake to include the principles in their corporate strategy. Since 2006, ICO has drawn up an Annual Progress Report which takes account of the headway made in the implementation of the Global Compact's 10 principles.

### THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

#### Human rights

|  |             |
|--|-------------|
| 1. Enterprises should support and respect the protection of internationally-recognised human rights within their scope of influence. | HR1-9       |
| 2. Enterprises should ensure that they are not responsible for the violation of human rights.  | HR1,HR2,HR9 |

#### Labour

|   |                   |
|---|-------------------|
| 3. Enterprises should support freedom of association and the effective recognition of the right to collective bargaining. | HR5,LA4,LA5       |
| 4. Enterprises should support the eradication of all forms of forced labour performed under coercion.                     | HR7               |
| 5. Enterprises should support the eradication of child labour.  | HR6               |
| 6. Enterprises should support the abolition of discriminatory practices in employment and occupation.                     | HR4,LA2,LA13,LA14 |

#### Environment

|  |  |
|--|--|
| 7. Enterprises should adhere to a preventive focus which favours the environment.                            | 4.11   |
| 8. Enterprises should foster initiatives conducive to the promotion of greater environmental responsibility. | EN2,EN5-7,EN10,EN13-14,EN18,EN21-22,EN26-27,EN30 |
| 9. Enterprises should fan the development and dissemination of eco-friendly technologies.                    | EN2,EN5-7,EN10,EN18,EN26-27                      |

#### Corruption

|  |       |
|--|-------|
| 10. Enterprises should fight against all forms of corruption, including extortion and bribery. | SO2-4 |
|--|-------|

### OECD Convention for the Prevention of Corruption among Foreign Public Servants in International Commercial Transactions

As the State's Financial Agency for Official Development Aid, ICO has added a number of clauses to Development Aid Fund (FAD) lending agreements in an effort to prevent possible irregular practices among foreign public servants, in compliance with the OECD Convention for the Prevention of Corruption among Foreign Public Servants in International Commercial Transactions.

Under the convention, corruption in this type of transaction is considered to undermine economic development and sound governance while proving detrimental to international competition.

#### Data protection

ICO has implemented rules and procedures to comply with legal requirements concerning data of a personal nature. Furthermore, the institute's policy guarantees fulfilment of regulations. To ensure that all employees are aware of the criteria on which the policy is based, it has been posted on the corporate Intranet.

In compliance with Royal Decree 1720/2007 of December 21, concerning data of a personal nature, in 2008, a security document was approved. It is compulsory for ICO's entire workforce, including external personnel, to abide by the content of this document, which is, moreover, applicable to all files in the institute's possession that contain data of a personal nature, computerised or otherwise.

### **Prevention of money-laundering**

Given its dimension and widespread practice, money-laundering is an activity which may cause a great deal of harm to the reputation and credibility of financial institutions as regards their relations with regulators and society in general.

ICO plays an active role in the application of measures to prevent money-laundering. In addition to complying with legal regulations in force, the institute has included a specific section on the matter in the Code of Conduct so as to ensure that all the employees follow the pertinent corporate policies and procedures.

The institute has set up an Internal Commission for the Control and Prevention of Money-laundering. Its functions are as follows:

- The internal analysis of information regarding any operation suspected of involving money-laundering, adopting the appropriate measures as applicable.
- Pinpoint and prevent any operations connected with money-laundering.
- Receive and analyse the information provided by the Executive Service of the Commission for the Prevention of Money-laundering and Monetary Infringements (SEPBLAC).
- Inform SEPBLAC about any issue related to suspicious operations.

### **Internal audit**

The Deputy Directorate of Internal Auditing is organically attached to the Assistant Directorate General and, for functional purposes, is directly accountable to the institute's Chairman, from whom it receives its instructions. No other hierarchical level has any authority over this department with regard to the tasks it performs.

The rights and obligations of the persons making up the Deputy Directorate of Auditing are governed by the following provisions:

- To look after ICO's best interests.
- To prepare reports objectively and in the strictest professional secrecy, as provided for in the Ethical Code published by the Institute of Internal Auditors of Spain (IAI).
- To undertake the ongoing audit of all activities carried out by ICO.
- To ensure that legislation in force, the recommendations of supervisory bodies and the instructions issued by the institute's management bodies are fulfilled by all organic units.
- To exert constant control over the organisation's security, efficiency and adequacy and convey to the Chairman any relevant recommendations as to improvements.
- To submit each activity or business deal carried out by ICO to an internal audit every three years.
- To perform special audits as required by the Chairman.

## **■ HR2. Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken**

Special Employment Centres are enterprises in which at least 70% of the workforce is made up of disabled workers whose fitness for work is impaired by at least 33%. These centres are accordingly seen as a great step towards integration in that they enable such people to access the labour market.

ICO has hired suppliers that are classified as Special Employment Centres to manage the e-mail information box, the free customer service telephone line and the mailing service. In 2008, the amount disbursed in the hiring of these services was €135,846.04.

■ **HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained**

In 2008, no training was organised in connection with this indicator.

**Aspect: Non-discrimination**

■ **HR4. Total number of incidents of discrimination and actions taken**

In 2008, there were no incidents of discrimination. The principle of non-discrimination is one of ICO's central pillars as far as its relations with stakeholders are concerned.

**Aspect: Freedom of association and collective bargaining**

■ **HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights**

ICO is keen to ensure that relations with the workforce's representatives flow smoothly. The Workers' Committee is formed by representatives from all professional groups. Through a two-way communication channel, meetings are held frequently on the request of either party. In 2008, the institute's V Collective Bargaining Agreement was signed, whereby relations between ICO and the workforce are regulated until the end of 2010.

In turn, the Workers' Committee is represented by some of its members on the following commissions set up inside ICO:

- Social Affairs.
- Joint Application, Interpretation and Vigilance.
- Professional Training and Promotion.
- Hygiene and Safety.

**Aspect: Child labour**

■ **HR6. Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour**

Spanish legislation in force is incompatible with the performance of such activities.

**Aspect: Forced and compulsory labour**

■ **HR7. Operations identified as having significant risk for incidents of forced or compulsory labour**

Such activities are incompatible with the Workers' Statute and with regulations in force in Spain as to freedom of association and trade union representation.

**Aspect: Security practices**

## ■ **HR8. Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations**

ICO has hired the services of an external security firm which fulfils all the requirements necessary for the performance of its task, including those relative to the scope of human rights.

## ■ **5.5 Society**

**Aspect: Community**

## ■ **SO1. Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities**

The foundation, Fundación ICO, was created in 1993 for the purpose of promoting, developing, protecting and encouraging all nature of studies, research and similar in the following fields: economy, science, technology, the environment, city-planning, social and professional issues, employment, culture, art, education, civic and humanitarian affairs and any topic of general interest. In 2008, the budget allocated by ICO to the foundation for the fulfilment of its mission amounted to €4.5m. Its main activities are as follows:

- Management of ICO's artistic holdings, which are displayed at Museo Colecciones ICO. The organisation of exhibitions and cultural activities.
- A post-graduate scholarship programme in the Social Sciences and a special programme on Chinese culture and economy.
- Invite applications for aid relating to international cooperation and the protection of the environment.
- Publishing. Encourage and sponsor activities of social and general interest.

### ■ **Social sponsorship**

This section takes account of contributions to humanitarian organisations and aid schemes whose priority aim is to address emergencies or attend to the basic needs of disadvantaged groups.

In 2008, activities in the Social Sponsorship Area were divided into two major lines of action:

**I. Financial assistance**, by public announcement, for initiatives geared towards the social and cultural integration of immigrants, with a special focus on the empowerment of women. The following projects and institutions benefited from the scheme:

- **MINKA Centro de Promoción Social y Solidaridad.**

"Orientation as to employment, legal advice and cultural interaction for immigrant women in Arganzuela". The project aims to contribute to the social integration of 480 immigrant women by offering them advice about employment and the law, along with pointers of a social nature.

- **Linares Acoge**

"Sharing dreams." This project promotes the values of coexistence and diversity by means of story-telling for children, conducted by immigrant women in various towns in Jaén.

- **Fundación San Juan del Castillo**

"Reception, Orientation and Training for Immigrant Women in Ventilla". Directed at immigrant women living in the Madrid district of La Ventilla, the project provides advisory, informative and training services with a view to easing the process of integration into the workforce.

• **Instituto Mujeres y Cooperación**

“Oral literacy for Maghrebi women”. The project fosters the social integration of 80 Maghrebi women in Madrid’s Centro and Villaverde districts by teaching them Spanish through an oral literacy methodology, as most of the participants are illiterate in their own language.

• **MITA ONG**

“The creation of enterprises with immigrant women who are victims of gender violence”. The project seeks to create 30 small enterprises for immigrant women who are victims of gender violence. The idea is to give these women greater economic independence, thereby facilitating their integration into society and the world of employment.

• **Comisión Española de Ayuda al Refugiado (CEAR)**

“Wanawake Wahamaji (Immigrant Women)”. This project provides an integral service consisting in social welfare, reception and technical and professional support for immigrant women, who receive direct attention and the support of professionals.

• **Fundación San Ezequiel Moreno**

“Immigrant women’s access to the enterprise: labour culture and intercultural skills for immigrant working women”. The purpose of the project is to endow 100 immigrant women living in the Autonomous Community of Madrid with the knowledge and skills necessary for them to improve their integration into the world of employment.

• **Asociación de Mujeres Marroquíes Al-Amal**

“Diversity in Equality”. Geared towards 150 Moroccan Women living in Madrid and Torrejón de Ardoz, the project aims to enhance social integration based on gender equality.

• **Asociación “In Genero”, Interculturalidad y Género**

“Legal advice for illegal immigrant women who practise prostitution in Castilla La Mancha”. The initiative provides group attention in areas where prostitution is practised, along with individual follow-up as regards legal matters, the situation of foreigners in Spain and human rights. The beneficiaries are 1,754 immigrant women who practise prostitution in Castilla La Mancha.

• **Las Palmas Acoge**

“LPA. Psycho-social assistance for immigrant women”. In this case, immigrant women are invited to attend workshops to learn social and professional skills. They also receive an individual diagnosis and psycho-social follow-up. The beneficiaries are 200 immigrant women resident in Las Palmas-Canarias.

• **Fundación privada CECOT**

“Guidance service for immigrant women (SOMI)”. The service provides 50 women with guidance as to employment and offers them work through a specifically-designed job bank.

• **RED ACOGE**

“Psycho-social attention to avoid uprooting”. This initiative provides individual attention for over 1,000 women in different parts of the country and also does group work with almost 200 women. Immigrant women are offered tools and an escort to help them reorganise their lives in the country of destination.

**2. Other joint undertakings** arranged through bilateral agreements with non-profit-making organisations which pursue aims and ends of general interest for the performance of various activities:

- **Fundación Bobath**

Collaboration in the programme designed to foster the integration of children with cerebral palsy into the education system. Scholarships are awarded to families lacking the financial means to pay for the treatment involved in this special education scheme.

- **Fundación Víctimas del Terrorismo**

Patronage of a programme to help terrorism victims. Activities range from assistance and dissemination to culture, publishing and education.

## ■ Training

Training forms a fundamental part of the activity of Fundación ICO, which sees it as a key instrument for development. For this reason, the foundation has always attached great importance to its Scholarship Programme, thanks to which a good number of students are able to take courses at top-drawer universities and higher research centres both in Spain and abroad.

### Scholarships

The foundation's scholarships are divided into three areas:

- Post-graduate scholarships for those wishing to undertake a doctorate, post-graduate studies or post-doctorate research in economics, the Social Sciences or law. In 2008, three scholarships and two extensions were awarded for doctorate studies.
- Asia-Pacific scholarships, seeking to train professionals in the academic and corporate worlds within the geographical scope of the Asia-Pacific Master Plan, with a special focus on China. The programme is conducted at four universities: Beijing University, the Beijing University of Foreign Studies, the Beijing International University of Economics and Commerce and Fudan University (Shanghai).

Within this programme, there are three types of scholarship:

- **Type A:** Immersion in Chinese culture (Mandarin Chinese and culture). In 2008, 20 scholarships were awarded. Courses take place at Beijing University and the Beijing University of Foreign Studies.
  - **Type B:** Language and economics (Mandarin Chinese, economics and commerce). In 2008, 15 scholarships were awarded for courses at the Beijing International University of Economics and Commerce and Fudan University (Shanghai).
  - **Type C:** Summer scholarships. A crash course at the Beijing University of Foreign Studies in Mandarin Chinese, Chinese culture and an introduction to China's economic reality. In 2008, 10 scholarships were awarded.
- Museology Scholarship for trainee work at Museo Colecciones ICO.

### Chairs

So as to promote and boost activities conducive to the development of knowledge and research work, the foundation has entered into agreements of cooperation with several institutions, such as: Universidad Antonio de Nebrija for the Chair of Competition Law; the Valencia Port Authority, Valencia University and the foundation, Fundación de la Comunidad de Valencia, for Research, Promotion and Commercial Studies relating to Valenciaport, for the Chair of Logistics and International Transport; and Alcalá de Henares University for the Chair of Health Analysis and Policies.

## Summer courses

Among the courses sponsored by Fundación ICO, the ones held at Universidad Internacional Menéndez Pelayo are particularly noteworthy. In 2008, the following courses were sponsored:

- "Mitigation and Climate Change I: contribution, challenges and limitations as regards renewable energies and energy efficiency".
- "The challenges of the Spanish economy: the global liquidity crisis and its economic effects".
- "Mitigation and Climate Change II: city-planning, building and transport".
- "Defence: economics and industry".
- Co-sponsored with the university: the summer seminar, "Spain's economy and economists. A tribute to Professor Enrique Fuentes Quintana".

## ■ Other activities of social interest

### I. Environment and international cooperation

One of the central pillars of the foundation's activity, in recent years, its scope has been broadened as it has gained greater weight.

#### • Environment

Here, the main feature consists in School Awareness Agreements, aiming to enhance schoolchildren's awareness of issues relating to the environment. In view of the success of these programmes at educational centres in 2008, the agreements with five institutions were renewed (Fundación Lonxanet, Fundación Global Nature, Intermón-Oxfam, Ipade and Mediterrània-CIE), all of which are launching new awareness campaigns on the subjects of solidarity and responsibility, using real experiences gained from cooperation projects in various countries as a starting point. The five institutions act in a number of autonomous communities, principally with teachers and pupils engaged in the first and second primary cycles.

#### • International cooperation

As far as this area was concerned, in 2008, the main event was the invitation to apply for aid to be used in international cooperation for development. The purpose of the aid is to promote and foster any initiatives or action conducive to overcoming poverty and encouraging sustainable development in countries classified as *Medium or Low Human Development Countries*, as defined in the United Nations Human Development Report, under the 2008-2009 UN Human Development Programme. Once again, last year, the scheme succeeded in improving the results obtained in the area of cooperation for development on the part of Non-Governmental Organisations and local development agencies in developing countries.

The organisations which received aid in 2008 are listed below:

#### • Fundación Mundubat

"Pinpointing new initiatives and a pilot project for access to credit from the point of view of gender; for women in Choluteca, Honduras". The modus operandi of the initiative consists in a prior study and the consideration of a pilot project to achieve fair access to credit for groups of organised women, free of gender discrimination.

#### • Asociación Global Humanitaria

"The consolidation of peasant organisations in the building of a LIFE PLAN based on sustainable rural development in the town of Vacas-Cochabamba, Bolivia". The aim of this project is to contribute to sustainable rural development in the town of Vacas. To achieve this end, it fosters the participation of social organisations and the local government in the building of a Life Plan based on rural development planning processes through the application of Participative Rural Diagnosis (Spanish initials, DRP).

- **Asociación Zabalketa**

“Systematisation and dissemination of territorial management experiences deriving from land management processes. Peru and Bolivia”. By applying a strategy to improve productive resource management, the purpose of the initiative is to make this the responsibility of the “peasant family” as a whole. Moreover, resource management should be economically effective as regards both municipal policies and community traditions. There are three fundamental components in the systematisation of previous experiences: land ownership, gender equality and sustainable productive yield.

- **Fundación Lonxanet**

“Human capacities and sustainable development. Enhancing citizen participation in the provinces of Huaura, Barranca and Huara (Peru)”. Here, the idea is to increase the capacities of development promotion agents and members of the public involved in participative processes to combat poverty and further sustainable human development in the coastal communities covered by the project.

- **CERAI**

“Preparation of a rural agricultural development strategy in the rural commune of Beni Hadifa, province of Alhucemas. Morocco”. The project seeks to help the rural commune of Beni Hadifa to make and implement a rural agricultural development plan in accordance with the theses of sustainable human development.

- **ACSUR-Las Segovias**

“Sexual and reproductive health programme for Palestinian Women in Nablus, Palestinian Occupied Territories”. The objective is to set up a travelling medical team specialised in women’s health problems. The team will undertake periodic check-ups and follow-ups of women who have no access to health care. In addition, a campaign is to be launched on sex education and awareness as to the reproductive and sexual rights of Palestinian women, thereby improving receptiveness to this kind of information.

- **CEAM**

“Identification and implementation of small-scale rural fish-farming in the province of Chiquitos, Bolivia”. This project fosters the sustainable development of the Chiquitanía indigenous and peasant communities through the application of new productive initiatives.

- **Medicus Mundi Navarra**

“How policy affects primary health care in Guatemala”. The aim of the initiative is to ensure that the headway, contributions and lessons deriving from the Inclusive Health Model (Spanish initials, MIS) go some way towards improving Guatemala’s health system. The MIS is a health scheme resulting from research work carried out by the Guatemalan Health Authority from 2000 to 2002. Over the last four years, its practical value has been proved in two pilot projects undertaken in three districts selected by the Guatemalan Ministry of Health.

- **Intermón Oxfam**

“Systematisation and learning with regard to experiences acquired in the backing of processing and marketing activities relating to food products in Burkina-Faso, Mauritania, Tanzania and Haiti”. The objective is to improve the processing and marketing processes of food products so as to enhance the quality of life of small-scale producers and thus contribute to the attainment of a higher standard of living in the rural communities with which Intermón Oxfam works in the four aforementioned countries.

- **Fundación Ecología y Desarrollo**

“Increasing capacities in technological options relating to water and sanitation in Central America”. The initiative seeks to provide practical solutions to this type of problem by endowing institutions

whose scope of responsibilities includes waste water treatment (governments, local corporations and water committees and boards) with the adequate means, such as non-conventional technologies and more economical and sustainable technologies.

## 2. Economy

In the Economy Area, Fundación ICO entered into the following agreements:

### • Valencia University

Through Observatorio de Coyuntura Económica Internacional (OCEI, an international economic observatory), the foundation continued with its tasks of gathering and disseminating information about the international economy, the two-monthly analysis of the leading international economies and special reports with its own indicators.

### • Universidad Complutense de Madrid

The summer course at El Escorial *Proyecto Europeo: crisis, reestructuración y desafíos (A European Project: the crisis, restructuring and challenges)*, organised by Instituto Complutense de Estudios Internacionales (ICEI).

### • Analistas Financieros Internacionales (AFI)-Real Colegio Complutense en Harvard

Collaboration in the organisation of the seminar, *Recent Developments in Financial Economics*.

### • Cajasol

The start-up of a Microcredit Pilot Project in Spain. The foundation hired an expert adviser from the Grameen Bank in Bangladesh. A pupil of Professor Yunus, this person is giving Cajasol the benefit of his experience as to the implementation of a microcredit project based on models whose effectiveness has been proved in other countries.

### • Instituto de Auditores Públicos de España

Publication of the work awarded the III Public Auditing Research Prize, *From Public Auditing to the Appraisal of Public Policies*.

## 3. Activities in the cultural sphere

In 2008, a number of exhibitions took place at Museo Colecciones ICO:

- *El mundo descrito*. An exhibition about the relationship between science and contemporary art and its influence.
- Holdings. Together with Picasso's *Suite Vollard*, 10 pictures from ICO's own artistic holdings (*Colecciones ICO*) were displayed.
- *Lugares comprometidos. Topografía y actualidad*. A display included in the Festival PHotoEspaña 2008.
- *Guillermo Pérez Villalta. Artífice*. An exhibition of the least-known aspects of the artist's works, some of which from part of Colecciones ICO.

In the course of last year, Museo Colecciones ICO was visited by 15,680 people. As in previous years, visits were complemented by guided tours, primary school workshops (attended by 1,188 children) and family workshops (attended by 865 people). The idea is to familiarise children with contemporary art.

As for sponsorship and collaboration with other institutions, Fundación ICO took part in the ARCO 08 Parallel Activity Programme; in the XI edition of Festival PHotoEspaña 2008 as an official sponsor; participated in the sponsorship of the general activities of ICOM-España on the occasion of International Museum Day; sponsored the exhibition, *Ernest Lluch*; and approved a financial contribution to Sociedad Estatal de Exposiciones Internacionales for the publication of the catalogue for the exhibition, *De lo construido a la arquitectura sin papel*, which was to be staged in Spain's pavilion

at the 2008 Venice Architecture Biennial. Furthermore, Fundación ICO played a part in last year's edition of the National Graphic Arts Award, organised by Calcografía Nacional.

### ■ A preview of activities for 2009

- Training: The possibility of making further public invitations for the creation of Chairs at the various universities.
- International cooperation: The ongoing consolidation of activity based on the foundation's own specific features, working in the same priority areas as in 2008.
- Social sponsorship: Once more, the target collective in 2009 will be immigrants in Spain, with a special focus on the equality of women.
- Environment: As of 2009, a biannual aid scheme will be launched for projects concerning cooperation in the area of sustainable environmental development in developing countries.
- Economy: the foundation will take part in the second edition (the academic year of 2009 to 2010) of the Master Course, Microcredits in Spain.
- Art: Activities will continue to focus on the organisation of events at Museo Colecciones ICO.

#### Aspect: Corruption

### ■ SO2. Percentage and total number of business units analysed for risks related to corruption

By submitting all units making up the organisation to periodic review, the Deputy Directorate of Internal Auditing ensures compliance with, and the application of, the procedures established in this sphere.

In addition, every year, ICO submits its internal control and communication procedures and mechanisms to examination by an external expert.

### ■ SO3. Percentage of employees trained in the organisation's anti-corruption policies and procedures

In 2008, no training courses relevant to this indicator were organised.

### ■ SO4. Actions taken in response to incidents of corruption

There were no incidents of this nature.

#### Aspect: Public policy

### ■ SO5. Public policy positions and participation in public policy development and lobbying

As ICO forms part of the Public Administration, it does not participate in lobbying activities.

### ■ SO6. Total value of financial and in-kind contributions to political parties

ICO makes no donations for the financing of political parties.

**Aspect: Anti-competitive behaviour**

■ **SO7. Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes**

No legal action has been brought in connection with such issues.

**Aspect: Compliance**

■ **SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations**

ICO has not incurred any non-compliance with laws and regulations.

■ **5.6 Product responsibility**

**Aspect: Customer health and safety**

■ **PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement**

By the very nature of its activity, issues concerning customers' health and safety refer to their safety on ICO's corporate premises.

ICO has a Prevention Plan, drawn up in compliance with legal requirements. As in previous years, in the course of 2008, evacuation drills were held so as to familiarise employees with the use of emergency exits and to remind them of the importance of leaving the building in a fast, orderly fashion. At the same time, the application of emergency plans was put to the test, together with the correct working of the means available.

■ **PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services subject to such information requirements**

ICO did not infringe legal regulations in force.

**Aspect: Product and service labelling**

■ **PR3. Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements**

ICO does not label its products.

The institute has various communication channels through which to inform society of its activity while boosting its institutional image:

**Página Web**

Refreshed on a daily basis, ICO's website provides information of an institutional nature together with details of the activity it performs. Last year, the number of visits to the website totalled 12,000,000, 60% more than in 2007.

The website was classified as having Accessibility Level A in accordance with the Worldwide Web Consortium, meaning it that could be consulted by the visually-impaired thanks to an image and text description system.

Under Royal Decree 1494/2007, it was established that the degree of accessibility of existing or newly-created websites of Public Administrations and those financed with public funds must comply with Priority 2 of UNE Standard 139803:2004 as of December 31 2008. In order to comply with the priorities set by the UNE Standard within the term established by the regulations, in 2008, the full content of ICO's website (over 4,000 pages) was reviewed for the purpose of adapting it to HTML format. In addition, it was necessary to modify the content management templates so as to introduce new contents.

Simultaneously, an external company was hired to provide an advisory service for the creation and conversion of PDF documents for access from ICO's website. Other improvements included: the creation of templates in accessible Office format; a training-hour bank for employees designated by ICO; and the subsequent audit of the institute's website (www.ico.es) to certify compliance with the requirements established for the attainment of Priority 2 of UNE Standard 139803:2004, as stated in Royal Decree 1494/2007, November 12.

### **Press releases**

So as to keep the public informed of the various financing facilities and the latest developments, the institute regularly sends press releases to the media. In 2008, 52 press releases were sent to the media and 6,685 news items about ICO's activity were published in the printed press, reflecting a rise of 238% on the previous year.

### **Publicity campaigns**

The institute designs a number of publicity campaigns to promote its financing facilities for the self-employed, SME and members of the general public. Last year, the leading publicity campaign in terms of volume, dissemination and duration was the one concerning ICO's 2008 Corporate Backing Facilities. The campaign was launched on the television, radio and the Internet and also in the press.

By way of a complement to publicity campaigns, the institute published informative leaflets describing the characteristics of its main financing facilities. In 2008, a total 3.8m leaflets were published, with details of the characteristics of ICO's four corporate backing facilities: Entrepreneurs, SME, Corporate Growth and Internationalisation. The leaflets were distributed via the press and also sent to all credit institutions working with ICO in the facilities' administration and to economic promotion bodies. For the third consecutive year, leaflets were also were released in Spain's official languages: Catalan, Basque and Gallego. In 2008, those published in these languages summed up to 625,000.

### **Newsletter**

In 2007, ICO started up a new communication channel by way of providing the loan facilities' main customers (the self-employed and SME) with relevant information. Consisting in a monthly, digital newsletter distributed by e-mail, it takes account of all new developments affecting ICO's financing facilities and also provides an in-depth analysis of matters of interest to the target public. In each issue, there is an article about the experience of a businessman, entrepreneur or self-employed worker who has drawn on ICO's facilities to finance his projects, together with helpful information about accounting, training, legislation and so on.

In June 2007, the first issue of the digital newsletter was sent to 10,000 subscribers. Since that time, the number of subscribers has increased considerably to stand in December 2008 at more than 42,000, all of whom were sent the newsletter. Readership, which varies from month to month, worked out an average of 61.75% in 2008.

## **PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling**

ICO did not infringe legal regulations in force.

■ **PR5. Practices relating to customer satisfaction, including results of surveys measuring customer satisfaction**

In 2008, no surveys were carried out with external customers.

**Aspect: Marketing communications**

■ **PR6. Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship**

As a State-owned corporate entity, Instituto de Crédito Oficial is subject to Act 29/2005, December 29, concerning Institutional Advertising and Communication; and to Royal Decree Real 947/2006, August 28.

Under these regulations, it is compulsory to prepare an annual publicity plan for its subsequent approval by the Council of Ministers. The plan should take account of all publicity activities scheduled for the following year by each body belonging to the General State Administration. ICO provides the Ministry of Economy and Finance with a report about the publicity campaigns it plans to launch in the course of the year, along with an indication of the allocation made to achieve this end.

In compliance with the Advertising Act, at the end of each year, ICO prepares a summary of the publicity campaigns launched and the cost entailed.

Furthermore, ICO replies in full to all parliamentary questions addressed to it via the Ministry of Economy and Finance, above all, those concerning its publicity campaigns: costs, public tenders, awardee companies and media plans.

■ **PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship**

ICO has not incurred any non-compliance with the law.

**Aspect: Customer privacy**

■ **PR8. Total number of substantial complaints regarding breaches of customer privacy and losses of customer data**

In 2008, there were no complaints of this nature.

**Aspect: Compliance**

■ **PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

ICO did not incur any non-compliance with the law.



# ■ REPORT RATING BY GRI AND VERIFICATION BY AENOR



## **SUSTAINABLE VERIFICATION REPORT**

**VMS-Nº 023/09**

The Spanish Association for Standardisation and Certification (AENOR) has verified that the Report of the following firm:

### **INSTITUTO DE CRÉDITO OFICIAL**

Entitled: ***CORPORATE RESPONSIBILITY REPORT 2008***

Legal deposit number: M-26913-2009

Provides a reasonable image and a balanced view of its performance, taking into account not only the data veracity but also the general content of the report, being its application level: **A<sup>+</sup>**

This external assurance is in accordance with the requirements of the G3 Guide developed by the Global Reporting Initiative (GRI). The verification has been fulfilled on 30<sup>th</sup> April, 2009 and no subsequent performances can be considered.

The present verification will be in force, unless it is cancelled or withdrawn upon AENOR's written notification and according to specific terms of the contract – application nº GRI – 015/2009 of 14<sup>th</sup> April and to the General Regulation of January 2007, which require, amongst other commitments, the permission to visit the installations by the technical services of AENOR to verify the veracity of stated data.

This declaration does not condition the decision that Global Reporting Initiative can adopt to incorporate to INSTITUTO DE CRÉDITO OFICIAL, in the in accordance GRI Guidelines list and that GRI publishes in its Web <http://www.globalreporting.org/ReportsDatabase/SearchTheDatabase/>.

Issued on: 16<sup>th</sup> June 2009

  
General Manager of AENOR

# ■ GRI INDICATORS





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- EC3. Coverage of the organisation's defined benefit plan obligations. P.33
- EC4. Significant financial assistance received from government. P.34

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- EC5. Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. P.34
- EC6. Policy, practice and proportion of spending on locally-based suppliers at significant locations of operation. P.34
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### ■ Indirect economic impacts

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- EN5. Energy saved due to conservation and efficiency improvements. P.39
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- EN8. Total water withdrawal by source. P.39-40
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### ■ Aspect: Biodiversity

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- EN12. Description of significant impacts on biodiversity in protected areas. P.40
- EN13. Habitats protected or restored. P.40
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