

**CORPORATE  
RESPONSIBILITY  
REPORT**

**07**



**Instituto de Crédito Oficial**

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**CORPORATE  
RESPONSIBILITY  
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**STRATEGY AND  
ANALYSIS**



Instituto de Crédito Oficial



## 1. STRATEGY AND ANALYSIS

### 1.1 Statement from the most senior decision-maker

This is our fourth Annual Report on our institution's Corporate Responsibility (hereinafter CR), which seeks to describe our commitment to each and every one of our stakeholders.

On this occasion, we have chosen to present the report's content in accordance with the structure indicated in the document, *Sustainability Reporting Guidelines (GRI), Version 3, 2006*, following each of the indicators established to give an account of our activity. The report's content is thus presented in a logical, orderly manner to give the reader a clear insight into the state of affairs. The report begins with a general chapter about the institute's profile, organisation and structure, followed by more specific chapters which provide details as to the current situation, progress and targets set down under the performance indicators in the economic, environmental and social scopes.

At the present time, ICO is undergoing a process of change within the framework of its Strategic Plan, in which medium-term modifications to its performance guidelines are set down. It should be pointed out that, in 2007, when the plan was first implemented, the management targets envisaged for that year were achieved thanks to the commitment and effort of the institute's entire workforce.

In the social scope, the range of products directed at the general public was enhanced and broadened. We set up novel financing facilities such as the University Loan, designed to enable university students to undertake postgraduate studies by offering them an interest-free loan which they do not start to pay back until their annual income exceeds a certain minimum. Another instance was the facility known as *Driving licences for a euro a day*, geared essentially towards the improvement of road safety, the reduction of the number of drivers without a licence and the modernisation of the driving school sector.

As part of its commitment to the environment, in 2007, ICO took steps to make its premises and energy-providing equipment more efficient. Moreover, the Carbon Fund for the Spanish Enterprise (FC2E), created in 2006 to help Spanish enterprises fulfil the commitments laid down in the Kyoto Protocol, was set under way, providing finance for various sustainable projects.

For the second time, we have submitted the report's content to the independent verification of AENOR, which awarded us the top rating: A+. ICO thus consolidates its position as an expert reporter and ranks among benchmark institutions in the presentation of CR reports.

Although CR forms part of the institute's very nature, we are aware that present-day society calls on enterprises to be responsible and develop business opportunities conducive to social welfare. Our target for 2008 is to go on making headway in this scope by strengthening the commitment of management and workforce alike. To achieve this, we intend to reorganise CR in such a way that all ICO personnel become involved in the performance of activities aimed at our stakeholders.

Aurelio Martínez Estévez  
Presidente del ICO

## 1.2 Description of key impacts, risks and opportunities

In recent years, international organisations, states, economic and social players and indeed, society in general, have been expressing a growing concern for the gamut of issues which compromise their future either directly or indirectly. Below, the key risks and opportunities referred to in the body of the report are described.

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

It is essential to take into account ICO's relationship with its stakeholders when appraising the key impacts and risks of its activity. On the basis of this analysis, the institute pinpoints and gives constant attention to the issues it deems most relevant to the accomplishment of its mission. In accordance with this basic principle, the aspects considered to be of greatest relevance by ICO are as follows:

- Ethical behaviour and compliance with regulations. Ethical behaviour is an indispensable requisite for the recognition, acceptance and credibility of an institution. This conduct is reflected in the performance of ICO's activity, as described in detail under the HR1 Indicator in this report.
- Avoidance of financial exclusion. It is ICO's duty to attend to society's more disadvantaged groups, above all, those who are unable to access the usual financing channels.
- Environmental impact. It is incumbent on the institute to back initiatives aimed at the improvement of the environment and, in particular, those seeking to alleviate the effects of climate change.
- The avoidance of ethical, social and environmental risks in the institute's activity. In the management of such risks, the institute considers and provides for any aspects which may directly or indirectly affect its activity.
- Transparency. ICO conveys information to all its stakeholders by means of fluid, direct, two-way communication channels.
- Satisfaction of employees' expectations.

### Trends and opportunities in the area of sustainability

In compliance with the mission and functions set down in ICO's statutes, a Strategic Plan has been designed in which the medium-term accomplishment of a number of ambitious goals is established. These goals are intrinsically related to the institute's mission: sustain and promote those economic activities which contribute to the growth and improved distribution of the national wealth and, in particular, those which, on account of their social, cultural, innovative or ecological significance, are deserving of priority attention. In terms of the institute's day-to-day activity, this materialises in the form of the provision of financing for SME, the neediest social groups, environment-friendly projects and the support of culture and society in general.

ICO, along with the rest of economic players, helps Spanish society overcome major economic risks while creating new opportunities for improvement not only from the economic point of view but also from a social and environmental angle.

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**ORGANISATIONAL  
PROFILE**



**Instituto de Crédito Oficial**

## 2. ORGANISATIONAL PROFILE

### 2.1 Name of the organisation

Instituto de Crédito Oficial.

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

ICO has a range of financing facilities designed to boost productive investments by Spanish enterprises. Some of them provide financing for the corporate projects of social groups unable to obtain a loan, such as SME and entrepreneurs; for people who are barred from the usual financing channels because they lack guarantees and a credit history; for investments in strategic sectors; and for investments entailing the incorporation of technological innovation into their productive processes.

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

#### The State's Financial Agency

As the State's Financial Agency, ICO, on express instructions from the Government, provides resources for victims of serious economic crises, natural disasters and similar.

In the performance of this task, the institute manages the following instruments, created to offer official backing for exports.

#### Official Development Aid

Through the Development Aid Fund (Fondo de Ayuda al Desarrollo/FAD), provisioned by the Spanish State, ICO awards financial assistance of a preferential nature to developing countries, their public institutions, enterprises operating within the country and 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.

In the name of the Spanish Government, ICO arranges the credit, lending and donation agreements and provides the financial services pertinent to asset operations.

#### Interest Make-up

This system, designed to provide backing for Spanish exports, entails the participation of ICO, which is responsible for contract formalisation and interest adjustment settlement; the Ministry of Industry, Tourism and Trade, which authorises contract formalisation; and the export insurance company, Compañía Española de Seguro a la Exportación (CESCE), which underwrites any political or commercial risks.

Its purpose is to incentivate the granting of long-term (two or three years) export credits at fixed interest by financial institutions.

Interest adjustment contracts guarantee institutions the collection of net interest revenue while eliminating risks deriving from the difference between the credit's assignment rate and its market cost.

## Microcredit Fund

This fund seeks to improve the standard of living of vulnerable groups and execute basic social development projects in developing countries. The loans are granted to foreign on-lending institutions which, either directly or through local financial institutions, make the funds available to beneficiaries.

The fund draws on annual allocations from the General-Government Budget. ICO acts as financial agent, examines the solvency of the institutions in which it invests the fund's resources and formalises the operations. In turn, the Spanish Agency for International Cooperation (Spanish initials, AECI) identifies future programmes, selects the financial institutions and undertakes the follow-up and inspection of the operations performed.

## Investment bank

In its capacity as an investment bank, ICO implements the following facilities:

- **Second-floor (mediation) facilities:** Here, the aim is to back Spanish enterprises by financing productive investments. Under the terms and conditions set by ICO, the loans are granted by private credit institutions (banks, saving banks and credit cooperatives), which also assume the risk on the operations.
- **Direct financing programmes:** The purpose of these programmes is to finance large-scale investment projects, both public and private. In this case, ICO examines and, as applicable, approves the loan applications, in addition to assuming the credit risk.

## Second-floor facilities

ICO operates a variety of facilities for the purpose of financing investment projects by SME and the self-employed. The main characteristics of these facilities are: long repayment terms, preferential interest rates, no fees, ease of access (loan applications are filed at private credit institutions) and simplicity of paperwork and subsequent reporting. Furthermore, in recent years, a number of new financing facilities aimed at society in general have been launched: the Avanza Loan, the University Studies Loan and the scheme known as Driving Licences for one euro a day.

### MAIN LINES OF ACTION 2007 SECOND-FLOOR LENDING

- SME
- Internationalisation
- Corporate growth
- Entrepreneurs
- Information technologies (Plan Avanza)
- Film production
- Microcredits
- Environment
- University Studies Loan
- Driving licences for a euro a day

## Direct financing

Direct financing programmes were designed to finance public and private large-scale investment projects both in Spain and abroad; the acquisition by foreign companies of Spanish goods and services; and corporate mergers and acquisitions. The priority target sectors of these programmes are: energy, gas, electricity, transport infrastructures, the environment, telecommunications, R&D&i, land and housing and social and health services.

These loans may be bilateral, syndicated, cofinanced with multilateral financial institutions or channelled through local financial institutions.



**MAIN LINES OF ACTION, 2007  
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, Spain.

**2.5 Number of countries where the organization operates**

This information is contained in the Annex to ICO's Annual Report under the headings Development Aid Fund (FAD), Microcredit Fund, Corporate Internationalisation and PROINVEX (recipient countries). See Charts XXIII, XXV, XX.

**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 back the financing activities of Spanish enterprises, the institute has holdings in a number of companies.

COMPANY	ICO'S HOLDING
Fondo FOND-ICO	100%
Fondo EURO-ICO	100%
Axis Participaciones Empresariales	100%
Compañía Española de Reafianzamiento (CERSA)	23.81%
Compañía Española de Financiación del Desarrollo (COFIDES)	25.25%
European Investment Fund (EIF)	0.28%

**2.7 Markets served<sup>(\*)</sup>**

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

<sup>(\*)</sup> International markets are covered in Section 2.5.

## 2.8 Scale of the organisation

Key figures (\*)

<b>BALANCE</b> <sup>(1)</sup>	<b>2007</b>	<b>2006</b>
Total assets	39,882	32,292
Lending investment <sup>(2)</sup>	35,200	27,979
Second-floor loans <sup>(3)</sup>	21,650	17,240
Direct loans to customers	15,550	10,739
Market resources	32,780	27,655
Equity	2,142	1,369
<b>STATEMENT OF INCOME</b> <sup>(1)</sup>		
Net interest revenue	210	196
Net ordinary revenue	227	207
Net operating revenue	189	172
Pre-tax profit	108	157
Net profit	82	104
<b>RATIOS</b> <sup>(4)</sup>		
ROE	3.56	8.25
ROA	0.21	0.34
Capital adequacy ratio	11.23	8.48
Operating expense/ATA	0.10	0.11
<b>HUMAN RESOURCES</b>		
Number of employees	278	294
Male	108	113
Female	170	181
Technical specialists and middle managers	188	198
<b>SOCIO-CULTURAL ACTIVITIES</b>		
	Fundación ICO	
<b>RATINGS</b>		
Moody's	Aaa	Aaa
Fitch Ratings	AAA	AAA
Standard & Poor's	AAA	AAA

<sup>(1)</sup> Million euro.

<sup>(2)</sup> All lending investment data are post deductions for provisions and adjustments.

<sup>(3)</sup> For the purpose of comparison with the previous year, we consider that the bonds issued by the securitisation fund and acquired by ICO are lending investment.

<sup>(4)</sup> Percentages.

<sup>(\*)</sup> The destination of foreign investments is contained in the Annex to ICO's Annual Report under the headings Development Aid Fund (FAD), Microcredit Fund, Corporate Internationalisation and PROINVEX (recipient countries).

## 2.9 Significant changes during 2007 regarding size, structure or ownership

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

## 2.10 Awards received in 2007

The institute did not receive any awards or distinctions.

**CORPORATE  
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**REPORT  
PARAMETERS**



**Instituto de Crédito Oficial**

## 3. REPORT PARAMETERS

### Report profile

#### 3.1 Reporting period

The reporting period of this report is the year 2007, from January 1 to December 31.

#### 3.2 Date of most recent previous report

The year 2006.

#### 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

ICO has been preparing CR Reports annually since 2004. This year's report contains relevant information about the institute so as to give as true and fair a view as possible of the activities carried out in this field. The overriding aim is to provide stakeholders with comprehensive information presented in such a way as to ease understanding.

When selecting the report's content, the general idea was to strike the right balance between the quality and the quantity of the information presented. With this end in view, it was decided to include all aspects of relevance to ICO's stakeholders (customers, employees, suppliers, the Public Administration and society in general), while ensuring that the length of the report was kept within reasonable limits.

The information provided in this report covers all the indicators contained in the GRI guidelines, in addition to addressing other aspects which, though not required under those guidelines, are considered to be of interest to the stakeholders.

This report seeks to reflect ICO's commitment to its stakeholders, who may avail themselves of a number of channels to convey their needs and expectations. Through these two-way channels, it is possible to improve both the institute's relationship with its stakeholders and the services it renders to them.

Moreover, the principle of comparability has been applied to enable our stakeholder readership to compare ICO's performance in 2007 with that of previous years or with that of other enterprises and institutions.

### **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.

### **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 the report**

In the report's preparation, the Global Reporting Initiative (GRI): Sustainability Reporting Guidelines (Version G3), was used as a master document.

In the calculation of CO<sub>2</sub> emissions, the criteria of the National Energy Foundation were followed. The indirect consumption of energy, broken down into primary sources, was calculated in accordance with the guidelines set down in the Energy Balance Sheet, Energy Protocol.

Lastly, the usual techniques followed in accounting and financial reports were applied in the provision of data concerning financing facilities and employees.

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

The calculation of the workforce for 2006 and 2007, appearing under Indicator EN1, has included not only the institute's personnel but also the employees of other companies who worked on ICO's premises. As the latter were considerable in number, they have affected the result of the Ecoefficiency Indicators.

### **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 reporting 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.



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**GOVERNANCE,  
COMMITMENTS  
AND  
STAKEHOLDER  
ENGAGEMENT**



**Instituto de Crédito Oficial**

## 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. Women members account for 27.27% of the total.

The appointment and removal of the Governing Council's members is 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 Ministry 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 lines of action undertaken for the implementation of these policies and the appraisal of the results obtained.

#### COMPOSITION OF THE MANAGEMENT COMMITTEE

Chairman of ICO  
 Assistant Director General  
 Director General of Investment and Finance  
 Director General of Control and Administration  
 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-making 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**

The Assets and Liabilities Commission  
 The Procurement Commission  
 The Internal Commission for the Control and Prevention of Money-laundering  
 The FAD Contract Commission  
 The Assets Follow-up and Operations Commission  
 The Contingency Committee  
 The Procurement Board  
 The Social Affairs Commission  
 The Joint Commission for Application, Interpretation and Vigilance  
 The Training and Professional Advancement Commission  
 The Health and Safety Commission  
 The Systems Commission  
 The Risk Commission  
 The Data Protection Commission

### **4.2 Function of the Chairman<sup>(\*)</sup>**

The Chairman of ICO performs executive functions.

<sup>(\*)</sup> His functions are described in Section 3.1.

### **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.

<sup>(\*)</sup> 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.

<sup>(\*)</sup> Indicator reflected 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**

Sustain and promote those economic activities which contribute to the growth and improved distribution of the national wealth and, in particular, those which, on account of their social, cultural, innovative or ecological significance, are deserving of priority attention.

##### **ICO's values**

- Cover the financial needs of Spanish society and the country's economy while fostering their development.
- Maintain the institute's weight within the field of financial activity as a whole.
- Protect its public image and brand.
- Create a work environment based on the assessment of professional merit.
- Enhance the career development of its employees.

##### **Code of Conduct**

ICO's Code of Conduct is a key element in the preservation of the institute's corporate integrity. It is a compendium of measures seeking to ensure the integrity, objectivity, independence and correct use of information by all employees and managers.

The code attaches special importance to ethical values and is laid out under the following headings:

- Ethical Performance Code.
- Data Confidentiality and Protection.
- Compliance with Regulations concerning the Prevention of Money-laundering.
- Professional Integrity and Loyalty.
- Avoidance of Conflicts of Interest.
- Use of ICO's Name.

In 2007, ICO approved a specific manual taking account of a set of standards and recommendations conducive to ensuring a clear, uniform distribution of corporate gifts.

<sup>(\*)</sup> Additional information under Indicator HR1.

#### **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<sup>(\*)</sup>**

<sup>(\*)</sup> Indicator referred to in Section 2.3.

The External Relations Area, which reports to the Institutional Relations Department and the Assistant Director General to the Chairman, is responsible for promoting and coordinating the implementation of CR in the organisation.

So as to engage the organisation as a whole, a number of working groups was set up, formed by representatives from the institute's main areas, whose commitment and collaboration are indispensable for the performance of CR activities. The mission of these groups is to analyse, promote and develop action in this scope.

In addition, the Institutional Relations Department informs the Management Committee and the Corporate Responsibility Coordination Group, formed by ICO's Deputy Directors, of all intended work plans and lines of action.

Nevertheless, any proposal of special significance in the social or environmental fields must be analysed and approved by the Management Committee.

#### **4.10 Processes 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 Explanation of whether and how the precautionary approach or principle is addressed by the organisation**

ICO gives due consideration to the precautionary principle, as shown by the fact that risk management performs a central role in its modus operandi.

Below is a list of those items within the institute's management that are directly related to the precautionary principle:

The application of policies based on strictly technical aspects related to the inherent risks of the operations financed.

The consideration of ethical, social and environmental criteria:

- In the ethical scope, standards of integrity and sound governance have been defined.
- In the social scope, the institute supplies products and services aimed at disadvantaged groups or those with special needs.
- In the environmental scope, consideration is given to environmental factors in the credit risk analysis of all nature of projects and enterprises. Furthermore, the institute backs the financing of projects conducive to the preservation of the environment.

Continuity of business in case of disaster. ICO is aware of the importance of preventive mechanisms to protect critical data and safeguard the resumption of activity with as little disruption as possible, should a disaster occur. For this reason, a Contingency Committee has been formed to fulfil the following functions:

- 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**

Since the institute joined the United Nations Global Compact, it has undertaken to follow its 10 principles in the areas of human rights, labour, protection of the environment and the fight against corruption.

At the same time, given its role of attending to society in general, ICO offers its customers products that are specially designed to meet the needs of certain social groups unable to obtain a loan, together with products directed towards a social end. Moreover, a considerable portion of the resources allocated to lending activity is used in the financing of projects that reduce the business activity's impact on the environment.

Similarly, selection criteria governing the acquisition of goods state that the latter should contain no contaminants and be recyclable or biodegradable. In some cases, suppliers are required to meet ISO environmental standards. Further, in the points system used when awarding services contracts, aspects of a social nature are taken into account.

#### **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 Statutes 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 to stakeholder engagement, including frequency of engagement by type and by stakeholder group<sup>(\*)</sup>**

*\*For further information, see Indicator 4.17*

ICO deems it necessary to maintain an open, fluid dialogue with its stakeholder groups so as to verify and adequately cover their needs. For this purpose, the institute has a set of tools with which to manage stakeholder relations:

##### **Customers**

The implementation of communication tools for our customers is resulting in greater awareness of their needs and requirements. The main communication media available to the customers are: the complaints and suggestions channel; the free telephone service; e-mail; and the customer service office at ICO's headquarters.

These communication channels may be used by persons entitled to benefit from our financing facilities, suppliers and, in general, anyone wishing to express an opinion about ICO's activity and the services it provides.

## Employees

ICO encourages open, participative communication with its employees by means of the corporate intranet, employee satisfaction surveys and the suggestions box.

## Society

ICO fosters active communication with society through the organisation of training courses, lectures, conferences, presentations and employee exchange schemes arranged with European institutions of a similar nature.

- **Investment opportunities seminar**

The main purpose of this seminar is to help our customers and enterprises in general to pinpoint opportunities for investment and corporate cooperation with different countries, thus boosting the effort of trade missions and official bodies such as the Consejo Superior de Cámaras de Comercio (Higher Board of Chambers of Commerce) and ICEX (Instituto de Comercio Exterior/Foreign Trade Institute). Furthermore, at these seminars, information is provided as to the financing schemes available to Spanish enterprises wishing to undertake internationalisation processes.

In 2007, ICO, in conjunction with ICEX and the Consejo Superior de Cámaras de Comercio, organised three seminars on investment and corporate cooperation opportunities in different parts of the world: the USA, Eastern Europe (Slovakia, Hungary, Poland and the Czech Republic) and Brazil.

Held on ICO's premises, the seminars were enhanced by poster papers delivered by leading figures from foreign embassies in Spain and representatives from Spanish trade missions abroad. Directors of major Spanish enterprises with investments in the above-mentioned countries also took part in the seminars, where they spoke of the most relevant aspects of their investment experience.

- **International Development Banking Executives' Programme**

Since 2003, the institute has been organising a training course for executives working at development finance institutions. The course consists in 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, promote technical assistance to the development banks of emerging countries by means of a training course for their executives; and, on the other, give them an insight into all relevant aspects of ICO's activity. It is one of ICO's goals to establish a closer relationship with these institutions so as to form a permanent arrangement with the possibility of participating in potential joint projects in the future.

In 2007, the sixth and seventh editions of the course took place and were attended by 39 participants from 26 institutions and 20 different countries (for the first time, the course was attended by people from Chile, Kazakhstan and Turkey). They all hold top-ranking posts at their respective institutions.

- **Iberoamérica Empresarial**

Together with Unidad Editorial, ICO sponsors the seminar known as Iberoamérica Empresarial, which seeks to set up a forum of discussion attended by institutions and enterprises from Spain, Portugal and various countries with interests in Latin America. The idea is to analyse the economic, commercial and financial situation of the area and its economic involvement in the European Union. The seminar thus provides an opportunity to define and project joint strategies for action and development.

With these ends in view, in 2007, 11 encounters of this nature were organised. Attended by an overall total of 901 people, the seminars addressed the following topics:

- Business and investment opportunities in Colombia.
- Venezuela: Political and economic prospects.
- The future of Argentina: Political and economic challenges.
- The challenges of the digital world for Latin America.
- The economic challenges facing the new government of Felipe Calderón.
- Investment opportunities in the Latin American real estate sector.
- Energy prospects in Latin America.
- The Kyoto Protocol and Clean Development Mechanisms.
- Investment opportunities in Chile.
- Spain as a centre of operations between Europe and Latin America.
- Economic reality in Colombia.
- Ecuador and its new challenges.

• **Employee Exchange Schemes**

So as to share technical knowledge and establish fluid relations conducive to cooperation and collaboration in joint financing projects, ICO has been participating in sporadic employee exchanges 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 bank, KfW. Over the last two years, KfW was the only bank with which ICO engaged in the scheme.

	2007	2006
ICO employees at KfW	3	1
KfW employees at ICO	3	–

**Public Administration**

As an entity attached to the Ministry of Economy and Finance, ICO acts in accordance with the Ministry’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, amongst others, with the Ministries of Agriculture, Fisheries and Food; Industry, Tourism and Trade; Foreign Affairs and Cooperation; Education and Science; Public Administrations; and Housing.

**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 briefly described.

**Complaints and suggestions channel**

The institute has always sought to provide its customers, users and target sectors with communication channels to enable them to file complaints and make suggestions. At the end of 2006, complaint and suggestion management was centralised into an organic unit.

As a result of the complaints and suggestions received, the institute has become aware of the main problems facing its customers and, in the search for solutions, has pinpointed areas where there is room for improvement. In addition, as far as response times are concerned, internal coordination and efficiency have been stepped up. Management is centralised in the External Relations Area, which reports to the Institutional Relations Department. In this way, the consistency and uniformity of replies are guaranteed, along with the adequate treatment of the information deriving from them.

Complaints and suggestions are forwarded to the area responsible for managing the services in question or those quoted in a proposal for improvement. Said area sends the reply to the External relations Area, indicating the measures taken to solve the problem. As and when necessary, ICO contacts the on-lending institutions to clarify and, as applicable, settle the complaint or issue. Through this process, it is possible to analyse the causes that have given rise to the complaint or the contributions deriving from the suggestions received. As applicable, a remedy is then proposed or an improvement plan is drawn up in conjunction with the appropriate areas and the Organisation Area. Additionally, the Internal Auditing Area has access to the complaint and suggestion data base to enable it to obtain information which may prove useful in audit planning.

In 2007, 19 suggestions and 306 complaints were received. All the complaints were analysed and answered within an average period of 6.35 working days.

All the suggestions were received through ICO's web box, as were most of the complaints (283). A total of 22 complaints were in letter-form and only one was delivered by hand to ICO's registrar.

As most of ICO's operations are carried out through on-lending institutions, a good number of the complaints (228) concerned problems arising with 37 of them, relating to the second-floor loan procedure. In 61 of the complaints, the financial institution involved is not specified and only 17 concern the institute.

### 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 institutions it works with for the purpose of distribution 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.

- A free telephone service through which to inform and attend to the general public (900 121 121). Thus, private individuals and enterprises may express all their queries about ICO's financing facilities and the paperwork involved and find out about other activities performed by the institute. The service is manned by personnel from a Telephone Service Centre selected through public tender by ICO, which provides these people with specific training for the job.

In 2007, 51,035 queries were processed, reflecting an increase of 136.43% in respect of 2006.

### FREE TELEPHONE SERVICE. BREAKDOWN BY FINANCING FACILITIES

ICO Financing Facility	Calls to the free telephone service in 2007 900 121 121	% increase in respect of 2006
SME	15,277	27
Entrepreneurs	2,203	64
Corporate growth	99	19
Internationalisation	293	0.1
Plan Avanza	9,678	359
Fórum Filatélico and Afinsa	7,246	-
University Studies Loan	8,666	-
Microcredits	2,679	(11)
Other	4,894	-
<b>TOTAL</b>	<b>51,035</b>	<b>136</b>

- Apart from the free telephone service, the institute has equipped its premises with a personal attention unit to attend to members of the public face-to-face or by phone. In 2007, 4,465 telephone calls and 681 personal visits were received.
- ICO has an e-mail address for use by all members of the public (ico@ico.es). 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. In keeping with the growing use of the new technologies, the number of queries received and answered has been rising considerably in recent years. In 2007, 4,591 queries were processed through this channel, reflecting an increase of 81% in respect of 2006.

### **Telematic communication with on-lending institutions**

The institute has set up a platform, known as Banc@ico, for the secure 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 facilities. By means of the electronic signature, all communications are ciphered so as to guarantee the integrity, confidentiality and non-rejection of the information.

Three types of communication flow through Banc@ico:

- ICO publishes information and news about its second-floor facilities (start-up of new facilities, the payment of subsidies, information of a legal nature affecting the facilities and so on).
- The cooperating financial institutions inform ICO of all operations arranged through the various financing facilities.
- The bodies with which ICO has entered into an agreement of cooperation may access the platform to find out about operations covered by the pertinent agreement.

### **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 organisational levels, ICO has made the corporate intranet, known as the Portico, available to all the employees.

Refreshed on a daily basis, the Portico, which registered a total 1,151,305 visits and over 1,000 new contents in 2007, is:

- The most frequently-used internal information channel through which all constantly-updated information of internal and external significance generated at the institute flows on a regular basis.
- The framework housing, in an orderly, intuitive 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.

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 2007, 51 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, safety and health 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.

### Employee satisfaction surveys

In 2007, an internal survey was carried out to ascertain the degree of satisfaction with the services provided by all the units making up the Assistant Directorate General, the General Services and Property Area (part of the Directorate General for Technical Affairs) and the Documentation Area, which belongs to the Deputy Directorate known as the Planning Office. The survey was completed by 44% of the workforce.



**CORPORATE  
RESPONSIBILITY  
REPORT**

**07**

**MANAGEMENT  
APPROACH AND  
PERFORMANCE  
INDICATORS**



**Instituto de Crédito Oficial**

## 5. MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

### 5.1 Economic performance

#### Information about the management approach

##### Economic performance

ICO is undergoing a process of change of some relevance, fuelled by the projects carried out in recent times with a view to starting up the Strategic Plan and the Strategic Systems Plan.

##### The strategic plan

In 2007, the management targets set for the year in the 2006-2012 Strategic Plan were achieved. The plan sets out ICO's performance guidelines for the medium term regarding the fulfilment of its mission as defined in the statutes. Briefly, this mission consists in working alongside the private banking sector so as to meet the financial needs of Spanish society and the country's economy, including the interests of Spanish enterprises abroad and the contribution of value-added so as to foster economic development.

The priority aim of the Strategic Plan is the self-funding of the institute by means of the generation of enough profits which, when capitalised, will make it possible to increase equity so as to cover the foreseen increase of activity. In this way, ICO will easily fulfil the minimum requirements envisaged in the Basel II Accords and, as of 2012, will be free of the need to draw on the General-Government Budget. This means that all indicators concerning technical and operational efficiency and workforce productivity will have to be improved considerably, along with other variables which may help achieve this end, such as providing the employees with a work atmosphere inspired on the assessment of professional merit.

##### The strategic systems plan

The main aim of this plan is to establish a master framework for the development of information systems in the period from 2007-2010, ensuring that such systems meet the institute's main operational and strategic needs.

This involves:

- Keeping abreast of the technological trends of both market and sector.
- Setting the course to follow and acquiring measurable commitments to the organisation.
- Making clear improvements to processes whose tasks and functions are in need of change.

##### Market presence

See Section 2.5.

##### Indirect economic impacts

The institute's role is defined by the duties and responsibilities laid down in the statutes. The task of supporting and promoting Spain's productive sectors so as to meet the financial needs of Spanish society and the country's economy is carried out in close collaboration with the private financial sector by contributing value-added to enhance economic development.

## Socio-economic impact of ICO

- Improves the financing conditions of the Spanish economy. ICO raises funds at levels below the terms and conditions of private enterprises, leading to savings of about €226 million in 2007.
- Enables Spanish SME to save resources: in 2007, savings amounted to €355m. Of this amount, €238m corresponded to microenterprises.
- Finances infrastructures: each public euro invested could generate a total investment of €2.79 between private and public contributions.
- Finances R&D&i: the impact of ICO's financing is similar to that of the funds under the European Union's framework programme in Spain.
- In the internationalisation process of the Spanish enterprise, ICO is the only financing institution with the possibility of providing finance in local currency and it has the capacity to assess unusual technical risks.
- Contributes to job creation: through the ICO-SME facility, over 94,600 jobs were created in 2007.
- Supports Officially-sponsored Housing. ICO finances a market segment which is not adequately covered by the private financial system.

## Objectives and performance

ICO's objectives as set down in the 2006-2012 Strategic Plan are as follows:

- Meet the financial needs of Spanish society and the country's economy while fostering the development of both.
- At the very least, maintain the institute's weight in financial activity as a whole.
- Define a risk policy in accordance with objectives.
- Boost the brand and its public image.
- Achieve self-funding of growth by 2012.
- Improve the institute's efficiency ratios in respect of similar financial institutions in the European Union.
- Move towards a work atmosphere based on the appraisal of professional merit and foster the career development of the employees.
- Keep a position of leadership in the area of information technologies.

## Policy

Indicator referred to in Section 4.8.

## Economic performance indicators

### EC1. Economic value generated and distributed<sup>(\*)</sup>

<sup>(\*)</sup> For further information, see the Statement of Income in the Annual Report.

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

### Employees

Wages and salaries (thousand euros)	2007	2006
Salary costs <sup>(*)</sup>	11,723	11,056
Average salary <sup>(*)</sup>	42.2	39.6

<sup>(\*)</sup> Includes all salary items and expenses of the employees.

## Society

In the financial year of 2007, the budget allocated by ICO to the foundation, Fundación ICO, to enable the latter to carry out its activity amounted to €4.37m, or 4% more than in the previous year.

## Suppliers

The amount disbursed in 2007 for the acquisition of goods and services amounted to €18.2m. Practically all goods and services were acquired from Spanish suppliers.

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

In March 2006, ICO and Santander Investment created 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.

A pioneer investment instrument at the national level, the fund seeks to assist Spanish enterprises in the fulfilment of the commitments established in the Kyoto Protocol. The multidisciplinary nature of the project's promoters, combined with their mutually complementary characteristics, constitutes a unique milestone in the development of this kind of initiative and guarantees a first-class response to enterprises' needs.

FC2E supports the execution of clean projects carried out in emerging countries and economies in transition under the mechanisms established in the Kyoto Protocol: the Clean Development Mechanism (CDM) and Joint Implementation (JI). The system consists in the purchase of the carbon rights deriving from these projects, the rights then being distributed among the fund's investors.

The carbon rights obtained are used to cover part of the CO<sub>2</sub> emission excess established for Spanish enterprises affected by European regulations, which have been applicable since January 1 2005. In the case of Spain, these regulations affect approximately 950 facilities in the industrial and energy production sectors.

FC2E commenced the investment of its committed capital in 2007, when it reached 11 purchasing agreements totalling 4.5 million tCO<sub>2</sub>e (tonnes of CO<sub>2</sub> equivalent). A considerable degree of technological and geographical diversification was attained: six different technologies and rights arising in three continents.

The various technological areas in which FC2E has invested include renewable energy projects, fuel substitution, electricity generation from biomass and methane reduction. Distribution both by countries and by technologies complies with FC2E risk diversification standards.

The fund buys Emission Reduction Certificates (ERC) generated by Clean Development Mechanism (CDM) projects and Emission Reduction Units (ERU) generated by Joint Implementation (JI) projects.

## EC3. Coverage of the organisation's defined benefit plan obligations<sup>(\*)</sup>

The set of benefits available to ICO's permanent staff is laid down in the Collective Bargaining Agreement. It is of a universal nature and precludes the application of any form of distinction or discrimination. Below is a list of the some of the benefits enjoyed in 2007:

- Financial assistance:
  - for children with 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 scheme.
- Retirement bonus.
- Provision of funerary services.

<sup>(\*)</sup> The amount devoted to benefits is stated in the Annual Report.

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

ICO receives no significant financial 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 2007 amounts to €26,172 for the technical specialist grade; to €17,814 for clerical staff; and to €15.131 for general service personnel. The minimum inter-professional wage established in 2007 amounted to €7,500 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**

ICO hires in Spain in accordance with applicable legislation in force.

**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<sup>(\*)</sup>**

<sup>(\*)</sup> See Expenses, in the Annual Report of Fundación ICO.

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

The main indirect impacts deriving from ICO's activity are as follows:

- Covering certain market deficiencies by offering preferential conditions to certain sectors of activity and groups unable to access the usual financing channels.
- 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 energies and the environment.
- Acting as a complement to the private financial system 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**

The financial sector plays an increasingly important role in the promotion of sustainable development. The environmental consequences of a financial entity come in two forms: direct, via the consumption of natural resources (e.g., paper, water and energy); and indirect, via its products and services.

## Direct consequences

So as to reduce direct environmental consequences, ICO carries out a periodic control of the consumption of electricity, water and emissions, in addition to waste management. In this way, mechanisms are established to ensure reduction.

### Environmental awareness of the employees

Successful environmental management depends on the cooperation of all who work for an organisation. ICO has implemented a set of measures aimed at informing and enhancing the awareness of its employees as to the responsible use of resources. These measures include the following:

- A message was included in the corporate e-mail, encouraging employees and e-mail recipients to think twice before printing messages so as to cut down on the use of paper and electricity.
- A brief, informative document was posted on the corporate intranet, with a list of suggestions geared towards the reduction of the use of energy, water and paper and the adequate management of waste. Of a permanent nature, this document constitutes one of the intranet's central items.

### Energy

Generally speaking, electricity is the main source of energy used at the institute. The air-conditioning systems use the cooling gas, HCFC (hydrochlorofluorocarbon). Moreover, in 2007, solar panels were installed to help reduce environmental impact.

Monitors were replaced by TFT screens. As for photocopying machines, criteria concerning energy consumption and paper-saving are taken into account. In addition, air-conditioning equipment is submitted to automatic, programmed control in accordance with working time.

In 2007, the institute made a number of improvements to its energy installations and equipment. A new, more efficient air-conditioning system was fitted, with the advantage that it may be regulated by each individual user; and, in the toilets, more efficient light bulbs were installed. As a result, last year, energy consumption was cut back by 7% in respect of the previous year.

### Waste

On every floor of ICO's premises, there is a used-paper collection area. This paper is subsequently recycled by specialised firms. In 2007, over 4,000 kg of paper were sent for recycling, a similar amount to the one recorded in 2006.

Used printer ink cartridges and light bulbs are sent to a number of suppliers who guarantee recycling, while old IT equipment which still has a useful life is donated free of charge to any NGO on request and to educational centres. In 2007, 52 complete sets of equipment and 97 peripherals were donated (42 sets of equipment the previous year).

Biosanitary waste from the Medical Service is managed by an authorised firm.

### Paper

The institute uses only chlorine-free, ecological paper. The use of the corporate intranet as an internal information channel, combined with the e-mail as the usual form of internal and external communication, reduces paper consumption. Moreover, all photocopying machines are fitted with the default option of using paper on both sides.

Where internal dispatches are inevitable, they are carried in hard-wearing, reusable envelopes.

### Water

All taps on ICO's premises are fitted with aerators, which provide a saving of 50% in respect of traditional systems.

## Indirect consequences

ICO devotes a large part of the resources allocated to its lending activity to the financing of projects that reduce the business activity's impact on the environment. In addition, the institute attaches special importance to the analysis of the social and environmental impact of the projects it finances.

## Main financing facilities

### – GRINVE and State-owned institutions and enterprises

The purpose of the GRINVE Programme is to finance large-scale investment plans in Spain in priority sectors of the economy (energy, transport, telecommunications, innovation, technology, water and the environment). To be eligible for finance by ICO, these operations must involve a minimum amount of €6m. Applicants may be project-finance firms, private investors or Public Administrations and their entities.

Further, through its Public Institution and Enterprise Facility, ICO finances investment plans for infrastructures, business and social facilities and environmental improvements executed by the Public Administrations and their enterprises.

In 2007, these facilities provided €332m for operations relating to the environment.

### – ICO-Environment facility

Marketed through networks of branches belonging to private financial entities, this facility offers SME resources with which to finance investments aimed at improvements to the environment and the prevention of climate change. In 2007, operation arrangements came to €0.5m.

### – Constitution of the Carbon Fund for the Spanish Enterprise

Indicator covered in Section EC2.

## Analysis of projects' social and environmental impact

In the risk analysis of its lending operations, ICO includes the possible consequences of the investment financed for the milieu in which it is executed (impacts on biodiversity, areas under special protection, etc.).

For a direct lending operation to be approved, compliance with applicable environmental regulations does not suffice. In addition, a report on the socio-economic and environmental impact of the project in question is drawn up by the institute's Research Department, a unit which is entirely separate from the business area. In 2007, 129 operations were approved.

The analysis is particularly thorough in all project-finance operations entailing works or activities with potential environmental impacts. Here, the system known as ECOCHECK is used, a tool 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. Of total operations appraised in 2007, 62 were analysed by this system.



## Goals and performance

The institute constantly sets up new lines of action aimed at improving its performance and fulfilling its commitment to Corporate Responsibility. Below is an outline of the main courses of action planned for 2008:

- *Compliance with the Ecuador Principles.*  
The financial sector plays an increasingly significant role in the promotion of sustainable development. Mindful of this reality, ICO attaches priority importance to compliance with the Ecuador Principles.
- *Participation in initiatives conducive to the mitigation of the effects of climate change.*  
Committed to many years now to the promotion of environmental investments, in 2008, ICO intends to take part in any new initiative conducive to the mitigation of the effects of climate change.
- *New environmental awareness campaigns.*  
Successful environmental management depends on the cooperation of all who work for the organisation. ICO has put in place a number of initiatives to enhance the workforce's awareness of the need to use resources rationally, as a result of which it has been possible to cut down on consumption. Accordingly, in 2008, new awareness campaigns will be launched to further improve the use of resources on our premises.
- *Standardisation of environmental criteria in supplier selection processes.*  
At ICO, the procurement of goods and services is governed by an internal manual drawn up in accordance with the Public Administrations Procurement Act. At the same time, ICO has an unwritten commitment to encourage the purchase of products and services in compliance with environmental criteria. For 2008, there are plans to standardise the environmental criteria used in supplier selection processes.

## Policy

Indicator covered in Section 4.8.

### Environmental performance indicators

#### *Aspect: Materials*

#### **EN1. Materials by weight or volume**

ECOEFFICIENCY INDICATORS	UNIT	2007	2006	Variation in % 2006-2007
Total electricity consumed	Kwh	3,280,000	3,528,000	(7.0)
Electricity consumed per employee <sup>(3)</sup>	Kwh	9,590	10,343	(7.2)
Total CO <sub>2</sub> emissions <sup>(1)</sup>	Kg	1,411	1,517	(7.0)
CO <sub>2</sub> emissions per employee <sup>(3)</sup>	Kg	4,124	4,448	(7.2)
Total paper consumed	Kg	18,381	20,600	(12.0)
Paper consumed per employee <sup>(3)</sup>	Kg	53.7	60.4	(12.4)
Total water consumed	m <sup>3</sup>	3,426	3,416	0.3
Total water consumed per employee <sup>(3)</sup>	m <sup>3</sup>	10	10	0.0
IT equipment donated to NGO	Units	52 complete PC 97 peripherals	42	23.8
Mobile phones donated <sup>(4)</sup>	Units	0	30	(100.0)
Total paper recycled <sup>(2)</sup>	Kg	4,000	4,000	0.0
Total paper recycled per employee <sup>(3)</sup>	Kg	11.6	11.7	(0.8)

<sup>(1)</sup> Calculation made in accordance with the criteria of the National Energy Foundation.

<sup>(2)</sup> Estimated calculation from the containers installed at ICO and their capacity.

<sup>(3)</sup> In addition to ICO's own personnel, the calculation of the workforce takes account of employees of other companies who have been working on the institute's premises (47 external employees in 2006 and 64 in 2007).

<sup>(4)</sup> The mobile phones contributed in 2007 by ICO's employees have yet to be delivered to a body for recycling purposes.

**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 also supplies and removes toners and ink cartridges. In 2007, consumption of these two items amounted to 182 units.

*Aspect: Energy***EN3. Direct energy consumption by primary energy sources**

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

	UNIT	2007	2006	Variation in % 2006-2007
Total electricity consumed	Kwh	3,280,000	3,528,000	(7.0)

**EN4. Indirect energy consumption by primary sources****INDIRECT ENERGY CONSUMPTION BY PRIMARY SOURCES <sup>(1)</sup>**

<b>FOSSIL FUEL <sup>(2)</sup></b>		
	2007	2006
Coal	15,350	16,594
Natural gas	590	638
Oil products	3,188	3,446
<b>RENEWABLE ENERGIES<sup>(**)</sup></b>		
	2007	2006
Biomass	236	255
Solar	0	0
Wind	238	345
Hydroelectric	1,771	1,915
Nuclear	14,760	15,700

<sup>(1)</sup> Indirect energy calculation in accordance with the Energy Balance Sheet, Energy Protocol.

<sup>(2)</sup> Unit expressed in Giga Joules (GJ).

**EN5. Energy saved due to conservation and efficiency improvements**

Indicator covered in the section on information concerning the management focus, environmental performance and targets for 2008.

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

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

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

At the end of 2007, a videoconference room was fitted out so as to avoid the need to travel for the purpose of attending meetings and conferences. The room has all the equipment necessary for simultaneous communication, in the best conditions possible, at four different locations.

For further information, see Indicator EC9.

#### *Aspect: Water*

### **EN8. Total water withdrawal by sources**

See EN1.

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

Given its activity, ICO does not affect water sources.

### **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, ICO, through its environmental financing facilities, and Fundación ICO, through its specific programmes, contribute to the preservation and conservation of the environment in general.

### **EN14. Strategies, current actions and future plans for managing impacts on biodiversity<sup>(\*)</sup>**

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

<sup>(\*)</sup> 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**

Indicator covered under Point EN1.

**EN17. Other relevant indirect greenhouse gas emissions****INDIRECT CONSUMPTION OF ENERGY  
BUSINESS TRIPS UNDERTAKEN BY ICO PERSONNEL IN 2007**

	2007		2006		Variation 2007-2006	
	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	79,518	17,896	(33.7%)	(196.0%)
TRAIN <sup>(2)</sup>	67,692	4,231	49,484	3,093	26.8%	26.9%
PLANE <sup>(2)</sup>	753,414	136,556	932,462	169,009	(23.7%)	(23.7%)
<b>TOTAL</b>	<b>847,977</b>	<b>146,833</b>	<b>1,061,464</b>	<b>189,999</b>	<b>(25.1%)</b>	<b>(29.3%)</b>

<sup>(1)</sup> Calculation in accordance with the criteria of the National Energy Foundation.

<sup>(2)</sup> Total emissions of the mode of transport used.

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

Indicator covered under Point EC2, environmental performance (management focus and targets)

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

Indicator covered in Section EN1.

**EN20. Other significant air emissions by type and weight**

Given its activity, ICO does not produce direct emissions of pollutants.

**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 EN1.

**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 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, environmental performance and Indicator EN1.

**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 under Point EN4.

*Aspect: Overall***EN30. Total environmental protection expenditures and investments by type**

See the Annual Reports of ICO and Fundación ICO.

## 5.3 Social performance

### Information concerning management focus<sup>(\*)</sup>

<sup>(\*)</sup> Social performance as regards the employees is described under Indicators LA1 al LA14.

ICO sets out to provide a service for society as a whole and to this end, has designed a number of specific lending products with the aim of meeting the needs of certain groups to whom credit is not readily available; or with a view to fulfilling a social purpose.

In this scope, the products supplied in 2007 were as follows:

#### **University Studies Loan**

ICO, in conjunction with the Ministry of Education and Science, set up this financing facility to enable people to complete their postgraduate studies by undertaking an official Master Course. Coming by way of a complement to traditional scholarship and grant programmes, the measure seeks to enhance students' mobility and autonomy.

Through the programme, university graduates may apply for a zero-interest loan to undertake an official Master Course in any of the 46 countries making up the European Higher Education Space. They do not have to repay the loan until their income exceeds €22,000 per annum. Applicants are not required to furnish any guarantee or security.

With an allocation of 50m, the facility is targeted at university graduates awarded a degree in 2003 or later. Loans may be up to €22,800. In 2007, 863 loan arrangements were made, entailing an amount of €10.5m.

### **ICO Entrepreneur Facility**

With advantageous financial terms and conditions, these loans seek to spur the creation of new enterprises, thereby increasing the occupation and employment rates.

Provisioned with €50m, the financing facility is directed at the start-up of projects by newly-created enterprises that have been constituted since July 1 2006 and employ less than 50 workers. In 2007, 1,369 loans were arranged for an amount of more than €48.7m.

### **Financing of social housing**

Housing is a major social concern among Spanish families. The way ICO sees it, easing access to housing is one of the mainstays of its lending activity in the area of social responsibility.

Since 1992, ICO has been actively involved in the housing policy pursued by the Government, providing finance for two types of measure: the promotion of officially-sponsored housing for rent and the acquisition and development of land for officially-sponsored housing.

Under the 2005-2008 Housing Plan, the institute contributes to the housing policy by financing officially-sponsored housing for rent. Furthermore, in conjunction with the Regional Government of Andalusia, ICO finances officially-sponsored housing for rent under the 2003-2007 Andalusian Housing and Land Plan.

In 2007, loan operations were arranged for an amount of €20.25m.

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

This financing facility constitutes one of the strategic pillars of the National Reform Plan designed by the Government to comply with the Lisbon Strategy. To be more precise, Plan Avanza forms part of the strategy to boost R&D&I, launched by the Government through the programme known as Programa Ingenio 2010. Deriving from an agreement between ICO and the Ministry of Industry, Tourism and Trade, the financing facility seeks to introduce SME, young people and university students, along with the general public, into the Information Society. The facility offers three different products, all at zero interest.

- ICT loans. Designed to finance SME in the acquisition of IT equipment (hardware and software), applications and services for access to, and presence on, the Internet. Finance is also available for the incorporation of new technologies into corporate processes.
- Youth, university students and Digital Citizenry loans. Designed to provide financing for young people (aged between 18 and 35), for students registered at Spanish university centres and for members of the general public who wish to acquire IT equipment and obtain a broadband Internet connection.

The facility's allocation amounts to €952m, reflecting an increase of €350m in respect of the 2006 facility. In 2007, 90,652 loans were arranged for an amount of €382m.

### **Microcredits**

The 2007-2008 Microcredit Facility is a financial instrument geared towards those private individuals who come up against obstacles when trying to access the usual financing channels. ICO sees microcredits as an adequate means of stimulating the creation of microenterprises, encouraging the enterprising spirit, boosting self-employment, fuelling balanced economic and social development and eliminating social exclusion.

In the area of financing facilities of a social nature, this ground-breaking instrument paves the way for the integration of disadvantaged groups. In 2007, loans were arranged for an amount of €0.6m.

### ***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, amongst others, 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 2007, 701 operations were arranged, entailing an amount of €0,66m.

## **Goals and performance**

### **Customers**

In its mission of assisting disadvantaged social groups, the institute seeks new products of a social nature that are suitable for commercialisation. In 2008, plans are in place to start up new lines of performance aimed at these groups. These include the Mortgage Reversal Facility, whereby the elderly receive a monthly amount to complement their pension in exchange for furnishing a guarantee in the form of their home.

### **Employees**

A proposal to be made in 2008 concerns the performance of corporate volunteer activities. The workforce's interest in this type of issue was clearly ascertained in a survey carried out in 2006.

## **Policy**

Indicator covered in Section 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 31.12.2007**

<b>TOTAL EMPLOYEES</b>	<b>2007</b>	<b>2006</b>
Permanent hiring	264	279
Temporary hiring	14	15
<b>TOTAL EMPLOYEES</b>	<b>278</b>	<b>294</b>

<sup>(\*)</sup> Additional information covered by Indicator LA13

**LA2. Total number and rate of employee turnover by age group, gender and region****EMPLOYEE TURNOVER  
At 31.12.2007**

<b>HIGHS</b>	<b>2007</b>	<b>2006</b>
Permanent contracts	1	5
Trainee contracts	1	7
<b>LOWS</b>	<b>2007</b>	<b>2006</b>
Retirements	4	4
Dismissals	0	5
Unpaid leave	9	5
Male	108	113
Female	170	181

<b>AVERAGE AGE OF THE WORKFORCE (YEARS)</b>	<b>42.03</b>
<b>DISTRIBUTION BY AGE</b>	
Up to 25	3
From 26 to 30	27
From 31 to 35	32
From 36 to 40	79
From 41 to 45	57
From 46 to 50	21
From 50 to 55	28
From 56 to 60	25
Over to 60	6

**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.

**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, etc.); i.e., 81.3% of the workforce is covered by the agreement.

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

The collective agreement does not provide for a minimum notice period regarding operational changes. Nevertheless, top management contracts take account of such period.



*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**

ICO has an occupational hazard preventive management system which forms an essential part of the human resources policy.

- **Health and Safety Commission**

This commission is formed by six members: three represent the company while the other three belong to the Workers' Committee, which represents ICO's entire workforce.

The commission has specific functions in respect of the prevention of occupational hazards: it takes part in the preparation, implementation and evaluation of the company's hazard prevention plans and programmes. In addition, it promotes initiatives as to methods and procedures to improve conditions or set existing faults to rights.

This preventive policy covers not only occupational hazards but also the health of the workforce in the broadest sense.

- **Medical service**

The medical service is equipped with the facilities and personnel necessary to perform a personalised follow-up 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 (consultations and vaccinations).

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 2007, 44 donations were made.

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

In 2007, days lost on account of sick leave totalled 1,280<sup>(\*)</sup>, or a decline of 70.16% on the previous year. As the year elapsed, there were no occupational accidents.

<sup>(\*)</sup> 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 2007, no training was organised in this scope.

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

Indicator covered in Point LA6.

*Aspect: Training***LA10. Average hours of training per year per employee by employee category**

ICO must be ready to adapt to the evolution of the financial sector as competition increases, market unification becomes a reality and new technological challenges appear. With this end in view, the institute has undertaken to

provide its employees with a quality training programme designed, on the one hand, to adapt current qualification levels to the present and future demands of the various posts and, on the other, to link training to career development within the institute.

This commitment is mirrored in the sizeable investment made by ICO every year in employee training. In 2007, 104 training courses took place. Total hours invested in training came to 16,032, which works out at an average of 57 hours per employee per year.

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

	2007 ACCUMULATED IN THE YEAR		2006 ACCUMULATED IN THE YEAR	
		Average		Average
Total number of training hours	16,032	-	13,875	-
N° employees (perm. + temp.)	281	57.1	297	47.1
N° people trained	269	59.6	204	68.0

The professional group to have received most training hours (66.5%) was technical specialists (permanent, temporary and interns), who account for 53% of ICO's workforce. Furthermore, 61% of the employees who received some form of training were women.

**TRAINING EXPENSE AND NUMBER OF TRAINING HOURS BY PROFESSIONAL GROUP  
NUMBERS OF HOURS / EXPENSE / PERCENTAGE**

	SHARE OF TOTAL			2007 ACCUMULATED IN THE YEAR	
	Workforce	Training hours	%	Training expense in euros	%
Managers	5%	911	6.0	24,106	8.0
Middle managers	13%	2,205	14.0	40,409	13.0
Technical specialists	53%	10,667	65.5	211,193	68.5
Clerical staff	25%	2,006	13.0	30,529	10.0
General services	2%	60	0.5	1,945	0.5
Interns	2%	183	1.0	-	-
<b>TOTAL HOURS</b>	<b>100%</b>	<b>16,032</b>	<b>100.0</b>	<b>308,182</b>	<b>100</b>

Total investment in training was €308,182, reflecting an upswing of 67% on the previous year. The cost per employee was €1,097 and investment in training accounted for 4.57% of salary costs.

**AVERAGE TRAINING EXPENSE IN EUROS**

	2007 ACCUMULATED IN THE YEAR		2006 ACCUMULATED IN THE YEAR	
		Average		Average
Training expense	308,182	–	184,297	
N° employees (perm. + temp.)	281	1,096.73	297	620.53
N° employees trained	269	1,145.66	204	903.42

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

In terms of hours devoted to training, the leading areas are specific job training, foreign languages and skills training.

- Specific job training includes both courses programmed by the Human Resources Department and complementary training requested by employees wishing to undertake job-specific courses. In 2007, across-the-board training courses were organised on the new accounting plan, capital-laundering prevention, effective writing, English for presentations and negotiations and IT.
- As regards foreign language training, a pilot project was put in place for those wishing to learn German or Chinese as an alternative to English and French. Training activities were also organised by way of complementing the ordinary foreign language programme. Held once a month, this refresher course was designed for employees who use the language in their jobs and for those who do not attend the courses that take place all through the year.
- In the area of skills training, in 2007, an activity based on indoor-outdoor methodology was organised. Concerned with the management of change and teamwork, the course was directed at the entire workforce and was attended by 76.55% of the institute's employees.

The year 2007 saw the introduction of the “internal trainer”, as a way of using the specific knowledge of ICO's professionals to train other members of the workforce by means of internal sessions. Employees are thus given the chance to develop their teaching abilities whilst playing an active role in ICO's training policy.

So as to enhance personnel integration and their adaptation to the post, the figure of the “tutor” has been brought in for new employees and for those who have transferred to a different post.

**TRAINING AREAS IN 2007**

Training area	N° hours	%	Total cost in euros	%
Foreign languages	8,946	56.0	85,092	28.0
Specific job training	4,293	27.0	136,319	44.0
New technologies	564	3.5	15,571	5.0
Skills training	1,824	11.0	71,200	23.0
Other	405	2.5	0	-
<b>TOTAL</b>	<b>16,032</b>	<b>100.0</b>	<b>308,182</b>	

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

All employees are involved in a standardised evaluation process in respect of their professional performance. Two tools are used in the evaluation of the workforce:

- **Management by targets**

In 2007, a management-by-targets system (Spanish initials, DpO) was introduced for the purpose of boosting the professional advancement of ICO's employees 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 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.

All targets set must:

- Be in line with the directives defined in the Strategic Plan.
- Be a challenge for the unit in question or have a value distinct from the one set in the previous year.
- Be specific and quantifiable in each year.

- **Professional Advancement System**

Introduced in 2003, the Professional Advancement System (Spanish initials, SDP) forms part of the all-embracing project to improve the management of the institute's human resources. The main objectives of the system 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.

The SDP is based on the concept of performance evaluation by means of a systematic, periodic process of qualitative and quantitative estimation of the duties and the degree of target fulfilment of each of the employees that form part of the system.

In 2007, 27 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 31.12.2007**

Professional group	Men	Women	Employees
Managers	10	4	14
Middle managers	20	18	38
Technical specialists	62	88	150
Clerical staff	12	58	70
Other (General Services)	4	2	6
<b>TOTAL</b>	<b>108</b>	<b>170</b>	<b>278</b>

<sup>(\*)</sup> 27.27% of ICO's Governing Council is made up of women.

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

Hiring, wages and promotion procedures comply with the principle of equal opportunities.

Permanent employees are hired in accordance with the procedures established in the Public Job Offer, in which the principles of public advertising, competition, merit and equality are strictly fulfilled.

In the number of places offered, at least 5% are reserved for the professional integration of people with some form of disability.

It is part of the institute's policy to foster permanent hiring. Trainee contracts are also arranged in certain circumstances so as to achieve the following aims:

- Give young people with little or no experience the opportunity to train at the institute and thereby commence their professional career.
- Recruit personnel for those of the institute's areas which perform a highly specific activity for which it is difficult to find people with experience

Trainee contracts under the Public Job Offer become permanent in two years if the employee's performance has been satisfactory during that time. The 2007 Public Job Offer consisted in two permanent posts and seven trainee contracts.

Furthermore, on a joint basis with Fundación SEPI, ICO supports the hiring of new university graduates by means of an intern programme with a maximum duration of one year. In 2007, seven interns joined the institute.

Every year, a Reception Day is held to give new employees general information about ICO's activity and internal workings. The idea is to fan the integration and adaptation of people who have just joined the institute.

## 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

Ethical conduct is indispensable for the recognition, acceptance and credibility of any enterprise, irrespective of its line of activity. At ICO, it is deemed essential that both the highest governing bodies and the workforce in general comply with a set of performance principles that guarantees ethical, responsible, transparent behaviour as a way of ensuring constant respect for human rights.

The principles and rules underpinning the institute's sound governance are described below.

#### **The United Nations Global Compact**

Since ICO joined the Global Compact in 2005, it has undertaken to follow its 10 principles, which are common to the corporate community and society as a whole and concern human rights, labour regulations, the protection of the environment and the fight against corruption.

In 2007, the institute presented its first progress report, where it informed of the headway made in the implementation of the Global Compact's 10 principles.

**THE 10 PRINCIPLES OF THE UNITED NATION GLOBAL COMPACT**

PRINCIPLES	GRI INDICATORS
<b>Human rights</b>	
1. Enterprises should support and respect internationally-recognised human rights within their sphere of influence.	<b>HR1-9</b>
2. Enterprises should ensure that they are not responsible for the violation of human rights.	<b>HR1, HR2, HR9</b>
<b>Work</b>	
3. Enterprises should support freedom of association and the effective recognition of the right to collective bargaining.	<b>HR5, LA4, LA5</b>
4. Enterprises should support the eradication of all forms of forced labour performed under coercion.	<b>HR7</b>
5. Enterprises should support the eradication of child labour.	<b>HR6</b>
6. Enterprises should support the abolition of discriminatory practices in employment and occupation.	<b>HR4, LA2, LA13, LA14</b>
<b>Environment</b>	
7. Enterprises should adhere to a preventive focus which favours the environment.	<b>4.11</b>
8. Enterprises should foster initiatives conducive to the promotion of greater environmental responsibility.	<b>EN2, EN5-7, EN10, EN13-14, EN18, EN21-22, EN26-27, EN30</b>
9. Enterprises should fan the development and dissemination of eco-friendly technologies.	<b>EN2, EN5-7, EN10, EN18, EN26-27</b>
<b>Corruption</b>	
10. Enterprises should fight against all forms of corruption, including extortion and bribery.	<b>SO2-4</b>

**OECD Convention for the Prevention of Corruption among Foreign Civil Servants in International Commercial Transactions**

As the State's Financial Agency, ICO has added a number of clauses to Official Development Aid/FAD lending agreements so as to prevent corruption among foreign civil servants. The step complies with the OECD Convention for the Prevention of Corruption among Foreign Civil 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.

**Code of Conduct**

ICO's Code of Conduct is a key element in the preservation of the institute's corporate integrity. It is a compendium of measures seeking to ensure the integrity, objectivity, independence and correct use of information by all employees and managers. The document states what is expected of them in terms of ethical behaviour.

All employees are under the obligation to adapt their professional activity to the general principles laid down in the Code of Conduct.

## Data protection

In addition to complying to the full with the requirements of the Organic Act on Data Protection (Spanish initials, LOPD), ICO has established a set of obligations for its personnel in connection with the protection of data of a personal nature and the treatment of classified information. These obligations are set down in the Code of Conduct.

The Security Document, which addresses the issue of personal data protection, is constantly updated. Additionally, a user's manual is at the disposal of all the employees to facilitate fulfilment.

All steps taken in this direction at ICO are coordinated by the Data Protection Commission, which is made up of representatives from the departments with responsibilities in this area.

In 2007, an external audit concluded that ICO complies satisfactorily with the security measures required under data protection regulations.

## Prevention of money-laundering

Mindful of the significance of this problem and the role of financial institutions in the prevention of money-laundering, ICO cooperates with the competent authorities while pooling its efforts with those of the rest of the Spanish financial system in the fight against all forms of money-laundering. ICO's effort centres on the establishment of regulations and procedures to achieve the following ends:

- Constant compliance with regulations in force as to the prevention of money-laundering and also with the recommendations issued by the pertinent national authorities.
- The implementation of performance standards and adequate control and communication systems to prevent undesirable persons or groups from gaining access to the institute.
- The establishment of policies addressing the acceptance of customers and procedures relative to the prevention of money-laundering, while ensuring that all employees know and fulfil them.

## Internal audit

The Internal Audit Department appears in ICO's organisational structure as an organic unit directly accountable to the Chairman and as such, it receives instructions from him. No other hierarchical level has any authority over this department with regard to the tasks it performs.

Its main functions and objectives are as follows:

- The ongoing audit of all activities carried out by ICO and the submittal of every activity or business to internal audit at least once every three years.
- Prepare special audits as required by the Chairman.
- Prepare objective reports with the utmost professional secrecy, in compliance with the Ethical Code published by the Institute of Auditors of Spain (IAI).
- The ongoing control of the organisation's security, efficiency and adequacy and the submittal to the Chairman of the pertinent recommendations for improvement.
- Verify that legislation in force, the recommendations of supervisory bodies and the standards and instructions issued by ICO's management bodies are fulfilled by all the organic units.

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

ICO has hired a supplier, classified as a Special Employment Centre, to manage the free customer service telephone line and prepare mass dispatches by post. Over 30% of this company's workforce is made up of disabled people. In 2007, various services were hired for an amount of €561,331.

**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 2007, ICO's employees did not take part in any specific training of this nature. Nevertheless, the entire workforce has access, via the corporate intranet, to documents addressing the institute's professional ethics and ethical values.

*Aspect: Non-discrimination*

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

In 2007, there were no incidents of discrimination. The principle of non-discrimination is one of the central axes of ICO's relations with its stakeholders.

*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**

At ICO, employees' rights to trade union membership and to elect and be elected as representatives on collective bargaining bodies are fully respected.

The Workers' Committee, the employees' representative body, is formed by representatives from all professional groups coming under the Collective Bargaining Agreement.

PROFESSIONAL GROUPS REPRESENTED BY THE WORKERS' COMMITTEE
Technical specialists
Clerical staff
General Services

Relations and communications between the Workers' Committee and the institute's management are channelled via a negotiations table and two-way contact. The agreement now in force was signed in 2004.

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

- Health and Safety.
- The Joint Application, Interpretation and Vigilance Commission for the Collective Bargaining Agreement.
- Professional Training and Promotion.
- Social Affairs.

*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 the freedom of association and trade union representation regulations currently in force in Spain.

*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 sphere 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**

Instituto de Crédito Oficial channels its social action through Fundación ICO, a foundation created in 1993. At the present time, it is a State-owned, public foundation seeking to promote, develop, protect and encourage 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 the fulfilment of its aims, the foundation pursues various lines of action distributed into areas: art, training, economy, international cooperation, the environment, publications and social sponsorship.

In 2007, the budget assigned to the foundation for the performance of its activity amounted to €4.37m. Details as to how this budget was used are found in Fundación ICO's Annual Report.

**Social sponsorship**

Activities in the Social Sponsorship Area may be divided into two major lines of action:

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

- **Red Acoge**

*"Psycho-social attention to help immigrant women overcome the problems of uprootedness"* (Córdoba, Alicante, Guadalajara and Valladolid). From an analysis of women's individual and social needs, programmes of individual and group psycho-social treatment are prepared.

- **CESAL**

*"Programme for the integration and capacity-enhancement of immigrant women in the District of Tetuán"* (Madrid). This project seeks to help overcome the cultural gap deriving from linguistic diversity. Action includes a literacy project and the improvement of communication skills so as to enable immigrant women to cope with their daily lives; and the promotion of the use of new technologies, combined with encouragement to obtain professional qualifications.

- **Consortio de Entidades para la Inclusión Social Integra de Murcia (CEIS)**

*“Artistic expression for cultural diversity”* (Murcia). Support and promotion of artistic and cultural production and expression among immigrant groups; and the enhancement of awareness among teams in charge of cultural programming (the regional film library, the regional library and other cultural centres) to encourage their members to broaden their programmes from an intercultural perspective by setting up contact and communication networks among different cultural groups.

- **Centro de Estudios para la Integración Social y Formación de Inmigrantes, Fundación de la Comunidad Valenciana (CEIMIGRA)**

*“3-IN: Innovating in integration through internationalisation”* (Valencia). The purpose of this project is to connect immigrants’ skills and international culture to the real needs of small and medium-sized enterprises. It entails a new focus for improved integration, linked to the local SME network and its internationalisation, the idea being to integrate qualified immigrants into enterprises’ commercial and strategic departments.

- **Fundación Alicante Acoge**

*“Tu lugar en el barrio”* (Alicante). The establishment of a point of intercultural encounter for the promotion of values relating to coexistence and cultural diversity. Activities are designed to bring different cultures closer to one another (workshops, excursions, visits, events), with the assistance of other local social institutions.

- **Consortio de entidades para la acción integral con inmigrantes. CEPAIM**

*“Encuentro”* (Madrid). The creation of an intercultural space where autochthonous and immigrant women may get to know one another and interact on terms of equality while sharing problems, concerns and goals.

- **Casa Familiar San Lorenzo de los Hermanos Franciscanos de Cruz Blanca**

*“A project providing attention for women who are highly vulnerable to exclusion and violence, plus a social awareness programme”* (Huesca). Integral attention providing access to the social and health services available, thereby working towards the social and professional inclusion of this group.

- **Centro Animación Social Valdeperales**

*“Programme for the promotion of equality and support for women with integration problems, especially immigrants”* (Madrid). Reception, attention, orientation and assistance by means of activities geared towards improving qualifications and training.

- **Asociación Hablar en Arte**

*“Juntos a través del arte”* (Madrid). Aimed at children, this project provides a space for encounter where art is used as a vehicle for free expression seeking to facilitate the integration and social skills of boys and girls of different nationalities. Enhanced by the involvement of a number of artists, the quarterly courses are held at Madrid’s various Immigrant Participation and Integration Centres.

## 2. **Other joint undertakings arranged through bilateral agreements with non-profit-making institutions** which pursue aims and ends of **general interest** similar to those of the foundation.

- **Fundación Bobath**

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

- **Fundación Víctimas del Terrorismo**

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

## **Training**

In its firm commitment to the training of Spain's young people, the foundation has always attached great importance to its Scholarship Programme. Through the scheme, successful applicants are given the opportunity to undertake study courses at top-drawer universities and higher research centres both in Spain and abroad.

In 2007, two distinct courses of action were pursued: the Scholarship Programme (Asia and postgraduate studies) and Chairs.

### **1. Scholarships**

- Postgraduate scholarships to finance doctorate studies and postdoctorate research in the Social sciences. In 2007, four scholarships were awarded: three focussed on economy and one, on the Social Sciences.
- The Asia-Pacific Training Programme, which seeks to prepare professionals in the academic and corporate fields within the geographic framework of the Asia-Pacific Master Plan, with a special focus on China.

In 2007, the following scholarships were awarded:

- 20 scholarships for crash courses in Chinese and subjects relating to Chinese culture. Studies were undertaken at the University of Beijing and the Beijing Foreign Studies University.
- 13 language scholarships to study Mandarin Chinese and the Chinese economy at the University of International Business and Economics of Beijing and the Fudan University in Shanghai.
- 11 two-month summer scholarships to study Mandarin Chinese and attend an introductory course to Chinese culture at the Beijing Foreign Studies University.

In addition, agreements of cooperation were arranged with Universidad Autónoma de Madrid, Universidad Autónoma de Barcelona, the IESE Business School, Casa Asia and Asociación Española de Fundaciones, the aim being an award scheme directed at research studies and projects.

### **2. Chairs**

In compliance with the purposes of organisation, programming, development, promotion and encouragement of studies and research, for several years, Fundación ICO has entered agreements of cooperation with various institutions for the creation of Chairs. These Chairs are governed by a framework agreement whereby the following activities are set down:

- Organise and hold training activities: courses, seminars, conferences and master lectures relating to the issues covered by the Chair.
- Develop research programmes relating to logistics and international transport.
- Support the publication of monographs on the subjects with which the Chair is concerned.
- Carry out cultural and informative activities linked to the Chair's teaching and research activities.
- Boost the development of international mobility among students and teachers involved in the Chair's activity.

For several years, the foundation has been working on a joint basis with Universidad Antonio Nebrija, through the Fundación Nebrija Chair of Competition Law and Economics. The main purpose of this Chair is to back teaching tasks performed in the area of competition law and economy.

Together with the Valencia Port Authority, Valencia University, Estudi General and Fundación de la Comunidad Valenciana para la Investigación, Promoción y Estudios Comerciales de Valenciaport, Fundación ICO has been actively involved in the Chair of Logistics and International Transport. The overall objective is the development

of a research programme addressing the influence of logistics and transport on the competitiveness of Spanish foreign trade.

Through the Chair of Economic and Tax Offences, research activities in the area of internal security were carried out with UNED (the open university) and Instituto Universitario de Investigación sobre Seguridad Interior.

### **Other activities of social interest**

#### **1. The environment and international cooperation**

- The environment

Agreements of cooperation were entered into with institutions experienced in the development of educational and awareness projects in Spain. Here, the following lines of action were undertaken:

- Projects for primary and/or secondary pupils at State-owned or subsidised schools in Spain, for the academic year of 2007-2008.
- Topics to be addressed: poverty, inequality, human rights and the protection of the environment.

#### **PROJECTS IN PROGRESS IN 2007**

ENTITY	TITLE OF THE PROJECT
Intermón-Oxfam	Connecting Worlds - Academic year 2007-2008
IPADE	Against poverty: protect the environment
Mediterránea-CIE	Knowledge and understanding for cooperation
Arquitectos Sin Fronteras-Catalonia	Your house, my house: a home is a human right
Fundación Lonxanet	Awareness at schools. The coastal ecosystem, El Aspero: nature, ancient culture and local management to build a future for Supe Puerto
Fundación 2001 Global Nature	Cooperation: a tool for survival.

Action is aimed at schools in Galicia (Lonxanet); the Canary Islands (Global Nature); Madrid (IPADE); Tarragona (Mediterránea-CIE); and Barcelona (Arquitectos Sin Fronteras). The Intermón-Oxfam Project is being developed via the Web. Within the Fundación Lonxanet Project, activities are also being carried out in Peru; and within the Mediterránea-CIE Project, in El Salvador.

#### The Dominican Republic Project

Last year saw the commencement of a process in which Fundación ICO will, on a joint basis, execute its own projects in the field of international cooperation for development of an environmental nature. With this end in view, the foundation has entered into an agreement of cooperation with an organisation from the Dominican Republic known as IDEAC (Instituto de Desarrollo de la Economía Asociativa).

This project means a qualitative leap insofar as Fundación ICO will not only act as financier of external projects but will also play an active role in project design and execution. This in turn will enhance the foundation's capacities while affording it the opportunity to establish alliances and obtain external funding.

- International Cooperation

Through the "*Aid Programme for International Cooperative Action for Development 2007*", Fundación ICO consolidated its position as a financing entity within the sector of non-profit-making organisations engaged in international cooperation for development.

The approved projects, details of which are provided in the chart below, are being carried out in Africa, the Near East, Asia and Latin America.

NAME OF THE ENTITY	TITLE OF THE PROJECT
CEAR	Systematisation of experiences in rural microfinance in Africa (Morocco, Senegal and Mozambique).
IEAPALA	Promotion of young women's role and involvement in rural development in the area of Ramala, West Bank (Palestinian Territories).
Asoc. Nuevos Caminos	Study of maternal-infant reality in the Kifle Keraniyo areas, a district on the outskirts of Addis Abeba, and Muketuri, a village 78 km from Addis Ababa (Ethiopia).
FUNDESO	Identification of three pilot initiatives for the fight against urban poverty in the Philippines, East Timor and Vietnam by helping three local organisations to pinpoint, design, perform and evaluate projects (Vietnam, East Timor and the Philippines).
Entreculturas	Evaluation, systematisation and a quality improvement plan for popular education at 418 schools in 15 Latin American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Dominican Republic and Venezuela).
Fundación del Valle	KAMETSA ASAIKI: Interpretations and visions of development in the village, Asháninka, situated in the Amazon Basin (Peru).
Madreselva	Creation and consolidation of a network of knowledge and experience-sharing in the sphere of health in Tamil Nadu (India).
Jóvenes del Tercer Mundo	Identification of a rural development programme as a way of meeting basic human needs in Western Africa (Benin, Mali and Togo).
Zabalketa	Community Model for the Integrated Handling of Water in the rural area of the Andes (Bolivia and Peru).
COPRODELI	Systematisation and dissemination of educational innovations promoted by COPRODELI in Callao (Peru).

## 2. Economy

The foundation's agreements linked to economic affairs are as follows:

- **CESLA (Centro de Estudios Latinoamericanos)**

Support for the award, Young Researchers' Essay on Latin American Economy 2007.

- **AEEFI (Asociación Española de Economía y Finanzas Internacionales)**

Sponsorship of the X Seminar on International Economy at the Faculty of Economics and the Institute of International Studies (Universidad Complutense de Madrid), held in Madrid from June 20 to 22 2007.

- **Universidad Autónoma de Barcelona (Escuela Cultura de Paz)**

Publication of a 'position paper' on the role of enterprises in the Millennium Development Objectives (MDO), with special emphasis on the role of Spanish companies in Latin America. The document was prepared in conjunction with Fundación ESADE within the framework of the project, "Enterprises and Millennium Development Objectives (MDO): a strategic alliance".

- **Universidad de Valencia Estudi General**

The project known as "Dynamic tables for Spanish death rate data" is being carried out by the Departments of Statistics and Operative Research and Financial Economy. Studies and research work are in place on the subject of indicators relating to the death rate, such as residual life expectancy, necessary for actuarial calculations of reverse mortgages.

- **Fundación General de la Universidad de Valladolid**

Sponsorship of the Hispalink Seminar, a forum for the discussion of the progress and achievements of the various teams belonging to the Hispalink Network, from both the theoretical and the empirical points of view.

### 3. Activities in the cultural sphere

Over the last decade, Museo Colecciones ICO has become one of the leading contemporary art centres in the city of Madrid.

In 2007, four temporary exhibitions were organised:

- *Fantasmagoría*. Dibujo en movimiento.
- *Lo que las imágenes quieren*. Vídeo desde Hispanoamérica, continuing in the exploration of this artistic discipline, commenced in 2006 with the display, *Nunca salgo sin mi cámara*.
- *Man Ray. Despreocupado pero no indiferente*, part of the International Photography and Visual Arts Festival organised by PhotoEspaña, with which Fundación ICO has been working ever since its creation.
- *Susana Solano*. Proyectos.

As in recent years, these displays were completed by the guided tour programme, children's workshops for primary schools and family workshops.

As the year went by, Museo Colecciones ICO was visited by 25,558 people, reflecting a 12% increase in respect of the previous year.

Likewise in 2007, Fundación ICO sponsored the National Graphic Arts Award, organised by Calcografía Nacional (part of the San Fernando Royal Academy of Fine Arts). On this occasion, the award was won by Eduardo Arroyo for his life career and by Perejume for his contributions and innovations in the field of graphic arts.

Lastly, in the ongoing execution of one of the fundamental lines of action of the foundation in general and of its Artistic-Cultural Area in particular, the collection, Colecciones ICO, was loaned out for temporary displays to a number of Latin American galleries. Thus, the Collection of Modern Spanish Sculpture with Drawing was exhibited at Museo Nacional de Bellas Artes in Neuquén (Argentina); at Centro de la Cooperación Española in La Antigua Guatemala (Guatemala); and at the Banco Central Museum in San José (Costa Rica). The Collection of Spanish Contemporary Painting was put on show at Museo de Arte Moderno, San Salvador (El Salvador). Furthermore, *Suite Vollard* was displayed in the latter months of the year at the National Fine Arts Museum in Kiev (Ukraine).

#### **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 2007, a training course was organised on the prevention of money-laundering. Directed at the institute's workforce in general and to those with direct responsibility for these issues in particular, the course was attended by 32 employees, or 11.47% of the institute's workforce; and by all members of the Money-laundering Prevention Commission.

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

There have been 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 does not make 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 performance indicators

*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 the institute's activity, issues concerning customers' health and safety refer to their safety on ICO's corporate premises. In this regard, ICO is engaged in a process to redesign and refurbish its corporate premises with a view to increasing safety levels.

**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 has not infringed 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. Nevertheless, it duly informs of its products and services through the communication channels set up for this purpose.

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

## Website

ICO has a website providing information of an institutional nature together with details of the activity it performs. Refreshed daily, the website is classified as having Accessibility Level A in accordance with the Worldwide Web Consortium, meaning that it may be consulted by the visually-impaired thanks to an image and text description system.

In 2007, the website's main contents were made available in Spain's official languages: Catalan, Basque and Gallego. Undertaken by ICO voluntarily, this project is consistent with steps taken in the same direction by the Public Administration.

The number of visits to the website totalled 7.5m, reflecting an increase of 54% in respect of 2006.

## 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 2007, 51 press releases were sent and 1,973 news items were published about ICO's activity. This works out at an upswing of 12% on the previous year.

## Publicity campaigns

The institute launches a number of publicity campaigns through the media. In terms of volume, dissemination and duration, the leading publicity campaign is the one concerning the 2007 Corporate Backing Facilities. This campaign was launched on television and the radio and in the press and specialised magazines.

By way of a complement to publicity campaigns, the institute published informative leaflets describing the characteristics of its main financing facilities. In 2007, 5.8m leaflets were published, with details of the characteristics of the four facilities available for corporate backing. The leaflets were distributed among various media, all credit institutions working with ICO in the facilities' administration and economic promotion bodies. Additionally, for the second consecutive year, 462,000 leaflets were released in Spain's official languages: Catalan, Basque and Gallego.

Moreover, so as to reach ICO's target public in a more direct manner, the leaflet was sent to 1.6m self-employed workers and enterprises with less than 30 employees.

## Newsletter

In 2007, ICO started up a new communication channel to reach the loans facilities' main customers: the self-employed and SME. Consisting in a monthly, digital newsletter distributed via 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 an entrepreneur who has drawn on ICO's facilities to finance his projects, together with topical items of interest for businessmen in general.

The first issue was sent in May to the 10,068 people registered. Each month, this number increased significantly to reach nearly 20,000 in December. The good response obtained by the newsletter is reflected in the readership rate of 67%.

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

ICO has not infringed legal regulations in force.

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

In 2007, no surveys were carried out with external customers. However, as a prior step, internal regulations governing the performance of questionnaires to assess customer satisfaction were drawn up.



*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 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, the institute prepares a summary of the publicity campaigns launched and the cost entailed in each one.

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 schemes.

**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 2007, 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 has not incurred any non-compliance with the law.

**CORPORATE  
RESPONSIBILITY  
REPORT**

**07**

**REPORT RATING  
BY GRI AND  
VERIFICATION  
BY AENOR**



**Instituto de Crédito Oficial**

**AENOR**

Asociación Española de  
Normalización y Certificación

## **SUSTAINABLE VERIFICATION REPORT**

**VMS-Nº 016/08**

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

### **INSTITUTO DE CREDITO OFICIAL**

Entitled: ***2007 ANNUAL REPORT CORPORATE RESPONSABILITY***

Legal deposit number: M-28200-2008

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 14<sup>th</sup> March 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 – 005/2008 of 1<sup>st</sup> February 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 CREDITO OFICIAL, in the in accordance GRI Guidelines list and that GRI publishes in its Web <http://www.globalreporting.org/ReportsDatabase/SearchTheDatabase/>.

Issued on: 29<sup>th</sup> May 2008



**AENOR**

General Manager of AENOR

**CORPORATE  
RESPONSIBILITY  
REPORT**

**07**

**GRI  
INDICATORS**



Instituto de Crédito Oficial

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- LA14. Ratio of basic salary of men to women by employee category. **page 45**

HUMAN RIGHTS PERFORMANCE INDICATORS

**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. **page 46-47**
- HR2. Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. **page 47**
- 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. **page 48**

**Aspect: Non-discrimination**

- HR4. Total number of incidents of discrimination and action taken. **page 48**

**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. **page 48**

**Aspect: Child labour**

- HR6. Operations identified as having significant risk for incidents of child labour. **page 48**

**Aspect: Forced and compulsory labour**

- HR7. Operations identified as having significant risk for incidents of forced or compulsory labour. **page 49**

**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. **page 49**

## SOCIAL PERFORMANCE INDICATORS

### **Aspect: Community**

- S01. Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities. **page 49-54**

### **Aspect: Corruption**

- S02. Percentage and total number of business units analysed for risks related to corruption. **page 54**  
S03. Percentage of employees trained in organisation's anti-corruption policies and procedures. **page 54**  
S04. Actions taken in response to incidents of corruption. **page 54**

### **Aspect: Public policy**

- S05. Public policy positions and participation in public policy development and lobbying. **page 55**  
S06. Total value of financial and in-kind contributions to political parties. **page 55**

### **Aspect: Anti-competitive behaviour**

- S07. Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes. **page 55**

### **Aspect: Compliance**

- S08. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. **page 55**

## PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

### **Aspect: Customer health and safety**

- PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures. **page 55**  
PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. **page 55**

### **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. **page 55-56**  
PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. **page 56**  
PR5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction\*. **page 56**

### **Aspect: Marketing communications**

- PR6. Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship. **page 57**  
PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes. **page 57**

**Aspect: Customer privacy**

PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. **page 57**

**Aspect: Compliance**

PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. **page 57**



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