

Corporate Responsibility Report 2010



Instituto de Crédito Oficial

Contents

- 3** Strategy and analysis
- 8** Organisational profile
- 20** Report parameters
- 23** Governance, commitments and engagement with stakeholders
- 35** Management approach and performance indicators
 - Information about the management approach and specific indicators for the financial services sector
 - Economic performance
 - Environmental performance
 - Social performance
- 83** Report rating by GRI and external assurance
- 85** Performance indicators: AXIS
- 91** GRI Indicators

Corporate Responsibility Report

2010

Strategy and analysis



Corporate Responsibility Report

2010

I. Strategy and analysis

I.1 Statement from the most senior decision-maker

Another year has passed and again, ICO informs its main stakeholders about its economic, social and environmental performance in 2010.

The report has been drawn up in accordance with the structure provided in the Sustainability Reporting Guidelines, Version 3 and in the Financial Services Sectoral Supplement, both released by Global Reporting Initiative (GRI).

As in previous years, the report has been verified by an independent expert and has received the top rating (A+), thus placing ICO among benchmark institutions in the presentation of Corporate Social Responsibility (CSR) reports.

In last year's statement, we set ourselves three challenges for 2010.

Firstly, as part of the aim to promote CSR at Small and Medium-sized Enterprises (SME), ICO decided to continue with its initiative regarding the free preparation of SME Social Responsibility Reports. Undertaken on a joint basis with Caja Navarra, this objective had been accomplished by mid-year. In 2010, out of just over 1,000 SME which prepared Sustainability Reports, 412 did so for the second consecutive year. Again, the good response to the initiative gives further proof of its unquestionable value for SME.

Moreover, we set about the task of analysing and promoting new medium and long-term initiatives seeking to ease the adoption of social responsibility values. Accordingly, we started work on new projects, scheduled to be put into practice in the course of 2011.

Secondly, with a view to boosting relations with institutions and organisations within the scope of Social Responsibility, in 2010, we stepped up our activities and involvement in the CSR associations of which we form part. In addition to the implementation of a number of courses of action, we played a part in the management of some of these associations by joining their governing bodies. Since November 2010, ICO has been a member of the Executive Committee of the Spanish Network of the Global Compact.

At the same time, in our wish to strengthen our commitment to the furtherance of Social Responsibility at public enterprises, we played an active role in a project coordinated by Forética to achieve this end.

Thirdly and lastly, we sought to develop new lines of action to ease the access of SME and the self-employed to finance for their investments and activities. In 2010, we launched ICO-directo and ICO-SGR. In both facilities, which have now been added to the traditional supply of financing products distributed through financial institutions, ICO is entirely responsible for management and risk.

Corporate Responsibility Report

2010

In 2011, we shall go on working on initiatives conducive to the gradual implementation of Social Responsibility values at SME, while developing tools suitable for their management.

Furthermore, we shall continue with our policy to enhance and broaden our relations with other institutions as a way of fostering the greater development of CSR in society.

We also intend to establish an action plan for the implementation and improvement of internal management processes, procedures and tools to enable us to adapt to the premises of the Sustainable Economy Act, which has recently come into force.

And naturally, we shall keep searching for new possibilities to adapt our supply of financing products to society's demands and needs, with particular emphasis on SME and the self-employed.



José María Ayala
Chairman

1.2 Description of key impacts, risks and opportunities

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

Aspects of relevance for ICO's stakeholders are a reflection of the risks and opportunities found in the financial sector in general:

- Ethical behaviour, corporate integrity and compliance with regulations. This behaviour is seen in the performance of ICO's activity. For further details, see Indicator HRI (page 66).

- The avoidance of financial exclusion. It is part of ICO's mission to attend to the needs of the more disadvantaged social groups, especially those that are unable to access the usual financial channels. In its ongoing endeavour to meet society's needs, above all, those of the more deprived groups, ICO implements new financing facilities to achieve this end.

- Impact on the environment. It is incumbent on the institute to back initiatives aimed at the improvement of the environment, especially those seeking to alleviate the effects of climate change. In its commitment to foster environmental investment, for several years now, ICO has been involved in initiatives conducive to the alleviation of the effects of global warming.

- Transparency towards its stakeholders. ICO prioritises ongoing, open, fluid dialogue with its stakeholders as a way of pinpointing their needs and finding adequate solutions. With this aim in view, the institute has a number of different tools with which to manage its relations with stakeholders (see Point 4.17, p. 30).

- **Trends and opportunities in the area of sustainability**

ICO's main activity consists in launching financing facilities geared in the main towards SME and the self-employed, to help them start up and maintain their projects and workforce.

In the context of the economic crisis, the institute's role has broadened. At ICO, a sizeable package of measures has been designed and implemented for the purpose of supplying liquidity and financial resources to enable SME and the self-employed to cover their running costs and corporate or business needs. In addition to the traditional investment-financing facilities, in 2010, ICO launched the product known as ICODirecto, a financing facility in which the institute itself analyses and awards operations while assuming the risk on each one.

The institute's activity is thus built round three central pillars:

- Attend to the financing needs of Spanish enterprises.

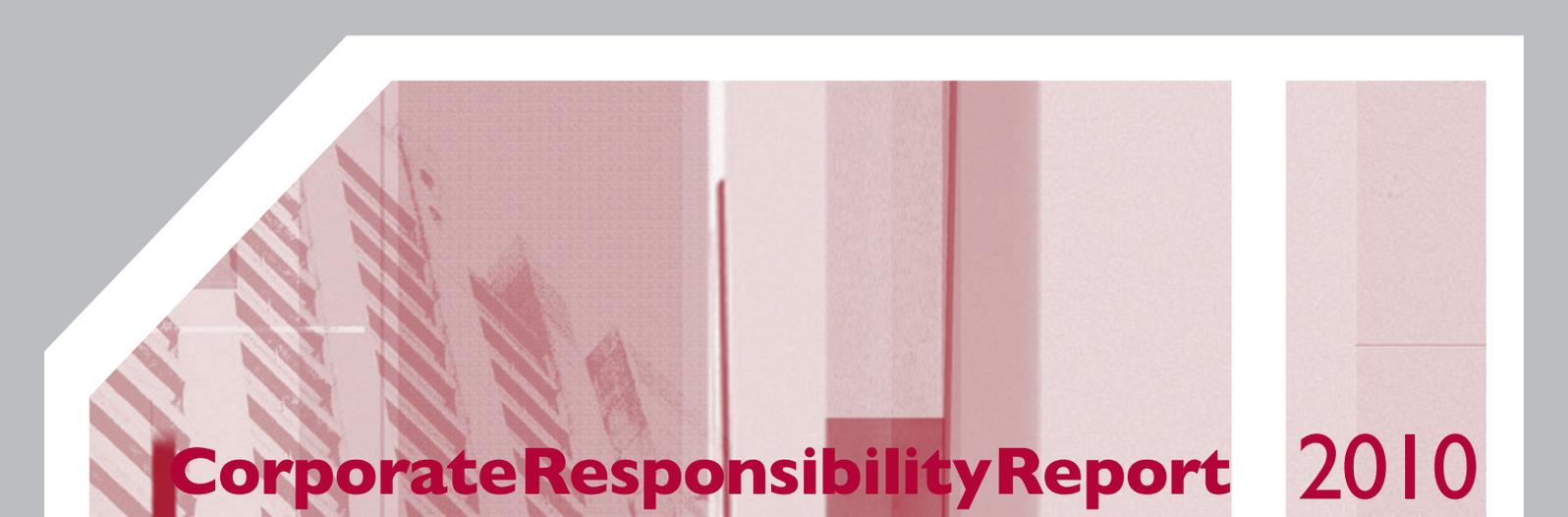
- Launch facilities directed at SME and the self-employed in the business sectors most seriously affected by the crisis.

Corporate Responsibility Report

2010

- Boost investments for the environmental improvement of corporate premises and activities and of society in general.

In 2010, the targets set were accomplished. The amount in lending arrangements reached the figure of €23,346m, or 31% more than in the previous year. Of this amount, €19,797m were used in the financing of the self-employed, enterprises and private individuals unable to access bank finance. For further information and a breakdown of activity by the main financing facilities, see Point 5.4 (pág. 56).



Corporate Responsibility Report 2010

Organisational profile



2. Organisational profile

2.1 Name and tax code of the organisation

Instituto de Crédito Oficial (ICO).

Tax code: Q-2876002-C

2.2 Primary brands, products and/or services

For the performance of its functions, ICO's structure rests on two lines of action: as the State's Financial Agency and a State-owned investment bank.

• As the State's Financial Agency

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

In the latter case, the institute manages four backup instruments for the external sector: Official Development Aid (ODA), in the form of the Development Aid Fund (FAD); Interest Makeup, in the form of the Reciprocal Interest Adjustment Contract (CARI); the Microcredit Fund (FCM); and the Water and Sanitation Cooperation Fund (FCAS). As explained below, in 2010, part of the Development Aid Fund was transferred to the new Corporate Internationalisation Fund (FIEM). With regard to these instruments, ICO arranges and administers the operations and carries out all the attendant financial tasks.

Development Aid Fund (FAD)

Financial arrangements charged to FAD are a foreign policy instrument designed to fulfil the threefold objective of boosting national exports, contributing to the growth of less-developed countries and easing access to multilateral bodies. FAD operations consist in the provision of finance, in some cases in the form of grants and in others, in the form of reimbursable loans.

From 2007 to June 2010, FAD received three budget allocations, one from each of the ministries involved. Although it was comprised of three distinct parts, one for each objective, FAD was a single fund.

After the coming-into-force of Act 11/2010, June 28, on the reform of the financial backing system for the internationalisation of the Spanish Enterprise, whereby the Corporate Internationalisation Fund (FIEM) is set up, Act 36/2010, October 22, concerning the Development Promotion Fund (FONPRODE), was published, coming into force on January 22 2011. Under these two acts, FAD was wound up and its assets and liabilities were transferred to two funds of a distinct nature and aims.

Corporate Responsibility Report

2010

The assets and liabilities deriving from operations charged to FAD Internationalisation and carried out on the initiative of the Ministry of Industry, Tourism and Trade were transferred to FIEM. The assets and liabilities from operations charged to FAD Cooperation and executed on the initiative of the Ministry of Foreign Affairs and Cooperation were transferred to FONPRODE.

The transfer of assets and liabilities to FIEM was done on June 29 2010 while the transfer to FONPRODE will be completed in the course of 2011. FAD's third segment, known as FIDE (Development Aid Fund for International Financial Institutions and the Management of External Debt), created on the initiative of the Ministry of Economy and Finance, will be transferred to the State's account as in future, there will be no fund for its operation.

As for FAD operations in 2010, they reflect the transfer to FIEM in June and therefore, when a year-on-year comparison is made with FAD figures for 2009 (which included all those operations), the decrease observed stems from the transfer of operations belonging to FIEM to said fund.

Lending activity	Million euros and percentages			
	2010	2009	Annual variation	
			Absolute	%
FAD				
Loans authorised	1,653.8	2,088.3	(434.5)	(20.8)
Loans granted	1,408.5	1,847.6	(439.1)	(23.8)
Loans arranged	1,289.3	1,769.4	(480.1)	(27.1)

The main recipient was the United Nations System, which was awarded 29 of the year's 75 operations, followed by the World Bank Group, with 11 operations.

Lastly, it should be pointed out that, at September 30 2010, the FAD portfolio was valued at €401m. A comparison with 2009 is of little significance in this case too as the above-mentioned transfer to FIEM is the reason for the considerable variation.

Figures at December 31	Million euros and percentages			
	2010	2009	Annual variation	
			Absolute	%
FAD				
1.- Loans drawn down	400.8	4,387.9	(3,987.1)	(90.9)
2.- Loans refinanced	0.0	146.6	(146.6)	(100.0)
3.- Debts due	0.0	454.6	(454.6)	(100.0)
4(1 to 3 = 5 to 7). TOTAL	400.9	4,989.1	(4,588.2)	(92.0)
5.- Denominated in US\$	0.0	2,569.7	(2,569.7)	(100.0)
6.- Denominated in €	372.5	2,162.5	(1,790.0)	(82.8)
7.- Denominated in other currencies	28.4	256.8	(228.5)	(89.0)

Corporate Responsibility Report

2010

Corporate Internationalisation Fund (FIEM)

On June 30 2010, Act 11/2010, June 28, on the reform of the financial backing system for the internationalisation of the Spanish Enterprise, whereby FIEM was created, came into force. From then on, all operations approved on the initiative of the Ministry of Industry, Tourism and Trade and charged to FAD Internationalisation, together with the assets and liabilities deriving from those operations, came to form part of FIEM.

FIEM's performance in 2010 was conditioned firstly, by the budget adjustment and secondly, by the start-up of the fund itself, whose operating regulations were approved on December 30 last year. As a result of these two circumstances, the number of operations was lower than that of the previous year.

Given that it is a new instrument, it has no record of activity as such in 2009 and accordingly, a strict comparison is not possible. In 2010, 12 operations were approved for an amount of €116.49m.

Lending activity	Million euros and percentages			
	2010	2009	Annual variation	
			Absolute	%
FIEM				
Loans authorised	194	0.0	194	---
Loans granted	116.5	0.0	116.5	---
Loans arranged	214.8	0.0	214.8	---

The main recipient was Bosnia-Herzegovina, which was awarded €32.23m (27.68% of the total) for the supply of trains. Next came Honduras, with a grant of €19.78m for the modernisation of equipment used in environmental observation and civil defence.

Figures at December 31	Million euros and percentages			
	2010	2009	Annual variation	
			Absolute	%
FIEM				
1.- Loans drawn down	4,643.7	0.0	4,643.7	---
2.- Loans refinanced	160.8	0.0	160.8	---
3.- Debts due	510.4	0.0	510.4	---
4 (1 to 3 = 5 to 7). TOTAL	5,314.9	0.0	5,314.9	---
5.- Denominated in US\$	2,620.7	0.0	2,620.7	---
6.- Denominated in €	2,382.5	0.0	2,382.5	---
7.- Denominated in other currencies	311.7	0.0	311.7	---

Lastly, it should be noted that, at December 31 2010, the FIEM portfolio (loan accounts) was valued at €5,315m. Although there are no data for 2009 as the instrument did not exist at that time, if a comparison is made with the valuation at December 31 2009 for equivalent loans, an increase of 7.43% is observed.

Corporate Responsibility Report

2010

Development Promotion Fund (FONPRODE)

The Development Promotion Fund was created under the Act of the same name (36/2010, October 22), whereby it is established that FONPRODE will be managed by the Ministry of Foreign Affairs and Cooperation, through the Secretariat of State for International Cooperation, and that ICO will act as financial agent.

At 31 December 31 2010, the regulations governing the functioning of FONPRODE were pending approval.

FONPRODE will channel part of the development aid activities carried out by the Ministry of Foreign Affairs and Cooperation. This includes those performed jointly with development banks and funds and compulsory contributions to international financial institutions, which fall within the scope of responsibility of the Ministry of Economy and Finance.

The funds in FONPRODE will be used to finance development projects and programmes in the form of State-to-State grants in less developed countries; and as financial contributions to development programmes and international multilateral development bodies of a non-financial nature. FONPRODE will also cover technical assistance, viability studies and the ex-ante and ex-post appraisal of the programmes. In addition, it is possible to make contributions to funds constituted at international financial development institutions for the purpose of meeting basic social needs. Moreover, credits, loans and financing facilities may be granted, including contributions to microfinance programmes and schemes supporting the productive social network.

Microcrédit Fund (FCM)

Set up in 1998 as a form of bilateral cooperation for development, the Microcredit Fund (FCM) seeks to improve the living conditions of vulnerable collectives and foster the execution of basic social development projects. The fund is managed by the Ministry of Foreign Affairs and Cooperation and operates through the granting of loans and credits to foreign on-lending institutions. In turn, these institutions channel the funds to the end-beneficiaries (micro-entrepreneurs), either directly or via local financial institutions.

Since the coming-into-force of Act 36/2010, October 22, the Microcredit Fund has formed part of FONPRODE.

In 2010, the amount in both loans granted and loans arranged came to €56.8m, reflecting a downswing of nearly 43% in respect of the previous year. At year-end 2010, the aggregate amount in loans granted from this fund stood at €794m, or 7.7% more than the balance recorded at the close of the previous year.

Corporate Responsibility Report

2010

Lending activity	Million euros and percentages				
	FCM	2010	2009	Annual variation	
				Absolute	%
Loans granted	56.8	99.5	(42.7)	(42.9)	
Loans arranged	56.8	99.5	(42.7)	(42.9)	
Accumulated amount (a)	794.0	737.2	56.8	7.7	

(a) Loans granted since the fund was started up.

Water and Sanitation Cooperation Fund (FCAS)

The Water and Sanitation Cooperation Fund (FCAS) was set up under the 61st Additional Provision of Act 51/2007, December 26, concerning the General-Government Budget for 2008. Its purpose is to ease access to water and sanitation as one of the indispensable requirements for human wellbeing and development, as stated in the Millennium Development Goals signed in the year 2000. Currently managed by the Ministry of Foreign Affairs and Cooperation, through the AECID Directorate for Sectoral and Multilateral Cooperation, the fund's aim is the provision of non-reimbursable aid and, as applicable, non-tied loans, with which to finance projects in the scopes of water and sanitation on a co-financing basis with the national authorities of countries belonging to the Spanish cooperation scheme.

In 2010, the fund's second year, the amount in contributions approved summed up to €149.9m, or about 50% less than the figure chalked up in 2009, the year it was started up. This decrease was due to a reduction in the budget allocated to the fund.

In the same period, arrangements amounted to €147.4m.

The year of 2010 also saw the arrangement of the two operations granted in 2009 for an amount of €10.5m, pending signature at the end of that year. With regard to approvals in 2010, they were all arranged save for the contribution to Ecuador (€13m).

Activity	Million euros and percentages				
	FCAS	2010	2009	Annual variation	
				Absolute	%
Contributions awarded	149.9	300.0	(150.1)	(50.0)	
Contributions arranged	147.4	289.5	(142.1)	(49.1)	
Accumulated amount (a)	449.9	300.0	149.9	50.0	

(a) Contributions awarded since the fund's creation.

Reciprocal Interest Adjustment Contracts (CARI)

The purpose of the Interest Makeup System known as CARI is to stimulate the participation of Spanish and foreign private credit institutions in the long-term financing of Spanish exports. To benefit from the system, the interest rates established on operations by the lender

Corporate Responsibility Report

2010

institutions must be as indicated in the OECD (Organisation for Economic Cooperation and Development) Consensus.

Interest adjustment contracts guarantee that, for each interest adjustment made, the lender institutions will receive a certain amount of interest revenue on the outstanding balance of each credit included in the system. In this way, any risks deriving from the difference between the credit's fixed interest rate and the conventional cost attributed to the resources used in the financing are removed. When the difference is negative, the State, through ICO, credits the institutions with the pertinent amount. When the result is positive, the institutions pay the difference to ICO.

The year 2010 saw the arrangement of 31 operations adding up to €1,150m, well above the overall figure recorded for 2009 (€111m in 35 operations), resulting in a positive variation of 938% in the amount arranged. Nevertheless, it should be taken into account that the 2010 figure includes the CARI operation involving the highest amount applied for in the last decade, which initially amounted to €665m.

In terms of amounts arranged, the main destinations of the exports were: the United Arab Emirates (accounting for 68% of total arrangements), the Dominican Republic, Venezuela and Norway. As regards the number of contracts signed, Mexico comes first, with seven operations, followed by Argentina, with five, and the Dominican Republic and China, with four operations each.

The year's figures	Million euros and percentages			
	2010	2009	Annual variation	
			Absolute	%
CARI				
Outstanding capital at 1.1.	2,011.0	1,961.4	49.6	2.5
Amount in operations presented	848.7	1,212.9	(364.2)	(30.0)
Amount in operations arranged	1,150.2	110.8	1,039.4	938.1
Drawdowns and reimbursements. Net(a)	394.6	49.6	345.0	695.6
Outstanding capital at 31.12	2,405.6	2,011.0	394.6	19.6

(a) Includes differences deriving from exchange rates.

In the period from 1996 to 2006, the CARI System generated positive returns for the Treasury. However, in 2007 and 2008, things changed and the years closed with a negative balance for the Treasury: €2.7m and €7.9m respectively. In 2009, positive returns were again obtained, with a result of just under €7m. This trend continued into 2010, when a result of €49.2m was obtained in the Treasury's favour.

Financing facilities to alleviate the economic effects of natural disasters

As provided for in its statutes, one of the institute's functions is to help alleviate the economic effects deriving from situations of grave economic crisis, natural disasters and other. In 2010, no specific facility was provisioned for the alleviation of damages caused by natural disasters.

Corporate Responsibility Report

2010

• As a State-owned investment bank

As a specialised credit institution or State-owned investment bank, ICO provides medium and long-term financing for the productive investments of enterprises established in Spain or intending to set up abroad. This task is performed by means of the following instruments:

a) Finance for SME, the self-employed and private individuals

Second-floor facilities

Finance for SME, the self-employed and private individuals.

As ICO has no branch network through which to distribute its resources, it uses the second-floor lending system to ensure that its loans reach the end-recipient. With this end in view, the institute enters into agreements of cooperation with practically all the financial institutions established in Spain and it is these institutions which examine and, as applicable, grant the loans. They also assume the risk. The success of these second-floor financing facilities is due, amongst other reasons, to their ease of accessibility, simple paperwork, long repayment terms and the satisfactory cooperation of the financial institutions involved.

MAIN SECOND-FLOOR FACILITIES. 2010

Facility	Purpose
ICO-Investment	Finance investments in new fixed assets or complementary financing for SME and the self-employed.
Liquidity	Finance working capital for SME and the self-employed suffering transitory credit restrictions.
Plan Avanza	Finance investments to boost the use of Information and Communication Technologies.
University Studies Loan	Finance postgraduate studies (master courses).
Entrepreneurs	Finance investments in the new fixed assets of SME start-ups and new activities undertaken by the self-employed.
Internationalisation of the Spanish enterprise	Finance investments in new fixed assets or complementary financing for Spanish SME abroad.
Mortgage Deferral	Finance temporary, partial deferral in the obligation to pay 50% of mortgage instalments.

Direct financing

Aimed at the direct financing of SME and the self-employed. Started up in 2010, this type of financing works through two products:

ICODirecto. Loans to finance investments and/or liquidity. Applications are filed directly

with ICO, which analyses and, as applicable, awards them. ICO also assumes the risk.

ICO-SGR. Loans to finance operations that are wholly guaranteed by a Reciprocal Guarantee Company (Spanish initials, SGR). Through CERSA, ICO guarantees SGR 50% of the operations arranged. Set up at the end of 2010, this product is promoted on a joint basis by ICO, CERSA and SGR.

b) Finance for large companies

Here, the aim is to finance large-scale, public or private investment projects which, on account of their nature, entail considerable amounts of capital and long repayment periods. ICO examines and, as applicable, grants the operations and assumes the risk. In this task, the institute applies the economic and financial evaluation criteria normally used in commercial banking and also appraises the socio-economic and environmental impact of the investments it finances.

Although these loans may be bilateral, they are usually syndicated with other financial institutions, co-financed with multilateral financial institutions or, when the finance is for Spanish investments abroad, through the local financial institutions of the countries receiving the investment.

In 2010, 155 loans of this type were arranged (16.5% more than the previous year) for a total amount of €3,549m (34% more than in 2009). Nearly all of them were used to finance investment projects in Spain, in accordance with the sectoral distribution reflected in the following chart:

Direct loan arrangements for large investments (million euros)	2009	2010
Breakdown of investments by sectors and geographical areas		
INDUSTRY	167	239
CONSTRUCTION	438	311
ENERGY	510	460
TRANSPORT AND STORAGE	542	793
FINANCIAL, PROFESSIONAL, SCIENTIFIC, TÉCNICAL, ADMINISTRATIVE ACTIVITIES, AUX. SERVICES, PUBLIC ADMINISTRATION	707	1,426
COMMERCE	96	37
OTHER PURPOSES	195	284
	2,654	3,549
Investments in Spain	2,501	3,347
Investments abroad	153	202

2.3 Operational structure of the organisation

So as to perform its activity (summarised in Point 2.2 above), ICO is divided into four major areas, or Directorates General, which together cover the full range of the institute's tasks and missions:

Corporate Responsibility Report

2010

- Directorate General of the Presidency
- Directorate General of Business
- Directorate General of Finance and Risk
- Directorate General of Resources and Operations

All the Directorates are directly accountable to the Chairman, the institute's highest-ranking officer.

- The mission of the Directorate General of the Presidency consists in the planning and execution of communication policies and the coordination of institutional relations.
- The Directorate General of Business is responsible for the generation and management of the institute's business activity through its clients and asset operations, in addition to the management of the market funding it requires to enable it to perform that activity. It will also develop and administer capital fund operations, particularly the venture capital schemes promoted through AXIS.
- The Directorate General of Finance and Risk is in charge of the management of the institute's finances and equity, in addition to the design, implementation and follow-up of the overall risk policy. Furthermore, it will develop and coordinate the analysis, follow-up and supervision of its clients' credit risk.
- The function of the Directorate General of Resources and Operations is to design internal policies within the scopes of technology, human resources and material means. It will coordinate systems and projects related to the efficiency, leadership and working of the organization and also administer asset and liability operations, along with FAD and CARI.

ICO is not involved in any joint ventures.

2.4 Location of the organisation's headquarters

Paseo del Prado nº 4, 28014 Madrid, Spain.

2.5 Number of countries where the organisation operates

Financing for projects in other countries is provided through the funds under ICO's management in its role as the State's Financial Agency; and also through the second-floor Corporate Internationalisation Facility (see Point 2.2, page 9 et seq. and pages 56 to 59).

In 2010, the projects financed through these funds were, in the main, located countries in Central and South America, Africa, Asia and Eastern Europe.

2.6 Nature of ownership and legal form

Instituto de Crédito Oficial is a State-owned corporate entity attached to the Ministry of

Corporate Responsibility Report

2010

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. It is a legal entity and has its own equity and cash assets. Moreover, it is self-governing as far as management for the fulfillment of its purposes is concerned.

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

COMPANY	ICO's SHARE AT 31.12.2009
FOND-ICO (fund)	100%
Fondo EURO-ICO (fund) (*)	100%
Axis Participaciones Empresariales	100%
Compañía Española de Reafianzamiento (CERSA)	24.03%
Compañía Española de Financiación del Desarrollo (COFIDES)	25.25%
Fondo Europeo de Inversiones (FEI)	0.28%

(*) In the process of liquidation

2.7 Markets served

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

International markets are described in Point 2.5 (pág. 17)

2.8 Scale of the organisation

KEY FIGURES			
BALANCE (I)		2010	2009
	Total assets	77,860	60,360
	Lending investment (2)	64,948	48,226
	Second-floor loans (3)	42,163	29,390
	Direct loans to customers	22,784	18,837
	Market resources	64,762	46,863
	Internal funds (4)	3,059	2,887
PROFIT AND LOSS ACCOUNT (I)			
	Net interest revenue	353	197
	Gross margin	437	270
	Operating margin	41	30
	Pre-tax profit	41	30
	Net profit	31	23

Corporate Responsibility Report

2010

RATIOS (5)			
	ROE	0.94	0.75
	ROA	0.06	0.04
	Capital adequacy ratio	11.75	11.79
	Operating expenses / ATA	0.07	0.07
HUMAN RESOURCES			
	Number of employees	322	307
	- Male	123	114
	- Female	199	193
	Technical personnel and middle managers	243	215
SOCIO-CULTURAL ACTIVITIES		FUNDACIÓN ICO	
RATINGS			
	Moody's	Aa2	Aaa
	Fitch Ratings	AA+	AAA
	Standard & Poor's	AA	AA+

(1) Million euros. The profit and loss account has been adjusted in accordance with BoS Circular 6/2008.

(2) All lending investment data appear net of provisions and adjustments. Interbank operations are not included.

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

(4) Includes the year's result.

(5) Percentages.

2.9 Significant changes during 2010 regarding size, structure or ownership

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

2.10 Awards received in 2010

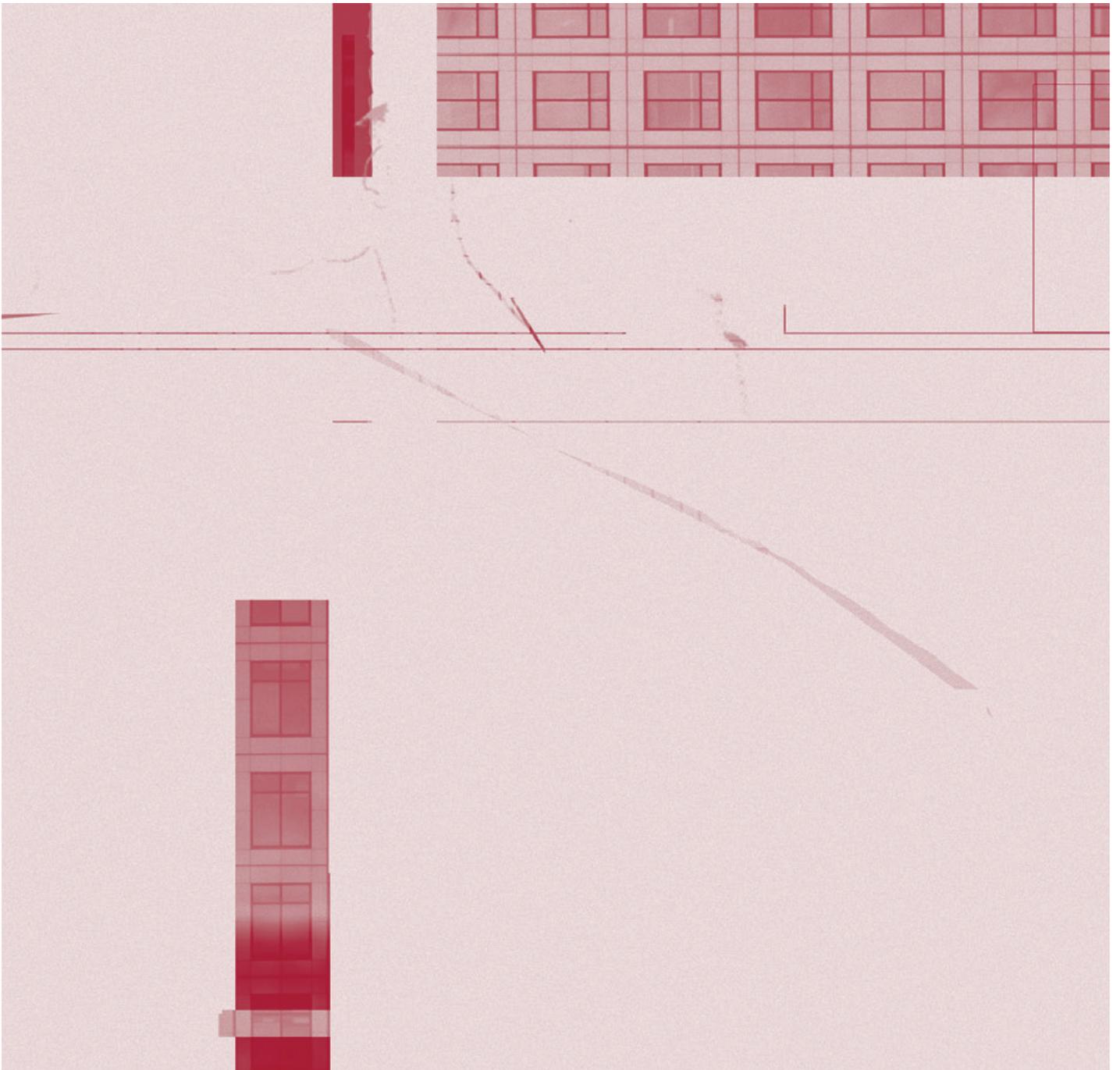
The institute did not receive any awards in 2010.

The scheme launched by ICO-Caja Navarra (CAN) for the free preparation of SME CSR Reports, which commenced in 2009 and continued in 2010, has received various acknowledgements. The most noteworthy was the one awarded at CSR Europe's Enterprise 2020, held in Brussels in October 2010, where the initiative was selected as "the best corporate practice". It also ranked among the five best European initiatives within Transparency for Trust, a European Commission scheme seeking to step up the competitiveness of our enterprises.



Corporate Responsibility Report 2010

Report parameters



3. Report parameters

Report profile

3.1 Reporting period

The report covers the year 2010, from January 1 to December 31.

3.2 Date of the most recent previous report

2009

3.3 Reporting cycle

Annual

3.4 Contact point for questions regarding this report or its contents

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Report scope and boundary

3.5 Process for defining report content

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

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

So as to give a balanced and reasonable presentation of ICO's performance, the information contained in the report is structured in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Furthermore, the (FSSS Financial Services Sectoral Supplement), likewise published by GRI, has been followed.

3.6 Boundary of the report

The institute's CSR Report covers the full range of ICO's activity. In addition, Chapter 7 con-

tains an annex of relevant information about the activity of the investee company, AXIS.

3.7 Specific limitations on the scope or boundary of the report

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

3.8 Basis for reporting on joint ventures

ICO neither has nor executes any joint ventures.

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

The report has been drawn up on the basis of Sustainability Reporting Guidelines, Version 3, and the Financial Services Sectoral Supplement (FSSS), both prepared and published by GRI Global Reporting Initiative.

3.10 Examination of the effect of any restatements of information provided in earlier reports and the reasons for such restatements

There has been no restatement of the information contained in previous reports although, in the preparation of indicator tables, models from previous years have been used.

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

There have been no significant changes in respect of the previous period.

GRI Content Index

3.12 Table identifying the location of the Standard Disclosures in this report

See Content Index (Chapter 8).

Assurance

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

The CSR Annual Report has been submitted to external verification by Bureau Veritas Certificación, an institution of repute in the scope of Corporate Responsibility (see Chapter 6, page 84). Moreover, ICO's Annual Accounts are audited every year in accordance with legislation in force and are submitted to the control and supervision of the Bank of Spain.

Governance, commitments and engagement with stakeholders

4. Governance, commitments and engagement with stakeholders

Governance

4.1. Governance structure of the organisation

For the performance of its functions, the institute has a number of associated bodies, divided into the following groups:

- Management bodies
- Ordinary management bodies
- Coordination, backup and collaborative bodies

Management bodies

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

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

- The Chairman of ICO is appointed by resolution of the Council of Ministers on the proposal of the Minister of Economy and Finance. His functions are, amongst others, as follows:

- 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 po-

— licy is based, the courses of action undertaken for the implementation of these policies and the appraisal of the results obtained. The committee is formed by the institute's Chairman and the Directors General.

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

Coordination, backup and collaborative bodies

These bodies are created on the proposal of any of the organisation's Directorates, subject to the approval of the Operations Committee.

Current coordination, backup and collaborative bodies
The Assets and Liabilities Commission
The Procurement Commission
The Anti-Money-laundering Commission
The FAD Contract Commission
The Surveillance 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 Data Protection Commission
The Credit Commission
The Purchase Commission
The Audit Commission

See Point 2.3 (page 16) for information about ICO's operative structure.

4.2 The Chairman's functions

The Chairman of ICO performs executive functions, as described in Point 4.1 (page 24).

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

Save for the Chairman, the members of the Governing Council have no executive functions.

Corporate Responsibility Report

2010

4.4 Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body

ICO's internal communication policy is based on direct, two-way, constant contact in an environment in which the institute's entire workforce is free to propose any issue its members consider to be of interest.

Furthermore, through the Workers' Committee and its involvement in the Joint Commission, it is possible to channel issues which affect labour relations both directly and indirectly.

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)

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

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 governance and administrative body, is periodically informed of the activities carried out by ICO as regards economic, environmental and social topics.

The appointment and removal of the members of the Governing Council is referred to in Point 4.1. (page 24).

4.8 Internally-developed statements of missions or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation (*)

ICO's mission

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

ICO's values

- Meet the financial needs of Spanish society and its economy, thereby furthering its development.
- Preserve the institute's weight within the financial world.

- Protect its public image and brand.
- Create a work environment based on the assessment of personal merit.
- Enhance the career development of its employees.

Code of conduct

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

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

(*) For additional information, see Indicator HRI (page 66).

Manual of Sound Environmental Practices

ICO has prepared a Manual of Sound Environmental Practices designed to provide the entire workforce with basic notions as to the institute's environmental management. The manual establishes a set of practices to be implemented in the office with a view to reducing the environmental impact caused by the office's activity and particularly, by each individual worker.

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

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

CSR is promoted and coordinated by the Communication Department, which is accountable to the Directorate General of the Presidency. In turn, the head of this DG keeps the Chairman abreast of developments. This direct link with the institute's highest-ranking official reflects the importance attached to CSR by ICO.

At ICO, the appraisal of sustainability is carried out annually.

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

See Indicator LA12 (page 64).

Commitments to external initiatives

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation

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

- Credit risk. ICO pursues policies based on strictly technical aspects related to the inherent risks of the operations financed.
- Reputational risk. ICO has defined a set of integrity and sound governance standards aimed at minimising the likelihood of the occurrence of irregularities. See Indicator SO4 on page 79.
- Operational risk. ICO is aware of the importance of having preventive mechanisms for the protection of critical data and the immediate resumption of operations should a disaster occur. For this purpose, the institute has a Contingency Committee, whose functions are as follows:
 - Pinpoint all the potential threats to which the institute might be exposed.
 - Design and implement the processes necessary to ensure that those of ICO's various management units which have been classified as critical take, on a joint basis, the steps required to avoid or minimise the effects of any crisis which may arise.
 - Determine and assess all components that are critical to the entity's activity.
 - Coordinate the processes and measures designed by the various management units.

So as to guarantee the continuity of business on the IT side, the institute has an 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

In 2010, ICO signed the Declaration of Support for the Empowerment of Women, promoted by the UN Global Compact and the UN Development Fund for Women (UNIFEM).

As part of its anti-cyclical strategy to overcome current economic circumstances while providing support for the Government's economic policy, in 2010, ICO promoted various capital funds which it manages either directly or through its investee company, AXIS, Participaciones Empresariales, S.G.E.C.R., S.A.U.

FESpyme, FESInfraestructuras and Fondo pyme Expansión are three venture capital funds launched in 2010 in accordance with the Sustainable Economy Act.

Moreover, ICO managed the JEREMIE Fund, set up in December 2009 as part of a European Commission initiative seeking to facilitate the use of structural funds as finance for enterpri-

ses' R&D&i activities.

Lastly, ICO is also involved in the following funds: FonsMediterrània, FCR, Carbon Fund for the Spanish Enterprise (FC2E), the Post-2012 Carbon Fund and the Marguerite Fund, all of which are under third-party management.

*For further information about these funds, see Indicator EC2 (page 40).

4.13 Membership in associations

Within the scope of CSR, ICO is a trustee of Fundació Carolina and a member of Forética and the Spanish Network of the Global Compact.

Since November 2010, ICO has been a member of the Executive Committee of the Spanish Network of the Global Compact.

Stakeholder engagement

4.14 List of stakeholder groups engaged by the organisation

ICO's stakeholders are as follows: customers, employees, suppliers, the Public Administration and society in general.

4.15 Bases for the identification and selection of stakeholders with whom to engage

As stated in Article 2 of its statutes, ICO's mission consists in improving society in general. Moreover, the collectives with which it has a direct relationship form part of its stakeholder groups.

Stakeholder groups are identified as instances of interaction arise. ICO does not have a documented procedure for the identification of its main stakeholders.

4.16 Approaches for stakeholder engagement, including frequency of engagement by type and stakeholder group

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

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

These communication channels may be used by anyone interested in our financing faci-

— lities and, in general, by anyone wishing to express an opinion about ICO's activities and services. (See Point 4.17, page 30).

- **Suppliers.** ICO's relations with its suppliers are subject to Act 30/2007, concerning public sector contracts.

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

- **Public Administration.** ICO is an institution attached to the Ministry of Economy and Finance and as such, acts in accordance with the latter's instructions, works alongside it in the start-up of its various financing facilities and keeps it informed of its performance and activity. At the same time, the institute works with the Ministries of Environmental, Rural and Marine Affairs; Industry, Tourism and Trade; Foreign Affairs and Cooperation; Education; Territorial Policy; and Housing.

- **Society.** ICO fosters active communication with society by organising training courses, conferences, seminars and presentations. The institute also takes part in the leading SME fairs. In 2010, ICO participated in the XV International Forum known as Foro Internacional Intergune Cámara de Guipúzcoa (Donostia-San Sebastián); Feria Día de L'Emprendedor (Barcelona); Feria Mi Empresa (Madrid); and Forinvest (Valencia).

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

One of the cornerstones of ICO's policy is the way in which the institute attends to its identified stakeholders. As ICO does not have a network of branches, it needs effective channels and Average to provide information about its various lines of action, attend to requests for information and clarify any queries from enterprises and private individuals alike.

In 2010, transparency and the dissemination of its activity, both internally and externally, constituted the two central pillars of ICO's communication policy. To achieve these aims, special attention was paid to the improvement and extension of the channels and Average through which the institute provides information about its lines of action.

Below is a description of the communication channels available to the institute's stakeholders.

- **Publicity**

As a State-owned corporate entity, ICO is subject to Act 29/2005, concerning institutional advertising and communication. Under this act, it is compulsory to prepare an Annual Publicity Plan taking account of all publicity activities scheduled for the following year by each body belonging to the General State Administration, together with an indication of the allocation made to reach this end. The plan must be approved by the Council of Ministers.

Corporate Responsibility Report

2010

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

Each year, the institute, in conjunction with banks and savings banks, launches a publicity campaign to inform the self-employed and enterprises about its available facilities. This campaign is of great importance as it is launched on television, the radio and the Internet and in the printed press, thereby attaining a high degree of coverage.

In 2010, the institute launched two other campaigns to advertise the new products available to the self-employed and enterprises.

Firstly, in May, ICO took a number of steps to foster the use of the Financial Facilitator, a tool enabling the self-employed and enterprises to file their financing applications directly with ICO via the Internet.

Secondly, in October, with the backing of BBVA and Santander, the institute launched a publicity campaign to inform the self-employed and enterprises about the ICODirecto Facility, under which loan applications may be filed directly with ICO on the Internet.

To complete the publicity campaigns described above, ICO publishes informative leaflets about its financing facilities (in Spanish, Catalan, Basque and Galician) and also about the Financial Facilitator and ICODirecto (in Spanish and Catalan).

• Newsletter

The Newsletter has become a key form of communication with the potential beneficiaries of ICO's facilities.

Published monthly, in 2010, it was sent to over 247,000 private individuals, self-employed workers and businessmen.

So as to optimise distribution and ensure that the newsletter could be received by all e-mail accounts, regardless of the service provider used by our subscribers, in December, a new system was implemented and as a result, it has been possible to make a more efficient use of ICO's service provider, reduce delivery time and automatise the management of cancellations.

• Press releases

In order to keep the public informed of the start-up of financing facilities and the latest developments, the institute sends press releases to the Average on a regular basis.

In 2010, 59 press releases were sent to the Average and 8,753 news items about ICO's activity were published in the printed press.

Corporate Responsibility Report

2010

• Institutional website

The website has also proved to be one of the most direct and effective communication channels. All its contents comply with the requirements of UNE Standard 139803:2004 for Level II Accessibility, thereby fulfilling the stipulations of Royal Decree 1494/2007.



The website's main contents are translated into the four official languages of the Spanish State.

In 2010, the number of pages visited amounted to 14,112,371, below the figure recorded in 2009. This decline was due to the launching of www.icodirecto.es, the ICO website designed for the self-employed and SME.

Thus, the institutional website has become a reference point for both the institution's public and investors, who may access all the information they require.

• Commercial website

In the last quarter of 2010, ICO's commercial website (www.icodirecto.es), which provides information about the financing facilities for SME and the self-employed, came into operation. The new website features user-friendly access and language, avoiding technical and financial terminology.

In the first three months of its operation, the commercial website was visited on 78,250 occasions.

Like the institutional website, the commercial one complies with the requirements of UNE Standard 139803:2004 for Level II Accessibility.

• Professional networks

In 2010, ICO started to form part of professional networks. ICODirecto currently has groups in Xing, Viadeo and LinkedIn.

LinkedIn is the network where we see the greatest activity. In the ICODirecto group, we provide information about ICO's various products, their main characteristics and administrative procedures. In addition, we announce the participation of ICO representatives in seminars and fairs which may prove of interest to the group's members.

In December 2010, we decided to give this group the option of having open access; i.e., any LinkedIn user may see the debates and contents without being a member. In 2010, 26 debates took place in this forum.

Corporate Responsibility Report

2010

• Channel for complaints, suggestions and requests for information

In 2010, the number of written requests received through this channel went down by 18.6% in respect of the previous year, when the figure witnessed a considerable increase deriving from the economic situation and citizens' greater need for information about ICO's financing facilities.

In total, 4,602 complaints were received, as against 2,335 the previous year. Most of them concerned loan applications for ICO's second-floor lending facilities which had been rejected on the grounds that they did not comply with economic and financial requirements. All complaints were examined and answered within an average period of 6.2 business days.

At the same time, 10,858 requests for information about ICO's financing facilities were received, or 34% fewer than the number received the previous year. All requests were processed within an average period of 4.9 days.

• Freephone and attention to the public

By means of this service, private individuals and enterprises may express all their queries about ICO's financing facilities and the paperwork involved and also find out about other activities performed by the institute. This service is provided by a Special Employment Centre, selected through public tender, and personnel are trained by the institute.

In 2010, 104,840 queries were processed, reflecting a slight increase on 2009.

• Public Attention Unit

ICO has a Public Attention Unit on its premises. In 2010, the unit was visited by 1,396 people.

• Institutional mailbox

Through the website, SME, the self-employed and the general public are able to access an information request form on which they may state their queries or enquire about any aspect of the institute's activity..

• Telematic communication with on-lending institutions

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

Corporate Responsibility Report

2010

• Corporate Internet

Transparency of information constitutes one of the institute's commitments to its workers. In addition to fostering personal, direct communication at all levels within the organisation, ICO has made the Corporate Internet, known as the portico, available to all the employees.

The three basic functions of the Intranet are as follows:

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

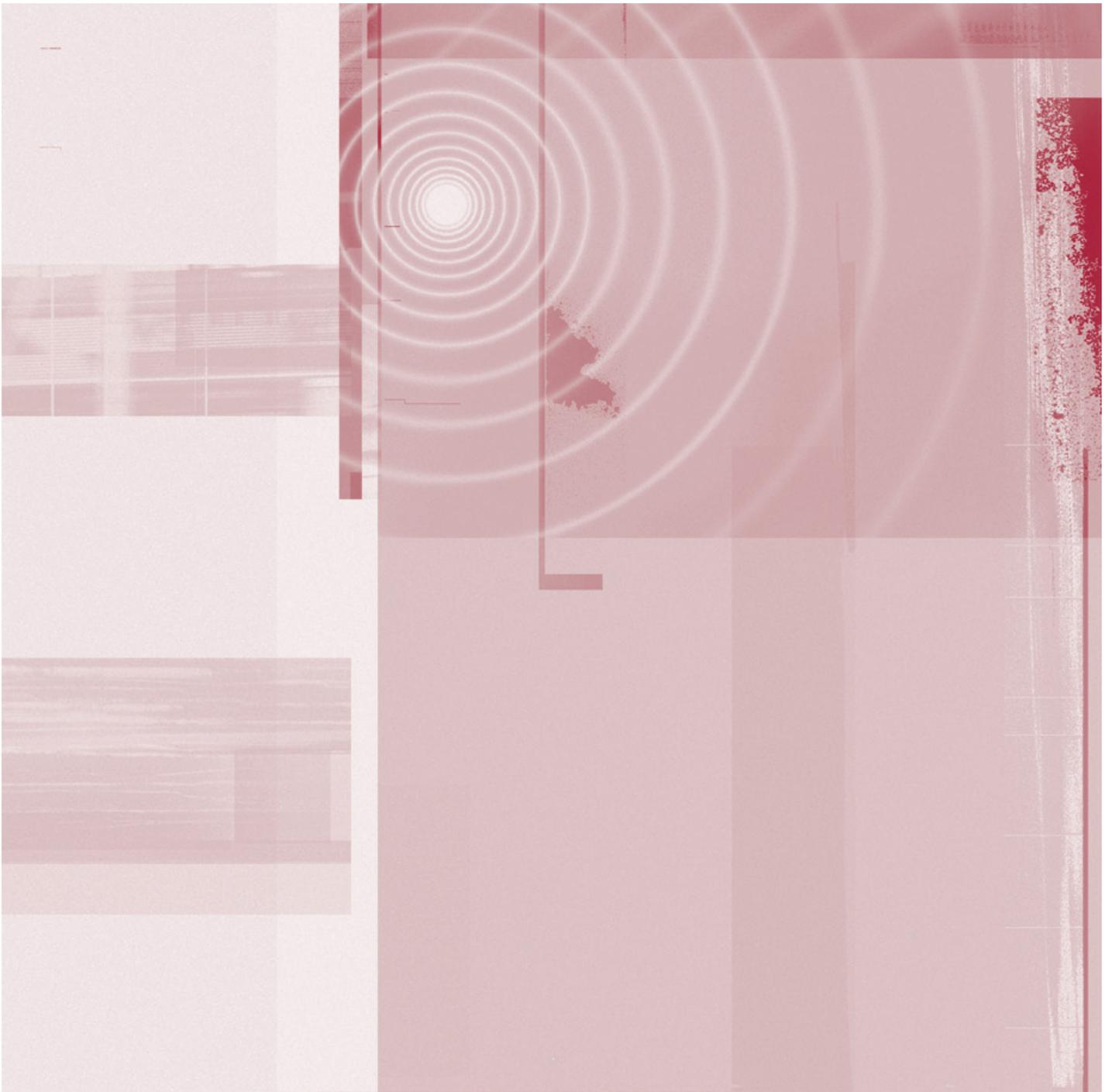
In 2010, visits totalled 1,611,623, or 11% more than the figure recorded one year previous.

In the period of reference, the portico's contents were reorganised so as to make it easier for users to search for information. In this undertaking, special attention was paid to the elimination of old or outdated contents.

Moreover, contents of general interest for the workforce are updated on a daily basis. This refers to the Intranet section on new developments, announcements and daily summaries of the main news items about ICO published in the leading newspapers.

Corporate Responsibility Report 2010

Management approach and performance indicators



Corporate Responsibility Report 2010

Management approach and performance indicators

I- Information about the management approach and specific indicators for the financial services sector

5. Management approach and performance indicators

5.1 Information about the management approach and specific indicators for the financial services sector

Information about the management approach

a) Aspect: Product portfolio

FS1. Policies with specific environmental and social components applied to business lines

ICO designs some of its business lines with the environmental and social improvement of the entities whose projects it finances in mind.

FS2. Procedures for assessing and screening environmental and social risks in business lines

For information regarding this Indicator, see “Analysis of the social and environmental impact of projects” on page 48.

FS3. Processes for monitoring clients’ implementation of and compliance with environmental and social requirements included in agreements or transactions

ICO includes environmental requirements in the supplier selection processes whenever possible. This approach will be broadened in 2011 when the development of management and screening procedures are implemented in accordance with the Sustainable Economy Act.

Furthermore, environmental impact reports are required in the case of applications for the financing of large-scale projects.

FS4. Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

For information regarding this Indicator, see “Environmental awareness campaigns” on page 49.

FS5. Interactions with clients/investees/business partners regarding environmental and social risks and opportunities

In 2010, the ICO-Caja Navarra initiative aimed at the dissemination and promotion of Social Responsibility principles among Spanish SME remained in place. The result of this agreement was the preparation, free of charge, of Sustainability Reports for 1,006 SME. Of this figure, nearly 50% had their report drawn up for the second consecutive year and accordingly, it was possible to establish the Indicators’ performance over two years.

Corporate Responsibility Report

2010

Performance indicators

a) Aspect: Product portfolio

FS6. Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/large) and by sector

See Appendix of ICO's 2010 Annual Report.

FS7. Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose

See Appendix of ICO's 2010 Annual Report.

FS8. Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose

See Appendix of ICO's 2010 Annual Report.

b) Aspect: Auditing

FS9. Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures

No specific audits of environmental and social policies are carried out.

c) Aspect: Interaction with portfolio companies

FS10. Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues

ICO does not interact on environmental or social issues with its investee companies.

FS11. Percentage of assets subject to positive and negative environmental or social screening

ICO carries out environmental and social controls on its premises.

FS12. Voting policy(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting

ICO has no documented voting policy or recommendation with regard to environmental or social issues at the organisations in which it has a holding.

Corporate Responsibility Report 2010

Management approach and performance indicators

2- Economic performance

5.2 Economic performance

Information about the management approach

• Economic performance

See Point 2.8 (page 18). Further information is available in the 2010 Annual Report, published on the institute's website (www.ico.es).

• Economic performance indicators

a) Aspect: Economic performance

ECI. Economic value generated and distributed (*)

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

Employees

(In thousand euros)	2010	2009
Salary costs (1)	13,429	11,975
Average salary (1)	41.7	39.0

(1) All employee salary items and costs included.

Society

In the financial year of 2010, the budget allocated to the foundation, Fundación ICO, for the performance of the latter's activity amounted to €4.68m. See Indicator SO1 (page 72) for a breakdown of the uses to which these funds were put.

Suppliers

The amount disbursed in 2010 for the acquisition of goods and services worked out at €26.55m.

(*) For further information, see the Annual Report and the profit and loss account. Key figures are provided in the chart in Point 2.8 (page 18).

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

• FESpyme

Fund provided for under the Sustainable Economy Act implemented by the Government in December 2009. The allocation was €422m.

Corporate Responsibility Report

2010

The term, Sustainable Economy projects, refers to projects whose objectives are, amongst others, the improvement of energy efficiency, water management, eco-innovation, waste treatment and management, sustainable mobility, the renovation of housing and rural districts and areas, health and biotechnology, energy and climate change, information and communication technologies, aeronautics and the aero-space sector and care of the elderly, dependants and vulnerable groups. In addition, this category includes internationalisation projects or those with a high innovative component, regardless of the sector to which they belong.

The priority goal of FESpyme is the maintenance of the financial equilibrium of the funds under its management so as to ensure their continuity. The fund was designed to provide support for enterprises' expansion plans and its range goes from start-ups to consolidated medium-sized companies. The idea is to contribute to the development of the corporate and technological networks and the creation of jobs. To a certain extent, this limits its scope of operations as it is possible to finance solely real investment and not the purchase of shares or liability restructuring processes.

As a venture capital fund, FESpyme offers Spanish enterprises a choice of two formulas: on the one hand, venture capital, understood as a minority holding in capital for a limited period of time; and, on the other, the participating loan.

Number of projects. Accumulated 2010	
Approved	18
Capital (shares and holdings)	7
Participating loans	5
Venture capital institutions	6
Investments arranged	11
Capital (shares and holdings)	3
Participating loans	4
Venture capital institutions	4

FESpyme is managed by AXIS, Participaciones Empresariales, SGECR.

• FESInfraestructuras

Likewise within the framework of the Sustainable Economy Fund, the fund known as FESInfraestructuras, F.C.R., with an allocation of €500m, seeks participation in infrastructure projects entailing new construction, mainly in the sectors of transport, energy, the environment and social infrastructure and services.

For the most part, FESInfraestructuras finances enterprises through holdings in capital, subordinated debt and participating loans. In the case of tenders, the fund takes up its holding once the project has been awarded (usually on a concessionary basis), it being possible to issue, as applicable, prior generic eligibility letters on the bidder's request.

Corporate Responsibility Report

2010

FESInfraestructuras is managed by AXIS, Participaciones Empresariales, SGECR.

• Pyme Expansión

Through FESpyme, ICO has invested in the fund known as Fondo Pyme Expansión. With equity of €15m, the fund is held by Empresa Nacional de Innovación (ENISA), SEPIDES and FESpyme with equal shares. It is managed by SEPIDES Gestión.

The fund will Foster the promotion and development of corporate activities, focussing its investments on companies with a high growth potential, preferably for innovative projects conducive to job creation and the overall generation of wealth. With this end in view, it will, given that it is a public-capital fund, take up minority, temporary holdings in the share capital of non-financial SME that are not engaged in property activities and are not listed at the time the holding is taken up. Target SME are those that are at the initial development stage. The fund will also take up holdings in older enterprises at the expansion stage.

Pyme Expansión is managed by SEPIDES Gestión.

• JEREMIE

The JEREMIE (Joint European Resources for Micro to Medium Enterprises) forms part of the operative ERDF programme, an initiative launched by the European Commission to facilitate the use of structural funds to finance enterprises' R&D&i.

The fund's initial allocation was €70m, €47.1m of which were contributed by the European Union through the Technological Fund and the rest, by ICO, which is also responsible for its management.

The main purpose of the fund is to establish a guarantee facility so as to offer security to enterprises undertaking R&D&i projects receiving aid from the Industrial Technological Development Centre (Spanish initials, CDTI), within the framework of the Technological Fund.

As a result of this guarantee facility, advance payments may be offered to beneficiary enterprises so that financing will be available to them from the start of the project.

In 2010, of the 82 investments approved, 74 were arranged.

• Carbon Fund for the Spanish Enterprise (FC2E)

FC2E, the Carbon Fund for the Spanish Enterprise, launched by ICO and Santander Investment, is the first mixed-capital carbon fund managed in Spain. FC2E probably offers the best access to markets on account of its promoters' commitment, vocation and capacity to organise projects.

• Post-2012 Carbon Fund

This fund's aim is the purchase and sale of carbon credits generated in the post-Kyoto period.

Corporate Responsibility Report

2010

With the fund, the promoters are showing the market a clear sign of their confidence in the post-Kyoto system by lending their direct support to projects of environmental significance.

- **Marguerite Fund**

A European capital fund seeking to back investments in infrastructures which contribute to the fight against climate change and enhance energy safety and trans-European transport networks.

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

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

- **Financial assistance:**

- for those of the employees' children who have special needs or needs deriving from physical, psychic or sensorial impairments
- for the care and education of children
- for employee training
- for maintenance (luncheon vouchers)

- **Exceptional, interest-free loans, consumer and housing loans at preferential interest rates**

- **Private health and life insurance**

- **Pension schemes**

- **Retirement bonus**

- **Provision of funerary services**

- **Transport allowance, applicable as of 2010, for employees using public transport to get to and from work.**

In addition, through Fundación ICO, the institute devotes a considerable amount of resources to the promotion of activities and projects of a social, environmental, economic and general nature for the benefit of society as a whole. In 2010, the budget of Fundación ICO amounted to €4.68m.

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

Corporate Responsibility Report

2010

EC4. Significant financial assistance received from the Government

ICO does not receive assistance from the Government.

b) Aspect: Market presence

EC5. Range of ratios of standard entry wage level 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 2010 is €26,807.21 for the technical specialist grade and €18,246.35 for clerical staff. The minimum interprofessional wage established in 2010 was €8,866.20 per annum.

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

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

Not applicable. ICO has no domestic or international branches.

c) Aspect: Indirect economic impacts

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

See Indicator SOI (page 72).

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

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

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

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

Corporate Responsibility Report

2010

- Contributing to the development of SME and the self-employed, the generators of an essential portion of the country's business activity and employment.
- Supporting territorial development and cohesion by means of specific programmes for financing investments in infrastructures, telecommunications, alternative energy sources and the environment. ICO also provides backing for investments made by the Public Administrations for the purpose of improving and promoting public services.
- Acting as a complement to the private financial sector by offering products with 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 and so on.

Corporate Responsibility Report 2010

Management approach and performance indicators

3- Environmental performance

5.3 Environmental performance

• Information about the management approach

Sustainability is a priority for ICO which, as a financial institution, has an impact on the environment, either through the consumption of natural resources in the performance of its daily activity, or on account of the environmental effects deriving from its products and services, especially those concerned with project finance.

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

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

Direct consequences

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

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

Regulations governing heating installations in buildings

ICO has adapted its heating and air-conditioning system so as to comply with the provisions of RD 1826/2009, whereby the regulations governing heating installations in buildings are modified.

Sound environmental practices

In 2010, a Manual of Sound Environmental Practices was drawn up and distributed via the Intranet for the general information of the employees. The manual seeks to enhance awareness of the environmental impact caused by ICO's activities both at the institutional level and as regards employees' behaviour.

Environmental awareness of the employees

In 2010 as in previous years, various messages were distributed via the Intranet to increase the employees' awareness of the responsible consumption of resources.

Sorting and reuse of waste

One of ICO's aims is to contribute to the conservation of the environment by promo-

ting the recycling and recovery of reusable materials.

There are used-paper collection systems at different points on all floors of the building.

At the employees' cafeteria, there are containers of various kinds for employees to deposit the waste they generate.

Obsolete IT equipment which still has a useful life is donated to Non-Governmental Organisations and educational centres on request.

Water

Given the nature of the institute's activity as a financial services provider, the consumption of water does not cause a major environmental impact. Water is used only for sanitation and air-conditioning purposes.

Indirect consequences

ICO's lending facilities are designed to finance projects which have a positive impact on the environment.

Main financing facilities

ICO-Sustainable Economy Facility 2010

This facility was started up in 2010 for the purpose of financing investments aimed at the environmental improvement of the installations and activities of enterprises and the self-employed.

In 2010, 5,753 environmental operations were arranged for a total amount of €1,223.5m.

Financing for large companies

By providing resources for large companies, ICO finances investment projects in priority sectors (energy, transport, innovation, water, the environment and so on). It is of relevance to note that the approval of these operations is subject to the presentation of a report describing the environmental impact deriving from the project's execution.

Constitution and holdings of funds

See Indicator EC2 (page 40).

Analysis of projects' social and environmental impact (FS2)

Although the variables used when quantifying financial risk have traditionally been of an economic nature, environmental commitment entails the consideration of environmen-

Corporate Responsibility Report

2010

tal risk as another parameter to be taken into account in financial analysis. Therefore, in risk analyses of its lending operations, the institute includes any consequences which may derive from the investment in question for the area in which it is carried out (impacts on biodiversity, areas under special protection, etc.).

For direct operations to be approved, projects must not only comply with environmental regulations in force but must also include a report on their socio-economic and environmental impact.

This analysis is particularly thorough in the case of project finance, where works or activities with potential environmental impacts are involved.

Goals and performance

The main courses of action planned for 2011 are as follows:

Standardisation of environmental criteria in supplier selection processes (FS3)

Since the coming-into-force of the Public Administration Procurement Act, ICO has included environmental requirements in its supplier selection processes. This measure will be broadened in 2011 with the development and implementation of management and control procedures, as required by the Sustainable Economy Act.

Environmental awareness campaigns (FS4)

Successful environmental management depends on the cooperation of all who work for the organisation. The awareness campaigns launched by ICO in recent years have led to a considerable saving of resources and improved waste management. For several years now, ICO has been using the corporate Intranet to distribute messages seeking to enhance environmental awareness and encourage a more efficient use of resources in our offices. This policy will remain in place in 2011.

Policy

See Point 4.8. (pág. 26).

Environmental performance indicators

a) Aspect: Materials

Corporate Responsibility Report

2010

EN1. Materials used, by weight or volume

ECOEFFICIENCY INDICATORS	UNIT	2010	2009	Annual variation
Electricity consumed	kWh	2,529,510.00	2,720,522.00	-7.02%
Electricity consumed/employee (1)	kWh	6,065.97	6,635.42	-8.58%
CO2 emissions (2)	Ton	1,089.43	1,170.00	-6.89%
CO2 emissions/employee (1)	kg	2.61	2.85	-8.45%
Total paper consumed	kg	14,577.00	16,235.00	-10.21%
Paper consumed/employee (1)	kg	34.96	39.60	-11.72%
Donations of IT equipment (complete PC)	Units	0	120	-100.00%

(1) The calculation of the workforce includes not only ICO employees but also workers from other enterprises who have been engaged on ICO's premises.

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

EN2. Percentage of materials used that are recycled input materials

ECOEFFICIENCY INDICATORS	UNIT	2010	2009	Annual variation
Recycled paper (1)	kg	5,500.00	15,100.00	174.55%
Recycled paper/employee (2)	kg	13.19	36.83	179.23%
Toner and cartridges withdrawn (3)	Units	265	680	156.60%
Toner and cartridges withdrawn per employee (3)	Units	0.64	1.66	160.98%

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

(2) The calculation of the workforce includes not only ICO employees but also workers from other enterprises who have been engaged on ICO's premises.

(3) ICO has hired a company to manage the reprography service. The company is also responsible for the supply and withdrawal of toner and ink cartridges.

b) Aspect: Energy

EN3. Direct energy consumption by primary source

ECOEFFICIENCY INDICATORS	UNIT	2010	2009	Annual variation
Electricity consumed	kWh	2,529,510	2,720,522	7.55%
Electricity consumed/employee (1)	kWh	6,065.97	6,635.42	9.39%

(1) The calculation of the workforce includes not only ICO employees but also workers from other enterprises who have been engaged on ICO's premises.

EN4. Indirect energy consumption by primary source

Indirect energy consumption by primary source (1)	2010	2009
Combined cycle	43%	40%
Hydraulic	16%	11%
Coal	13%	18%
Nuclear	25%	26%
Fuel oil/gas	3%	5%

Corporate Responsibility Report

2010

(1) Data are provided in accordance with the gross output combination of the electricity system in Spain, expressed in percentages. (Source: Spanish Electricity System 2009-2010 (Preliminary). Red Eléctrica de España).

EN5. Energy saved due to conservation and efficiency improvements

Indicator covered in Information about the management approach, environmental performance and goals (page 47)

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

Indicator covered in Information about the management approach and environmental performance (page 47).

EN7. Initiatives to reduce indirect energy consumption and reductions achieved

Indicator covered in Information about the management approach and environmental performance (page 47).

c) Aspect: Water

EN8. Total water withdrawal by source

ECOEFFICIENCY INDICATORS	UNIT	2010	2009	Variation 2009-2010
Total water consumed	m3	3,539	3,246	9.0%
Total water consumed/employee (1)	m3	8.5	7.7	9.0%

(1) The calculation of the workforce includes not only ICO employees but also workers from other enterprises who have been engaged on ICO's premises (95 external employees in 2010 and 103 in 2009).

EN9. Water sources significantly affected by withdrawal of water

Water is withdrawn from the municipal general supply network.

EN10. Percentage and total volume of water recycled and reused

Water is neither recycled nor reused.

d) Aspect: Biodiversity

EN11. Location and size of land owned or managed in protected areas

ICO's premises are not located in an area of high diversity.

EN12. Description of significant impacts on biodiversity in protected areas

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

EN13. Habitats protected or restored(*)

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

(*) See Indicator SO1 (page 72).

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

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

(*) See Indicator EN13 (page 52).

EN15. Number of species, by level of extinction risk

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

e) Aspect: Emissions, effluents and waste

EN16. Total direct and indirect greenhouse gas emissions, by weight

See Indicator EN1 (page 50).

EN17. Other relevant indirect greenhouse gas emissions, by weight

Indirect energy consumption. Business trips undertaken by ICO personnel in 2010						
	2010		2009		Variation 2009/2010	
	km	Emissions CO2 (kg)	km	Emissions CO2 (kg)	km	Emissions CO2 (kg)
Car	29,545	6,296	33,725	7,186	-4,180	-890
Train	131,364	8,210	106,198	6,637	25,166	1,573
Plane	821,632	92,434	829,519	93,321	-7,887	-887

Calculation made in accordance with the criteria of the National Energy Foundation

EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved

See Point 5.2, Indicator EC2 (page 40) and Point 5.3. (page 47).

EN19. Emissions of ozone-depleting substances, by weight

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

EN20. NO, SO and other significant emissions, by type and weight

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

EN21. Total water discharge, by quality and destination

Given its activity, ICO does not discharge waste water.

EN22. Total weight of waste, by type and disposal method

See Indicator EN2 (page 50).

EN23. Total number and volume of significant spills

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

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

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

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

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

f) Aspect: Products and services

EN26. Initiatives to mitigate environmental impacts of products and services, and extent of mitigation

Indicator covered in Information about the management approach, environmental performance (page 47) and Indicator EN2 (page 50).

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. Withdrawn equipment and products that still have a useful life are donated to a variety of bodies. (See information about donations of IT equipment in Indicator EN1 (page 50)).

g) 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.

h) 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

See Indicator EN17 (page 52). ICO does not transport products or other material goods.

i) Aspect: Overall

EN30. Total environmental protection expenditures and investments, by type

See Point 5.3 (page 47) and Indicator SOI (page 72).

Corporate Responsibility Report 2010

Management approach and performance indicators

4- Social performance

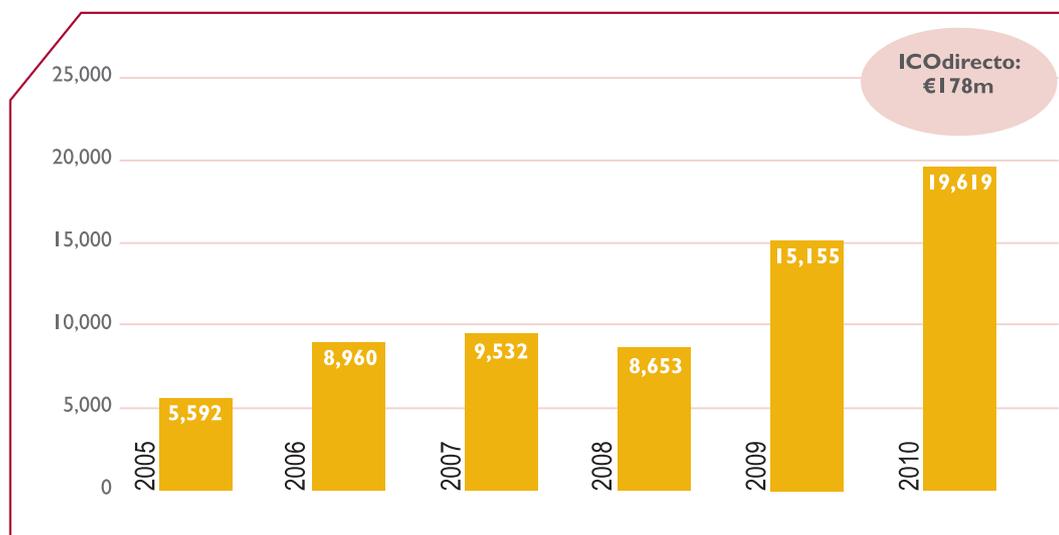
5.4 Social performance

Information about the management approach

For the purpose of improving efficiency in the allocation of the resources supplied by ICO to the productive network, in 2010, the catalogue of second-floor loans was reorganised so as to simplify the various facilities and provide the end-customer with a better service.

Last year, the institute granted loans to SME and the self-employed through two instruments: the now traditional second-floor loans, distributed via cooperating banks and savings banks; and ICOdirecto, where loan applications from smaller enterprises are examined and approved directly by ICO. In the period of reference, total resources allocated by ICO to loans for SME and the self-employed amounted to €19,797m, or 30.6% more than in 2009.

Loans to SME and the self-employed (million euros)



Within the second-floor loan category, ICO processed nearly 300,000 loan applications from SME and the self-employed. In the ICOdirecto category, 3,647 operations were awarded as of June.

Details of lending arrangements for each of the second-floor facilities are provided below:

Number of second-floor lending arrangements

Distribution by facilities	2009	2010
ICO-SME	76,2	
ICO-ENTREPRENEURS	2,0	2,560.
ICO-CORPORATE GROWTH	1,1	
ICO-INTERNATIONALISATION	275	
ICO-PLAN AVANZA	104,1	48,8
ICO-TRANSPORT	1,5	
ICO-SME LIQUIDITY	83,1	
ICO-MEDIUM ENTERPRISE LIQUIDITY	1,7	
ICO-PLAN VIVE	71,1	
ICO-RENOVE TOURISM	3,6	
ICO-HOUSING	553	819
ICO-SME DEFERRAL	641	
ICO-MORTGAGE DEFERRAL	11,9	1,7
ICO-FILM PRODUCTION	57	40
ICO-TEXTILES, FOOTWEAR, FURNITURE...	87	109
ICO-TOURISM	67	26
ICO-ICEX	383	260
ICOS-SHIPYARDS	8	5
ICO-UNIVERSITY STUDIES LOAN	4,7	5,2
ICO-VIVE BUSES	271	1,3
ICO-CULTURE INDUSTRIES	44	
ICO-IRRIGATION EQUIPMENT FACILITY	12	
ICO-FuturE	1,4	1,8
ICO-FIRES RDA 12-2009	1	
ICO-SUSTAINABLE ECONOMY 2010		5,8
ICO-INVESTMENT 2010		117,9
ICO-LIQUIDITY 2010		105,0
ICO-FIRES AND OTHER DISASTERS		2
TOTAL	364,9	291,9

As a result of ICO's anti-cyclical response and its efforts to reach its target public, in 2010, over 35% of SME loan applicants filed their applications with ICO, according to a quarterly survey carried out by the Higher Board of Chambers of Commerce.

The main facilities that were operative in 2010 for the purpose of providing backing for enterprises were as follows:

ICO-Investment Facility 2010

Designed to finance the investment projects of SME and the self-employed, the facility was started up in 2010 as an adaptation of ICO-SME, operative since 1993. Last year, 117,933 operations were arranged, involving a total amount of €7,867.85m.

ICO-Liquidity 2010

One of the facilities approved by the Government as a way of coping with the economic situation, ICO-Liquidity 2010 seeks to supply liquidity to Spanish SME and the self-employed.

Corporate Responsibility Report

2010

In 2010, 105,013 operations were arranged for a total amount of €7,377.35m.

ICO-Plan Avanza Facility for Access to the Information Society

The ICO-Plan Avanza Facility was designed to enable SME, young people, university students and members of the general public to access the Information Society. The facility offers three types of loan:

- **ICT loan**

The purpose of the ICT loan is to finance SME investments in IT equipment, applications and services for access to broadband connections, presence on the Internet, the inclusion of ICT in corporate processes, e-business and e-invoicing. Loans may be for up to €200,000, interest-free.

- **Youth and University Student Loan**

This scheme was devised to enable young people (aged between 18 and 35) and students registered at Spanish universities to acquire computers with access to an Internet connection and optionally, software, antivirus programmes, peripherals and registration for a broadband connection. Loans may be for up to €3,000, interest-free.

- **Digital Citizenry Loan**

This third product seeks to help members of the public acquire computers with an Internet connection and optionally, software, antivirus programmes, peripherals and registration for a broadband connection. Loans may be for up to €3,000, interest-free.

In the financial year of 2010, 48,829 operations were arranged for an amount of €322.84m.

University Studies Loan

On a joint basis with the Ministry of Education and Science, ICO launched this financing facility to help people wishing to undertake postgraduate studies in the form of an official Master Course in any of the member countries of the European Higher Education Space.

In 2010, 5,185 operations were arranged for an amount of €74.90m.

ICO-Entrepreneurs Facility

The aim of the ICO-Entrepreneurs Facility is to finance start-ups or new activities un-

Corporate Responsibility Report

2010

undertaken by SME and the self-employed.

In 2010, 2,560 operations were arranged for an overall amount of €100m.

ICO-Spanish Corporate Internationalisation Facility

Designed to finance the presence of Spanish enterprises abroad.

In 2010, 549 operations were arranged for an amount of €414.43m.

Social performance in respect of the employees is covered in Indicators LA1 to LA14 (pages 59 to 66).

Goals and performance

One of the greatest obstacles facing SME and the self-employed when trying to start up or consolidate a business lies in gaining access to the financing necessary to set the activity in motion.

In 2011, ICO, in its traditional task of providing assistance to groups unable to obtain a loan, plans to adapt its supply of financing products to society's needs, mainly those of SME and the self-employed

Policy

See Point 4.8 (page 26).

Labour practices and decent work performance indicators

a) Aspect: Employment

LA1. Total workforce by employment type, contract and region (*)

ICO. WORKFORCE DATA AT 31.12.2010 (1)

	2010	2009
Indefinite hiring	299	282
Temporary hiring	23	25
Total employees	322	307

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

(*) See Indicator LA13 (p. 65) for further information.

Corporate Responsibility Report

2010

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

EMPLOYEE TURNOVER AT 31.12.2010

	2010	2009
Highs		
Indefinite contracts	21*	16
Trainee contracts	0	0
Lows		
Retirements	2	2
Dismissals	1	1
Unpaid leave	2	3
Voluntary lows	1	2

*Two of the highs correspond to the relocation of employees from the Telecommunications Market Commission; two, to managers; three, to the Public Job Offer (2008-09); and 14, to trainee contracts from 2008, now indefinite.

GENDER DISTRIBUTION

	2010	2009
Male	123	114
Female	199	193

AGE DISTRIBUTION

Age (years)	2010	2009
Up to 25	3	6
From 26 to 30	35	32
From 31 to 35	44	41
From 36 to 40	43	50
From 41 to 45	96	83
From 46 to 50	33	34
From 51 to 55	22	16
From 56 to 60	36	36
Over 60	10	9

All employees perform their professional tasks on ICO's premises in Madrid.

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

Benefits are applied to ICO's entire workforce.

(*) See Indicator EC3 (page 43).

b) 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 and middle managers; i.e., 82.6% of the workforce is covered by the Collective Bargaining Agreement.

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

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

c) 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 programmes

- **Health and Safety Commission**

The Health and Safety Commission meets on a quarterly basis. Formed by three employees and three company representatives, the commission has specific functions in the prevention of occupational hazards.

Specifically, it takes part in the preparation, implementation and appraisal of plans and programmes designed to prevent occupational hazards on the corporate premises. Moreover, it promotes initiatives as to methods and procedures to improve working conditions and set existing flaws to rights.

- **Medical service**

The institute's Medical Service is equipped with the facilities and personnel necessary to perform a personalised follow-up of the health of all the employees. Apart from attending to personnel in cases of accident or sickness, the service devotes a large part of its time to preventive medicine via consultations.

The 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.

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

Corporate Responsibility Report

2010

In 2010, there was one occupational accident.

Calendar days lost on account of sick leave totalled 3,370, not including maternity and paternity leave.

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

In 2010, no training courses were organised in this field.

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

See Indicator LA6 (page 61).

d) Aspect: Training and education

LA10. Average hours of training per year per employee, by employee category

In 2010, 103 training courses took place. Total hours invested in employee training numbered 17,349, or an average for the year of 52.1 hours per employee, with a total investment of €331,173 and a cost per employee of €994.51. In the period of reference, investment in training accounted for 2.79% of the salary cost.

As regards the number of employees trained in 2010, 232 attended courses. This works out at 69.6% of the workforce, an average of 74.8 hours and an average cost of €1,427.47 per person trained.

Average training hours per employee and person trained

	Accumulated 2010		Accumulated 2009	
		Average		Average
Total number of training hours	17,349	--	18,483	--
Number of employees (indefinite + temporary + interns)	333	52.1	312	59.2
Number of people trained	232	74.8	217	85.2

Average training expense per employee and person trained

	Accumulated 2010		Accumulated 2009	
		Average		Average
Training expense	331,173.00	--	275,668.33	--
Number of employees (indefinite + temporary + interns)	333	994.51	312	883.55
Number of people trained	232	1,427.47	217	1,270.36

Corporate Responsibility Report

2010

Number of hours and investment in training by professional grades

	Share of total workforce	Accumulated 2010			
		Number of hours	%	Expense (€)	%
Top managers	4	839	4.8	69,393.04	21.0
Middle managers	13	1,267	7.3	21,094.38	6.4
Technical staff	60	8,278	47.7	122,328.24	36.9
Clerical staff	20	6,865	39.6	114,949.57	34.7
Interns	3	100	0.6	3,407.77	1.0
Total hours	100	17,349	100	331,173.0	100

Distribution of training by age (years)

	Employees trained	%
Up to 25	10	4.31
From 26 to 30	35	15.10
From 31 to 35	38	16.38
From 36 to 40	29	12.50
From 41 to 45	68	29.31
From 46 to 50	21	9.05
From 51 to 55	14	6.03
From 56 to 60	14	6.03
Over 60	3	1.29
Total	232	100

Distribution of training by gender

	Employees trained	%
Male	139	59.91
Female	93	40.09
Total	232	100

Corporate Responsibility Report

2010

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

Hours and investment devoted to training, by training areas				
	Accumulated 2010			
	Number of hours	%	Expense (€)	%
Foreign languages	7,494	43.2	74,776.45	22.6
Specific-job training	2,140	12.3	79,584.31	24.0
New technologies	498	2.9	8,619.00	2.6
Career development	6,740	38.8	110,400.00	33.3
Skills development	477	2.7	57,793.24	17.5
Total hours	17,349	100	331,173.00	100

Foreign languages take up 43.2% of total training hours, reflecting the employees' interest in taking advantage of these courses.

With regard to Specific-job Training, although the number of participants is significantly lower than the total attending foreign language courses, expense is 9% higher on account of the high cost per hour of this type of specialised training. It includes both in-company courses organised by the Human Resources Department and complementary courses which are not included in the training catalogue but are requested by individual employees. The item, New Technologies Training, includes specialised courses attended by members of the Technology Department.

LA I 2. Percentage of employees receiving regular performance and career development reviews

Management by Targets

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

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

Of a strategic nature for ICO as a whole, as defined and approved by the Management Committee.

Deputy Directorate level

Organic unit level (department or area)

Individual

Corporate Responsibility Report

2010

Career Development System

ICO has set up a Professional Development System (SDP) through which it is possible to establish an objective definition of technical specialists' professional career; involve all the employees in the fulfilment of their units' targets; and facilitate communication between the person in charge and his team 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 appraisal of tasks, together with the degree of target accomplishment of each of the employees that form part of the system.

In 2010, as a result of the application of this system, 57 employees were promoted to a higher wage level (38 technical specialists and 19 clerks).

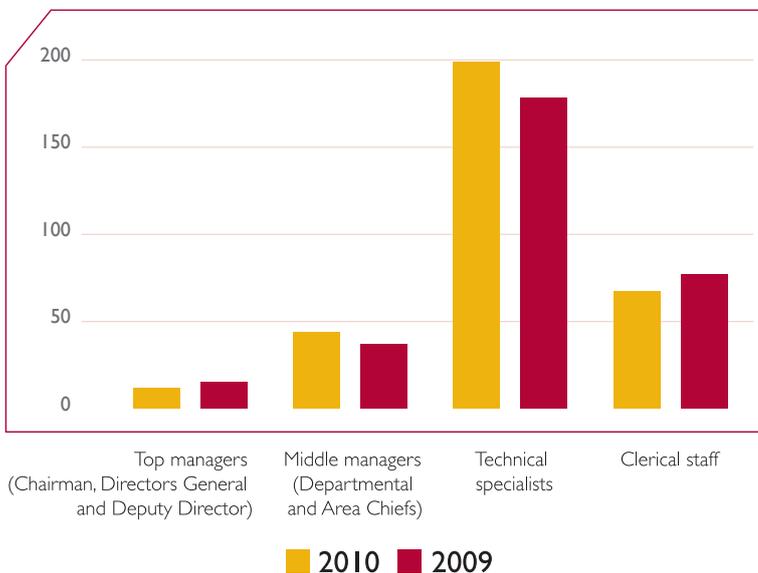
e) Aspect: Diversity and equal opportunities

LA I 3. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity

Distribution of the workforce by professional grades at 31.12.2010

Professional grade	Male	Female	Employees
Top managers	6	6	12
Middle managers	23	21	44
Technical staff	81	118	199
Clerical staff	13	54	67
Total	123	199	322

Distribution of the workforce by professional grades



Corporate Responsibility Report

2010

Distribution of the workforce by age and professional grade at 31.12.2010

Professional grade	Aged under 30	30-39	40-49	50-59	60-64
Top managers		2	8	2	
Middle managers		7	27	9	1
Technical staff	30	65	68	26	10
Clerical staff	1	5	35	20	6

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

The institute fosters a work atmosphere free of discrimination as regards gender, religion, age and civil or family status.

Accordingly, there is total parity between the salaries received by all the employees belonging to each of the professional grades defined in the current Collective Bargaining Agreement and thus there is no distinction on account of gender.

Wages and salaries (thousand euros)	2010	2009
Salary costs (I)	13,429	11,975
Average salary (I)	41.7	39.0

(I) Includes all salary items and expenses relating to employees.

Human rights performance indicators

a) Aspect: Investment and procurement practices

HRI. Percentage and total number of investment agreements that include human rights clauses or that might have undergone human rights screening

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

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

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

Corporate Responsibility Report

2010

The United Nations Global Compact

In 2005, ICO joined the United Nations Global Compact, a key initiative in the promotion of Corporate Responsibility. The Compact seeks to encourage enterprises' social commitment through 10 principles based on human and labour rights, environmental issues and the fight against corruption. Entities join the initiative voluntarily and, in so doing, undertake to include the principles in their corporate strategy. Since 2006, ICO has drawn up an Annual Progress Report which takes account of the headway made in the implementation of the Global Compact's 10 principles.

In November 2010, ICO became a member of the Executive Committee of the Spanish Network of the Global Compact.

THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

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

(*) For page numbers, see GRI Indicator Chart in Chapter 8 (page 91).

Corporate Responsibility Report

2010

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

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

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

Data protection

ICO has prepared the documents and procedures necessary to comply with legal requirements concerning the treatment of data of a personal nature. In 2008, these documents and procedures were adapted to the stipulations of Royal Decree 1720/2007.

The institute's policy guarantees compliance with regulations. All employees are aware of the applicable criteria as the policy has been posted on the Corporate Intranet. At the same time, there is a Security Document, the fulfilment of which is compulsory for all ICO employees, including external workers. It is also applicable to all files in the institute's possession which contain data of a personal nature, computerised or otherwise.

ICO has set up an Internal Personal Data Protection Commission whose functions are as follows:

- Ongoing adaptation to legislation in force concerning data protection
- Define existing documentation such as file inventories, file registration forms, security documents, general clauses and procedures
- Propose modifications to ICO's policy as regards the protection of personal data and refer such proposals to the institute's management
- Constant updating of documentation and management of the potential risks of non-compliance with the Data Protection Act (Spanish initials, LOPD)
- Guarantee the execution of compulsory, two-year audits for medium/high-level files
- Approve the creation of new personal data files inside ICO
- Keep the institute's employees informed as to any modifications of data protection regulations.

Prevention of money-laundering

On account of its dimensions and nature, money-laundering may have a serious effect on the reputation and credibility of financial institutions as regards their relations with regulators and society in general.

Corporate Responsibility Report

2010

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

The institute has created an Internal Commission for the Control and Prevention of Money-laundering, whose functions are as follows:

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

ICO has prepared and implemented an internal documented procedure stipulating action for the prevention of money-laundering.

As in previous years, in 2010, two two-day training courses were organised on the subject of the prevention of money-laundering.

Internal audit

The Internal Audit Department is attached and accountable to the Directorate General of the Presidency. No other hierarchical level has any authority over this department with regard to the tasks it performs.

The rights and obligations of the persons making up the Internal Audit Department are governed by the following provisions:

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

Corporate Responsibility Report

2010

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

At December 31 2010, ICO had hired a supplier classified as a Special Employment Centre to manage the archive located in the town of Daganzo (Madrid).

Last year brought a change to the Customer Service, which had, until then, been managed by a Special Employment Centre. In view of the analysis of faults arising in the treatment of queries regarding ICO's new product, ICODirecto, it was decided, on this occasion, to hire a company specialised in financial information as many queries concerned technical aspects requiring the attention of people with the appropriate financial knowledge.

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 2010, no training was organised in connection with this Indicator.

b) Aspect: Non-discrimination

HR4. Total number of incidents of discrimination and action taken

In 2010, there were no incidents of discrimination. The principle of non-discrimination is one of ICO's central pillars as far as its relations with stakeholders are concerned.

c) Aspect: Freedom of association and collective bargaining

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

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

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

- Social Affairs.
- Joint Application, Interpretation and Vigilance.
- Occupational training and promotion.
- Health and Safety.

d) Aspect: Child labour

HR6. Operations identified as having significant risk for incidents of child labour

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

e) 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 also with regulations in force in Spain as to freedom of association and trade union representation.

f) Aspect: Security practices

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

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

g) Aspect: Rights of indigenous people

HR9. Total number of incidents of violations involving rights of indigenous people and action taken

Given the nature of ICO's activity, there have been no incidents of violations involving rights of indigenous people.

Social performance indicators

a) Aspect: Community

FSI3. Access points in low-populated or economically-disadvantaged area, by type

ICO's sole premises (headquarters) are situated in Madrid. So as to enable potential beneficiaries to access its products and services, the institute operates its main financing facilities through Spanish financial institutions. In this way, it ensures distribution among the largest number possible of SME, self-employed workers and private individuals, above all, those who, for a variety of reasons, are unable to access ICO directly.

Moreover, ICO makes a constant effort to improve and extend other communication channels with its stakeholders. See Point 4.17 (page 30).

FSI4 Initiatives to improve access to financial services for disadvantaged people

As ICO has broadened its portfolio so as to enable sectors with greater difficulties to gain

Corporate Responsibility Report

2010

access to credit, the need has arisen to explain the financial terminology used. So as to make it easier to understand the terms and conditions ruling the institute's financing facilities, at the end of 2009, it was decided to design a more user-friendly website directed at all segments of the population targeted by ICO's loans. The aim is to explain and clarify, as far as possible, the financial terms used in connection with the institute's products and services.

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

The foundation, Fundación ICO, was created in 1993 for the purpose of promoting, developing, protecting and encouraging all nature of studies, research and similar in the following fields: economy, science, technology, the environment, city-planning, social and professional issues, employment, culture, art, education, civic and humanitarian affairs and any topic of general interest.

In 2010, the budget allocated by ICO to the foundation for the performance of its activities was €4.68m.

Its main activities are as follows:

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

The following activities were carried out in 2010:

EXTRACT OF FUNDACIÓN ICO ACTIVITIES. 2010 (I)		
PROGRAMME / ACTIVITY	CONTENT / OBJECTIVE	AMOUNT
TRAINING AND RESEARCH		986,000.00
Fundación ICO Scholarship Programme		660,000.00
	Asia-Pacific Scholarships	8th Edition of the Asia-Pacific Scholarship Programme for the study of language, culture and economics at four Chinese universities.
	Museology Trainee Scholarship	
Chairs		150,000.00
	Chair of Competition Law and Economics, Universidad Antonio de Nebrija	Promotion, research and guidance in the area of Competition Law and Economics by means of publications and theme encounters with specialists in the scope of interest in question.
		30,000.00

Corporate Responsibility Report

2010

	Chair of Fiscal Federalism and Regional Economics, Universitat de Barcelona, Institut d'Estudis Autònoms and Instituto de Estudios Fiscales.	Promote the correct development of the decentralisation process in respect of autonomous communities after the change in the State's territorial organisation model.	60,000.00
	Chair of Logistics and International Transport, Valencia Port Authority, Universitat de València, Estudi General and the Valencian Community Foundation for Research, Promotion and Commercial Studies of Valenciaport.	Research relating to the scopes of transport and logistics. Creation of a knowledge and personal relationship network to boost trade between Spain and China by means of the training and professional experience of young people from both countries.	45,000.00
	Chair of International Finance, Universidad de la Laguna	Cycles of conferences, seminars and workshops seeking to familiarise the general public with key issues relating to the international economy, ranging from the financing of infrastructures to international trade and the effects of the economic crisis.	15,000.00
Courses and seminars			116,000.00
	Casa Asia and the Ibero-American Observatory	Consolidation of the "Ibero-American Asia-Pacific Observatory" through the use of the new information technologies and the promotion of debate and training.	12,000.00
	Colegio San Viator	XVI Edition of Awards for Research into Sciences and Humanities.	8,000.00
	IESE	Sponsorship for IESE students and the foundation's scholars to spend a week at the China Europe International Business School	45,000.00
	Gabinete de Estudios de Seguridad Interior	2nd course for police analysts and specialists engaged in the fight against organised crime, money-laundering and the financing of terrorism.	30,000.00
	Asociación Española de Presupuesto Público	XXXVII International Public Budget Seminar	15,000.00
	Instituto Complutense de Estudios Internacionales	Productive relocation in the European Union and convergence in medium and high-tech industries: a comparative study of Spain and new member states.	6,000.00
Projects and sponsorship in Asia			60,000.00
	Fundación Madrid Global 2010; Mad-Shan Scholarship Programme 2010	Two scholarships for the programme, whereby young people had the opportunity to work at the Expo Madrid Pavilion.	
	Sociedad Estatal para Exposiciones Internacionales; SH10 ARQ ESP Project (seminars and workshops on Spanish architecture, held at Chinese universities).	Dissemination of Spanish architecture through activities at Chinese universities. Sponsorship of the publication of the work, "Spain Builds (1975-2010)", in Spanish, English and Chinese.	
	Barcelona City Hall	Sponsorship of the City of Barcelona Pavilion at the Shanghai Expo.	

Corporate Responsibility Report

2010

PUBLICATIONS			282,866.72
The foundation's own publications			194,266.72
	Collection of classical economic works	Publication of two titles: Adam Smith's "An inquiry into the nature and causes of the wealth of nations" (not for sale); and, in conjunction with Editorial Síntesis, "A Treatise on Money" by John Maynard Keynes (on sale).	99,900.00
	Catalogues for temporary exhibitions at Museo de Colecciones del ICO (MUICO)	Raili and Reima Pietilä. Challenging modern architecture; Helen Levitt. Urban lyricism. Photographs 1936-1993	94,366.72
Publications in conjunction with other institutions			88,600.00
	Competition Yearbook 2009, in conjunction with Universidad Autónoma de Barcelona	A key work for anyone interested in competition law and economics.	15,600.00
	International experiences in micro-finance. The Microcredit Manual, in conjunction with Universidad Jaime I de Castellón	A reflection about the capacity of microcredits to fight against poverty, including a list of sound practices which may be used as a manual or guide for future microcredit projects.	15,000.00
	Flores de Lemus Works	Classical collection of economic thought, published by Real Academia de Ciencias Morales y Políticas	28,000.00
	How to report on violence against women in the couple. Produced in conjunction with Escuela de Periodismo y Comunicación under the supervision of Centro Reina Sofía para el Estudio de la Violencia.	Seeks to provide a useful reference tool, a guide for professionals reporting on cases of violence against women.	30,000.00
COOPERATION FOR DEVELOPMENT, THE ENVIRONMENT, IMMIGRANT INTEGRATION AND ECONOMICS			922,237.65
Cooperation for development			
Public aid scheme for activities concerned with international cooperation for development			426,249.81
	Centre d'Estudis Amazònics (CEAM)	Strengthening the organisational, economic and political impact of the three indigenous fish-farming associations (ASOPIM, ASOPCER, APIS-CAIMAR) in the Bolivian provinces of Cercado, Marbán and Moxos.	57,248.03
	Cives Mundi	An opportunity for regional participation in the sharing of strategies and models for the various indigenous peoples of Latin America.	59,066.61
	Fundación Codespa	Improve the economic and social impact on small producers in Honduras and Bolivia by sharing sound productive practices.	57,766.61

Corporate Responsibility Report

2010

	Fundación Jóvenes y Desarrollo	Participatory Strategic Plan to strengthen the capacities of the Vietnam Network of Salesian Occupational Training Centres so as to improve their response to the need for the technical-professional preparation of young people, in addition to their social integration.	52,086.61
	Movimiento por la Paz, el Desarme y la Libertad (MPDL)	Organisational and institutional reinforcement of civil society to enable its members to play an active role in the migratory dynamics and local development of Mali.	51,909.01
	Minka	Sustainable management of the Yanachaga Chemillén (PNYCh) National Park (Peru), with the participation of the population and local and regional development operators.	40,086.61
	Fundación Promoción Social de la Cultura (FPSC)	Integral evaluation (democratic and mixed) of the cooperation strategy designed by FPSC on the Agriculture and Fishing Development Sector in South Lebanon.	21,116.61
	Fundación Cideal	Sharing the Guayaquil–Cartagena Experience for the Reinforcement of the Cartagena de Indias Market System.	35,323.11
	Fundación Mundubat	Strengthening the organisation and political impact of the peasant population through the “Alliance for Alimentary Sovereignty and Land Reform” in Honduras.	51,646.61
	Fundación ICO	Sustainable development of the coastal-marine communities of Barahona and Pedernales in the Dominican Republic	64,347.95
	Environment		118,887.84
	Centro de Iniciativas para la Cooperación Batá (CIC Batá)	Environmental awareness campaigns at Spanish educational centres. Designed on the basis of the subject matter and experience deriving from fieldwork.	20,000.00
	Ecodesarrollo, Asociación para la Promoción de un Desarrollo Sostenible		19,807.84
	Fundación IPADE		20,000.00
	Fundación Lonxanet		20,000.00
	Sociedad Española de Ornitología (SEO/BirdLife)		20,000.00
	Fundación Watu Acción Indígena		19,080.00
	Immigrant integration		217,100.00

Corporate Responsibility Report

2010

	La Rueca. Asociación Social y Cultural		23,000.00	
	Fundación Cepaim Acción Integral con Migrantes		22,000.00	
	CODENAF - Asociación Cooperación y Desarrollo con el Norte de África		15,000.00	
	Fundación San Juan del Castillo		18,000.00	
	Fundació Privada Migra Studium		8,000.00	
	Fundación Economistas sin Fronteras	Public aid scheme for activities aiming to provide support for immigrant women.	20,000.00	
	MITA ONG		16,000.00	
	Casal dels Infants		23,000.00	
	AMESAL–Asociación de Mujeres Empresarias de Sociedades Laborales de la Comunidad de Madrid		23,000.00	
	Asociación y Centro de Ayuda Integral a la Mujer Plaza Mayor de Salamanca		17,500.00	
	CESAL		20,000.00	
	CUCO. Asociación Pro Cultura y Cooperación al Desarrollo		11,600.00	
Economics			160,000.00	
	Master course: “Microcredits for development”		Fundación General de la Universidad Autónoma de Madrid, directed by its Department of Economic Structure and Development Economics; in conjunction with Universidad Pontificia de Comillas and Fundación Nantik Lum. 3rd edition.	30,000.00
	I National Finance Encounter		“Microcredits: What are we talking about?”	40,000.00
	Pilot project for microcredits in Spain		Led by the foundation, the project is being carried out in conjunction with Cajasol and Caja Navarra. The idea is to adapt the Grameen Bank’s philosophy and methodology in Spain with regard to the role played by social attention and the generation of confidence groups in the boosting of microfinance as a tool to fight against social exclusion.	60,000.00
	Escola de Cultura de Pau de la Universidad Autónoma de Barcelona and Instituto de Innovación Social (ESADE)	“Enterprises and peace-building”	30,000.00	
ART			433,244.98	

Corporate Responsibility Report

2010

Colecciones ICO		Management and conservation of ICO's	64,589.67
Temporary exhibitions			322,915.09
	Raili and Reima Pietilä. Challenging modern architecture	36,383 people visited the temporary exhibitions in 2010, reflecting a 12% increase on the previous year.	49,112.26
	Iluminación de contraste. Selected works from Colecciones ICO		47,887.70
	Helen Levitt. Urban lyricism. Photographs 1936-1993		183,561.55
	Un siglo creando espacio. ICO's collection of sculpture with drawings		42,353.58
Complementary activities			45,740.22
	Guided tours	Free guided tours of the exhibitions at Museo Colecciones ICO (MUICO), led by personnel from Fundación ICO's Art Area, are available for anyone aged over 12. In the course held in 2010, 767 people took advantage of this option.	
	Children's and family workshops	Designed as an educational complement to the temporary exhibitions, the workshops seek to familiarise children with the world of contemporary art. Last year, the workshops organised for primary schoolchildren were attended by 1,473 people and the family workshops, by 836.	
	Summer school	Held on the occasion of Helen Levitt's exhibition, Urban Lyricism. Photographs 1936-1993. In July, MUICO organised four five-day summer schools to enable participants to gain a deeper understanding of the secrets of photography and the work of the documentary photographer, in addition to learning how to capture the beauty and peculiarities of fleeting moments in daily life. The schools were attended by 60 children aged between 6 and 12.	
	Young Art Workshop: Personal spaces	The "Personal Spaces" Workshop lasted three days and was attended by 20 people aged between 13 and 17. Under the guidance of three plastic artists specially selected for this activity (Marlon de Azambuja, the Basurama Group and Andi Rivas), they had the opportunity to work with space as the main tool. They thus became active participants in both creative aspects and the decision-taking involved in the production of a work of art and its subsequent exhibition.	

Corporate Responsibility Report

2010

	Book Night	For "Book Night", held on April 23, MUICO fitted out one of its rooms for visitors to take a look at all the publications relating to the temporary exhibitions organised by the institution over the last 14 years. In addition, as an exception, the museum remained open until midnight. The display was visited by 138 people.	
	Photography Night	On "Photography Night" (June 18), MUICO remained open until midnight and was visited by 325 people.	
	White Night	Held by MUICO as part of the event organized by Madrid City Hall.	
OTHER SPONSORSHIP AND COLLABORATIONS			20,000.00
	Aid for terrorism victims, Awards for the Defence of Human Rights. Fundación Víctimas del Terrorismo (FVT)	Sponsorship of the Awards for the Defence of Human Rights, a recognition of the work of private individuals, institutions and organisations, both national and international, in the defence of human rights, the values of coexistence, pluralism and citizens' freedom. The award scheme also seeks to foster a better understanding of the situation of terrorism victims.	10,000.00
	XVI Euro-Latin America Communication Forum.	Patrocinio de la reunión de periodistas con motivo de la correspondiente Cumbre de Jefes de Estado y de Gobierno que tuvo lugar en Buenos Aires.	4,000.00
	IV Edition of the Awards, "Parliamentary Account" and "Image of the Parliament". Asociación de Periodistas Parlamentarios (APP)	Through writing and photography, enhance awareness of the work carried out by accredited mass media professionals both at the Spanish Congress and Senate and at the European Parliament.	6,000.00
(1) For further information, see the Fundación ICO Performance Report at www.fundacionico.es (2) Charged to the budget of previous years			

b) 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 2010, no training courses relevant to this Indicator were organised.

SO4. Actions taken in response to incidents of corruption

In 2010, there were no incidents of this nature.

c) Aspect: Public policy

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

ICO's position as regards the development of public policies is reflected in its role as the State's Financial Agency and in the launching of its second-floor lending facilities. See Section 2.2 (page 9).

ICO does not take part 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.

d) 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.

e) 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.

Product responsibility performance indicators

a) Aspect: Customer health and safety

Corporate Responsibility Report

2010

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

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

ICO has a Prevention Plan in accordance with legal requirements. As in previous years, in the course of 2010, evacuation drills were held so as to familiarise employees with the use of emergency exits and remind them of the importance of leaving the building in a fast, orderly manner. At the same time, the application of emergency plans was put to the test, together with the correct working of the means available.

PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their lifecycle, by type of outcomes

ICO did not infringe legal regulations in force.

b) Aspect: Product and service labelling

FS15 Policies for the fair design and sale of financial products and services

ICO has established and approved a set of procedures and processes for the development and preparation of new products. In accordance with these procedures, all areas which will play a direct or indirect part in subsequent backup also participate in the development process.

In any event, approval is incumbent on the Operations Committee and, if granted, the product is included in the catalogue.

FS16 Initiatives to enhance financial literacy, by type of beneficiary

As ICO has broadened its portfolio so as to enable sectors with greater difficulties to access credit, the need has arisen to explain the financial terminology used. So as to make it easier to understand the terms and conditions ruling the institute's financing facilities, in 2010, a new, more user-friendly website was designed, with greater ease of access and comprehension for all sectors of the population interested in ICO's loans.

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

ICO does not label its products.

The institute has various communication channels through which to inform society of its acti-

...vity while boosting its institutional image. See Point 4.17 (page 30).

PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes

ICO did not infringe legal regulations in force.

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

No surveys were carried out with external customers.

c) 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.

At the end of each year, ICO, in compliance with the Publicity Act, prepares a summary of the publicity campaigns launched and the cost entailed in each.

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

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

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

d) Aspect: Customer privacy

Corporate Responsibility Report

2010

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

In 2010, there were no complaints in this regard.

e) Aspect: Compliance

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

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

Corporate Responsibility Report 2010

Report rating by GRI and external assurance



6. Report rating by GRI and external assurance

Bureau Veritas Certification

Declara que se ha efectuado la verificación de la

Memoria de Responsabilidad Social Corporativa 2010 de Instituto de Crédito Oficial

Con respecto a su estructura, contenido y fuentes de información y como resultado de este proceso de verificación se concluye que:

- El contenido de la memoria está basado y soportado por datos y registros comprobados como ciertos. Asimismo la información, su tratamiento, los cálculos y gráficos han sido oportunamente comprobados y verificados por técnicas de auditoría y muestreo.
- La trazabilidad y relevancia entre información de base y los contenidos de la memoria es adecuada.
- Es conforme con los requisitos y principios establecidos en la Guía para elaboración de Memorias de Sostenibilidad en su versión G-3 de Global Reporting Initiative (GRI).

Conforme a esto Bureau Veritas Certification confirma, para la

Memoria de Responsabilidad Social Corporativa 2010 de ICO, la calificación de nivel A+

Fecha de emisión 5 de Julio de 2011



Carlos Martín-Peñasco Cáceres
Verificador Jefe RSC
Bureau Veritas Certification



Sandra Valero Montañez
Verificador RSC
Bureau Veritas Certification

La presente Declaración se basa en un Informe de Verificación más detallado puesto a disposición de las partes interesadas.

Performance indicators: **AXIS**



7. Performance indicators: AXIS

This section contains information about the economic, environmental and social performance of AXIS, a company wholly owned by ICO.

Information about the management approach

Wholly owned by Instituto de Crédito Oficial, this company offers enterprises capital and quasi-capital instruments with which to finance their growth.

Registered under Number 1 at the CNMV (the Spanish Securities and Exchange Commission), AXIS is the sector's oldest venture capital operator. Since it was constituted in 1986, the company has invested over €250m in more than 130 enterprises. Its priority aim is to maintain the financial equilibrium of the two funds under its management: FESpyme and FESinfraestructuras, because this is the only way to ensure the attainment of its other goals. These goals are the provision of support for enterprises' expansion plans so as to contribute to the development of the corporate and technological networks and create jobs. With this end in view, it is possible to finance solely real investment and not the purchase of shares or liability restructuring processes.

The venture capital funds under AXIS' management offer enterprises two financing formulas: on the one hand, venture capital, understood to be a minority holding in the enterprises for a limited period of time; and, on the other, the participating loan, which features two interest rate tranches, one fixed and the other, variable.

Although FESpyme is a general-purpose fund, it is, in the main, directed at Sustainable Economy enterprises. This refers both to those which have reached a certain degree of maturity and wish to finance an expansion and/or growth plan and to those which, having passed the start-up stage, are ready to take off but need resources to further their development. The term, Sustainable Economy projects, refers to those whose targets are, amongst others, the improvement of energy efficiency, water management, waste treatment and management, health and biotechnology, information and communication technologies and the care of vulnerable groups. At the same time, FESpyme continues to target internationalisation projects or those with a high innovative component, regardless of the sector to which they belong.

The priority aim of FESinfraestructuras is investment in sustainable transport projects, along with energy and the environment. The fund seeks to contribute to the development, construction and co-management of infrastructure projects, largely through public/private collaboration schemes. Its investments are geared towards new projects or those which entail a sizeable execution or modification process, the idea being to reinforce the projects' capitalization while taking up minority holdings in infrastructure management companies.

Corporate Responsibility Report

2010

INVESTMENTS. 2010

Target	Activity	Amount (million €)	Type of operation
Vicrila	Table glassware	1.5	Participating loan
Angulas Aguinaga Burgos	Precooked prawns	4.0	Start-up capital
Recyclair	Breaking up of old vehicles	4.3	Participating loan
Nauta TechInvest III	Venture capital institution	4.0	Venture capital institution
Fondo Enisa-FESpyme-Sepides	Venture capital institution	5.0	Venture capital institution
Inout TV	Advanced services for digital television	2.0	Participating loan
Cabiedes & Partners	Venture capital institution	2.0	Venture capital institution
Sabir Medical	Medical monitoring apparatus	1.0	Start-up capital
Active Venture II	Venture capital institution	3.0	Venture capital institution
Hoteles Tecnológicos 2010	Urban hotels	2.0	Participating loan
Noscira	Biotechnology	2.0	Start-up capital
TOTAL INVESTED		30.8	

Environmental performance

a) Aspect: Materials

EN1. Materials used, by weight or volume

ECOEFFICIENCY INDICATORS	UNIT	2010
Electricity consumed	kWh	58,771
Electricity consumed/employee	kWh	5,148
CO2 emissions (l)	Ton	25
CO2 emissions/employee	kg	2
Total paper consumed	kg	823
Paper consumed/employee	kg	72
Total toner and ink cartridges withdrawn	Amount	14
Total toner and ink cartridges withdrawn/employee	Amount	1

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

b) Aspect: Energy

EN3. Direct energy consumption by primary source

ECOEFFICIENCY INDICATORS	UNIT	2010
Electricity consumed	kWh	58,771
Electricity consumed/employee	kWh	5,148

c) Aspect: Water

EN8. Total water withdrawal by source		
ECOEFFICIENCY INDICATORS	UNIT	2010
Total water consumed	m3	73
Total water consumed/employee	m3	6

e) Aspect: Emissions, effluents and waste

EN17. Other relevant indirect greenhouse gas emissions, by weight		
Indirect energy consumption. AXIS personnel business trips. 2010 (1)	2010	
	km	CO2 emissions
Car	29,545	3,935
Train	131,364	5,131
Plane	821,632	57,771
TOTAL	982,541	66,838

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

Social performance

a) Aspect: Employment

LA1. Total workforce by employment type, employment contract and region

Workforce data at 31.1./2010	2010
Indefinite hiring	11
Temporary hiring	0
Total employees	11

AXIS' entire workforce is located in Madrid.

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

Gender distribution	2010
Male	5
Female	6

Corporate Responsibility Report

2010

Age distribution (years)	2010
Up to 25	0
From 26 to 30	2
From 31 to 35	0
From 36 to 40	2
From 41 to 45	2
From 46 to 50	1
From 51 to 55	2
From 56 to 60	2
Over 60	0

b) Aspect: Labour/management relations

LA4. Percentage of employees covered by collective bargaining agreements

AXIS' Collective Bargaining Agreement is applicable to the entire workforce.

c) Aspect: Occupational health and safety

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

There was no occupational accident in 2010.

d) Aspect: Training and education

LA10. Average hours of training per year per employee, by employee category

Average training hours per employee and person trained	Accumulated 2010	
		Average
Total number of training hours	625	--
Number of employees	11	55
Number of people trained	8	74

Average training cost per employee and person trained	Accumulated 2010	
		Average
Training cost	10,380	
Number of employees	11	909
Number of people trained	8	1,233

Corporate Responsibility Report

2010

Hours and investment devoted to training, by professional grades	Accumulated 2010			
	%	Hours	%	Cost (€)
Top managers	26%	238	38%	4,012
Middle managers	26%	64	10%	952
Technical staff	22%	182	29%	3,009
Clerical staff	26%	141	23%	2,407
Interns	0%	0	0%	0
Total hours	100%	625	100%	10,380

Training: distribution by age (years)	Employees trained	%
Up to 25	0	0%
From 26 to 30	3	30%
From 31 to 35	0	0%
From 36 to 40	2	23%
From 41 to 45	1	12%
From 46 to 50	0	0%
From 51 to 55	2	24%
From 56 to 60	1	12%
Over 60	0	0%
Total	8	100%

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

Hours and investment devoted to training, by training area	Accumulated 2010			
	Hours	%	Cost (€)	%
Foreign languages	599	96%	10,230	100%
Specific-job training	26	4%	150	0%
New technologies	0	0%	0	0%
Career development	0	0%	0	0%
Skills development	0	0%	0	0%
Total hours	625	100%	10,380	100%

Corporate Responsibility Report

2010

8. GRI Indicators

Ref	Description	Page
PROFILE		
1. Strategy and analysis		3
1.1	Statement from the most senior decision-maker	4
1.2	Description of key impacts, risks and opportunities	6
2. Organisational profile		8
2.1	Name and tax code of the organisation	9
2.2	Primary brands, products and/or services	9
2.3	Operational structure of the organisation	16
2.4	Location of organisation's headquarters	17
2.5	Number of countries where the organisation operates	17
2.6	Nature of ownership and legal form	17
2.7	Markets served	18
2.8	Scale of the organisation	18
2.9	Significant changes during the reporting period regarding size, structure or ownership	19
2.10	Awards received during the reporting period	19
3. Report parameters		20
Report profile		21
3.1	Reporting period	21
3.2	Date of the most recent previous report	21
3.3	Reporting cycle	21
3.4	Contact point for questions regarding the report or its content	21
Report scope and boundary		21
3.5	Process for defining report content	21
3.6	Boundary of the report	21
3.7	Specific limitations on the scope or boundary of the report	22
3.8	Basis for reporting on joint ventures	22
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	22
3.10	Explanation of the effect of any restatement of information provided in earlier reports and the reasons for such restatements	22
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	22
GRI Content Index		22
3.12	Table identifying the location of the Standard Disclosures in the report	22
Assurance		22
3.13	Policy and current practice with regard to seeking external assurance for the report	22
4. Governance, commitments and engagement with stakeholders		23
Governance		24

Corporate Responsibility Report

2010

4.1	Governance structure of the organisation	24
4.2	Function of the Chairman	25
4.3	Members of the highest governance body that are independent and/or non-executive members	25
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	25
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)	26
4.6	Procedures in place for the highest governance body to ensure that conflicts of interest are avoided	26
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy in economic, environmental and social topics.	26
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	26
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	27
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	27
Commitments to external initiatives		28
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	28
4.12	Externally-developed economic, environmental and social charters, principles or initiatives to which the organisation subscribes or endorses	28
4.13	Membership in associations	29
Stakeholder engagement		29
4.14	List of stakeholder groups engaged by the organisation	29
4.15	Bases for identification and selection of stakeholders with whom to engage	29
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group	29
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	30
INFORMATION ABOUT THE MANAGEMENT APPROACH		35
5.1 Management approach and performance indicators		36
Information about the management approach		37
Aspect: Product portfolio		37

Corporate Responsibility Report

2010

FS1	Policies with specific environmental and social components applied to business lines	37
FS2	Procedures for assessing and screening environmental and social risks in business lines	37
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	37
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	37
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	37
Performance indicators		38
Aspect: Product portfolio		38
FS6	Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/large) and by sector	38
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	38
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	38
Aspect: Auditing		38
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	38
Aspect: Interaction with portfolio companies		38
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	38
FS11	Percentage of assets subject to positive and negative environmental or social screening	38
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	38
5.2 Economic performance		39
Information about the management approach		40
Economic performance indicators		40
Aspect: Economic performance		40
EC1	Economic value generated and distributed	40
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	40
EC3	Coverage of the organisation's defined benefit plan obligations	43
EC4	Significant financial assistance received from Government	44
Aspect: Market presence		44
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	44

Corporate Responsibility Report

2010

EC6	Policy, practice and proportion of spending on locally-based suppliers at significant locations of operation	44
EC7	Procedure for local hiring and proportion of senior management hired from the local community at significant locations of operation	44
Aspect: Indirect economic impacts		44
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement	44
EC9	Understanding and describing indirect economic impacts, including the extent of impacts	44
5.3 Environmental performance		46
Information about the management approach		47
Goals and performance		49
Policy		49
Environmental performance indicators		49
Aspect: Materials		49
EN1	Materials used, by weight and volume	50
EN2	Percentage of materials used that are recycled input materials	50
Aspect: Energy		50
EN3	Direct energy consumption by primary source	50
EN4	Indirect energy consumption by primary source	50
EN5	Energy saved due to conservation and efficiency improvements	51
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services	51
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	51
Aspect: Water		51
EN8	Total water withdrawal by source	51
EN9	Water sources significantly affected by withdrawal of water	51
EN10	Percentage and total volume of water recycled and reused	51
Aspect: Biodiversity		51
EN11	Location and size of land owned or managed in protected areas	51
EN12	Description of significant impacts on biodiversity in protected areas	52
EN13	Habitats protected or restored	52
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	52
EN15	Number of species by level of extinction risk	52
Aspect: Emissions, effluents and waste		52
EN16	Total direct and indirect greenhouse gas emissions, by weight	52
EN17	Other relevant indirect greenhouse gas emissions, by weight	52
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	52
EN19	Emissions of ozone-depleting substances, by weight	53
EN20	NO, SO and other significant emissions, by type and weight	53

Corporate Responsibility Report

2010

EN21	Total water discharge, by quality and destination	53
EN22	Total weight of waste, by type and disposal method	53
EN23	Total number and volume of significant spills	53
EN24	Weight of transported, imported, exported or treated waste deemed hazardous	53
EN25	Identity, size, protection status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharge of water and runoff	53
Aspect: Products and services		53
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of mitigation	53
EN27	Percentage of products sold and their packaging materials that are reclaimed, by category	53
Aspect: Compliance		54
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	54
Aspect: Transport		54
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	54
Aspect: Overall		54
EN30.	Total environmental protection expenditures and investments, by type	54
5.4 Social performance		55
Information about the management approach		56
Goals and performance		59
Policy		59
Labour practices and decent work performance indicators		59
Aspect: Employment		59
LA1	Total workforce by employment type, employment contract and region	59
LA2	Total number and rate of employee turnover by age group, gender and region	60
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	61
Aspect: Labour/management relations		61
LA4	Percentage of employees covered by collective bargaining agreements	61
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	61
Aspect: Occupational health and safety		61
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 programmes	61
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities, by region	62

Corporate Responsibility Report

2010

LA8	Education, training, counselling, prevention and risk-control programmes to assist workforce members, their families or community members regarding serious diseases	62
LA9	Health and safety topics covered in formal agreements with trade unions	62
Aspect: Training and education		62
LA10	Average hours of training per year per employee, by employee category	62
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	64
LA12	Percentage of employees receiving regular performance and career development reviews	64
Aspect: Diversity and equal opportunities		65
LA13.	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	65
LA14.	Ratio of basic salary of men to women by employee category	66
Human rights performance indicators		66
Aspect: Investment and procurement practices		66
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	66
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	70
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	70
Aspect: Non- discrimination		70
HR4	Total number of incidents of discrimination and action taken	70
Aspect: Freedom of association and collective bargaining		70
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	70
Aspect: Child labour		71
HR6	Operations identified as having significant risk for incidents of child labour	71
Aspect: Forced and compulsory labour		71
HR7	Operations identified as having significant risk of forced or compulsory labour	71
Aspect: Security practices		71
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	71
Aspect: Rights of indigenous people		71
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	71

Corporate Responsibility Report

2010

Social performance indicators		71
Aspect: Community		71
FSI3	Access points in low-populated or economically-disadvantaged areas, by type	71
FSI4	Initiatives to improve access to financial services for disadvantaged people	72
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities	72
Aspect: Corruption		78
SO2	Percentage of total number of business units analysed for risks related to corruption	78
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	79
SO4	Actions taken in response to incidents of corruption	79
Aspect: Public policy		79
SO5	Public policy positions and participation in public policy development and lobbying	79
SO6	Total value of financial and in-kind contributions to political	79
Aspect: Anti-competitive behaviour		79
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	79
Aspect: Compliance		79
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	79
Product responsibility performance indicators		79
Aspect: Customer health and safety		79
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	80
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	80
Aspect: Product and service labelling		80
FSI5	Policies for the fair design and sale of financial products and services	80
FSI6	Initiatives to enhance financial literacy, by type of beneficiary	80
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	80
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	81
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction*	81
Aspect: Marketing communications		81

Corporate Responsibility Report

2010

PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	81
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	81
Aspect: Customer privacy		81
PR8	Total number of substantial complaints regarding breaches of customer privacy and losses of customer data	81
Aspect: Compliance		82
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	82

Corporate Responsibility Report 2010



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