



Instituto de Crédito Oficial

2012 SOCIAL RESPONSIBILITY REPORT

9 July 2013

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1. STRATEGY AND ANALYSIS

1.1 Statement by the most senior executive officer

This year, ICO is once again informing its stakeholders of its economic, social and environmental performance for the previous year, using various communication and transparency channels.

Since 2005, ICO has reported its Social Responsibility performance through its CSR Report and the Communication on Progress of the United Nations Global Compact. Version 3 of the GRI Guidelines and its financial services sector-specific supplement were used for drawing up the report. These documents complement the economic and activity information which ICO details through its Annual Activity Report.

This year, ICO has taken a further step in its commitment to transparency by drawing up its first Corporate Governance Report, which enables us to align ourselves with national and international practices in this area.

Since 2009, ICO has introduced actions to promote the values and principles of social responsibility management in small and medium-sized enterprises. In 2012 its actions focused on management, providing the SME-CSR initiative for companies, based on training in the values and principles of responsibility, accompanied by a computer application which companies can use to manage CSR indicators. This application also makes the creation of sustainability reports notably easier. This action is intended to raise the awareness of this group of companies about the importance and differential value of CSR management to their organisations. SME-CSR is a totally consolidated initiative which has been joined by large companies in 2013 in order to collaborate on the promotion of CSR among their stakeholders.

SME-CSR has been recognised nationally and internationally. At the Rio+20 Conference it was declared the 4th best CSR initiative in the world among more than 800 candidate projects. At CSR MarketPlace 2012, it took the prizes for best initiative in “Transparency and Good Governance” and “Best SME solution”. It was a finalist in the 3rd *Corresponsables* Awards and recently won the 1st European CSR Award in the “Transparency towards trust” category. This national and international recognition encourages us to continue with our strategy of promoting CSR values among SMEs.

As part of our goal of enhancing relations with institutions and organisations regarding CSR, during 2012 we intensified our collaboration and participation in managing the CSR associations to which we belong. We have also enhanced our relationships with other associations and organisations in favour of disadvantaged collectives, with whom in 2013 we are putting into practice the corporate volunteering activities included in the Volunteering Plan approved in late 2012. As well as actions with a social focus, this plan includes a training programme through which Institute personnel can transmit their knowledge and experience in programmes for entrepreneurs and jobseekers.

Román Escolano Olivares
Chairman

1.2 Description of the principal impacts, risks and opportunities

▪ **Impacts and risks for the Institute regarding sustainability**

The aspects relevant to ICO's stakeholders corroborate the risks and opportunities of the financial sector in general. The principal risks and opportunities refer to:

1. Ethical conduct, corporate integrity and compliance with regulations. This conduct is expressed in the performance of ICO's activities, and described in detail in the HR1 indicator (p. 44) of this Report.
2. No financial exclusion. ICO must attend to the most disadvantaged collectives, especially those who do not have access to the customary funding channels. To cater for the needs of society at all times, and in particular those of the most vulnerable groups, ICO is rolling out new funding lines to respond to these needs.
3. Environmental impact. The Institute is required to support initiatives to improve the environment, and in particular, to mitigate the effects of climate change. ICO, committed to encouraging environmental investments, has been participating for years in initiatives which contribute to mitigating the effects of global warming.
4. Transparency with stakeholders. ICO considers it a priority to maintain an open and free-flowing dialogue with its stakeholders in order to understand and respond to their needs, and thus has different tools for managing its relations with them (information provided in section 4.17, p. 18).

▪ **Trends and opportunities in sustainability**

ICO's principal activity is setting up lines of funding to provide SMEs and the self-employed, most importantly, with suitable funding which enables them to launch and maintain their investment projects and jobs, while encouraging the improvement of the environmental aspects of their activities and facilities.

To do this, ICO works continuously to adapt its range of products to the demands and needs of its stakeholders, especially those with greater difficulty in accessing funding for their projects. The changes introduced in 2012 in its traditional second-floor facilities, and the new funding products provided for potential beneficiaries, are an accurate reflection of this ICO goal.

In 2012 the loans formalised came to €27,309 million, 30.5% up on the previous year. Of this, €11,511 million corresponded to second-floor facilities for funding the self-employed, SMEs and people who find access to bank financing difficult. For further information and to see a breakdown of activities by the main lines of financing, please see section 5.4 (p. 37).

2. PROFILE OF THE ORGANISATION

2.1 Name and Tax ID number of the organisation

Instituto de Crédito Oficial (ICO).

Tax ID (CIF): Q-2876002-C

2.2 Main brands, products and/or services

To achieve its objectives, ICO is structured around two lines of action: State Finance Agency and state-owned investment bank.

▪ **State Finance Agency**

As well as its own credit activity, ICO provides bank guarantees and is authorised to manage operations on behalf of the State which do not form part of the financial statements of the Institute. Regarding these instruments, ICO arranges and manages their operations and performs all the related financial tasks.

During 2012, in addition to managing operations in place from previous years (FIEM, FONPRODE, FCAS and CARI), two new funds were incorporated for management: the Fund for Financing Payments to Suppliers (FFPP) and the Autonomous Region Liquidity Fund (FLA). This has meant that the volume of State funds ICO manages increased by 510% over the previous year, coming to €53,065 million at the end of 2012.

Corporate Internationalisation Fund (FIEM)

Created in June 2010 by Law 11/2010 of 28 June, reforming the system of financial support for the internationalisation of Spanish companies.

This fund is intended to promote export operations by Spanish companies, as well as direct Spanish investment abroad, by funding operations and projects of special interest for the internationalisation strategy of the Spanish economy. It may also finance the technical assistance that these operations and projects require both in developed and developing countries.

During 2012, operations were approved worth € 476 million, of which €117 million. The rest will be formalised during 2013, once the financial agreements backing the operations have been signed.

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website (www.ico.es).

Development Promotion Fund (FONPRODE)

Created by Law 36/2010 of 22 October 2010 to channel part of the development aid actions of the Ministry of Foreign Affairs and Cooperation, including those taken in

collaboration with development banks and funds, and obligatory contributions to financial institutions. ICO acts as a financial agent.

The Fund is aimed at eradicating poverty, reducing inequalities and social inequities between individuals and communities, gender equality, protection of human rights and the promotion of sustainable human development in impoverished countries.

In 2012, operations were approved worth €158 million.

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website (www.ico.es).

Water and Sanitation Co-operation Fund (FCAS)

The Water and Sanitation Co-operation Fund (FCAS) was created under the sixty-first additional provision of Law 51/2007, of 26 December, in the General State Budget for 2008, with the aim of facilitating access to water and sanitation as one of the essential elements for human welfare and development, included in the Millennium Development Goals signed in 2000. The fund is currently managed by the Ministry of Foreign Affairs and Cooperation through the Directorate of Sectoral and Multilateral Cooperation of the AECID, and is intended to award aid and, where appropriate, untied loans to finance projects in the areas of water and sanitation, under a co-financing framework with the national authorities in Spanish Co-operation partner countries.

In 2012, the third year the Fund was in operation, no contributions were granted or formalised. The balance of contributions granted since the Fund was created, at 31 December 2012, stood at €506 million.

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website (www.ico.es).

Reciprocal Interest Adjustment Contracts (CARI)

The CARI system is intended to encourage lenders to participate in the long-term financing of Spanish exports. One of the conditions necessary for use of the system is that the interest rates set for the operations by lending institutions are those listed in the Consensus of the Organisation for Economic Cooperation and Development (OECD).

The interest adjustment contracts assure lenders, for each interest adjustment made, receipt of a certain net interest on the outstanding balance of each loan received in the system, eliminating the risks arising from the difference between the fixed rate of the loan and the cost conventionally attributed to the resources that finance it.

Over 2012, 15 CARI operations have been signed worth €108 million, less than the sum formalised overall during the previous year, which was €673 million (33 operations), thereby resulting in a negative variation of 84% in the amount formalised.

The main export destination countries, by volume formalised, were as follows: Panama (accounting for 45%), Turkey (21%), Mexico (17%) and China (15%). As for the number of

contracts signed, Mexico heads the ranking with 11 operations, and in terms of the type of goods exported, Land Transport was the leading sector (67% of the imports).

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website (www.ico.es).

Fund for Financing Payments to Suppliers (FFPP)

Created by Royal Decree-Act 4/2012, of 24 February, with an initial provision of €30,000 million: Its main purpose is to arrange long-term loan operations to pay the outstanding debts to suppliers of Spanish local and regional governments.

In 2012 the Fund subscribed a syndicated loan of €30, 00 million involving 26 financial institutions, with ICO as the main participant, providing 23.3% of the total.

For the implementation of this payment mechanism, ICO has been commissioned to design, manage and implement the structure that has allowed the invoices to be paid in a very short period of time and the relevant loan agreements to be subscribed with the Local Authorities and Autonomous Regions. Since May 2012, €27,372 million has been injected into the Spanish economy, through the payment of more than 5 million invoices relating to works and services provided by 135,450 suppliers, the vast majority SMEs and self-employed workers.

The effects of these payments have meant a direct injection of liquidity for companies and the self-employed, equivalent to 2.6% of GDP.

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website (www.ico.es).

▪ **State owned bank**

As a specialist credit institution or state owned investment bank, ICO offers medium and long-term funding for productive investments made by companies established in Spain or Spanish companies established abroad. This is done through the following instruments:

Second-floor facilities. Funding for SMEs, the self-employed and private individuals

Designed as funding for SMEs, the self-employed and private individuals.

For over twenty years, second-floor facilities have been confirmed as the most efficient formula for the distribution of ICO financing using the branch network of virtually all the credit institutions operating in Spain, in order to get ICO loans to SMEs and the self-employed nation-wide. For this purpose, each year ICO signs the corresponding partnership agreements with these institutions.

In 2012, it granted 162,075 loans to the self-employed and Spanish small and medium-sized enterprises worth €11,511 million.

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website

(www.ico.es).

Funding for large companies and local authorities

Intended to fund major public or private investment projects which, by their nature, involve high capital requirements and long repayment periods. ICO studies, grants and assumes the risk of the transactions using the standard economic and financial criteria used by commercial banks and assessing the social, economic and environmental impact of the investments it funds.

These loans may be bilateral, although it is more common for them to be syndicated with other financial institutions, cofunded with multilateral financial institutions, or in some cases, when funding Spanish investments abroad, through local financial institutions in the countries receiving the investment.

Elsewhere, in compliance with the instructions of the Government, ICO provides direct lines of funding for other collectives. In 2012 it implemented the facility to mitigate the effects of the earthquake in the city of Lorca (Murcia), totalling €115 million.

In 2012 ICO formalised direct loans to large companies worth a total of €1,074 million.

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website (www.ico.es).

2.3 Organisation operating structure

To undertake its activities, summarised in section 2.2 above, ICO is structured in four main areas, all with Directorate General status, to cover all of its different functions and tasks:

- ◆ Directorate General of Strategy and Finance
- ◆ Directorate General of Business
- ◆ Directorate General of Risks and Financial Control
- ◆ Directorate General for Technical Matters and Resources

All the Directorates report directly to the Chairman.

- The mission of the Directorate General for Strategy and Funding is to design and assess ICO's general lines of action, co-ordinate international relations and manage the capture in the market the resources ICO needs to undertake its credit activity.
- The mission of the Directorate General of Business is to generate and manage the Institute's corporate and retail business activity through its clients and asset operations, and the credit activity deriving from economic policy decisions, including managing and monitoring the State Fund operations. It also undertakes and manages capital fund operations, and it supervises and co-ordinates the venture capital activities the Institute undertakes through Axis.
- The Directorate General for Risk and Financial Control is in charge of the Institute's financial and equity management of the Institution, and the design, instrumentation and

monitoring of its general risk policy, while it directs and co-ordinates the analysis, monitoring and supervision of the credit risk of ICO clients and the management of asset and liability operations.

- The Directorate General for Technical Matters and Resources plans and executes policies in the sphere of technology, human resources and materials. It is also in charge of co-ordinating the systems and projects relating to efficiency, and how the organisation runs.

For further information about the governance of ICO, please see the 2012 Corporate Governance Report published on the Institute's website (www.ico.es).

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

Project funding in other countries goes through the funds which ICO manages as a State Finance Agency, and through the company's internationalisation facility (see section 2.2, p. 5 et seq.; and section 5.4, page 37).

2.6 Type of ownership and legal form

ICO is a public sector company attached to the Ministry of Economy and Competitiveness via the State Secretariat for the Economy. From a legal point of view it is a credit institution and is treated as a State Finance Agency. ICO has its own legal status, assets and treasury, as well as an independent management body to carry out its activities.

In order to support the funding needs of Spanish companies, ICO holds shares in several companies.

COMPANY	ICO holding at 31.12.2012
Fondo FOND-ICOpyme FCR	100%
Fondo FOND-ICOinfraestructuras FCR	100%
AXIS Participaciones Empresariales	100%
Compañía Española de Reafianzamiento (CERSA)	24.15%
Compañía Española de Financiación del Desarrollo (COFIDES)	25.25%
European Investment Fund (EIF)	0.27%
EFC2E Gestión	50%

2.7 Markets served

ICO funding lines are intended to fund investments in the Spanish and international markets.

International markets are shown in section 2.5 (p. 9)

2.8 Size of the organisation

MAIN FIGURES		
BALANCE SHEET (1)	2012	2011
Total assets	115,230	94,577
Loans and receivables (2)	88,752	77,884
Second floor facilities(3)	44,104	47,842
<i>Direct loans to clients</i>	44,648	30,042
External resources	109,583	89,252
Own funds (4)	4,009	3,440
INCOME STATEMENT (1)		
Net Interest Income	760	434
Gross margin	801	472
Margin on operating activities	85	57
Pre-tax profits	84	55
Net Profit	60	40
HUMAN RESOURCES		
Number of employees	313	320
- Men	118	126
- Women	195	194
Expert staff and middle management	235	246
SOCIO-CULTURAL ACTIVITIES	ICO FOUNDATION	

(1) Millions of euros. The income statement is adjusted according to B.E. circular 6/2008.

(2) All loans and receivables figures are net of provisions and adjustments. The Interbank is not included

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

(4) Includes income for the year.

For further information about this fund, please see the 2012 ICO Annual Report published on the Institute's website (www.ico.es).

2.9 Significant changes during the year in the size, structure and ownership of the organisation

There were no significant changes during the year in the activity, structure and ownership of the Institute.

2.10 Awards and distinctions received during the year

During 2012, ICO received the following awards:

- SME-CSR. Special recognition in the “Rio+20 Corporate Sustainability Forum ” as the fourth best sustainability commitment of the 800 presented
- SME-CSR. Best initiative in the “Transparency and good governance” category. IV CSR Market Place. November 2012.
- SME-CSR. Best SME solution. IV CSR Market Place. November 2012.

- SME-CSR. Shortlisted initiative in the 3rd Edition of the *Corresponsables Awards*. November 2012.

3. PARAMETERS OF THE REPORT

◆ Profile of the Report

3.1 Reporting period for the information provided

1 January to 31 December 2012.

3.2 Date of most recent previous report

2011.

3.3 Reporting cycle

Annual.

3.4 Contact point for questions regarding the report or its contents

Enrique Sánchez Iniesta
Human Resources and CSR Department
enrique.sanchez@ico.es

◆ Scope and boundary of the report

3.5 Process for defining report content

The report content was defined taking into account the interests of ICO's main stakeholder groups: Employees, clients, suppliers, the Government and the general public.

The principle of comparability was also taken into account, so that interested parties can compare the performance of the Institute with that of other institutions or of the same institution in previous years.

In order to provide a balanced and reasonable presentation of ICO's performance, the information in the Report is structured based on the GRI guide for drawing up Global Reporting Initiative sustainability reports. It also follows the Financial Services Sector Supplement (FSSS) published by the same organisation.

3.6 Perimeter of the report

The Institute's CSR Report covers all its activities. Chapter 7 (pages 55 - 59) also includes an annex with information on the activity of the subsidiary AXIS.

3.7 Possible limitations in the scope of the Report

The Report deals with the economic, social and environmental aspects of ICO.

3.8 Basis for reporting on joint ventures

ICO does not have or pursue joint ventures.

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

The Sustainability Reporting Guidelines (RG), version 3, and the Financial Services Sector Supplement (FSSS), both written and published by the Global Reporting Initiative (GRI), were used as framework documents for drawing up the Report.

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

There have been no restatements of information provided in earlier reports, although models from previous years were used to create the tables of indicators.

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

There have been no significant changes since the last period.

◆ GRI Table of Contents

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

See the table of contents of chapter 8 (pages 60 - 65).

◆ Assurance

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

The annual CSR Report was submitted for external assurance by Bureau Veritas Certification, a body of recognised prestige in the field of corporate responsibility (see chapter 6, page 54). ICO's accounts are also audited each year in accordance with the relevant legislation, and are subject to the control and supervision of Central Bank of Spain.

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT

◆ Governance

4.1. Governance structure of the organisation

The governance structure of the Instituto de Crédito Oficial is set forth in its articles of incorporation approved by Decree Law 706/1999, of 30 April (Official State Gazette no. 114 of 13 May 2011), and amended by Decree Law 390/2011, of 18 March (Official State Gazette no. 77 of 31 March 2011) regarding the number of Board members.

The governance structure is complemented by internal organisation and control bodies, approved by the ICO Chairman within the scope of the powers conferred on him by the articles of incorporation.

ICO's corporate governance structure could be summarised as follows:

Governing bodies	General Board
	Chairman
Management bodies	Operations Committee
	Director Generals (Steering Committee)
Management and internal control bodies	Operative management bodies
	Internal control bodies

For further information about the governance of ICO, please see the Corporate Governance Report published on the Institute's website (www.ico.es).

4.2 The Chairman's functions

The Chairman of ICO performs executive functions. These are described in section IV.1.1 of the Corporate Governance Report published on the Institute's website (www.ico.es).

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

The members of the General Board do not have executive functions, except the Chairman.

For further information about the governance of ICO, please see the Corporate Governance Report published on the Institute's website (www.ico.es).

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

ICO's internal communication policy is characterised by direct, free-flowing and constant contact, in an environment in which the entire workforce of the Institute has the necessary freedom to broach subjects they deem of interest.

They may also go through the Company Committee to channel questions directly or indirectly

affecting labour relations.

4.5 Linkage between remuneration for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).

The compensation received by the highest governance body, senior managers, and executives of ICO is linked to the performance of the organisation, including environmental and social aspects.

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

ICO's management team is subject to the incompatibility regulations set forth under Law 5/2006, of 10 April, on the regulation of conflicts of interest among the members of the Government and senior authorities of the General State Administration.

4.7 Process 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

This information is provided in the Corporate Governance Report published on the Institute's website (www.ico.es).

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

▪ **ICO's mission**

ICO's actions are intended to contribute to growth and to improve the distribution of the nation's wealth, and particularly, to assist in situations which, due to their social, cultural, innovative or ecological importance, warrant encouragement and development.

▪ **ICO's values**

- To meet the financial needs of society and the Spanish economy, facilitating their development.
- To maintain its weight in the financial sphere.
- To protect its public image and brand.
- To create a work environment based on assessment of professional merits.
- To favour the professional development of its employees.

▪ **Ethical conduct**

ICO has documented the following policies and procedures for the purposes of ensuring the ethical conduct of its business activities:

Code of Conduct: ICO's code of conduct is a key element for preserving the Institute's corporate integrity. The purpose of ICO's Code of Conduct is to define and implement basic conduct guidelines and procedures needed to ensure that the individual actions of its employees and management express the principles of the Institute in terms of its relations with employees, clients, suppliers and third parties, and its conduct in the market.

The current version of the Code of Conduct was approved at ICO's General Board meeting on 24 February 2012.

Ethics channel: A channel through which employees, in confidence although not anonymously, can report potentially significant breaches of the Code of Conduct. It was approved on 12 April 2012.

Internal Rules of Conduct in the Securities Market: These regulations identify the ICO units that engage in activities related to the securities market and define the position they must take to avoid possible conflicts of interest or use of privileged information.

The current version of the Rules was approved at ICO's General Board meeting on 24 February 2012.

Money laundering prevention policy: This defines appropriate rules and control and reporting systems to prevent unsuitable people or groups accessing the Institute, and establishes client acceptance policies and procedures to prevent money laundering.

- **Manual of environmental best practices**

ICO has drawn up a Manual of environmental best practices which is designed to give all its employees a basic understanding of the institution's environmental management and establish office practices leading to a reduction in the environmental impact of office activities and the activity of each worker.

() Additional information is shown under indicator HR1 (p.44).*

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 understands that commitment to its stakeholders is a task pertaining to all the employees and units making up the Institute. This commitment is reflected in its day-to-day procedures.

CSR is driven and co-ordinated by the Directorate General for Technical Matters and Resources, whose Director reports directly to the Chairman.

A sustainability assessment is performed annually at ICO.

4.10 Procedures for assessing the performance of the highest governance body, especially in regard to economic, environmental, and social performance

Information shown in indicator LA12 (p. 43).

◆ Commitments to external initiatives

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

ICO, as a credit institution, is exposed to financial risks (liquidity risk, market risk and credit risk) and to operational risks (ethical conduct, compliance with regulations, money laundering, information security, business continuity). Identifying, managing and controlling risks is a priority task for the Instituto de Crédito Oficial.

Further information is provided in the Corporate Governance Report published on the Institute's website (www.ico.es).

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

ICO is a signatory of the 10 Principles of the United Nations Global Compact on human rights, labour, the environment and anti-corruption.

ICO is a signatory of the Women's Empowerment Principles, a declaration in support of women's equality promoted by the United Nations Global Compact and the United Nations Development Fund for Women (UNIFEM).

As part of its anti-cyclical strategy in the current economic climate and in support of the Government's economic policy, in 2012 ICO introduced different capital funds, which it manages directly or through its affiliate "AXIS, Participaciones Empresariales, S.G.E.C.R., S.A.U."

** For further information about these Funds, please consult indicator EC2 (p. 26).*

4.13 Principal memberships of associations

In the CSR sphere, ICO is a patron of the Carolina Foundation and a member of Forética and the Red Española del Pacto Mundial (Spanish Global Compact Network).

ICO joined the Executive Committee of the Red Española del Pacto Mundial in November 2010.

◆ Stakeholder engagement

4.14 List of stakeholder groups included in the Report

ICO has identified the following stakeholders: Clients, employees, suppliers, the Government and the general public.

4.15 Basis for identification and selection of stakeholders with whom to engage

From the content of article 2 of its articles of incorporation, it can be deduced that ICO's mission is to improve society in general. Its stakeholders also include the collectives with which it interacts directly.

Stakeholders are identified on the basis of interactions. ICO does not have a documented procedure for identifying its main stakeholders.

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

ICO considers it necessary to know and respond appropriately to the needs and expectations of all its stakeholders, and has different tools for managing its relations with them:

Clients: The Institute is committed to providing all its clients with true and accurate information about the characteristics and conditions of its products and services, and to answering rapidly any queries and complaints its clients might have. ICO has different communication channels which allow information to be accessed easily.

These communication channels can be used by clients receiving lines of funding, suppliers, and in general, by any person who wants to express an opinion on the activities and services provided by ICO (see section 4.17, page 18).

Suppliers: The relationship between ICO and its suppliers is subject to Law 30/2007, on Public Sector Contracts.

Employees: ICO's internal communication policy is characterised by direct, free-flowing and constant contact, in an environment in which the entire workforce of the Institute has the necessary freedom to broach subjects they deem of interest.

Public Administration: ICO, as an institution dependent on the Ministry of Economy and Competitiveness, receives its instructions, collaborates with it through the introduction of different lines of funding, and reports its actions and activities to it. It also collaborates with the Ministries of Agriculture, Food and Environment; Industry, Energy and Tourism; Foreign Affairs and Cooperation; Education, Culture and Sport; Public Works; and the Treasury and public Administrations.

Society: ICO encourages active communication with society through organising congresses, conferences and presentations. ICO also participates in the leading trade fairs in the sphere of the small and medium-sized enterprise.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded through its reporting

An essential foundation of ICO policy is its attention to identified stakeholders. Taking into account that the Institute does not have branch offices, it needs effective channels and means to

disseminate its lines of action, meet information requests and answer queries from companies and private individuals.

Transparency and disseminating its activity internally and externally were the two main axes of ICO's communications policy in 2012. To achieve these goals, it worked to improve its channels and the means through which the Institute reports its lines of action.

The communications channels which ICO provides for its stakeholders are described below.

- **Advertising**

ICO, as a State-Owned Company, is subject to Law 29/2005 on Institutional Advertising and Communications, which mandates the creation of an Annual Advertising Plan covering all the advertising actions planned for each of the bodies of the General State Administration for the next year, and their allocated funding. This Plan must be approved by the Council of Ministers.

The Institute, in compliance with these regulations, at the end of each year draws up a summary of its advertising campaigns and their budget.

In 2012 ICO carried out a commercial advertising campaign to inform self-employed people and companies of the launch of its annual funding programmes.

2012 ICO lines for the self-employed and companies: This advertising campaign promotes the second-floor facilities which the Institute provides for the self-employed and SMEs through financial institutions. This campaign is carried out each year with the collaboration of the credit institutions which distribute these products. In 2012, it appeared in the press, radio, television and internet from 23 March to 20 April.

To make the campaign accessible, the TV advertisements were subtitled and the radio adverts were translated into Catalan for broadcasting on regional radio stations.

Informational leaflets were also distributed to collaborating credit institutions, chambers of commerce and other business promotion bodies. These leaflets were published in the four official State languages.

Continuing with the model begun in 2011, the informational leaflet was also published in an interactive digital format to facilitate its distribution and dissemination through the Institute's online channels.

- **Newsletter**

In the first half of 2012 the Institute continued to publish its monthly online newsletter with information of relevance for the self-employed and SMEs.

In the second half of the year this publication was converted into a quarterly monograph on subjects of interest to business. In 2012 three numbers of this new newsletter were

published:

- Monograph on Payments to Suppliers
- Monograph on Internationalisation
- Monograph on Funding for SMEs

This newsletter is emailed to subscribers and published on the ICO website.

- **Newsletter for investors**

This quarterly newsletter offers up-to-date information for investors. This online newsletter, published in English, is emailed to the Institute's database of investors and published on www.ico.es

- **Press releases**

In order to publicise the launch of the different funding lines and the actions carried out, the Institute regularly sends information to the media.

A total of 42 press releases were sent in 2012 and 10,165 ICO news items were published in print media.

- **Website**

In 2012, in order to facilitate public access to the ICO website, the two existing channels were combined in a single website under the domain name www.ico.es. In this way the Institute offers all the information of interest to its different audiences on a single site: The self-employed, companies, investors, institutions, the media and the general public.

The unified website was launched on 1 June 2012 with new sections to meet the transparency and accessibility requirements of Government websites.

Thus, both the About ICO and Investors sections include a new section which publishes the main figures of the Institute for each quarter, and details on the provision of ICO lines by Autonomous Region.

A section was also created under the title "Good Governance" where users can consult the Code of Conduct and the internal Regulations on Conduct in the Securities Market, which must be followed by ICO employees.

The website also includes a subcontracting section where ICO publishes its tenders and awards.

- **Professional networks**

ICO is present in professional networks through the "ICO Informa" group on LinkedIn.

ICO's presence in these networks is intended to provide information on the Institute's products and activity and to receive members' suggestions and comments. In 2012, 96 debates were generated in the LinkedIn group.

- **Channel for complaints, suggestions and enquiries.**

In 2012 the number of communications received through this channel decreased yet again (- 32%). This decrease can be explained by the elimination of the ICODirecto facility.

521 complaints were received, 798 fewer than in 2011. 206 complaints refer to ICODirecto. 55 complaints refer to a breach of the conditions of the lines by financial entities. All the complaints were analysed and answered in an average of 5.68 working days.

5,261 requests for information were received in relation to ICO funding products, a reduction of 27% from 2011. All requests were resolved in an average of 3.39 days.

- **Free public telephone helpline**

Private individuals and companies can use these phone lines for all queries on ICO funding lines and their procedures, and other of the Institute's activities. This service is managed by outsourcing, through public tender, a telephone help centre with personnel trained by the Institute.

In 2012 it answered 83,332 calls, down 31% on 2011, due to the elimination of ICODirecto.

- **Public information desk.**

ICO has a customer information desk open to the public at its headquarters. 513 visits were received in 2012.

- **Online communication with collaborating institutions**

The Institute has a platform, called Banc@ico, for transmitting data to financial institutions with which it has collaboration agreements for marketing and distributing second-floor facilities. The communications are encrypted using the electronic signature, ensuring the integrity, confidentiality and acceptance of the information. ICO regularly updates the platform to improve the quality of the service provided to collaborating financial institutions and the final borrowers of our funding.

- **Corporate Intranet**

Transparency of information is one of the Institute's commitments to its staff. In addition to promoting personal and direct communication at all levels of the organisation, it has set up a corporate Intranet, called "Pórtico", for the use of all Institute employees.

The three basic functions of the Intranet are:

- The most frequently used internal communications channel, through which the updated information generated in the Institute for internal and external recipients flows regularly.
- The framework which houses, in an orderly and intuitive manner, all the applications, tools and documents needed for the effective daily work of employees.
- The platform where employees can manage their relationship with the company, request courses, consult payments and loans, etc.

In 2012, the Intranet received a total of 992,724 visits.

It is updated daily with content of interest for the workforce, such as a news section offering alerts and daily summaries of the most important news published about ICO in the leading newspapers.

5. DISCLOSURES ON MANAGEMENT APPROACH

5.1 Disclosure on management approach and financial services sector-specific indicators

▪ Disclosures on management approach

a) Aspect: Product portfolio

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

ICO orients some of its business lines to the environmental and social improvement of the institutions whose projects it funds.

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

See information for this indicator in the section “Analysis of the social and environmental impact of projects”, on page 31.

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

ICO incorporates environmental requirements in supplier selection processes whenever possible.

It also requires environmental impact studies for the analysis of requests for funding large projects.

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

See information for this indicator in the section “Environmental awareness campaigns”, on page 32.

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

ICO promotes CSR values and principles among the self-employed and SMEs. In 2012, the SME-CSR initiative, developed jointly with the Red Española del Pacto Mundial, was followed by a total of 707 institutions, which received free social responsibility training and free access to indicator management software enabling them to easily draw up the sustainability report of the United Nations' Global Compact.

In 2012 the SME-CSR initiative was recognised by the Rio+20 United Nations Conference and in the Market Place held in Madrid, where it was recognised as the best transparency initiative.

- **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**

For over twenty years, second-floor facilities have been confirmed as the most efficient formula for the distribution of ICO financing using the branch network of virtually all the credit institutions operating in Spain, in order to get ICO loans to SMEs and the self-employed nation-wide. For this purpose, each year ICO signs the corresponding partnership agreements with these institutions. Through this channel, in 2012 loans were issued to 162,075 Spanish self-employed and small and medium-sized enterprises, totalling €11,511 million.

In addition to second-floor facilities, during 2012 other facilities were provided to support the self-employed and SMEs in specific sectors, those affected by natural disasters (ICO-Lorca Earthquake RD 6/2011 facility or ICO-El Hierro Tourism facility) or associated with certain key economic activities in need of additional financial support in the current economic situation (ICO-Retail Liquidity facility, for example).

Regarding the geographical destination of these second-floor facility loans, in 2012, 98% of the funds were used to finance liquidity and investment projects in Spain.

Credit formalised through second-floor facilities showed a broad sectoral distribution. About half the loans were to finance investments or the liquidity needs of SMEs and the self-employed whose activity is related to industry, commerce or the energy sector.

More information is available in the 2012 Annual Report, p. 11 and following, and annexes.

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

Given the company mission defined in its Articles of Incorporation, it could be said that all ICO funding lines are at least partly social in purpose, as they seek to give access to credit to companies and sectors which find it more difficult to get direct funding from private banking institutions. Also, ICO lines and funds seek to fund investment projects in areas especially in need of infrastructures.

More information is available in the 2012 Annual Report, p. 11 and following, and annexes.

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

Except for the ICO-Liquidity line, all other second-floor facilities introduced by ICO in 2012 can totally or partly fund environmental improvement investments.

The Funds reported under indicator EC2 of this Report (pages 26 - 28) fund environmental improvement activities.

b) Aspect: Audit

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

No specific audits are made of environmental and social policies.

c) Aspect: Active ownership

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

ICO does not interact on environmental and/or social issues with the companies in its portfolio.

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

ICO carries out environmental and social screening at its headquarters.

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

ICO has no documented voting policy or recommendation.

5.2 Economic section

▪ **Disclosures on management approach**

• **Economic performance**

Information collected in section 2.8 (page 10), with further information available in the 2012 Activity Report published on the Institute's website (www.ico.es).

▪ **Economic performance indicators**

a) Aspect: Economic performance

EC1. Economic value generated and distributed (*)

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

Employees

(in thousands of euros)	2012	2011
Salary expenses (1)	12,339	13,386
Average salary (1)	39.4	41.8

(1) Includes all employee salary items and expenses

Company

The budget which ICO allocated to the Foundation's activities in 2012 came to €1.50 million. The indicator SO1 (page 49) shows a breakdown of the recipients of this allocation.

Suppliers

Relations with the providers of goods and services are subject to the Law on Public Sector Contracts.

(*) For further information please consult the Annual Report, financial statement, and the main figures shown in the table in section 2.8 (p. 10).

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

In 2012, ICO continued to promote the various funds in which it invests, some managed through its 100% holding, AXIS Participaciones Empresariales S.G.E.C.R., S.A.U. from the Institute or other institutions or companies.

- **FOND-ICOpyme, FCR**

The Venture Capital Fund FOND-ICOpyme has provisions of €422 million and maturity expected in 2022. It is a general-purpose fund, its objective focussing both on companies that, having reached a certain degree of maturity, want to finance their expansion and/or growth, and companies in early stages that, having survived the initial stages, need resources to continue their development. In both cases the investment is made, preferably, in joint ventures with other financial, technological or industrial partners.

Among others, FOND-ICOpyme is involved in internationalisation projects or those with a strong innovative component, regardless of the sector to which they belong.

FOND-ICOpyme also invests in other funds, mainly private and with a certain degree of specialisation.

Additionally, in order to cover the even earlier phases associated with entrepreneurship, in 2012, FOND-ICOpyme together with the FEI and NEOTEC initiative launched the "Fondo Isabel La Católica - European Angels Fund" to support the investment of Business Angels with provisions of an initial amount of €30 M.

It has investments in 30 companies and 17 venture capital firms worth €124 million.

- **FOND-ICOinfraestructuras, FCR**

This fund has provisions of €500 million, maturing in 2031. It is a fund that invests primarily in “greenfield” sustainable transport, energy and environment projects initially in Spain.

The implementation and improvement of infrastructures under a prism of sustainability is an essential part of economic growth, development of public services and improving competitiveness. Within the current framework of public budget constraint, the objective of FOND-ICOinfraestructuras is to contribute to the development, construction and co-management of infrastructure projects focussing on Public-Private Partnership schemes.

In this sense, among the FOND-ICOinfraestructuras's objectives is that of strengthening the capitalisation of projects accompanying minority interests in capital or quasi-capital in infrastructure management companies.

FOND-ICOinfraestructuras will act on a stable horizon of long-term investment commitment and low market parameters in terms of the required profitability (time/profitability).

In late 2012 the internationalisation of the Fund began, accompanying Spanish companies in their overseas expansion.

- **JEREMIE**

ICO manages JEREMIE (Joint European Resources for Micro to Medium Enterprises Fund), created in December 2009. This Fund comes under the FEDER operating programme, and is an initiative promoted by the European Commission in order to facilitate the use of the structural funds to fund RD&I activities carried out by companies. The initial provisions of the Fund were €70 million, €47 million of which were contributed by the European Union through the Technology Fund, the remainder coming from ICO, which is also in charge of managing the Fund.

The Fund is mainly designed to establish a guarantee facility for offering bank endorsements to companies that carry out RD&I projects qualifying for aid from the CDTI (Centre for Industrial Technological Development) in the framework of the Technology Fund. Thanks to this guarantee facility they can offer advances to beneficiary companies so they can get access to funding right from the start of the project.

At December 2012, since the beginning of the activity of the fund, 476 projects have been formalised, coming to €162 million.

- **OTHER CAPITAL FUNDS**

ICO also invests, with different contributions, in the following capital funds, all managed by different companies:

- **Fons Mediterrània, FCR**, Venture Capital Fund for investment operations in Morocco, Tunisia, and Algeria.
- **FC2E**, Carbon Fund for Spanish Enterprises, promoted by Instituto de Crédito Oficial and Santander Investment. It is the first joint venture managed carbon fund in Spain.
- **Postkyoto Carbon Fund**, to buy and sell rights generated from 2013 onwards for environmental projects.
- **Marguerite Fund**, a European capital fund, designed to back investments in infrastructures contributing to combating climate change, energy security and Trans-European Transport Networks.

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

ICO provides all its employees with social benefits in addition to those established by law (help in the care and education of their children, help with differently abled children, loans with preferential conditions, food vouchers, etc.). This set of social benefits arises from collective bargaining, is universal in nature and prevents the application of any type of differentiation or discrimination. The present collective agreement, valid since 2008, includes a specific chapter on social action, describing the social benefits for the workforce.

The Fundación ICO also promotes social, environmental, economic and general interest activities and projects intended to benefit society as a whole. In 2012 the budget of the Fundación ICO was €1.50 million.

EC4. Significant financial assistance received from government

ICO does not receive assistance from the Government.

b) Aspect: Market presence

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

The minimum wage established by agreement for new employees in 2012 is €26,807.21 for technical staff and €18,246.35 for clerical staff. The minimum interprofessional wage established in 2012 was €8,979.60 euros per year. The average salary at ICO in 2012 was €39,421.34 per year.

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

ICO's suppliers are based 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 does not have national 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 (*)

Information shown in indicator SO1 (p. 49).

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

The role of the Institute is defined by the competences set forth in its articles of association. The task of supporting and driving Spanish sectors of production to meet the financial needs of Spanish society and the economy is undertaken in close collaboration with the private financial sector, contributing a differential value to favour economic development.

This differential value, in line with the activities of similar institutions in the European Union, concentrates on the following aspects:

- Covering certain deficiencies in the market, supporting sectors of activity and collectives with difficulty accessing the usual funding channels. Thus, ICO has funding lines for setting up new companies or new professional activities, to enhance technological innovation, investments in renewable energy or access to new technology by the general public.
- Contributing to the development of SMEs and the self-employed, which generate an essential part of the economic activity and employment of Spain.
- Supporting territorial development and cohesion with specific programmes for funding investments in infrastructures, telecommunications, alternative energy and the environment. ICO also supports Government bodies in their investments designed to improve and enhance public services.
- Complementing the private financial sector through a range of products under market conditions. Occasionally, the Institute acts where the market cannot reach or does so with greater difficulty, for various reasons: Long maturity periods for operations, specificity in certain products, etc.

5.3 Environmental Section

▪ **Disclosures on management approach**

Sustainable development is a priority for ICO, which as a financial institution, has an influence on the environment, whether through the consumption of natural resources in its daily activities, or through the consequences for the environment of the products and services it offers, especially those relating to funding projects.

In this context, ICO approaches its actions from the following viewpoints:

- Reducing the environmental impact of its business activity.
- Funding environmental investment projects.
- Analysing the social and environmental impact of projects.

Direct impacts

Even though ICO's corporate activity does not have a significant impact on the environment, the institute is committed to using resources responsibly, trying to minimise any harmful effects its activities may produce.

To reduce its direct consequences on the environment, ICO carries out periodic checks on its electricity and water consumption, the waste it manages and the emissions it generates. By doing so, mechanisms for reducing the aforementioned are put in place.

Regulations on heating and cooling systems in buildings

ICO has adapted its heating and cooling system to comply with RD 1826/2009, modifying the Regulations on heating and cooling systems in buildings.

Environmental best practices

ICO has prepared an environmental best practices guide, distributed online to provide a broad overview for all its staff. It aims to create awareness about the environmental impact of ICO activities, both on an institutional level and in terms of the actions of the people that work there.

Environmental awareness among employees

Through the intranet, different messages are published to raise awareness among employees about responsible consumption of resources and suitable waste management.

Separation and reuse of waste

One of the Institute's objectives is to contribute to preserving the environment by promoting recycling and recovery of material that can be reused.

ICO has containers for the separation and subsequent management of waste paper in various points throughout the building.

In the employees' canteen area there are containers for the selective separation of waste.

Obsolete but still usable computer equipment is donated to non-Government organisations and schools which request it.

Water

Due to its financial services activity, water consumption at ICO does not have a large impact on the environment. Water is consumed by the workforce in bathrooms, and by the cooling systems.

Indirect impacts

ICO undertakes to promote lines of credit intended to fund environmental projects with a positive impact on the environment.

➤ **Funding large companies**

Through funding large companies, ICO funds investment projects in priority sectors (energy, transport, innovation, water, the environment, etc.). It should be emphasised that the approval of these operations is subject to the presentation of environmental impact studies for the project.

➤ **Constitution and participation in funds**

Information shown in indicator EC2 (p. 26).

Analysing the social and environmental impact of projects (FS2)

The variables used to quantify financial risk have traditionally been economic, but the environmental commitment demands the consideration of environmental risk as another parameter of financial analysis. Thus, the Institute includes the implications of the investment to be funded for its environment (impact on biodiversity, special protection areas, etc.) in the analysis of risks of its credit operations.

As well as compliance with the applicable environmental regulations, approval of direct operations requires the proposal to be accompanied by a report on the social, economic and environmental impact the projects will have.

This analysis is particularly thorough in Project Finance operations, which involve building or activity with potential environmental impact.

- **Goals and performance**

The main actions planned for 2013 are set out below:

Standardisation of environmental criteria in the supplier selection process (FS3)

Since the Government Contract Law came into force, ICO has included environmental requirements in its supplier selection process.

Environmental awareness campaigns (FS4)

Good environmental management is achieved thanks to the collaboration of all the people working in the organisation. Thus, the awareness raising campaigns which ICO has undertaken in recent years have led to considerable savings in resources and better waste management. For years, ICO has used the corporate intranet to introduce environmental awareness messages permitting better use of the resources in our offices.

- **Policy**

Information shown in section 4.8. (p. 15).

- **Environmental performance indicators**

a) Aspect: Materials

EN1.Materials used by weight or volume

ECO-EFFICIENCY INDICATORS	UNIT	2012	2011	Annual variation
Electricity consumed	Kwh	2,046,103.00	2,092,103.00	-2.2%
Electricity consumed/employee (1)	Kwh	5,530.01	5,243.37	5.5%
CO ₂ emitted (2)	Tonnes	819.81	838.24	-2.2%
CO ₂ emitted/employee (1)	Kg	2.22	2.10	5.7%
Total paper consumed	Kg	11,662.50	11,637.50	1.3%
Paper consumed/employee (1)	Kg	31.52	29.17	9.2%

(1) To calculate the workforce, the number of ICO employees is added to the employees of subcontracted companies working at the Institute's headquarters.

(2) Calculated according to the criteria of the National Energy Foundation.

EN2. Percentage of materials used that are recycled input materials

ECO-EFFICIENCY INDICATORS	UNIT	2012	2011	Annual variation (%)
Recycled paper (1)	Kg	5,000	5,000	=
Paper recycled/employee (2)	Kg	13.51	11.28	2.4
Toner and cartridges removed (3)	Units	182	223	-17.1
Toner and cartridges removed/employee (2)	Units	0.49	0.56	-10.6
Fluorescent tubes changed	Units	870	1.050	-18.4
Fluorescent tubes changed/employee (2)	Units	2.35	2.63	-12.0
Computer equipment donated	Units	60	100	-40.00

(1) Calculated based on the number of containers installed at ICO and their loading capacity

(2) To calculate the workforce, the number of ICO employees is added to the employees of subcontracted companies working at the Institute's headquarters.

(3) ICO has subcontracted an outside company to manage the photocopying and printing service. It is also in charge of supplying and removing toner and ink cartridges

b) Aspect: Energy

EN3. Direct energy consumption by primary energy source

ECO-EFFICIENCY INDICATORS	UNIT	2012	2011	Annual variation
Electricity consumed	Kwh	2,046,103.00	2,092,103.00	-2.2%
Electricity consumed/employee (1)	Kwh	5,530.01	5,243.37	5.5%

(1) To calculate the workforce, the number of ICO employees is added to the employees of subcontracted companies working at the Institute's headquarters.

EN5. Energy saved due to conservation and efficiency improvements

Indicator shown in the section on disclosures on management approach, environmental section and goals (pp. 29 - 31).

EN6. Initiatives for providing efficient products and services in energy consumption or based on renewable energy

Indicator shown in the section on disclosures on management approach, environmental section (p. 29).

EN7. Initiatives to reduce indirect energy consumption and reductions achieved

Indicator shown in the section on disclosures on management approach, environmental section (p. 29).

c) Aspect: Water

EN8. Total water withdrawal by source

ECO-EFFICIENCY INDICATORS	UNIT	2012	2011	Annual variation
Total water consumed	m ³	2,509	2,562	-2.1%
Total water consumed/employee (1)	m ³	6.78	6.42	5.6%

(1) To calculate the workforce, the number of ICO employees is added to the employees of other companies working at the Institute's headquarters.

EN9. Water sources significantly affected by withdrawal of water

Water is taken from the municipal mains supply.

EN10. Percentage and total volume of water recycled and reused

Water is not recycled or reused.

d) Aspect: Biodiversity

EN11. Location and size of land in, or adjacent to, protected areas

ICO premises are not in an area rich in biodiversity.

EN12. Description of significant impacts on biodiversity in protected areas

ICO's activity does not cause significant impacts on biodiversity.

EN13. Habitats protected or restored*

ICO's activity does not cause significant impacts on biodiversity. However, through its funding lines allocated to the environment and the Fundación ICO with its specific programmes, the Institute contributes to the conservation and preservation of the environment in general.

(*) See: indicator SO1 (p. 49).

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

ICO's activity does not cause significant impacts on biodiversity.

(*) See indicator EN13 (p. 34).

EN15. Number of species by level of extinction risk

ICO's activity does not affect any habitat with species at risk of extinction.

e) Aspect: Emissions, effluents and waste

EN16.Total direct and indirect greenhouse gas emissions by weight

Information shown in indicator EN1 (p. 32).

EN17. Other relevant indirect greenhouse gas emissions by weight

Indirect energy consumption. Travel by ICO personnel in 2012						
	2012		2011		Annual difference	
	Km	CO ₂ emissions (Kg)	Km	CO ₂ emissions (Kg)	Km	CO ₂ emissions (Kg)
Car	2,712	569	62,159	20,544	-59,447	-19,975
Train	51,918	1,947	125,324	7,519	-73,406	-5,572
Plane	25,017	2,814	328,754	59,176	-303,737	-56,362

Calculated according to the criteria of the National Energy Foundation.

EN18.Initiatives to reduce greenhouse gas emissions and reductions achieved

Information shown in section 5.2, indicator EC2 (p. 26), and in section 5.3. (p. 29 et seq.).

EN19.Emissions of ozone-depleting substances by weight

ICO's activity does not directly cause emissions of polluting substances.

EN20.Other significant air emissions by type and weight

ICO's activity does not directly cause emissions of polluting substances.

EN21.Total water discharge by quality and destination

ICO's activity does not involve waste water discharge.

EN22. Total weight of waste by type and disposal method

Information shown in indicator EN2 (p. 32).

ICO donates obsolete computer equipment which can still be useful. The beneficiaries receiving the equipment are public schools and non-profit organisations or associations which justify the end use of the requested equipment.

EN23.Total number and volume of significant spills

ICO does not work with chemicals, fuels, etc.

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

ICO does not produce, transport, import or export hazardous waste.

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

ICO's waste water and other waste do not affect water bodies.

f) Aspect: Products and services

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

Indicator shown in the section on disclosures on management approach, environmental section and indicator EN2 (p. 32).

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

ICO does not sell tangible goods. However, discarded but usable computer equipment is donated to public schools and bodies and to social interest institutions.

In 2012 we donated 60 sets of computer equipment.

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 breached any environmental law or regulation.

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

Information shown in indicator EN17 (p. 35). ICO does not transport products or other tangible goods.

i) Aspect: Overall

EN30. Total environmental protection expenditures and investments by type

Information shown in section 5.3 (p. 29 et seq.), and indicator SO1 (p. 49).

5.4 Social section

▪ **Disclosures on management approach**

ICO funds distributed through second-floor facilities in 2012 funded 162,245 loans to the self-employed and small and medium-sized companies in Spain, worth €11,511 million.

In 2012, 89,741 operations were formalised totalling €6,775 million, through the ICO-Liquidity facility. Likewise, a further €4,175 million in loans were formalised through the ICO-Investment facility to 65,728 businesses to finance new projects. Through the ICO- Internacionalización internationalisation facility, 462 international expansion projects by Spanish companies were financed for a total of €231 million.

Amount of second-floor loans formalised in the year (millions of euros)Distribution by line	2012
ICO-Liquidity 2012	6,775
ICO-Investment 2012	4,175
ICO International Facility 2012	231
ICO Companies and Entrepreneurs Facility 2012	141
Others	189
TOTAL	11,511

For further information on credit activity, please see the ICO 2011 Annual Report, pp. 10 et seq., and annex tables IV - VI.

Social performance in relation to employees is shown in detail in indicators LA1 to LA14 (pp. 38 - 44).

▪ **Goals and performance**

One of the major difficulties that SMEs and the self-employed face when they want to set up or consolidate a business, is access to the necessary funding for embarking on the activity.

In 2013, ICO intends to adapt its range of funding offers to the needs of society, especially SMEs and the self-employed, as part of its traditional task of assisting groups who have greater difficulty getting credit.

- **Policy**

Information shown in section 4.8 (p. 15).

- **Performance indicators for labour practices and ethics in the workplace**

- a) **Aspect: Employment**

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

ICO EMPLOYEE DATA AT 31/12/2012 (1)

	2012	2011
Permanent contract	294	293
Temporary contract	19	27
Total employees	313	320

(1) *The ICO workforce is based at the Institute's headquarters in Madrid*

(*) *Additional information is shown in indicator LA13 (p. 43).*

- LA2. Total number and rate of new employee hires and employee turnover by age group, gender, and region**

EMPLOYEE TURNOVER AT 31/12/2012

	2012	2011
Hires	24	8
Indefinite contract	15	1
Temporary contract or internship	9	7
Departures	31	10
Retirements	1	3
Dismissals	5	1
Leave of absence	7	2
Voluntary departures	3	4
End of contract	15	--

DISTRIBUTION BY GENDER

	2012	2011
Men	118	126
Women	195	194

DISTRIBUTION BY AGE GROUP

	2012	2011
Average age of the workforce	44.8	43.5
Under 18	0	0
18 to 25 "	0	2
26 to 30 "	15	29
31 to 35 "	46	44
36 to 40 "	38	36
41 to 45 "	79	89
46 to 50 "	60	49
51 to 55 "	24	24
56 to 60 "	28	33
Over 60	23	14

All employees work in Madrid, at company headquarters.

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

Social benefits are applied to the entire workforce of ICO.

(*) Information shown in indicator EC3 (p. 28).

b) Aspect: Labour/management relations

LA4. Percentage of employees covered by collective bargaining agreements

The collective bargaining agreement for the Institute applies to the entire workforce, with the exception of executive and middle managers; that is, 252 employees (80.5% of the workforce) are subject to the collective agreement.

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

The collective agreement does not include a minimum notice period regarding operational changes. However, executive management contracts include a notice period of 15 calendar days.

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

As part of the Preventative Action Plan drawn up by the Prevention Service, in 2012 there were 196 medical consultations of ICO personnel.

- **Workplace Health and Safety Committee**

The Workplace Health and Safety Committee meets on a quarterly basis. It consists of 3 workers' representatives and 3 company representatives, and has specific functions regarding the prevention of occupational hazards.

During 2012, the Committee met 4 times, and agreed to improve issues related to health, safety and ergonomics in the workplace by acquiring and installing, for example, a defibrillator at ICO facilities, modernising the First Response and Alarm and Evacuation equipment, or installing filters on taps. It also agreed to conduct a first aid course to complement First Response and Alarm and Evacuation Team training.

- **Medical Service**

The Institute's medical service has the facilities and healthcare personnel needed to monitor the health of all employees. As well as professional treatment of accidents or illnesses among personnel, it spends much of its time on preventative medical care through consultations.

The medical service works with the Transfusion Centre of the Autonomous Region of Madrid in annual blood donation campaigns directed at Institute employees.

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

As in the previous year, in 2012 there was one workplace accident.

2,815 calendar days were lost due to illness, not including maternity and paternity leave, a 16.47% decrease in lost days.

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

In 2012, no training activities took place in this area.

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

Information shown in indicator LA6 (p. 39).

d) Aspect: Training and education

The information shown in indicators LA10 and LA11 regarding the number of workers includes permanent and temporary employees and interns.

LA10. Average hours of training per year per employee by gender and by employee category

During 2012 a total of 162 training activities were undertaken, 43% more than in 2011. 14,067 hours were invested in employee training, an average of 43.82 hours per employee per year, with a total investment of €194,588 and cost per employee of €606.19. In 2012, investment in training accounted for 1.67% of total payroll costs (0.43% less than the year before).

Regarding the workforce receiving training, 286 employees took part in some training activity, representing 89% of the Institute's workforce, giving an average of 49.2 hours and an average cost of €680.38 per person trained.

Average hours of training per employee and trainee				
	Cumulative for 2012		Cumulative for 2011	
		Average		Average
No. of total training hours	14,067		15,426	
No. of employees (permanent + temporary + interns)	321	43.82	328	47.03
No. of people trained	286	49.18	238	64.82

Despite expenditure on training in 2012 being down 20% over the previous year, training hours fell by only 8.8%, while the number of trainees increased by 16%, indicating greater training budget efficiency and a wider reach for training.

Average investment in training per employee and trainee				
	Cumulative for 2012		Cumulative for 2011	
		Average		Average
Training costs	194,588.14		243,880.18	
No. of employees (permanent + temporary + interns)	321	606.19	328	743.54
No. of people trained	286	680.38	238	1,024.71

Number of hours and investment in training distributed by professional group					
	Weight in workforce as a whole (%)	Cumulative for 2012			
		No. hours	%	Cost (€)	%
Executive management	4.4	1,217	8.65	33,914.78	17.43
Middle management	14.0	2,225	15.82	37,612.60	19.33

Technical staff	59.2	9,702	68.97	115,928.73	59.58
Clerical staff	19.9	838	5.96	6,466.28	3.32
Interns	2.5	85	0.60	665.75	0.34
Total hours	100	14,067	100	194,588.14	100

Distribution of training by gender		
	Employees trained	%
Women	184	64.3
Men	102	35.7
Total	286	100

Distribution of training by age group		
	Employees trained	%
Up to 25	3	1.1
26 to 30 "	18	6.3
31 to 35 "	47	16.4
36 to 40 "	37	12.9
41 to 45 "	72	25.2
46 to 50 "	57	19.9
51 to 55 "	20	7.0
56 to 60 "	18	6.3
Over 60	14	4.9
Total	286	100

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

Number of hours and investment in training distributed by professional group				
	Cumulative for 2012			
	No. hours	%	Investment (€)	%
Languages	8,361	59.4	98,773.32	50.8
On-the-job training	2,903	20.6	28,888.81	14.8
New technology	1,306	9.3	10,880.90	5.6
Training for development	927	6.6	27,595.00	14.2
Skills training	570	4.1	28,450.11	14.6
Total hours	14,067	100	194,588.14	100

All training areas taught fewer hours in 2012 compared to the year before, except for language teaching, the growth of which (12.5%) is explained by the introduction of German in the curriculum, and the possibility for employees to learn two languages when they reach an advanced level in one.

The reduction in hours devoted to skills training (-48.7%) is due to no courses in Skills for Executive and Middle Managers being delivered in 2012. In 2012 there were 5 skills courses for middle management and collective agreement personnel, the latter group being included after the coming into force of a new training policy and plan in October 2012. A total of 45 employees attended.

The decrease in training in new technologies (-18.8%) is justified by the fewer hours devoted to training in Excel, PowerPoint and Visual Basic. In 2012 there were also training sessions on Computer Security given by employees from the Information Systems department, with the participation of 219 employees.

Finally, the hours of on-the-job training fell, due mainly to fewer hours of Planned Training. Although in 2012 one more course was organised than in 2011, the number of attendees per course was lower, going from 113 trainees in 2011 to 72 in 2012.

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

- **Management by Objectives**

In order to drive the professional development of ICO employees and generate a culture which values professional merit, the Institute has a Management by Objectives (MbO) system. Through reaching objectives, the efforts of employees are rewarded with a percentage of variable compensation added to the fixed salary. MbO applies to all the workforce.

- **Professional Development System**

ICO has implemented a professional development system (PDS) which enables them to create an objective profile of the career path of technical staff, involving employees in achieving the objectives of their unit and facilitating communication between managers and subordinates as a motivating element within the workforce.

The PDS is based on the concept of appraising performance through a regular, systematic process of qualitative and quantitative assessment of competences, and the degree to which each employee forming part of this system has achieved their objectives.

In 2012, based on the PDS, 61 employees were promoted to higher pay grades, 37 of whom were technical and 24 clerical staff.

e) Aspect: Diversity and equal opportunity

LA13. Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership, and other indicators of diversity

Workforce distribution by professional group at 31/12/2012

Professional group	Men	Women	Total
Executive management	8	6	14
Middle management	20	25	45
Technical staff	81	109	190
Clerical staff	9	55	64
Total	118	195	313

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

The Institute promotes a workplace where there is no room for discrimination, whether based on gender, religion, age, civil status or family.

Hence, there is absolute parity between the salaries earned by all the employees in each of the professional categories recognised in the current collective agreement, and there is no distinction which can be attributed to gender.

▪ **Performance indicators in human rights**

a) Aspect: Investment and procurement practices

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

Good management of the governance of an institution is largely linked to the regulations guiding relations between its directors and its stakeholders. It is therefore of the utmost importance to have guidelines which help to establish these relations and generate trust. These principles are the basis of our Corporate Governance.

The principles most relevant to CSR, which guide ICO's behaviour as a financial institution regarding its stakeholders, are expressed in the following measures:

- Application of the Global Compact Principles.
- Application of the OECD Convention on Combating Bribery of Foreign Public Officials.
- Code of Conduct.
- Data protection
- Prevention and control of money laundering.

- **The United Nations' Global Compact**

In 2005, ICO signed the United Nations' Global Compact, the largest initiative promoting corporate responsibility. The compact promotes the social commitment of companies through ten principles based on human, labour and environmental rights and combating corruption. The institutions which join this initiative voluntarily undertake to include these principles in their business strategy. Since 2006, ICO has drawn up an annual progress report on the advances it has made in implementing the ten principles of the Global Compact.

ICO joined the Executive Committee of the Red Española del Pacto Mundial in November 2010.

THE 10 PRINCIPLES OF THE UNITED NATIONS' GLOBAL COMPACT	
PRINCIPLE	GRI indicators (*)
Human rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights.	HR1-9
2. Businesses should make sure that they are not complicit in human rights abuses.	HR1, HR2, HR9
Work	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA4, LA5
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR7
5. Businesses should uphold the effective abolition of child labour.	HR6
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR4, LA2, LA13, LA14
Environment	
7. Businesses should support a precautionary approach to environmental challenges.	4.11
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN2, EN5-7, EN10, EN13-14, EN18, EN21-22, EN26-27, EN30
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-7, EN10, EN18, EN26-27
Corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-4

(*) Consult the page of each indicator in chapter 8 (p. 60 and following).

- **OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions**

The Institute, as a financial agent of the Fondo de Ayuda al Desarrollo (Development Aid Fund, FAD), introduces clauses which attempt to prevent possible corrupt practices by foreign public officials in all the signed agreements for loans from the FAD, in accordance

with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business.

This Convention considers corruption in these transactions to undermine economic development and good governance, as well as distorting international competition conditions.

- **Data protection**

ICO has drawn up the documents and procedures needed to comply with legal requirements on the processing of personal data. In 2008 its documents and procedures were adapted to the rulings of Royal Decree 1720/2007.

The Institute's policy ensures compliance with this law. All employees are aware of the criteria of this policy, as it is available on the corporate Intranet. Similarly, there is a Security Document which must be filled in by all ICO personnel, including subcontracted workers, applicable to all the files in the power of the Institute which contain personal data, whether automated or otherwise.

The Institute has an internal personal data protection committee with the following functions:

- Keeping ICO permanently aligned with current data protection legislation.
- Defining the documentation in ICO, such as file inventories, file registration forms, security documents, general clauses, procedures.
- Proposing changes to ICO's personal data protection policy to the Institute's directors.
- Updating documentation and managing potential breaches of the Data Protection Act.
- Ensuring that mandatory biennial audits are carried out for medium/high level files.
- Approving the creation of new ICO files containing personal data.
- Keeping ICO employees informed on changes to data protection regulations.

- **Prevention of money laundering**

Money laundering, due to its volume and global scope, can seriously affect the reputation and credibility of financial institutions in their relations with regulatory bodies and society in general.

ICO collaborates actively on compliance with measures to prevent money laundering. As well as complying with current legislation, it has dedicated a specific section to the subject in its Code of Conduct, in order to ensure that all employees follow corporate policy and procedures in this matter.

The Institute has an internal committee for the control and prevention of money laundering, with the following functions:

- Internally analysing information regarding any operation where money laundering is suspected, and taking the appropriate measures where necessary.
- Analysing, anticipating and preventing money laundering operations.
- Receiving and analysing the information provided by the Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias (Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences, SEPBLAC).
- Reporting to SEPBLAC on any aspect relating to suspicious operations.

ICO has drawn up and implemented a documented internal procedure regulating actions to prevent money laundering.

HR2. Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken

At of 31 December 2012, ICO has a contract with a supplier listed as a Special Employment Centre which manages the archive located in Daganzo (Madrid).

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 2012, no training was given relating to this indicator.

b) Aspect: Non-discrimination

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

In 2012 there were no incidents relating to discrimination. The principle of non-discrimination is a basic pillar of ICO's relations with its stakeholders, especially in matters associated with labour relations.

c) Aspect: Freedom of association and collective bargaining

HR5. Operations and significant suppliers 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 has shown itself favourably disposed towards free-flowing relations with workers' representatives. The works council has representatives from all the professional groups in the workforce. There is an open communications channel in both directions, and meetings are held often at the request of either side. In 2008 the 5th Collective

Agreement of the Institute was signed, regulating the labour relations between ICO and its workforce until the end of 2010.

The works council, through some of its members, is represented in the following committees constituted within ICO:

- Social affairs.
- Parity in application, interpretation and surveillance.
- Training and promotion.
- Safety and hygiene.

d) Aspect: Child labour

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

ICO has not identified any activity with a potential risk for incidents of child labour.

e) Aspect: Prevention of forced and compulsory labour

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

ICO has not identified operations with a risk of forced labour.

In 2011, ICO approved the Protocol for Action against Workplace Harassment.

f) Aspect: Security practices

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

ICO has contracted security services from an external company which meets all the requirements for its work, including those relating to human rights.

g) Aspect: Indigenous rights

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

ICO has not found any incidents in its operations relating to violations of the rights of indigenous people.

▪ **Performance indicators in society**

a) Aspect: Local Communities

FS13. Access points in low-populated or economically disadvantaged areas by type

ICO has only one office (headquarters), in Madrid. In order to facilitate access by potential users of its products and services, its main funding lines are supported by Spanish financial institutions, to ensure it reaches the greatest possible number of SMEs, self-employed workers and the general public, especially those who for different reasons find it more difficult to access ICO directly.

ICO is also working continuously to improve and extend other communication channels with its stakeholders, as described in section 4.17 of this Report (p. 18).

FS14. Initiatives to improve access to financial services for disadvantaged people

ICO website content meets the requirements of UNE standard 139803:2004 for level 2 accessibility.

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

The Fundación ICO was created in 1993 to publicise, develop, protect and encourage all types of study, research or other activity related to economic, scientific, technological, environmental, urban, social, professional, work-related, cultural, artistic, educational, civic, humanitarian or general interest matters.

The budget which ICO allocated to the Foundation's activities in 2012 stood at €1.50 million.

Its more notable activities include:

- Management of ICO's art holdings, which are exhibited in the ICO Collections Museum. Organising exhibitions and cultural activities.
- Providing a programme of grants for postgraduate degree in Social Sciences and a special programme on Chinese culture and economy.
- Inviting applications for international cooperation aid and environmental protection grants.
- Publishing. Driving and sponsoring social and general interest activities.

In 2012, it undertook the following activities:

LIST OF THE ACTIVITIES UNDERTAKEN BY THE FUNDACIÓN ICO DURING 2012 ⁽¹⁾		
PROGRAMME / ACTIVITY	CONTENT / OBJECTIVE	AMOUNT
INTERNATIONAL AND EDUCATION AND TRAINING		577,367.16
Fundación ICO Scholarship Programme		416,812.96
Other educational activities		160,554.20

PUBLICATIONS		121,869.07
Self-produced publications		106,269.07
Publications in collaboration with other institutions		15,600.00
SOCIAL FUNDING		300,937.91
ART		379,905,11
ICO Collections	Management and conservation of ICO's art holdings	74,896.98
Temporary exhibitions		268,534.13
Complementary activities		36,474.00
OTHER COLLABORATIONS AND COMPLEMENTARY ACTIVITIES		94,081.99

For further information, please consult the Report on the Activities of the Fundación ICO at www.fundacionico.es

b) Aspect: Corruption

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

Through regular reviews of all the units in the organisation, the Internal Audit Department ensures compliance with and the application of the procedures established in this area.

ICO also submits its internal control and communication procedures and bodies to an annual examination by an external expert.

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

In 2012, no training was given relating to this indicator.

SO4. Actions taken in response to incidents of corruption

In 2012, no incidents were detected related with corruption.

c) Aspect: Public policy

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

ICO's position in the development of public policy is reflected in its role as a State Financial Agency and the implementation of its second-floor facilities. Detailed information on this is provided in section 2.2 of this Report (p. 5)

ICO is not involved in lobbying.

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

ICO does not contribute any amounts to 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

There are no legal actions relating to these practices.

e) Aspect: Regulatory compliance

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

ICO has not breached any law or regulation.

▪ **Performance indicators for product responsibility**

a) Aspect: Customer health and safety

PR1.Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

Due to the nature of our activity, questions on customer health and safety will be taken to refer to safety in ICO's corporate offices.

ICO has a Prevention Plan which meets legal requirements. As in previous years, during 2012 there were building evacuation drills, intended to teach employees to use the emergency exits and behave appropriately for an orderly, rapid evacuation, and to test the application of emergency plans and the correct functioning of equipment.

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

ICO has not breached current regulations.

b) Aspect: Product and service labelling

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

ICO has drawn up and approved procedures and processes for developing and creating new products. According to these, the development process involves all the areas which will directly or indirectly form part of later support.

New products must be approved by the Operations Committee, after which they are added to the Product Catalogue.

FS16. Initiatives to enhance financial literacy by type of beneficiary

The extension of ICO's portfolio of funding products to give greater access to credit for sectors with more difficulties leads to an increased need to explain financial terms. To facilitate comprehension of the conditions of ICO funding lines, in 2010 a new website was designed to be more accessible, user friendly and understandable for the segments of the population for whom ICO credits are intended.

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 products.

The Institute has different communication channels to explain its lines of activity to society and enhance the image of the institution. This is discussed in detail in section 4.17 of this Report (p. 18).

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 has not breached current regulations.

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

External customers have not been surveyed.

c) Aspect: Marketing communications

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

The Instituto de Crédito Oficial, as a State-Owned Company, is subject to Law 29/2005, of 29 December, on Institutional Advertising and Communications, and to Royal Decree 947/2006, of 28 August.

These regulations mandate the creation of an annual advertising plan to be approved by the Council of Ministers, covering all the advertising and publicity activities planned for each General State Administration body in the next year. ICO sends the Ministry of Finance a report with the advertising campaigns it plans to undertake over the year, and their allocated budget.

The Institute, in compliance with the Advertising Law, at the end of each year draws up a summary of its advertising campaigns and their costs.

ICO also answers all parliamentary questions sent to it through the Ministry of the Economy concerning all aspects of its advertising campaigns: Costs, public tenders, winning companies and media plans.

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

ICO has not breached any law or regulation.

d) Aspect: Customer privacy

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

In 2012 no incidents of losses of data were reported.

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 has not breached any law or regulation.

6. GRADING OF THE REPORT BY THE GRI AND EXTERNAL ASSURANCE

Bureau Veritas Certification
declares that it has verified the
2012 Sustainability Report,
regarding its structure, content and sources of information of
ICO
INSTITUTO DE CRÉDITO OFICIAL

As a result of this verification process, **Bureau Veritas Certification** declares that

- The content of the information is based on and supported by data and records which have been checked and found to be true. The information, its processing, calculations, graphs, etc., have also been duly checked and verified.
- The traceability and relevance between the basic information and the content of the report is acceptable.
- It accepts the requirements and principles set forth in the Guidelines for Sustainability Reporting in version G3.1 and the financial services sector supplement drawn up by the Global Reporting Initiative (GRI).

In accordance with this, **Bureau Veritas Certification** awards the 2012 Sustainability Report of ICO INSTITUTO DE CRÉDITO OFICIAL, a grading level of **A+**

Date of issue 10 July 2013.



Signed: Marta Cubero
Chief Verifier
Corporate Social Responsibility
Bureau Veritas Certification



Signed: Celia Capel Agundez
Verifier
Corporate Social Responsibility
Bureau Veritas Certification

7. AXIS PERFORMANCE INDICATORS

This section includes information on the economic, environmental and social performance of AXIS, a subsidiary wholly-owned by ICO.

▪ Disclosures on management approach

AXIS, created in 1986 and registered as a management company for venture capital institutions under number one in the Registry of the Spanish Securities Market Commission, is one of the longest-running operators in the sector.

Its main mission is to maintain the financial equilibrium of the funds it manages, as its other purposes are dependent upon this. These purposes are to support companies in their expansion plans in order to contribute to developing the business and technological fabric and foster job creation. For this reason, it can only fund real investment, not purchases of shares or restructuring liabilities.

The venture capital funds managed by AXIS offer companies two possible funding formulas: On the one hand, venture capital itself, understood as minority, time-limited participation in the capital of these companies; and on the other, participatory loans.

FOND-ICOpyme is a general-purpose fund, intended for companies that, having reached a certain degree of maturity, want to finance their expansion and/or growth, and companies in their early stages that, having survived the initial stages, need resources to continue their development. In both cases the investment is made, preferably, as a co-investment with other financial, technological or industrial partners.

Among others, FOND-ICOpyme is involved in internationalisation projects or those with a strong innovative component, regardless of the sector to which they belong.

Also, seeking greater capillarity in the early stages of projects, FOND-ICOpyme invests in other funds, mostly private and with a certain degree of specialisation.

Additionally, in order to cover the even earlier phases associated with entrepreneurship, in 2012, FOND-ICOpyme together with the FEI and NEOTEC initiative launched the “Fondo Isabel La Católica - European Angels Fund” to support the investment of Business Angels with an initial allocation of €30 M.

FOND-ICOinfraestructuras is a fund that invests primarily in greenfield projects such as sustainable transport, energy and environmental projects, initially in Spain.

The implementation and improvement of infrastructures under a prism of sustainability is an essential part of economic growth, development of public services and improving competitiveness. Within the current framework of public budget constraint, the objective of FOND-ICOinfraestructuras is to contribute to the development, construction and co-management of infrastructure projects focusing on Public Private Partnership schemes.

In this sense, FOND-ICOinfraestructuras objectives include strengthening the capitalisation of projects accompanying minority interests in capital or quasi-capital in infrastructure management companies.

FOND-ICOinfraestructuras will act on a stable horizon of long-term investment commitment and low market parameters in terms of the required profitability (time/profitability).

In late 2012 the Fund began its internationalisation, accompanying Spanish companies in their overseas expansion.

▪ **Environmental section**

a) Aspect: Materials

EN1. Materials used by weight or volume

ECO-EFFICIENCY INDICATORS	UNIT	2012	2011	Annual variation
Electricity consumed	Kwh	49,846	44,875	11.1%
Electricity consumed/employee	Kwh	3,560	3,264	9.1%
CO ₂ emitted (1)	Tonnes	19.97	17.98	11.1%
CO ₂ emitted/employee	Kg	1.4	1.3	7.7%
Total paper consumed (2)	Kg	766	974	-21.4%
Paper consumed/employee	Kg	55	71	-23.0%

(1) *Calculated according to the criteria of the National Energy Foundation.*

(2) *Estimated figure*

b) Aspect: Energy

EN3. Direct energy consumption by primary energy source

ECO-EFFICIENCY INDICATORS	UNIT	2012	2011	Annual variation
Electricity consumed	Kwh	49,846	44,875	11.1%
Electricity consumed/employee	Kwh	3,560	3,264	9.1%

c) Aspect: Water

EN8. Total water withdrawal by source

ECO-EFFICIENCY INDICATORS	UNIT	2012	2011	Annual variation
Total water consumed	m ³	78	59	30.95%
Total water consumed/employee	m ³	6	4	28.61%

e) Aspect: Emissions, effluents and waste

EN17. Other relevant indirect greenhouse gas emissions by weight

Indirect energy consumption. Travel by AXIS personnel	2012		2011	
	Km.	CO ₂ emissions in Kg (1)	Km.	CO ₂ emissions in Kg (1)
Car	0	0	2,300	772
Train	28,360	1,702	12,600	756
Plane	40,000	2,814	74,000	13,320

(1) Calculated according to the criteria of the National Energy Foundation.

▪ **Social section**

b) Aspect: Employment

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

Employee data at 31/12/2010	2012	2011
Permanent contract	13	14
Temporary contract	1	0
Total employees	14	14

The entire AXIS workforce is located in Madrid

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

Distribution by gender	2012	2011
Men	6	5
Women	8	9

Distribution by age group	2012	2011
Up to 25	0	0
26 to 30 "	2	3
31 to 35 "	1	0
36 to 40 "	5	5
41 to 45 "	2	2
46 to 50 "	2	1
51 to 55 "	1	2
56 to 60 "	1	1
Over 60	0	0

b) Aspect: Labour/management relations

LA4. Percentage of employees covered by collective bargaining agreements

The collective agreement of AXIS applies 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

No workplace accidents took place in 2012.

d) Aspect: Training and education

LA10. Average hours of training per year per employee by gender and by employee category

Average hours of training per employee and trainee	Cumulative for 2012		Cumulative for 2011	
		Average		Average
No. of total training hours	685	--	729	--
No. of employees	14	49	14	53
No. of people trained	9	76	9	81
Average cost of training per employee and trainee	Cumulative for 2012		Cumulative for 2011	
		Average		Average
Training costs	10,840		11,612	
No. of employees	14	774	14	845
No. of people trained	9	1,204	9	1,290

Number of hours and investment in training distributed by professional group	Cumulative for 2012				Cumulative for 2011			
	No. hours	%	Cost (€)	%	No. hours	%	Cost (€)	%
Executive Management	188	27%	2,990	28%	235	32%	3,746	32%
Middle management	143	21%	2,243	21%	141	19%	2,248	19%
Technical staff	213	31%	3,364	31%	212	29%	3,371	29%
Clerical staff	141	21%	2,243	21%	141	19%	2,248	19%
Interns	0	0%	0	0%	0	0%	0	0%
Total hours	685	100%	10,840	100%	729	100%	11,612	100%

Distribution of training by age group	Cumulative for 2012		Cumulative for 2011	
	Employees trained	%	Employees trained	%
Up to 25	0	0%	0	0
26 to 30 "	2	22%	3	33
31 to 35 "	1	11%	0	0
36 to 40 "	3	32%	3	33
41 to 45 "	1	11%	1	11
46 to 50 "	1	11%	0	0
51 to 55 "	1	11%	1	11
56 to 60 "	0	0%	1	11
Over 60	0	1%	0	0
Total	9	100%	9	100%

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

Number of hours and investment in training distributed by professional group								
	Cumulative for 2012				Cumulative for 2011			
	No. hours	%	Cost (€)	%	No. hours	%	Cost (€)	%
Languages	682	99.6%	10,840	100%	729	100%	11,612	100%
On-the-job training	3	0.4%	0	0%	0	0%	0	0%
Total hours	685	100%	10,840	100%	729	100%	11,612	100%

8. GRI INDICATORS

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