



# TO OPEN THE WORLD



**Crédit Andorrà**

Corporate social responsibility **2008** report

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# 1 STATEMENT BY CHIEF EXECUTIVE OFFICER

**A**t Crèdit Andorra, one of the key elements in our strategy is now and has always been the development of our business activity based on meeting proper parameters of sustainability.

Transparency in management, dedication to customer service, respect for and preservation of the environment, the promotion of community activities and programmes dealing with education, culture, sports, environment and the economy, responsible management of human resources and, indeed, a vast number of activities that fall within the bank's commitment to a better society, have and remain a key element in our development.

At this time, more than ever, we believe that these are the values we must continue to strengthen as well as transparency and full disclosure. For this reason, with the aim of meeting the expectations of all our stakeholders in more detail, for the sixth year in a row we present the corporate social responsibility report of Crèdit Andorrà.

Following our desire to continue to grow and consolidate our business both inside and outside our borders, we at Crèdit Andorrà are involved in a process of expansion. In 2008 we obtained an international licence to operate in Panama through the setting up of the new Banco Crèdit Andorrà (Panamá) which provides global financial services. We also recently obtained a licence to open a representational office in Uruguay. These are strategic moves to establish operations in the Latin American market that will allow us to diversify the Group's business abroad.

In this respect, with regard to our staff team, we should mention the efforts made by our Human Relations Department in order to equip our employees for internationalisation. We have provided the necessary means for staff members to develop all their personal and professional potential and to contribute to making the internationalisation of the bank a reality. To meet this challenge, Crèdit Andorrà has chosen to install Avaloq, a bank software platform, that will allow us to satisfy our future needs.

With regard to our customers, we are constantly working to ensure optimum quality in the products and services we provide, always aiming to meet their needs and interests. Proof of this is confirmation of the classification awarded by the international bank rating agency Fitch Ratings, thus confirming that Crèdit Andorrà holds a position of maximum strength and solvency in terms of the financial sector in Andorra and on the international banking scene.

The fact that our investment fund management company, Crediinvest, obtained a renewal of its GIPS (Global Investment Performance Standards) certification and the adoption of the principles established in the MIFD directives of the EC were of great significance and both were highly valued by our customers.

In addition, we have an active environmental management system certified under ISO 14001:2004, which confirms our commitment to minimize day by day the environmental effect of our business operations.

Both through the bank and the Crèdit Andorrà Foundation, we continue to carry out programmes in various community fields, such as social assistance, education, culture, sports, the environment and the economy. This year, our contribution to such programmes was 1.67% of total net profit.

Altogether, this is our own particular effort to broaden the bank's commitment to its customers and the community in which we carry out our business activity. In this respect, we are always ready to listen to your opinions in order to move forward in our commitment to sustainability. For this reason, we invite you to send us any comments and suggestions that arise from reading this report.

**Josep Peralba Duró, Chief Executive Officer**

## 2 INTRODUCTION

**C**rédit Andorrà has published a Corporate Social Responsibility Report on an annual basis since 2003.

The content of this report covers the period between January 1 and December 31, 2008, except for the figures given in the section on the environment, which run from September 30, 2007 to September 30, 2008. We should add that the figures shown in the section on human resources refer solely to Group companies located in Andorra.

This report has been drawn up according to accepted international principles as set out in the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative - Version 3.0 (G3). Also taken into account was the supplement to the guideline on the financial services sector of the GRI which includes the SPI-Finance and EPI-Finance. The objective here is to make known both the strategy of the Group in 2008 in matters of social responsibility and the progress of the Group in meeting standards in the economic, environmental and social spheres.

So far as content is concerned, this has been defined using the principals of materiality, the participation of stakeholders and the context of sustainability and exhaustibility established by the guideline.

Following the principle of materiality, care has been taken to ensure that the information covers those aspects and indicators that reflect significant social, environmental and economic impacts on the part of the bank.

In order to properly take into consideration the context of sustainability, care has been taken to include the contribution, present and future, to the improvement or the deterioration of social, environmental and economic conditions arising from the business activity carried out.

On the other hand, information has been presented in the most exhaustive manner so that the breadth of indicators and material aspects and the defined extent of the report will be sufficient to faithfully reflect the social, economic and environmental impacts arising from the carrying out of the bank's business activity.

According to the Guide for Preparing Sustainability Reports under the Global Reporting Initiative, this report has a level A application.



# 3 PROFILE OF THE GROUP



### 3 PROFILE OF THE GROUP

**C**rèdit Andorrà is a financial entity founded in 1949 that carries on its business activity mainly in the Principality of Andorra providing **Commercial Banking** services (Banking for Individuals and Banking for Businesses) as well as **Private Banking** services.

The bank is a leader in Andorra’s financial sector and is considered one of the world’s most solvent and best managed banks.

The Crèdit Andorrà Group is made up of companies involved in various areas of business such as insurance, asset management on a world scale and the capital-development sector. As of this year, the Group is now also located in Panama and Uruguay as well as having representation in Switzerland, Luxembourg and Spain.

Through **Crèdit Andorrà Foundation**, we carry out important social and community activities in the fields of education, culture and social assistance programmes.

Grup Crèdit Andorrà			
Banking and financial activities	Insurances	Participations	Social activity
<p><b>Crèdit Andorrà</b>, Banking institution</p> <p><b>Banco Crèdit Andorrà (Panamá)</b> Republic of Panama</p> <p><b>Representation office in Uruguay</b> Uruguay</p>	<p><b>Crèdit Assegurances</b>, Life insurance</p> <p><b>Vincles</b>, Actuarial consultancy company</p> <p><b>Financera d’Assegurances</b> Non-life insurance</p>	<p><b>Sector Turisme ENSISA</b>, Snow services</p> <p><b>NEVASA</b>, Snow services</p> <p><b>SEMTEE</b>, Leisure services</p> <p><b>Credit Iniciatives</b>, capital-development company</p> <p><b>SPI</b>, intellectual property services</p>	<p><b>Fundació Crèdit Andorrà</b></p>
Asset management	<p><b>ERM holding</b>, Barcelona</p>		
<p><b>Crediinvest</b>, Investment fund management company</p> <p><b>Valira Capital Asset Management</b> (Madrid), Fund management company</p> <p><b>Private Investment Management</b> (Suïssa), Property management company</p> <p><b>Crediinvest Sicav / Investcredit Sicav</b> (Luxemburg), Investment bodies</p>			

Crédit Andorrà has been a member of the **Association of Andorran Banks** since its formation in 1960. In 1998, we were the first bank in Andorra to subscribe to the **United Nations Environmental Programme (UNEP)**.

## BRANCH NETWORK OF CRÈDIT ANDORRÀ GROUP

Crédit Andorrà has the largest branch network in the Principality of Andorra.

We have a total of 21 branches providing full banking service, both in Commercial Banking (for Businesses and Individuals) and in Private Banking, in keeping with our philosophy of universal one-stop banking. We also have 43 automatic teller machines operating 24 hours a day in order to provide our customers with permanent service. [See the complete list.](#)

# 4 GOVERNANCE STRUCTURE



## 4 GOVERNANCE STRUCTURE

The Board of Directors, in which the majority shareholders of the company are represented, is the top level of governance at Crèdit Andorrà. Our employees, who hold 21% of shares in the enterprise, are represented at the General Shareholders Meeting by the Chief Executive Officer.

Board of directors
<b>Chairman</b> Antoni Pintat Santolària
<b>Vice-chairman</b> Jaume Casal Mor
<b>Chief Executive Officer/Secretary</b> Josep Peralba Duró
<b>Board member</b> Rosa Pintat Santolària
<b>Board member</b> Maria Reig Moles
<b>Board member</b> Josep Vidal Martí

Executive committee
<b>Chief Executive Officer and General Manager</b> Josep Peralba Duró
<b>Assistant Corporate General Manager</b> Xavier Cornella Grau
<b>Insurance Group Director</b> Josep Brunet Niu
<b>Financial Division Director</b> Xavier Cornella Castel
<b>Director, Technical General Secretarial Division</b> Agustí Garcia Puig
<b>Loans Division Director</b> Frederic Giné Diumenge
<b>Director, Management Control and Corporate Risk Division</b> Josep Lluís Grasa Jordana
<b>Resources Division Director</b> Ramon Lladós Bernaus
<b>Director, Banking Business Division</b> Xavier Ruiz Sena
<b>Systems Division Director</b> Martí Tremosa Fité

# 5 SOCIALLY RESPONSIBLE MANAGEMENT



## 5 SOCIALLY RESPONSIBLE MANAGEMENT

At Crèdit Andorrà we understand sustainability as a commitment to bring together the concerns and expectations of our stakeholders on social and environmental matters as a strategic asset of the bank, presenting quality services and acting in a responsible way toward the community and the environment.

Since 2004, Crèdit Andorrà has had a **corporate social responsibility plan** in operation with specific measures to be taken both in the environmental and social spheres. This year the plan was revised and new objectives were set aimed at further strengthening the commitment of Crèdit Andorrà to sustainability.

### GROUP PHILOSOPHY

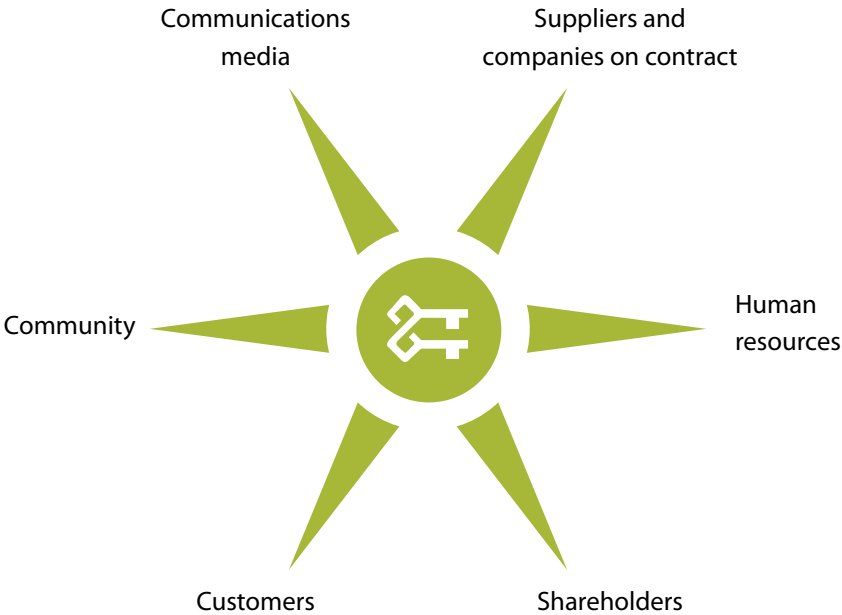
The effective continuing application of the basic premises of our business culture model, which incorporates all our corporate values, is fundamental for providing the best possible service to our customers. The essential aspects set out below make up a guidepost that allows us to travel in the right direction. All the companies in the Crèdit Andorrà Group share the same business spirit and philosophy.

- **Total orientation toward the customer**
- **Orientation to objectives**
- **Clear and transparent communication**
- **Proactivity and innovation**
- **Team work**
- **Leadership**
- **Human resources management**

### STAKEHOLDERS

The kind of business activity carried on by Crèdit Andorrà Group demands a high level of **relationship and involvement with stakeholders**. This year marked 60 years since we began operations, a fact that makes us feel fully committed to the society in which we carry on our business activity and an active part of its development. It is because of this desire to be involved with the society that we want to grow on the international scene, sharing our values and forming part of the society that bids us welcome.

It is on the basis of creating value that we channel our efforts into generating positive results with all the groups with which we have a relationship. We work at getting to know and understand them while adapting ourselves to their needs and expectations and helping to meet them.



At Crèdit Andorrà we consider good business practice as an essential and integral part of our operations. Our fundamental base is **ethical management**, which implicitly involves respect for human rights. We reject any kind of failure to respect human rights, both with regard to our own personnel and all other stakeholders.

# 6 CUSTOMERS



## 6 CUSTOMERS

**A**t Crèdit Andorrà, we are constantly working to ensure the optimum quality of the products and services we provide, to be transparent in the information given to customers and to always meet their needs and interests.

With the aim of providing quality service and ensuring ethical and correct methods, all Crèdit Andorrà employees subscribe to the **Code of Ethics and Conduct of Crèdit Andorrà Group** and the **Manual for the Prevention of Money Laundering**. During 2008 no case was recorded of failure to meet the rules set out in these two documents.

A notable accomplishment for Crèdit Andorrà in 2008 was the awarding of the **ISO 9001:2000** certificate, which confirms the management quality of our departments of Treasury and Capital Markets and Management of Markets and Control. The granting of this certificate ensures that the bank applies the procedures and tools needed to guarantee the quality of service provided to our customers and the products we offer, as well as the management of equity.

Obtaining the **ISO 9001:2000** certificate is in addition to that already held by **Crediinvest**, the Group investment fund management company, obtained in 2007 and renewed last July. In this case, the certificate ensures our following a quality management system in all processes related to the creation, management and administration of the bank's investment funds. The auditor's report drawn up by BSI underlines "the high level of commitment in the operation of the quality management system" of Crediinvest.

The **GIPS** (Global Investment Performance Standards) **certificate** of Crediinvest was also renewed. This certificate ensures the use of ethical and transparent procedures when it comes to calculating and making public the yields on customer investments as well as certifying that figures published are homogeneous with those of other investment fund bodies on the international scene.

Finally, we should add that Crediinvest has adopted the principles set out in **European Union directives MIFID** (Markets in Financial Instruments Directive) with the aim of improving the quality of service we provide to our investor customers, who will obtain real benefits in terms of information and protection of their interests.

This European Union rule is a framework that increases the current level of protection and information for investors and, watching over their interests, regulates the procedures for carrying out and attribution of orders, the management of conflicts of interest and transparency in negotiation procedures.

## Evaluation of customer satisfaction

At Crèdit Andorrà, we make a constant effort to increase customer satisfaction by carrying out surveys aimed in that direction.

In 2008, we conducted two customer satisfaction surveys, one involving companies businesses and the other covering Private Banking.

The survey carried out by **Banking for Businesses** brought together a representative sample of the companies involved in the country's various sectors of economic activity by means of a personal questionnaire carried out from May to June. With regard to results, we should point out the general level of satisfaction with the bank shown by companies, **an average of 7.3** on a scale of 0-10, which makes the bank the most highly valued in the market. Out of the various factors examined in the survey, Crèdit Andorrà obtained the highest values in office hours open to the public, closeness of branches, professional level of personnel attending customers, time waiting to be served and ability to resolve any problem or operation.

The survey of the level of satisfaction of **Private Banking** customers with service provided by Crèdit Andorrà was carried out with a representative sample of customers. The survey was done using a self-completed questionnaire filled out by the customer at a Crèdit Andorrà branch before a meeting with his/her account manager. The survey was done between March and May. Crèdit Andorrà obtained a general level of customer satisfaction **on average of 8.2** on a scale of 0-10. We should point out that the service aspects related to the account manager most highly valued by customers were friendliness and cordiality in dealings, appearance, treatment when the customer called to arrange a meeting or when the account manager dealt with the customer. It also obtained a high level of satisfaction in terms of confidentiality and discretion on the part of the bank.

Results obtained in both surveys underline that customers continue to very positively value the commitment of Crèdit Andorrà to the **fullest attention to the customer**, one of the most important values in Crèdit Andorrà's culture model. For us, the customer is the most important so that all the bank's activities are aimed at meeting his/her needs with the aim of achieving **maximum quality in service provided**.

## PRODUCTS AND SERVICES

At Crèdit Andorrà, we are always working to provide more and better financial products and services, aware of the needs of our customers and opportunities to create economic and social value.

- **Accounts / cards**
- **Savings and investment**
- **Insurance**
- **Financing**
- **Internet banking services**
- **Payment and collection services**

### Socially responsible products

With the aim of making our customers participants in the bank’s commitment to people and the environment, we provide products that are socially responsible.

#### **Clau Visa Unicef: Collaboration with UNICEF**

We have been collaborating on development projects with the Andorra National Committee of UNICEF since 2004. In order to sensitize the community and make it possible for people to collaborate in these projects, we introduced the Clau Visa Unicef card.

Since 2006 we have collaborated in a programme to fight AIDS in Cameroon aimed at children under the banner “Everyone together for the children. Everyone together against AIDS”. Through use of these cards our customers provide the project with a minimum amount of 30 euros a year. Added to this is the contribution of Crèdit Andorrà which furnishes the project with 50% of its earnings from commissions charged for use of the Clau Visa Unicef card abroad, as well as a direct annual complementary contribution to the project.

Clau Visa Unicef	Year 2006	Year 2007	Year 2008
Number of card users	508	740	790
Donations from customers (€)	13,405	28,635	24,535
Bank's contribution (€)	30,271	37,240	29,240

### **CF Sustainability Investment Fund**

The purpose of the CF Sustainability Investment Fund is to provide investors with the maximum return on capital through investment in companies showing a lead in sustainability which have incorporated social responsibility criteria in their internal management. These are companies not trading in alcohol, tobacco, betting or arms and are included in the Dow Jones Sustainability Index, as well as other financial assets and derivatives.

### **Extension of Youth Card to 30-year-olds**

With the move by the European Youth Card Association (EYCA) to extend the age for obtaining a Youth Card to age 30, Crèdit Andorrà likewise raised the age for having the benefit of the 16PUNT30 Youth Card from 26 to 30 years.

Those customers with a 16PUNT30 Youth Card have access to many discounts in Andorra stores and more than 100,000 discounts under the Youth Card programme all over Europe. They may also enjoy financial advantages, among which we should mention the use of all automatic teller machines outside Andorra without paying commissions, may have accounts with no commissions and enjoy advantageous terms when obtaining loans for study, setting up a business or buying a home. Furthermore, all customers with a 16PUNT30 Youth Card take part in gift raffles held every two months.

New socially responsible products introduced in 2008 are set out below.

### **Crèditbaixa**

This is a life insurance policy with an additional clause for being off work. As well as paying a specific indemnity in case of death, the policy guarantees daily payment to the person insured for each day he/she is incapacitated for carrying out his/her work as a result of illness or accident.

Crèditbaixa is intended for any person aged between 16 and 60 who effectively holds a job paid from an outside source and who has been duly passed as an insured worker at CASS (Caixa Andorrana de Seguretat Social).

### Crèditsalut

This is a life insurance policy with a complementary clause covering refund of medical expenses as well as pharmaceutical and hospital costs. As well as paying a specific indemnity in case of death, the policy complements expenses for medical attention and operations not covered by CASS.

This product is aimed at all persons between 18 and 65 years of age who have been passed by CASS as workers or voluntarily insured persons (family members are also considered as beneficiaries) who normally use centres related to CASS.



### Personal Guaranteed Retirement Plan

This is a savings product that allows customers to save progressively for their retirement with the aim of maintaining the same standard of living when they retire as they enjoyed during their working years.

The plan is aimed at any person who wants to ensure income on top of the pension paid by Caixa Andorrana de Seguretat Social when he/she retires through savings with no risk and with a guaranteed minimum annual return.



### Nòminamiga

This is a new financial product through which customers who deposit their regular pay-checke at Crèdit Andorrà can enjoy preferential advantages when taking on other products and services. The advantages offered by this product include an account exempt from commissions for maintenance or management, free-of-cost handling of changes in bank payment orders and the advancing of up to one month's pay for unexpected situations or for those expenses most needed by customers. It also offers advantages and/or discounts when contracting consumer credit, insurance and other products.

## COMMUNICATION AND DIALOGUE

The philosophy Crèdit Andorrà wishes to provide in its products and services is one of absolute transparency, clarity and truthfulness, offering the fullest possible information so that customers can be autonomous and able to choose among those options they find most suitable. We guarantee to carry out that set out under **Law 15/2003 (dated December 18, 2003) regarding the protection of personal data in all communications sent to customers and in the management of such information**, with regard to which no complaint or claim has been laid. We also respect the rules of ethics and conduct set by the Andorra Institute of Finance, the **INAF Ethical Code**, which are rigorously applied by all bank employees.

Furthermore, the Crèdit Andorrà Group has its own **code of ethics and conduct**, put forward by Management and approved by the Executive Committee. This code sets out the main values of our institution as well as the way an employee should perform his/her professional duties in the case of possible conflicts of interest.

# 7 HUMAN RESOURCES



## 7 HUMAN RESOURCES

The development and progress of Crèdit Andorrà in recent years was made possible thanks to the efforts and dedication of all the professionals making up our workforce. People are our best strategic asset. Their interest, enthusiasm and identification with the Group's business culture are the bases that have allowed us to get where we are today.

With the aim of providing the bank with the necessary human resources for developing its strategy, in 2008 we set a number of objectives that were met in various degrees.

- **To fully prepare the bank's existing staff by putting special emphasis on language training so that they can effectively deal with new challenges.**

A major effort in language training was made in 2008 both during and outside working hours in order to prepare staff for the bank's internationalisation process.

Some 161 employees (37.70% of total staff) took part and average investment in language training was 872.29 € per person involved. A total of 13,846 hours (86 hours per employee) was taken up in such training.

- **To speed up the process of updating job descriptions and put into operation a pilot programme for the new system of management according to responsibilities.**

In order to adapt ourselves to the bank's changing situation we finalized the updating of job descriptions, something that has allowed us to establish a more exact picture of each work station, setting out its mission, responsibilities and requirements. This is one of the main tools for carrying out the various policies for managing the bank's human resources.

With regard to the system of management according to responsibilities, this has not yet finally been put into operation due to the fact that it is still under adjustment and other priorities have slowed down development of this project.

- **To improve the operating efficiency of the Human Relations Department by introducing a new data-processing system for managing human resources.**

The new data-processing system was put into operation toward the end of 2008 and its operational efficiency will be evaluated during 2009.

## PREPARATION FOR NEW CHALLENGES: BANKING SOFTWARE PLATFORM, NEW BUSINESS AND INTERNATIONALISATION

In order to continue as leaders and remain competitive in an international market, we must be well prepared and able to meet future challenges by giving the bank all the resources needed. In order to carry out our future-looking strategy, nearly a year and a half ago it became clear that it was essential to introduce a banking software platform capable of still better adapting to change and the constant technological innovation taking place in the sector.

In our research for a new platform our conclusion was to adopt Avaloq. This is a banking programme developed in Switzerland. One of the key features of this project is its international nature. It is being jointly developed by Andorra and Switzerland and the official working language is English. For this reason, we should emphasize the professional and personal efforts being made by members of our staff.

In order to develop this project, a specific team has been set up and it will be responsible for making progress fully known. During 2009, training will be given on the new facility in order to properly prepare staff before it is put into operation on January 1, 2010.

The internationalisation process of the Crèdit Andorrà Group is the result of a desire to keep growing and consolidating its business both inside and outside our borders. In this respect, the Crèdit Andorrà Group is present in Switzerland with Private Investment Management, a private asset management company. It is also in Luxembourg where it operates with two SICAV (investment companies) and in Spain (Madrid) with Valira Capital Asset Management, an invest funds company in which it is majority shareholder. In 2008, the internationalisation process continued with the creation of Banco Crèdit Andorrà (Panamá) which will operate under an international licence in the Republic of Panama offering financial services and world advisory services. The Group also has a representation office in Uruguay.

In the insurance field, our Insurance Group began a process of internationalisation stretching into Spain which came into being with the majority participation (76%) in ERM holding, a consultancy and insurance body with head office in Barcelona.

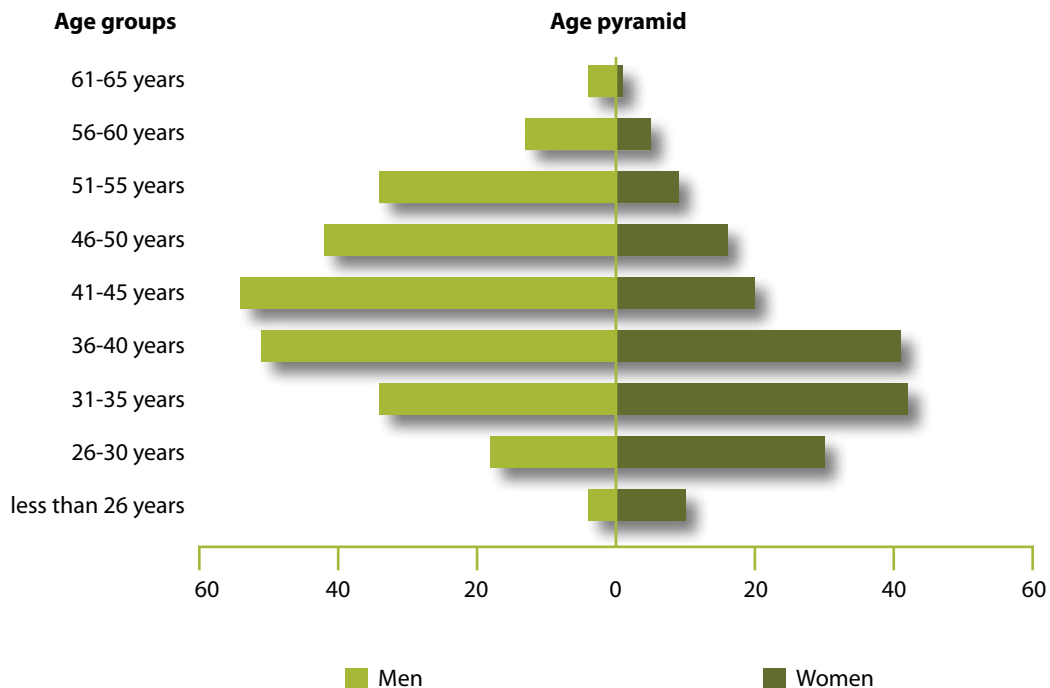
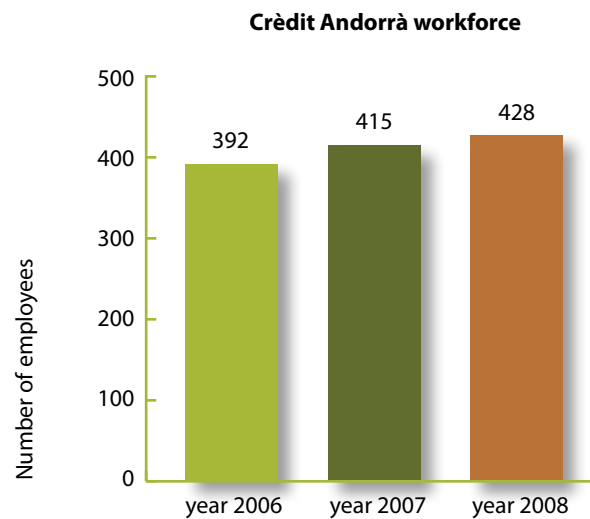
Through our Human Relations Department we are working at being able to provide the necessary means so that, in a climate of mutual commitment and confidence, members of our workforce can develop their personal and professional potential and contribute to making the strategic internationalisation of the bank a reality.

In this respect, we should underline the increased attention to language learning and the possibility open to our employees to globalize their professional careers by choosing to work abroad.

With the aim of facilitating a term in a foreign country, the bank will offer a salary and social security benefits package specific to those persons involved. At this time, three staff members are working in Panama and one in Switzerland.

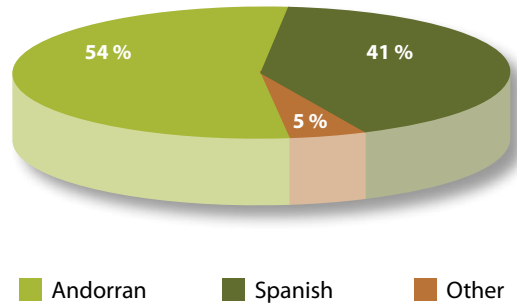
## WORKFORCE PROFILE AND EQUALITY OF OPPORTUNITY

In 2008, the Crèdit Andorrà Group workforce showed a considerable increase over the previous year, largely because of new companies joining the Group and the expansion international business. The Group employs a total number of 468 persons while 428 are employed by Group businesses located in Andorra.



Nota: Figures are for Group companies located in Andorra.

**Workforce by nationality**



Crèdit Andorrà Group works at fostering equality of opportunity and, under its human resources policies, guarantees non-discrimination in hiring for reasons of gender.

	Year 2006	Year 2007	Year 2008
Women	41%	42%	41%
Women with management and responsible posts	19%	19%	19%

Along with the updating of job descriptions, the parameters to be applied in remunerations policy were also brought up to date so that the remunerations base for each work station has been set from a totally objective point of view, independently of the gender of the person holding that job.

Finally, Crèdit Andorrà Group makes a concerted effort to include handicapped persons in the working world. In this respect, we have established a collaboration agreement with the Labour Agency, with support from the Meritxell Special School (AGENTAS), under which 3 handicapped persons are now working for us.

## ATTRACTING AND KEEPING PROFESSIONALS

In keeping with our policy of holding onto professionals, the Crèdit Andorrà Group follows a policy under which it signs permanent hiring contracts, thus offering secure prospects of stability and professional development. As a result, 100% of all hiring contracts are of a permanent nature, a figure that confirms a highly stable workforce.

		Year 2006	Year 2007	Year 2008
Average seniority	Women	10.97 year	11.14 year	11.60 year
	Men	15.68 year	17.00 year	16.31 year
Both sexes		14.76 year	14.51 year	14.43 year

	Year 2006	Year 2007	Year 2008
Percentage of voluntary separations	5.75%	4.09%	3.03%

## SOCIAL BENEFITS AND OUTSIDE ACTIVITIES

The creation of a stable worthwhile job and keeping professionals satisfied are key factors in the management of human relations. For this reason, Crèdit Andorrà Group offers its employees the possibility of enjoying social benefits as well as ways to reconcile personal and professional life.

### Social benefits

- **Full medical and health insurance**
- **Life insurance**
- **Social Benefits Foundation of Crèdit Andorrà employees (Previfun):** a body fully independent of Crèdit Andorrà in property and legal terms, it employs its funds in welfare and aid to the bank's employees. This fund makes it possible for employees to enjoy retirement pensions, those for disablement, orphanhood, widowhood, support for married couples or those in a stable union, as well as aid for births, and other benefits. At the same time, in the educational sphere, it provides help for children's studies, professional training, university, post-graduate or similar studies.
- **Special conditions on banking products and services** from the moment a person begins to work at the bank.

In keeping with the bank's desire to involve all its professionals in its broad objectives and strategy, it grants all employees with at least three years seniority the possibility of acquiring shares in the entity. Employee participation in the of the bank's stock amounts to 21% of total shares.

We should add that, to help employees combine personal and working life, the bank allows a certain flexibility in working hours to make it possible for both fathers and mothers to enjoy some margin in the time when they start work.

With the aim of fostering a good spirit in the workforce, Crèdit Andorrà offers a number of outside activities, including inter-company games, the Desman Trophy, the Andorra Inter-bank Golf Championship and the St. Charles dinner.



Scenes of outside activities of Crèdit Andorrà employees

## PROFESSIONAL DEVELOPMENT AND TRAINING

One of the basic tenets at Crèdit Andorrà is the professional development of those making up our workforce. In this respect, we give priority to promotion from the inside always trying to fill newly created work stations with professionals from our own workforce.

In order to ensure that professional development takes place it is necessary to have the interaction of three factors: the person involved, the Human Relations Department (which collaborates in identifying the requirements and provides the tools needed to meet them) as well as management people who should act as a driving force in this development process. For this reason, managers receive continuing training with regard to the system for measuring achievement and setting the retributions model.

With regard to training, it may be said that the internationalisation process, as well as the growing size of the institution, raises new challenges for Crèdit Andorrà Group that demand a dynamic training policy. Training staff for the Group is fundamental for achieving the bank's objectives. It is through training that our professionals gain the aptitude and knowledge needed to carry out their work at the highest level.

Both individual and team training take place in three areas: the bank's multi-year strategic plan, the breaking up of the strategic plan into annual objectives for each division and the results obtained under the system for managing achievement.

A training plan is arranged each year according to the work to be carried out during the period, paying attention to needs previously noted and the professional development of staff. The plan involves team training programmes for various areas of work as well as individual training in the case of languages, postgraduate and master studies.

	Year 2006	Year 2007	Year 2008
Percentage of staff receiving training	100%	100%	100%
Percentage spending on training in relation to total staff salaries	3.9%	3.53%	4.45%
Average investment in training per employee (€ / person)	1,694	1,646	2,158.69
Average number of hours training per employee (h / person)	51	56	69
Percentage of training during office hours	22%	22%	22%

As it does each year, the bank organized a course of **training for all employees dealing with the prevention of money laundering and the fight against the financing of terrorism**. Entitled "Decalogue to combat money laundering and the financing of terrorism", this year's course was directed by José Antonio Monreal, lawyer and economist, a recognized expert in this field.

A total of 469 persons took part in these training courses. The courses are aimed both at bank employees and all those who work for the bank but are contracted by other companies. This year a total of 717.50 hours was given over to this type of training.

We should draw attention to the funds invested in training aimed at asset management transactions with the aim of providing our professionals with the knowledge and resources needed to exercise good judgement when approving or denying a transaction of this type.

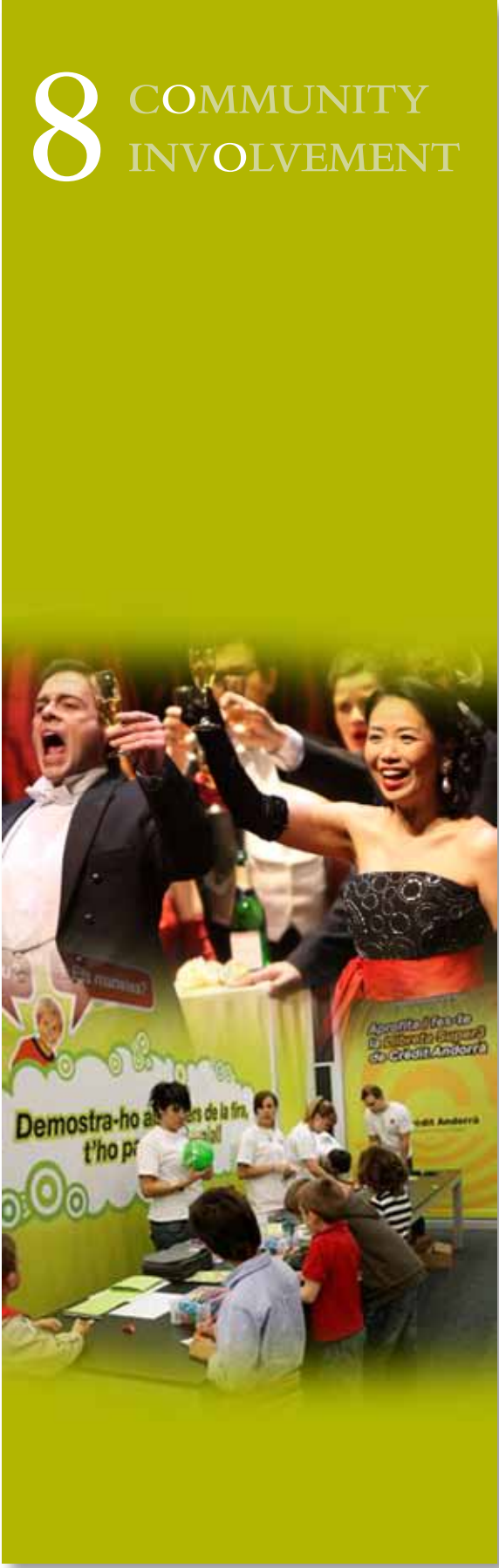
We should mention efforts made in training to **prevent work accidents** and **on environmental** concerns which altogether took up 469.25 hours.

Finally, with regard to work safety and risks, the rate of absenteeism this year was 0.04%. On the other hand, we should point out the low accident level in the sector. In 2008, the bank had four work accidents (2 in itinere accidents) of which 2 involved time off. Some 56 work days were lost because of accidents.

#### Objectives for 2009

- To stress social benefits for employees.
- To increase the operating efficiency of the Human Relations Department by introducing new technology and dealing with needs for internationalisation.
- Prepare employees to use the new data-processing facility and to meet the needs of internationalisation.

# 8 COMMUNITY INVOLVEMENT



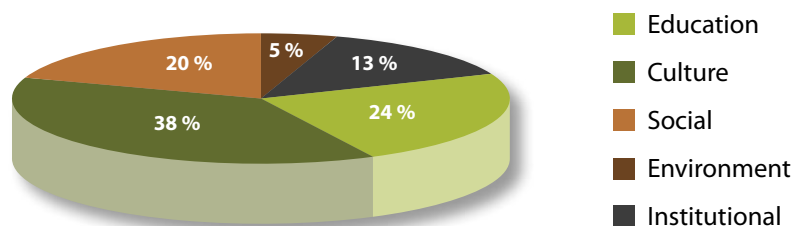
## 8 COMMUNITY INVOLVEMENT

Our commitment to contributing both to economic development and sustainable development of the environment and the society involves working constantly to establish ways of cooperating and collaborating with various groups in the country.

One characteristic inseparable from both Crèdit Andorrà and the Crèdit Andorrà Foundation is their strong roots in the society of the Principality of Andorra and for this reason we give support to and coordinate our own programmes as well as collaborating with those bodies working for the development of Andorran society. Our involvement is based on planning and a proactive approach.

In 2008, investment by Crèdit Andorrà and the Foundation in initiatives aimed at the broad community totalled **1.67% of total net profits**.

Consolidated investment



### SOCIAL INITIATIVES

#### Collaboration with Association of Speech Therapists of Andorra

With the collaboration of Crèdit Andorrà, the Association of Speech Therapists of Andorra gave a course aimed at training specialists able to detect symptoms associated with dyslexia and attention deficit hyperactivity disorder (ADHD). The course was given by Victor Navarro Sostres, pedagogue and expert in logopedics, director of the Montserrat Estil·les Centre for the Study and Treatment of Dyslexia.

#### Blood bank – Andorran Red Cross

For another year, we collaborated with the blood bank organized over many years by the Andorran Red Cross. The aim was to sensitize people on the need to give blood while at the same time promoting more blood donations. The results this year were very positive seeing that there were more than 900 blood donations in the Spring and 414 in the Autumn. The fact that blood-donors personally received the appeal letter was a factor behind the increase.

### 3rd Workshops on Legal and Forensic Medicine in the Principality of Andorra

With the collaboration of Crèdit Andorrà, the Government of Andorra organized the 3rd Workshops on Legal and Forensic Medicine in the Principality of Andorra. These workshops were of special interest to those professionals involved in the health field (doctors, nurses, aids, etc.), those in the police force (investigation, criminology, laboratory, etc.) and persons in the judicial world (magistrates, bailiffs, prosecutors, lawyers, etc.) although others attended who wanted to delve deeper into these matters.



From left to right, Antoni Serrano, Crèdit Andorrà Institutional Relations director; Antoni Riberaygua, minister of Justice and Home; and Carme Moreno, area manager of Legal and Forensic Medicine

### Collaboration with the Portuguese Business Executives Club of Andorra

In keeping with its support to the country's Portuguese community, Crèdit Andorrà collaborated during the year with the Portuguese Business Executives Club of Andorra (CEPA) in the following activities: a concert given by one of Portugal's best known singers, Toni Carreira, the setting up of the club's new web-page and a course for training Portuguese business executives on new recently approved economic laws (company law, foreign investment law and accounting law). In appreciation of the support from Crèdit Andorrà in these matters, in its annual awards last November the **CEPA voted the bank the country's best company.**

### 1st Family Day with Club Super3

In April, Crèdit Andorrà together with the Vallnord ski resort organized Family Day. More than 500 boys and girls between 2 and 14 years of age took part in this special day along with their families. They took part in various activities including playing on blow-up castles, manual activity workshops arranged by Llibreta Super3, a concert with the SP3, a Club Super3 musical group, a performance by two celebrities from Club Super3 from TV3, namely Mr. Pla and Roc.



SP3 Concert

### 2nd Second Classic and Rebuilt Car Show in Andorra la Vella

Crèdit Andorrà took part in the 2nd Second-hand and Restored Classic Car Show in Andorra la Vella with the aim of helping the second-hand motor vehicle sector in view of the difficulties it is experiencing at this time. The bank sponsored the show to the extent of nearly 15,000 euros. In addition, it offered **Crèdit Cotxe** financing on vehicles sold at the show under which customers could include the cost of insurance for as many years as the loan term covered.

## 2008 Andorra la Vella Fair

Crèdit Andorrà gave support to the Andorra Motor Vehicle Importers Association (AIVA) and the motor vehicle sector in general through its sponsorship of the AIVA fair grounds under which the bank assumed 50% of the cost of renting the space. It also publicized its Nòminamiga campaign (its financial and insurance advantages) and offered financing through Crèdit Cotxe and Crèdit Ràpid. It helped to make the Super3 Passbok better known through workshops and activities for children.



Stand of Crèdit Andorrà at Fira Andorra la Vella 2008

## Sport collaboration

### Charity Competitions

Once more this year we collaborated in sports events of a charitable nature, among which we should mention the **golf competitions held in aid of the Red Cross and UNICEF**. Contributions, both from players and the various collaborating bodies, went toward aid programmes of those organizations.

### Basic sports

For some years now, Crèdit Andorrà has collaborated in events aimed at encouraging young Andorrans to participate in sports. Again this year we sponsored a soccer campus at a top international level, the **15th Vilaseca-Valverde Soccer Campus**. Over the years, these events, directed by Joan Martínez Vilaseca and Francesc Valverde and involving young people from around the globe, have produced players of leading world level who are now playing in teams such as FC Barcelona and others.

We also sponsored the **1st Carles Riba Seven-a-side Football Campus**. While this was an initial event, it was a complete success in which 80 youngsters took part. This campus had the collaboration as trainers of leading players from the Spanish Seven-a-side Football team, today the world runner-up.

### 16th Borrufa Trophy

For the third year in a row, Crèdit Andorrà collaborated in the Borrufa Trophy held in Vallnord. On this occasion, this international down-hill ski championship brought together more than 200 boys and girls between 11-14 years of age from 23 countries. Both for the number of participants and the level of skiing, the Borrufa Trophy is the world's third leading children's competition and one of the most important in Southern Europe. The championship includes such categories as supergiant, giant, slalom and combi race as well as a wide range of sport and intellectual activities.



Scenes from Borrufa Trophy

## EDUCATIONAL INITIATIVES

### *L'estudiant magazine*

Ever since 1992, Crèdit Andorrà has been collaborating with Diari d'Andorra on the magazine L'estudiant with the aim contributing to the habit of writing and reading among young people. This year, 45 students worked on preparation of the contents of this quarterly magazine that is given out free with Diari d'Andorra and to all schools in the country.

As a result of this collaboration, the students involved were made a present of a Carnet Jove 16PUNT30 youth card or a Super3 Passbook in the case of those under 16 years of age. Both cases carried a prize of 60 euros.



### Collaboration with Autonomous University of Barcelona and Centre for Mathematics Research

The bank is collaborating with the Autonomous University of Barcelona and the Centre for Mathematics Research within the programme Master in Mathematics for Financial Instruments. This comes under a collaboration agreement so that Master students can carry out their practice programme at Crèdit Andorrà.

## CULTURAL INITIATIVES

### Guitars concert – Barcelona Guitar Quartet

The Spanish embassy in Andorra, with the collaboration of Crèdit Andorrà, organized a free concert by the Barcelona Guitar Quartet. The quartet presented a basically Spanish repertoire with works by Granados, Turina, Albéniz and de Falla notable among which was *El amor brujo* and *El sombrero de tres picos*.

### Concert by Lopes Graça Quartet

Crèdit Andorrà also collaborated with the Portuguese embassy in Andorra in organizing a concert with the Lopes Graça Quartet of the National Conservatory of Portugal. The concert offered an entirely Portuguese programme with contemporary music.

### Circuit'Art

Once more for the third year in a row, the Andorra la Vella Art School and the galleries Art Centre, Carmen Torrallardona and Pilar Riberaigua put on Circuit'Art, an artistic experience aimed at helping people to know and appreciate the visual arts, especially in its most contemporary forms. In the 2008 exhibition, Circuit'Art was devoted to engravings, one of the richest art forms because of the variety of techniques, materials and formats it takes on. In the exhibitions organized by Circuit'Art this year the public could discover artists for whom engraving represents a strong means of personal expression.

The participation of the bank in this art initiative was aimed at contributing to the spread of culture and to fostering expression and creativity in its many forms.

### Book of the *Hordenasions de Quart de Ordino*

Quart de Ordino offered Crèdit Andorrà the chance to take part in the edition of a book reproducing the *Hordenasions del Quart de Ordino* (Ordinances of Quart de Ordino) from 1633 to 1882. The book allows the reader to become familiar with one of the oldest documents preserved in the country, of great documentation and historic value. Through its pages it is possible to relive the organization of a town based on a rural economy and become familiar with a time when occupations and matters under debate were quite different from those today. The documents show how life was organized in times past, day-to-day matters, the concerns and needs of the people who lived in the town of Ordino in the 17th, 18th and 19th centuries.

Participation in publication of this book is one more example of the commitment of Crèdit Andorrà to help make known Andorra's historical and cultural heritage and the ways and customs of its citizens.

## Opera *La Traviata*

Following the success of *La Bohème* in 2006 and *La Cenerentola* in 2007, the Ministry of Culture and Universities and the Comú de Sant Julià, with the collaboration of Crèdit Andorrà, organized a performance of the famous opera *La Traviata* by Giuseppe Verdi (1813-1901). The work, produced by the Sabadell Association of Friends of the Opera and performed by the Vallès Symphony Orchestra under the direction of Ello Orciuolo took place in the Claror Auditorium in the Lauredià Cultural and Congress Centre.



Performance of the opera *La Traviata*

## Prizes at the 30th Andorran Literary Night and 14th Cartell Arts Andorra

At the 30th Andorran Literary Night, the Arts and Letters Circle, with the collaboration of Crèdit Andorrà, called another theatre prize for the 50th Anniversary of Crèdit Andorrà and another Grandalla Poetry Prize. For two years in a row, the bank has increased the money value of these prizes. In addition, there was another call for Sculpture and Painting Prizes for the 14th Cartell Arts Andorra, two of the most outstanding awards of that event.

## Book on 50th anniversary of Unió Pro-Turisme d'Escaldes-Engordany

With the sponsorship of Crèdit Andorrà, Unió Pro-Turisme d'Escaldes-Engordany (UPTTE) published a book commemorating the 50th anniversary of the establishment of this body. The book is a collection of the life and times of the various chairmen of the UPTTE from 1955 to 2005 and the cultural events that have become a tradition in that parish. Publication of the book involved the participation of collaborators and members of UPTTE.

## SUMMARY OF CRÈDIT ANDORRÀ PROGRAMMES

In 2008, the work of the Foundation continued to be concentrated on three areas of interest, namely social, educational and cultural programmes.

**For further information, see the full report on Crèdit Andorrà Foundation activities on the bank's web page. [www.creditandorra.ad](http://www.creditandorra.ad).**

With regard to **social programmes**, the elderly was one deserving fullest attention. The promotion of *L'espai*, the Foundation's centre for social and educational activities for the elderly, involved the organization of courses, and various activities and workshops, among which those related to computer use were of special importance, along with the courses held by the Association of Elderly Volunteers of the Crèdit Andorrà Foundation (AVIM).

New this year was a broader range of cultural and educational activities such as those devoted to theatre, Catalan language and food. In the social support sphere, one of the programmes attracting the most interest was that dealing with illnesses of great social impact. Educational talks and workshops on illnesses and carers dealt with work involving Alzheimer's disease, multiple sclerosis, fibromyalgia, chronic fatigue syndrome and breast cancer as well as mental illnesses and Parkinson's disease which were added to the programme this year.

Finally, under social programmes we should mention support given to various bodies such as the Crèdit Andorrà Foundation Scholarship Holders Association, the Andorra Science Society and the Andorra Special Olympics Federation, as well as a contribution to National Strategy on Nutrition, Sport and Health being developed by the Government of Andorra aimed at encouraging people to follow good eating habits and regular physical exercise.

Under **educational programmes**, the specific work carried out came under two broad headings – support given professional and post-graduate studies and collaboration with the University of Andorra. With regard to the former, we continued the call for Foundation scholarships for studies in hotel management and tourism as well as postgraduate studies and cosponsoring of two scholarships offered annually by the Fulbright Bilateral Committee. A third educational avenue was also opened up with the signing of a collaboration agreement with the Government of Andorra offering aid for higher studies. Coming under the same heading was establishment of the Calvó Armengol International Prize for studies in social interaction. With regard to our collaboration with the University of Andorra, support was given to various educational endeavours, such as the Cycle for Professional Improvement at the Data-processing and Management School, postgraduate studies in Andorran law, the programme on the training of midwives and the Open Opera course. We also participated in the publishing of a work on *Delictes patrimonials*.

So far as concerns **cultural programmes**, the Foundation continued to give strong support to music and theatre. We should mention the involvement of Crèdit Andorrà Foundation in projects carried out by the ONCA Foundation among which were various concert cycles with the participation of the Andorra National Classical Orchestra and the Andorra National Youth Chamber Orchestra. Among programmes carried out by the ONCA Foundation this year, we should mention the issue of a CD recorded by ONCA, including *Andorra Symphony No. 2* by Sergio Rendine, a work commissioned by the ONCA Foudation, and the commissioning of an opera *El Somni de Carlemany*.

Crèdit Andorrà Foundation continued to participate with the Ordino Festivals Association in organizing the Internatinal Narciso Yepes Festival and the New Year's Concert. Among other events, it was involved with Friends of the Organ Foundation in mounting of the International Organ Cycle and organ sessions for students and in the calling of the Carles Sabater Prize with the Centre for Catalan Culture in the Principality of Andorra. Along with the Andorra National Stage Foundation it took part in the production and touring of various theatre works, notable among which was the first ENA production *A Streetcar Named Desire*.



Images of various Crèdit Andorrà Foundation activities

# 9 ENVIRONMENT



## 9 ENVIRONMENT

**A**t Crèdit Andorrà we have always followed a commitment to maintain a balance between the development of our business activity and conservation of the environment. In this respect, year after year we invest in measures aimed at identifying, controlling and minimizing our impact on the environment as well as helping to make people in general aware of these concerns.

We should point out that the bank's commitment to the environment spreads over to the construction of our branches which takes into account environmental criteria so that they are highly efficient while at the same time respectful of the environment.

Investment and spending on the environment this year (collaboration spending, construction and maintenance, audits and merchandising) amounted to 96,926.77 €. Furthermore, we should mention that this year Crèdit Andorrà spent around 2.5 million euros on improvement works and maintenance of its branches. This work aimed at improving our installations at the same time brings about better environmental efficiency.

### ENVIRONMENTAL MANAGEMENT SYSTEM

Crèdit Andorrà has had an environmental management system (EMS) in place since 2004 in keeping with the ISO 14001: 2004 regulation. A team made up of one person responsible full-time and seven persons spending 5% of their time working at ensuring proper maintenance of the system.

As of this year, the EMS began a new protocol with the aim of making a more accurate study of the entire process of waste management from when wastes are generated to the moment they are given final treatment.

Among other measures taken, a study was made of the limitations of the system with the involvement of various agents, such as those responsible for environment of each building (DAC), maintenance and cleaning companies and various Crèdit Andorrà employees.

A good part of the data referring to wastes has been computerized. Emphasis has been given to clean-out of the system in order to quantify wastes and thus make a more detailed study of that remaining. Finally, we have broadened the list of types of waste we collect and manage selectively, such as out-of-date medicines, oils (generated at branches) and wood and scrap iron (generated at construction sites).

We should also mention the efforts made under the EMS year after year in meeting and improving the emergency plan which this year organized several simulated spills of fuel oil and fire practices, as well as courses for personnel responsible for initial emergency response and those who make follow-up response, with the involvement of 32 employees.

As established under the environmental management system and following its constant improvement, each year we establish a number of objectives.

Objectives for 2008	Degree of completion
To reduce water consumption by 50% by carrying out a pilot study for remodelling the air-conditioning system in the ICA building.	√
To reduce energy consumption by reducing the operating times of cooling equipment in the Crèdit Centre building through the installation of a new system of cool air intake from outside.	√
To reduce paper consumption at branches by installing printers that print on both sides.	√
To improve waste management by defining in each place an area for temporary and sporadic storage of those wastes that must be got rid of periodically.	√ (partly)
To improve environmental awareness of the process of waste collection among new personnel.	√
To encourage activities and/or campaigns to spread information and awareness among the population as a whole regarding matters related to the preservation of the environment, nature and sustainability.	√

## IMPROVING THE ENERGY EFFICIENCY OF BRANCHES

Year after year, we continue to introduce measures to improve the energy efficiency of our branch network. The most notable in 2008 were as follows:

- Installation of new air-conditioning systems in most Crèdit Andorrà branches. This involved VRV systems with heat pump, a system pioneered in Andorra because of its high output and low consumption.



Head office

- In addition, free-cooling systems were installed in the data-processing building and Head Office which, on the one hand, make it possible to cool down the machines by using outside air when this is cooler than that inside and, on the other hand, to take advantage of heat generated by the same machines for heating the building interior.
- The new La Massana office was studied using thermo-graph photos which revealed a series of slight insulation defects. The necessary improvements were carried out to resolve those deficiencies.
- Elimination of the old calculation centre in Rebés Square and insulation of the technical centre in that building made it possible to considerably reduce the cost of electrical power.
- Replacement of all printers along with publication of a folder on good practices for employees will result in savings in energy, paper and ink.

Total investment in improvements and modernization of installations, which at the same time involve a series of energy-related advances, was close to 2.5 million euros.

## RESOURCES AND WASTE MANAGEMENT CONSUMPTION INDICATORS

### Management of energy resources

The increase in energy consumption is due mainly to severe climatic conditions during the year so that it has been necessary to use air-conditioning systems more than usual. We should mention that the start-up of the new installations at the Computer Building meant an increase in energy consumption.

Figures for fuel-oil consumption are not comparable with previous years given that it was during 2008 that installation of meters was still being completed in those branches operating on fuel-oil furnaces. As of 2009, it will be possible to begin analyzing consumption trends.

	Year 2006	Year 2007	Year 2008
Electrical power consumption (MWh)	5,506	5,466	6,125
Electrical power consumption per m <sup>2</sup> of office space (kWh/m <sup>2</sup> )	172.16	157.29	172.73

	Year 2008
Fuel-oil consumption (litres)	282,077
Fuel-oil consumption per m <sup>2</sup> of office space (litres/m <sup>2</sup> )	8.89

**Note:** Figures from October to September

## Greenhouse-effect gas emissions

Climate change is now very much talked about and information available becomes more complete day by day. In order to present the most accurate figures in keeping with reality, the factors used for calculating CO<sub>2</sub> emissions in this year's report are different from those utilized in previous years.

In the case of emissions arising from fuel-oil consumption, up until 2008 the installation of meters had not yet been completed and therefore this is not comparable with the year before.

	Year 2006	Year 2007	Year 2008
CO <sub>2</sub> in tons (electricity)	1,040	1,039	1,150
CO <sub>2</sub> in tons (electricity) / 100 m <sup>2</sup> of office space	3.25	2.99	3.24
CO <sub>2</sub> in tons (fuel-oil)	-	-	731

**Sources:** Origin of electricity Andorra – FEDA (15% hydro-electrical and 85% from Spain and France in equal parts). Figures for emissions - France: EDF. Figures for emissions - Spain: System for guarantee of origin and labelling of electricity (CNE).

## Water management

The year 2008 showed a notable reduction in water consumption mainly because of the renewal of air-conditioning systems and the solving of certain problems.

	Year 2006	Year 2007	Year 2008
Water consumption (m <sup>3</sup> )	32,031	43,750	23,256
Water consumption per m <sup>2</sup> of office space (m <sup>3</sup> /m <sup>2</sup> )	1.00	1.26	0.66

**Note:** Figures from October to September

## Consumption of materials

		Year 2006	Year 2007	Year 2008
Paper for internal use	Tons	16.48	23.83	24.85
	kg/employee	45.41	52.04	53.09
Paper for customers	Tons	26.08	33.68	36.83
	kg/customer	0.26	0.27	0.34

**Note:** Figures from October to September

## Waste management

In order to encourage the proper management of wastes, each year we send out reminders about this matter to those responsible for environment at each branch as well as to office-cleaning companies with the aim of reminding them of the various types of wastes to be separated, the place where wastes are to be deposited and the company that manages them.

In quantifying wastes we must keep in mind those that have been generated at construction sites. It should be noted that two new branches were opened this year – Encamp 2 and Massana 3. For this reason notable increases show up in certain types of waste.

		Year 2005	Year 2006	Year 2007	Year 2008
Office paper	kg	12,666	13,216	11,103	14,936
	kg/employee	38.50	36.41	24.24	8.84
Cardboard	kg	1,102	597	292	1,391
	kg/employee	3.35	1.64	0.64	2.97
Newspapers	kg	2,250	2,031	2,027	2,521
	kg/employee	6.84	5.60	4.43	5.39
Plastics	kg	1,087	839	333	1,558
	kg/employee	3.30	2.31	0.73	3.33
Toners	Unitats	295	312	218	291
	Units/employee	0.90	0.86	0.48	0.62
Fluorescent tubes	Unitats	558	300	570	1,373
	Units/100m <sup>2</sup> of office space	1.74	0.94	1.64	3.87
Computer materials	kg	400	114	2,206	142
	Units/employee	1.22	0.31	4.82	0.30

**Note:** Figures from October to September

## ENVIRONMENTAL AWARENESS

Every year within the framework of environmental management we carry out a training programme aimed at the bank's employees. At the same time, an internal communications plan exists that comes under corporate social responsibility covering these aspects.

In this respect, we should point out the publication of a folder dealing with good practice specifically in the use of new printers with suggestions on how to reduce consumption of paper, ink and energy, as well as basic instructions for printing on both sides of the paper.

In addition, the 2008 Christmas card was accompanied by a number of recommendations about sustainable mobility.

## ENVIRONMENTAL INITIATIVES

### Collaboration with National Waste Plan

Under the collaboration agreement between the Government of Andorra's National Waste Plan and Crèdit Andorrà, a new publicity campaign was launched in addition to work already being carried out by the bank for preserving the natural environment. This is a campaign to promote proper waste management aimed at making people aware of the need to minimize waste production and to show them how to properly separate their wastes.



### Sponsorship of *Elements* television programme

Crèdit Andorrà has begun to sponsor a new television programme dealing with the environment and sustainable tourism being broadcast by Andorran Television. The *Elements* programme, aired on Thursdays at 9:30 in the evening, aims at informing people about matters related to the environment and sustainability.

## Talk on Meteorology

On the occasion of Planet Earth Day, the Andorra Meteorology and Atmospheric Sciences Association and Crèdit Andorrà, with the collaboration of the Government of Andorra, organized a talk dealing with climatology past and present and how the action of Man can provoke major changes in future climate conditions. Under the title *Climate and Bad Weather in the Pyrenees over the past Millennium*, climate expert Mariano Barriendos, doctor in geography and researcher at the Climate Research Laboratory of the Scientific Park in Barcelona, outlined the work being carried out by scientists in reconstructing climate in the past, measuring the meteorology of today and predicting that of the future.



From left to right, Josep Tomàs, chairman of AMCA, Antoni Serrano, Director of Institutional Relations, Crèdit Andorrà, Mariano Barriendos, doctor of geography and researcher at the Climate Research Laboratory, Barcelona Scientific Park.

### Objectius per a l'any 2009

- To reduce the generation of plastic wastes.
- To improve energy efficiency and evaluate the possibility of introducing renewable energy.
- To increase the consumption of recycled products and/or those with environmentally safe label rather than conventional products.
- To study the possibility of introducing a system of video-conferences in order to reduce travel.
- To provide information to construction personnel giving guidelines for good environmental practices.
- To study the possibility of achieving the goal of zero CO<sub>2</sub> emissions.
- To reduce consumption of paper through improved management of publicity sent out to customers by mail and encouraging the use of e-credit.

# 10 ECONOMY



# 10 ECONOMY

**T**he incorporation of sustainability criteria in the economic management of Crèdit Andorrà allows us to improve overall management of the bank and make it more transparent. The results and awards obtained during the year confirm our position of leadership in the Andorran financial sector.

## Expansion process in Latin America

Our 2007-2010 Strategic Plan helps Crèdit Andorrà anticipate the future, thus reinforcing our competitive position in traditional banking business and helping us to grow by developing new business and strengthening our expansion abroad.

In this respect, in September 2008 the Supervisory Board of Banks in Panama furnished our bank with an international banking licence allowing us to provide financial services in that country. The Banco Crèdit Andorrà (Panamá) opened for business at a branch located in the centre of Panama on November 17, 2008. The main business activity being carried on there is property management, making a wide range of financial and world advisory services available to customers.

Crèdit Andorrà had valued the strength and independence of **Panama** as an international banking centre. Panama is a fast-growing country with GDP growth of more than 6% in recent years.

In December, in keeping with its international expansion plan, the bank obtained a licence to open a representational office in Uruguay. This was a strategic step to move into the Latin American market. With just over 3 million population, **Uruguay** is a small country within the continent but one of the most advanced in a social and cultural sense and enjoys good economic growth.

This representational office will make it possible to promote the Crèdit Andorrà Group in the Southern Common Market (Mercosur), a trade bloc made up of Argentina, Brazil, Uruguay and Paraguay, member states that are working to promote free trade and movement of goods in the region and to make it possible to move forward toward political and cultural integration. Mercosur is an economic development body of great importance for the bloc of emerging countries in the region.

## BUSINESS FIGURES

Thousand euros	Year 2007	Year 2008
Customer loans	2,750,436	2,902,788
Total customer funds	10,282,988	8,812,768
Operating costs less Taxes / Ordinary Margin	22 %	31.26%
Results / Average Capital + Reserves	25.31%	14.74%
Solvency ratio	18.84%	20.37%
Number of branches	21	21
Number of ATMs	43	43

## ECONOMIC FIGURES

Thousand euros	Year 2007	Year 2008
Profits	128,001	85,005
Income	390,941	378,053
Operating costs	40,689	40,677
Staff costs	31,945	35,805
Investment in sponsorship and social programmes	1,450	1,419
Payments to capital providers	234,804	252,004
Taxes	20,868	15,570
Investment and expenses on environmental matters *	99	97

(\*) Expenses for collaboration activities, works and maintenance, training, audits and promotion

## RATINGS AND AWARDS

### Andorra Bank of the Year 2008

For the sixth time in the past seven years, Crèdit Andorrà was named **Andorra Bank of the Year**. This is an award given by the banking journal The Banker, published by the Financial Times Group, that serves as a reference for many investors and financial companies. The jury underlined that Crèdit Andorrà was one of the few banks in the world maintaining almost permanent leadership in its financial operations, a fact that confirms the bank's good management, solvency and strong development.



In awarding this prize, the jury emphasized *the good results for the year and the sustained growth of the Crèdit Andorrà Group, its growth strategy and the start of a process of expansion in Latin America, its heavy investment in the latest technology in order to optimize procedures and raise efficiency of service along with its broad involvement in the community*. It also underlined *the constant efforts of the Group to achieve international standards of management such as the ISO 9001:2000 certificate obtained by Crediinvest, the investment management company of Crèdit Andorrà Group*.

In addition, according to the **Top 1000** (\*), which classifies the world's most capitalized banks, Crèdit Andorrà continues to hold position 509, thus leading the list of Andorran banks.

\* (July 2008 edition with figures for December 2007 published by The Banker)



From left to right, Stephen Timewell, editor, The Banker magazine, Antoni Pintat, chairman of Crèdit Andorrà's Board of Directors, Josep Peralba, Chief Executive Officer, Crèdit Andorrà and Michael Buerk, BBC journalist.

## Fitch Ratings

On December 23, 2008, the international bank rating agency Fitch Ratings qualified Crèdit Andorrà with a **long-term A rating**, a **short-term F1 rating**, an **individual B rating** and a **support 3 rating**, with a stable outlook, thus maintaining the qualification obtained the previous January. **Renewal of the rating** is very significant as it confirms a position of maximum strength and solvency in terms of the Andorran and international financial sector.

According to Fitch, these ratings “reflect the entity’s leadership position in the Andorran market, its conservative management and solid profitability”. In addition, it emphasized “the healthy quality of its assets, and the bank’s good liquidity and strong capitalization”.

## ECONOMIC INITIATIVES

### *Talk Small States: Andorra, Iceland and Liechtenstein*

The Crèdit Andorrà Chair on Markets, Organizations and Humanism at IESE, with the support of the Government of Andorra, organized a talk *Small States: Andorra, Iceland and Liechtenstein* aimed at examining the reality and future of these countries and their economic and corporate organizations as well as their business structures.

In order to make the matters discussed at this workshop better known, they have been set out in a study paper published by the Crèdit Andorrà Chair.



Colloquy of *Small States – Andorra, Island and Liechtenstein* – during talk given by Ólafur Ragmar Grímsson, president of Iceland.

## 19th Business Meeting in the Pyrenees

For the third year in a row, Crèdit Andorrà collaborated with the Business Meeting in the Pyrenees which this year held its 19th event under the heading *Big opportunities in the face of new situations*. The meeting, organized by the Business Meeting in the Pyrenees Association, was held in Seu d'Urgell and it has now become one of the most important economic workshops in Catalonia. Each year the meeting also receives the support of the Andorra Chamber of Commerce, Industry and Services.



From left to right, Ramon Fuertes, chairman, Business Meeting in the Pyrenees Association, Josep Peralba, Chief Executive Officer Crèdit Andorrà and Xavier Juvillà, member of the Business Meeting in the Pyrenees Association.

### *Talk Where do we come from and where are we going? An analysis of the current economic and financial reality*

Crèdit Andorrà organized the talk *Where do we come from and where are we going? An analysis of the current economic and financial reality*, given by professor Joaquim Muns, doctor of economic sciences, former executive director of the International Monetary Fund and the World Bank and ex-director of the Bank of Spain, among other posts.

### *Talk New Taxation Regulations in United Kingdom*

Together with the legal, banking and management firm Walter & Karrer International, Crèdit Andorrà arranged a talk *New Taxation Rules in United Kingdom*. The talk was given by Mortimer John Walters, managing director of Walter & Karrer International. The aim, among other things, was to analyze the recent changes in tax regulations in the United Kingdom and their impact on British citizens living there and those living abroad or with plans to do so.



Mortimer John Walters during a talk on New Tax Regulations in the United Kingdom, organized by Crèdit Andorrà together with Walters&Karrer International, SA

### *Press workshop on financial news*

With the aim of offering press reporters expert views on economic and financial news in order to improve their working knowledge and offer some keys to effective communication, Crèdit Andorrà organized the first Workshop on Financial News for the Press. This event was held as part of the activity of the Crèdit Andorrà Chair for Markets, Organizations and Humanism at IESE. This was one more event coming under our work in social responsibility offered to various groups within our society.



Prof. Josep M. Rosanas, director of Crèdit Andorrà chair of Organizations, Markets and Humanism, during the workshop

### *Talk Trends in markets in 2007 and future prospects*

Crèdit Andorrà organized a talk entitled *Trends in markets in 2007 and future prospects* which made an exhaustive analysis of the current situation of financial markets and prospects for 2008. Attention was also given to the three investment funds being marketed by Crèdit Andorrà with the advice of Bestinver – Crediinvest Spanish Value, Crediinvest International Value and Crèditfons Big Cap Value. The talk was given by Francisco García Paramés, managing director of investments at Bestinver, the Spanish financial services company. The speaker is considered one of the best Spanish and international share investment managers.

### *Talk on Financial Planning*

ESADE business school and Crèdit Andorrà jointly organized a talk on corporate financial planning given by Joan Massons, professor in ESADE's Department of Financial Control and Management, and doctor of administration and company management. Massons set out keys for carrying out good planning of corporate objectives in order to ensure effectiveness in practice.

### *Talk Social responsibility of companies in a constantly changing world*

The Crèdit Andorra Chair for Markets, Organizations and Humanism arranged the talk *Social responsibility of companies in a constantly changing world* in order to encourage thinking about corporate responsibility and to consider what it means to manage and what role companies should play in 21st century society. The talk was given by Antonio Argandoña, professor of economics and professor of "la Caixa" Chair of Corporate Social Responsibility and Corporate Governance, IESE.



Antonio Argandoña, professor of economy and head of "la Caixa" chair of Corporate Responsibility and Corporate Governance, IESE, during a talk

### Andorra Update

With the aim of bringing some of the latest developments and trends in the business world to professionals in the sector, for the second year in a row Crèdit Andorrà brought together the session *Andorra Update*. In the course of the workshop the main developments and trends in the world of the economy and the company were analyzed. The aim of the session was to bring managers, executives and business operators up to date in matters that during the past year have marked the economic situation. Two fine communicators led the workshop – Alfons Cornella, founder of Infonomia, and Antonella Broglia, former vice-chairperson of the advertising agency Saatchi & Saatchi in Europe.



Andorra Update session. A moment during presentation by Alfons Cornella, founder of Infonomia

### Collaborations with the Andorra Family Business Association

On the one hand with the idea of giving support to the corporate fabric of the country by encouraging debate and the interchange of experiences by professionals from various sectors, Crèdit Andorrà was co-sponsor of the forum *Competitive advantages and economic development* convened by the Andorra Family Business Association. The workshop enjoyed the presence of two speakers of great prestige, Stéphane Garelli, director of the Centre for World Competition, professor at the International Business School in Lausanne and author of the best-selling book *Top Class Competitors – How nations, firms and individuals succeed in the new world of competitiveness*, and Gabriel Masfurroll, founder, chairman and CEO of USP Hospitalares.

In addition, Crèdit Andorrà and co-sponsored the 10th Andorra Family Business and Quality Cycle. Under the title *The evolution of a family business*, the meeting analyzed the management of a company that began as a family business and later turned into a multinational.

## Andorra Marketing Meeting

January saw the holding of the second Andorra Marketing Meeting in the Andorra la Vella Congress Centre, arranged by the Andorra Marketing Club and sponsored by Crèdit Andorrà. This year it dealt with present-day matters in the marketing fields of real estate, financial marketing, hotel marketing and personal marketing. Taking part were well-known professionals such as Jaume Tàpies, chairman of Relais et Châteaux, Dr. Josep Francesc Valls, professor at ESADE business school, and Enric Reyna, chairman of Catalan Federation of Building Developers. At a round table devoted to the application of new technology to means of payment, electronic business and on-line banking, Francesc Camp, director of marketing at Crèdit Andorrà took part with a paper on the challenges of retail on-line banking.

# 11 TABLE OF GRI INDICATORS

## G3 Guide - Global Reporting Initiative

Indicators	Pages
1. Strategy and analysis	
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2. Organization profile	
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2.4	2
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2.8	17-20, 24, 50
2.9	7-49
2.10	51-52
3. Report parameters	
3.1	5
3.2	5
3.3	5
3.4	2
3.5	5
3.6	5
3.7	5
3.8	5
3.9	Specified when necessary in each of the indicators throughout the report
3.10	Specified when necessary in each of the indicators throughout the report
3.11	Specified when necessary in each of the indicators throughout the report

Indicators	Pages
3.12	5-60
3.13	The report has not been external assured
4. Governance, commitments and participation of stakeholders	
4.1	10
4.2	10
4.3	10
4.4	10
4.5	There is a linkage between compensation for members of the highest governance body, senior managers, and executive. Confidential information
4.6	Processes are regulated by law and contemplated in the Regulation of the Board of Directors
4.7	Processes exist according to the in force regulation
4.8	12, 20
4.9	8, 12-13, 20
4.10	12-13
4.11	(48-50) Annual Report
4.12	8
4.13	8
4.14	12-13
4.15	12-13
4.16	12-13
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### Indicators of g3 guideline - global reporting initiative

Aspect	Indicators	Pages
<b>Economic indicators</b>		
<i>Management focus</i>		49-57
Economic development	EC1	50
	EC2	42-43
	EC3	26-27
	EC4	Not apply while as a bank helps of government are not received
Presence in the market	EC6	No s'ha rebut cap tipus d'ajuda financera significativa per part del govern
	EC7	The work is prioritized by local suppliers but not this one formally established
Indirect economic impact	EC8	17-18, 30-39, 46-47, 52-57

Aspect	Indicators	Pages
<b>Environmental indicators</b>		
<i>Management focus</i>		41-47
Materials	EN1	44
	EN2	The bank doesn't use recycled materials
Energy	EN3	43
	EN4	43
	EN5	42-43
	EN6	42-43
Water	EN8	44
Biodiversity	EN11	The bank doesn't develop activities in natural protected spaces or in areas of high biodiversity not protected
	EN12	The bank doesn't develop activities in natural protected spaces or in areas of high biodiversity not protected
Emissions, spills and wastes	EN16	44
	EN17	There are not other relevant indirect greenhouse gas emissions
	EN19	There are not emissions of ozone-depleting substances
	EN20	The are not NOx, SOx or other significant air emissions
	EN21	Waste water are of domestic origin and feed into the public sewerage system
	EN22	45
Meeting of regulations	EN23	The hasn't been any significant spills
	EN26	42-43
Transport	EN27	Bank hasn't packaging materials
	EN28	There are not any monetary value of significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations
General	EN30	41
<b>Social indicators: Labour practices and work ethic</b>		
<i>Management focus</i>		22-28
Employment	LA1	24-25
	LA2	26
	LA3	26-27
Company/employee relations	LA4	The juridical figure of the collective bargaining agreement doesn't exist in the Principality of Andorra, in consequence there isn't any employee covered by a collective bargaining agreement
	LA5	The operational changes are noticed with the maximum of anticipation. Regarding to the notifications in the agreements, the juridical figure of the collective agreement doesn't exist in the Principality of Andorra
	LA7	28
	LA8	28
	LA10	27-28
Training and education	LA11	27-28
	LA13	10
Diversity and equality of opportunity	LA14	25
<b>Indicadors socials: Drets humans</b>		
<i>Management focus</i>		13
Investment and provision practices	HR1	Code of ethics and conduct of Crèdit Andorrà Group guarantees human rights respect.
	HR2	The bank analyses significant suppliers and contractors concerning aspects of human rights
Non-discrimination	HR4	There hasn't been any incidents of discrimination
Freedom of association and collective bargaining	HR5	Don't exist any operation identified in wich the right to exercise freedom of association and collective bargaining may be at significant risk
Child exploitation	HR6	There are no operations identified as having significant risk for incidents of child labour
Forced labour	HR7	There are no operations idetified as having significant risk for incidents of forced or compulsory labor

Aspect	Indicators	Pages
<b>Social practices: Society</b>		
<i>Management focus</i>		30-39, 46-47, 52-56
Community	SO1	30-40, 46-47, 52-57
Corruption	SO2	Business units analyzed for risk related to corruption is an aspect regulated by law
	SO3	28
	SO4	There are not any incidents of corruption
Public policy	SO5	The bank doesn't position or participate in any public policy or develops lobbying
Behaviour of disloyal competition	SO8	There hasn't been any significant fine or non-monetary sanctions for non-compliance with laws and regulations
<b>Social indicators: Responsibility for products</b>		
<i>Management focus</i>		15-20
Health and safety of customers	PR1	Products and services of the bank hasn't health and safety impacts
Labelling of products and services	PR3	20
	PR5	16
Marketing communications	PR6	16
Meeting of regulations	PR9	There hasn't been any significant fine for non-compliance with laws and regulations concerning the provision of the use of products and services

## Indicators of financial services supplement of global reporting initiative Spi finance 2000 – epi finance 2000

Indicators	Pages
<b>Social performance indicators</b>	
CSR1	12, 13
CSR2	12,13
CSR3	There hasn't been any CSR audit
CSR4	20, Ethical Code and Money Laundering Manual
CSR5	There hasn't been any incident for non-compliance rules, regulations, or laws
CSR6	13, 20
<b>Internal social performance</b>	
INT1	22-28
INT2	24, 26
INT3	There hasn't been evaluation of employee satisfaction
INT4	Established in the Board of Directors. Confidential information
INT5	Established in the Board of Directors. Confidential information
INT6	25
INT7	24-25
<b>Performance to society</b>	
SOC1	17, 30-39, 46-47, 52-57
SOC2	50
<b>Suppliers</b>	
SUP1	There are processes for screening major suppliers
SUP2	There hasn't been evaluation of supplier satisfaction
<b>Retail Banking</b>	
RB1	17-20
RB2	(6-13) Annual Report
RB3	17-20
<b>Investment Banking</b>	
IB1	18
IB2	Confidential information
IB3	17-20

Indicators	Pages
<b>Asset management</b>	
AM1	17-20
AM2	17-20
AM3	17-20
<b>Insurance</b>	
INS1	17-20
INS2	Confidential information
INS3	Customer complaints are solved at the entities
INS4	18-19
<b>Environmental performance indicators</b>	
F1	41-47
F2	41-43
F3	Established in the Environmental Management System
F4	Not apply for the activity of the bank
F5	28, 41-46
F6	Internal audit: 16 days and 811 hours External audit: 3 days and 16 hours
F7	46-47
F8	The bank hasn't engaged on environmental issues any company
F9	There are no assets subjected in a environmental screening
F10	Any decision of the bank consider environmental aspects
F11	Confidential information
F12	18
F13	Confidential information



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