

# Turning challenges into achievements

**Sacyr**

2016  
Integrated Report







# We live in a world full of challenges



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that  
challenge  
our  
progress

# Challenges that pose the development of our cities

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# and the welfare of our society

# At Sacyr we work with effort and passion

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\_\_\_\_\_ with the firm  
commitment  
to overcome  
them

Because,  
like you,  
imagine a  
better world  
for everyone



— with  
complete  
willingness  
to achieve it

# Contributing to improve the quality of life of people

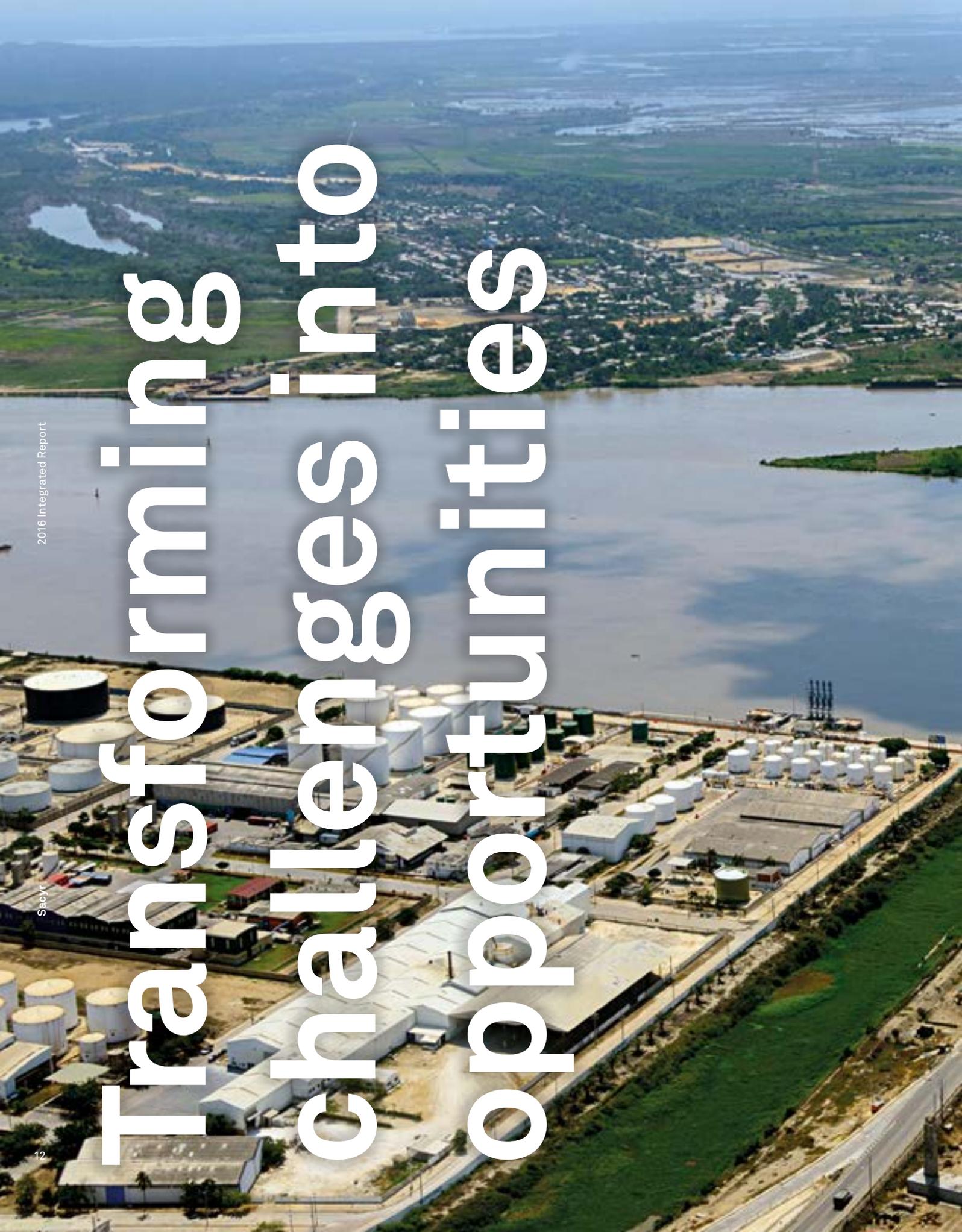
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# with each project

► Refurbishment of the Sant Antoni Market, Barcelona, Spain



# Transforming challenges into opportunities



# *Sacyr*

► Expansion project for the  
Pumarejo Bridge, Colombia

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## Key figures 2016

G4-9

Each project represents an opportunity for transforming society and **improving the life of individuals.**

2016 Integrated Report

Business turnover

**2,860**  
Millions of Euros

EBITDA

**360** [+13%]  
Millions of Euros

EBIT

**208**  
Millions of Euros

Net Profit

**120**  
Millions of Euros

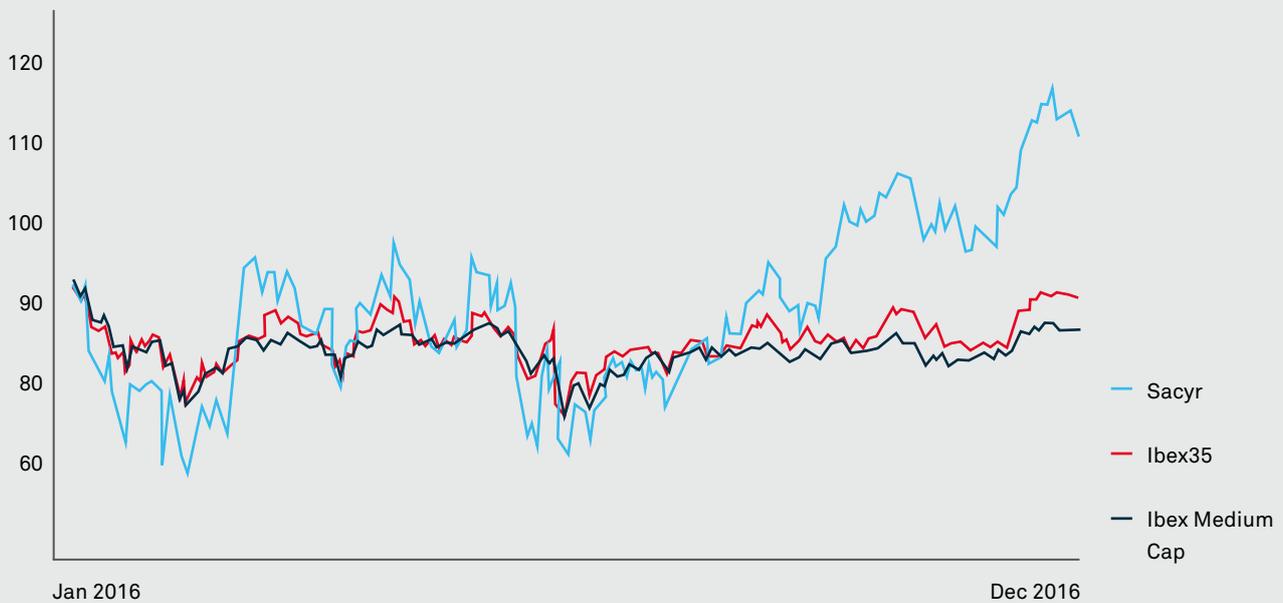
## Key figures

Sacyr

Data (in €MM)	2015	2016
Revenue backlog	26,845	25,956
Turnover	2,949	2,860
International	54%	52%
EBIT	148	208
EBITDA	318	360
EBITDA margin	10.8%	12.6%
Global workforce	22,423	26,383

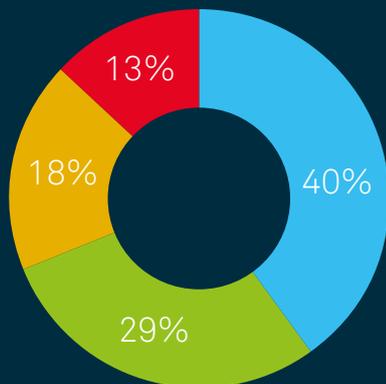
**+22%**  
Share revaluation  
2015 – 2016

We are a talented team that is committed to offering value to keep moving forward.

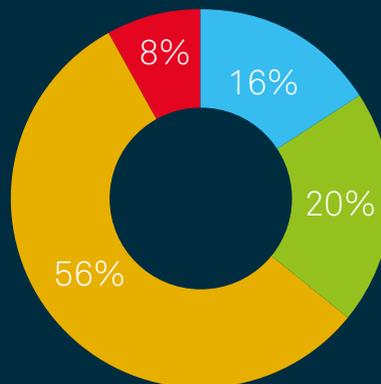


0.1. Key figures

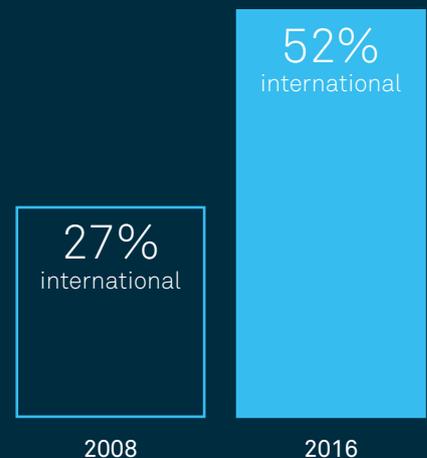
### Turnover 2016



### EBITDA 2016



### Origin of revenue 2016

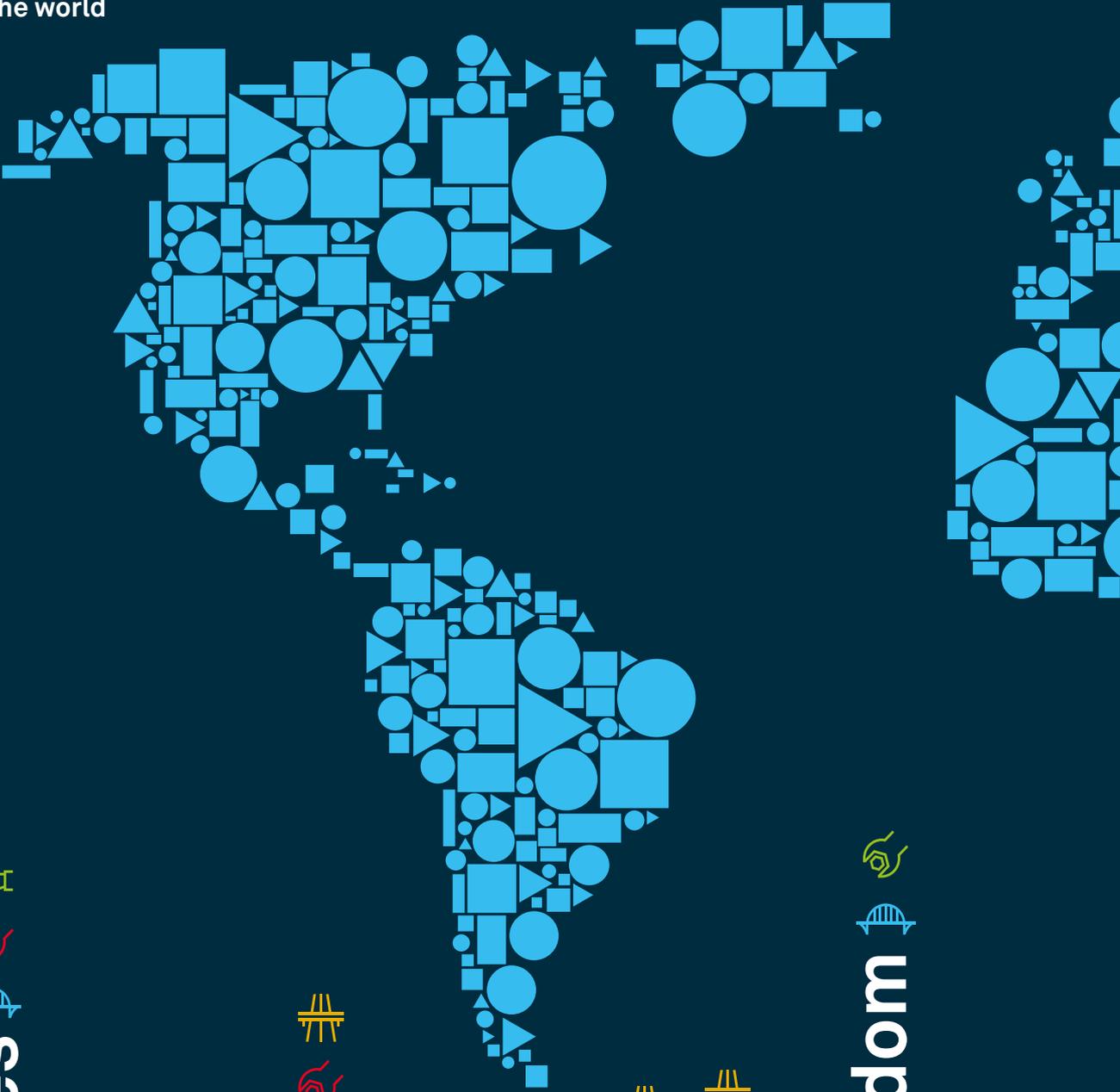


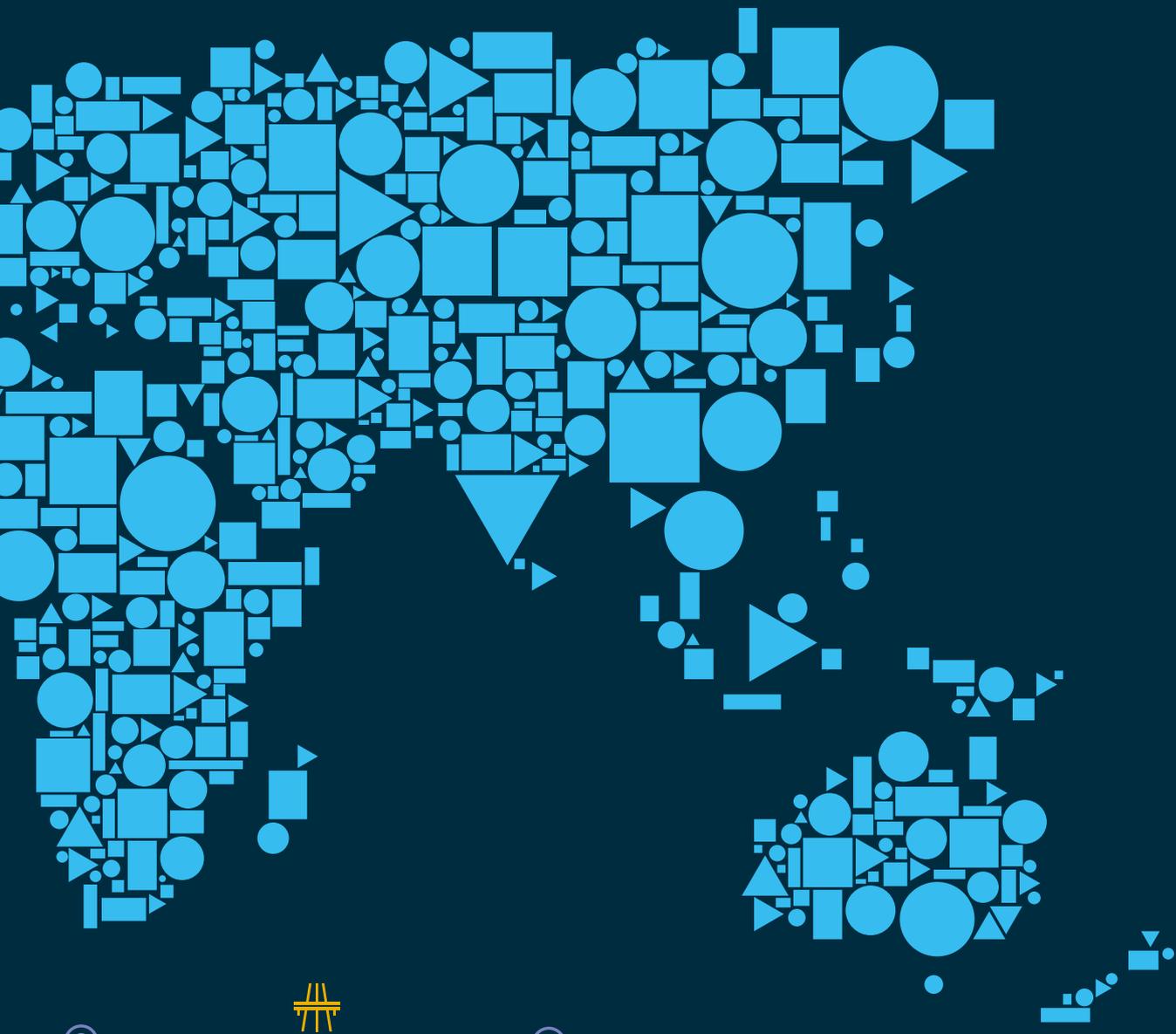
 Construction
  Services
  Concessions
  Industrial

0. Chapter

# Sacyr in the world

G4-6 G4-8





- Netherlands 
- Ireland 
- Spain   
- Portugal   
- Italy  
- Algeria  
- Saudi Arabia 
- Kuwait 
- Cape Verde 
- Togo 
- Angola 
- Mozambique 
- Qatar  
- UAE 
- Oman  
- Australia  

 Industrial

 Construction

 Holding

## We create shared value

The goal is to overcome any challenge by offering value to those around us. **Always.**

## Inputs Achievements

---



### Financial capital

Financial capital



### Industrial capital

Facilities  
Machinery



### Intellectual capital

Know-how  
Innovation



### Human capital

Employees  
Partners  
Stakeholders



### Share capital

Investment



### Natural capital

Environment  
Natural resources

**Business model**

**Governance**

**Social value**

**Environmental value**

# Outputs Achievements

---



## Financial capital

Solid  
Flexible financial structure  
Returns for shareholders



## Industrial capital

High-quality delivered work  
High-quality services  
Outstanding facilities in water management  
Outstanding facilities in waste management  
Quality in concession management



## Intellectual capital

New technologies  
Better services  
Better service quality  
Patents



## Human capital

Skills development  
Goal-based remuneration  
Social benefits  
Job creation



## Share capital

Asset regeneration  
Better quality of life  
Community revitalisation  
Trust-based relationship with customers



## Natural capital

Reduce global warming  
Protect natural resources  
Ecosystem protection  
Biodiversity

Construction  
Concessions  
Services  
Industrial



Creating  
Shared  
Value



**Sacyr**

Sustainability

Compliance

Code of Conduct

Good Governance

## Tax Contribution (TTC)

Contributed **+619**  
Million €

Own taxes **+279**  
Million €

Share price  
Market capitalisation

**1,148.69**  
Million € (Dec. 2016)

## Value chain

Environmental  
impact assessment  
of a total of

**1,735**  
suppliers

Products and  
services of the Company

Total backlog **25,956**  
Million €  
in 30 countries

## Investments

Environment **+21**  
Million €

Training **+65**  
Thousands €

Direct and  
indirect employment

**26,383**  
employees

## Sustainability

Construction  
backlog for **+40**  
months of activity

## Innovation

Investment in  
R&D+i of **+8.5**  
Million €

# Letter from the Chairman

**30**  
AÑOS

# Sacyr



## Letter from the Chairman

G4-1, G4-13

I am pleased to introduce our Integrated Report corresponding to 2016; An exercise that has confirmed the good course undertaken for the future of the Sacyr Group through the development of our Strategic Plan; And through a deep transformation of the Group, the consolidation of our business model, the improvement of financial balance and the achievement of sustainable growth.

And at Sacyr we believe that the sustainability of our company is a source of long-term value creation for the societies where we are present and for the people who enjoy the infrastructures and services we develop.

That is why we have successfully advanced in the development of the new strategic cycle consisting of an orderly and profitable growth of the key markets and the opening of new ones, emphasizing profitability and cash flow generation, increasing the international expansion of construction and Services, favouring the revenue generation of our concession business, growing steadily in the industrial world and applying innovation to differentiate us from the competition and in the creation of new markets.

Our innovative capacity continues to be the differentiating element of our commercial offer and one of the pillars of the sustainability of our company; And it is through their implementation and development that we manage our business areas in the generation of new products, services and systems that add value to our activities. At Sacyr, we firmly believe that with the innovation we are continuously fostering, we continue to be a reference for the structural integration that a company must run, a company must assume the responsibility and the role of innovative and technological development in the interest of greater technical and managerial excellence.

A solid and consolidated structure that conforms to a Sacyr open to incorporate those aspects that really concern the societies where we develop our activities.

Transparency and a permanent dialogue with those with whom we interact is the key to fostering a culture of trust and belonging to a profitable, global and sustainable business project. That is the origin of our commitment to communicate relevant, balanced and concise information so that our stakeholders can know in a transparent and open way the work of the company.

Transparency and a permanent dialogue with those with whom we interact is the key to fostering a culture of trust and belonging to a profitable, global and sustainable business project

And this openness to dialogue is reflected in our Corporate Social Responsibility policy, with which we structure our efforts in the three dimensions of sustainability, helping us to focus on the role we want to play as social and economic actors in the development of relationships that generate Value for all our stakeholders and contribute to respect for human rights. In the Sacyr Group, we join the United Nations initiative and its 17 sustainable development objectives to help achieve those goals and targets that are aligned with the activities of the Business Units.

It is clear that 2016 has been a period of consolidation of our strategy but also a period of challenges, caused in particular by the uncertainty of growth in the major economies of the planet, the fluctuating capital markets, the need for new infrastructure in many Regions of the planet, scarcity of water resources and climate change. Challenges that are in line with the activities that we carry out and that generate opportunities to continue to grow in a sustained way.

The Group's revenue was 2,860 million euros, down 3% on 2015, as a result of the decrease in billing in the construction division, which was due to the lower level of activity in Spain and the markets where Somague operates. The Group maintains its strong commitment to international growth and now has a solid foothold in countries including: Colombia, Chile, Portugal, Peru, Italy, Angola, Australia, Oman, Algeria, Uruguay, Qatar, Ecuador, Brazil, Bolivia, Mexico, Ireland, Cape Verde and Mozambique.

EBITDA, excluding non-recurring expense (resulting from the redundancy programme in Construction), was 360 million euros, 13% higher than 2015, thanks to the positive performance of the Concessions, Services and Industrial businesses, giving a EBITDA margin of 12% versus the 11% obtained in 2015. Net attributable

profit was 120 million euros. This figure is not comparable with 2015, which included the capital gain from the sale of Testa Inmuebles en Renta and the corresponding asset impairment for deferred tax, the adjustment in the carrying amount of the investment in Repsol to fair value, and the recognition of various working capital and financial provisions.

I am pleased to note the continued deleveraging of the Group over the past eight years, from 19,526 million euros at 31 December 2008 to 3,726 million euros at 31 December 2016, a fall of 81%.

The activity of the Sacyr Group is largely guaranteed by the backlog, which at 31 December 2016 stands at 25,956 million euros, being more than 51% international projects, well diversified and balanced both in terms of profitability and risks, allowing us guarantee activity for more than 40 months.

Construction division revenue in 2016 amounted to 1,250 million euros, down 25% on 2015 due to the lower level of activity in Spain and the markets where Somague operates.

Consequently, the necessary measures have already been taken to ensure the return to growth of this area in 2017 and in successive years.

The strategy of internationally expanding the construction division is reflected in the weight of overseas billing, which represents 74% of total revenue. In this regard, noteworthy of mention is the performance of the business in Italy, Angola, Mexico, Portugal and Chile and Mexico, among others, where major contracts were awarded.

Revenue in the Concession division amounted to 552 million euros in 2016, with income from concessions reaching 309 million euros, up 12% on 2015, thanks to improved traffic and



► Sacyr Innovation Awards 2016. Madrid, Spain

## Letter from the Chairman

G4-1, G4-13

the partial start-up of operations of the Chilean concessionaires Rutas de Algarrobo and Rutas del Desierto.

EBITDA was 207 million euros, a 13% increase on last year, with an EBITDA margin of 67%.

Revenue for Sacyr Industrial amounted to 401 million euros in 2016, up 38% on the previous year thanks to the contribution of the La Pampilla contracts (Peru); the regasification plant in Cartagena de Indias (Colombia) and the cement plant at Oruro (Bolivia); the new EPC (Engineering, Procurement and Construction) contracts awarded this year, in Oil and Gas (Spain and Peru), in electricity infrastructure (Chile) and in the Environment division (Ecuador); and also due to the strategic alliances made with companies like Fluor, Nervión and Isotrón in previous years.

This positive performance of revenue was accompanied by a 43% year-on-year increase in EBITDA, which amounted to 30 million euros. This gave an EBITDA margin of 7.5%, also as a result due of the new EPC projects and the strategic alliances referred to above.

In 2016, Valoriza posted revenues of 908 million euros, 19% higher than in 2015. This growth was fuelled by the Multiservices businesses (+28.5%), Environment (+10.9%) and Water (+16.8%). EBITDA was 76 million euros, with a year-on-year variation of 9%. The EBITDA margin was 8%.

At 31 December, Valoriza's backlog stood at 6,447 million euros, of which 29% derives from the international market. Valoriza remains firmly committed to tendering activity in all its business areas both in Spain and abroad.

During this year, Sacyr has continued to develop the Group's new strategy, based on enhancing those businesses in which we are leaders and experts, as well as continuing to drive the two

new growth engines, such as construction project management and concessions, in addition to consolidate the most recent division of the Group: Sacyr Industrial.

All of the above, together with management measures based on cost and debt reduction, will result in a stronger, more innovative, more competitive and more committed Group with the traditional values of our company: prudence, austerity, quality and the fulfilment of the commitments assumed.

**Manuel Manrique Cecilia**  
Chairman and Managing Director

# Sector Overview

▶ Inauguration of the third set of locks for the Panama Canal, June 2016





## 2. Sector Overview

### 2.1. The International Economic Environment

2016, both at a global level and in general terms, has been characterised by an improvement in the outlook for economic growth, thanks to the good performance of the world's major economies

2016, both at a global level and in general terms, has been characterised by an improvement in the outlook for economic growth, thanks to the good performance of the world's major economies: United States, Japan, Canada and the majority of the euro area and EU countries. Both the U.S. Federal Reserve and the European Central Bank continued to provide monetary stimulus policies during the year, though the USA has raised interest rates for the second year running. On the other hand, emerging countries' economies continue to suffer, with commodity prices failing to recover, aside from oil, which spiked sharply compared to 2015. Oil's recovery has led to prices beginning to rise once again, after the falls experienced in the last few years.

In 2016, the United States recorded growth of 1.6% in GDP, compared with 2.6% the year before. This slowdown is due in part to lower household consumption (2.7% in 2016 vs. 3.2% in 2015); a fall in non-residential fixed investment; and a reduction in national and local government spending. As expected, at the end of the year the Fed once again raised its policy rate by a quarter of one point, to the range of 0.50%-0.75%, on the back of the recovery in prices and employment levels during the year. At least three interest rate rises are forecast for 2017. With regard to employment, 2016 was another good year, with 2.16 million new jobs created, reducing unemployment to 4.7% (vs. 5% in the previous year), its lowest rate for nine years. In terms of inflation, government figures show that 2016 closed with an increase of 2.1%, compared to 0.7% the previous year, largely due to the major increase of 5.4% in energy prices in the year.

Turning to China, according to the government's own data, GDP rose by 6.7% in 2016, down 0.2% on 2015, and the lowest rate in the last 25 years. The steady downturn in the second-largest global economy has been confirmed for the third year running, as the export-based growth model runs out of steam.

The economic performance of euro area countries was also very uneven in 2016. Although Eurostat has not published its definitive GDP figures, and in many cases the data we have is provisional, we can confirm that the euro zone as a whole grew 1.7%, compared with 1.6% the previous year, nearing pre-crisis levels but still much lower than the world's other economic powers. In the European Union as a whole, however, there was growth of 1.9% in the year, compared to 1.8% in 2015. With regard to the economic forecasts for future years, the European Commission expects growth of 1.6% in the euro area in 2017 and of 1.8% in 2018, while growth of 1.8% is expected for the European Union as a whole in both years.

Year-on-year inflation in the eurozone, according to data provided by Eurostat, was 1.1% in 2016, compared to 0.2% the previous year.

## 2.2. The Economic Environment in Spain

The Spanish economy, measured in terms of GDP, grew by 3.2% in 2016, the same figure as recorded the previous year. This is the third year of positive growth, following six years of contraction. In terms of the trade balance, 2016 set a new record for the export of goods, which reduced the trade deficit by 22.4%, down to 18,754 million euros. Thanks to the competitiveness of our economy, and the depreciation of the euro against the U.S. dollar, exports rose by 1.7% to 254,530 million euros, whilst imports fell by 0.4% to 273,284 million euros.

The European Commission's forecasts for Spain in 2017 and 2018 are fairly encouraging in all key components: In 2017, it expects an increase of 2.7% in GDP, and of 2.4% in 2018, mainly due to increased domestic demand as a result of employment growth. Exports should also continue to grow thanks to the improved competitiveness of the Spanish economy. Regarding the unemployment rate, levels of around 17.7% and 16% are expected in 2017 and 2018, respectively.

As regards the labour market, the Labour Force Survey (LFS) reflects an increase of 413,900 jobs last year, 2.29% more than in 2015. The unemployment rate was 18.63% for active population vs. 20.9% in 2015. As for Social Security, 2016 closed with an average enrolment of 17.85 million employees, representing an average increase of more than 540,655 enrollees compared to the figures for the previous year, the biggest increase since 2006.

Turning to prices, inflation in Spain for 2016 was 1.6% compared to 0.09% in 2015.

Spain's main stock index, the IBEX-35, ended with losses for the second year running. The last trading session of the year closed at 9,352.10 points, a loss in the year of 2.01%. The index was down 7.06% in 2015.

In Spain, real investment amounted to 9,323.63 million euros in 2016, a 1.6% increase on the previous year.

Despite the measures taken by Spanish public authorities to adjust and contain spending, the Ministry of Economic Development is still implementing the new Infrastructure, Transport and Housing Plan ("PITVI") introduced at the end of 2012. The new plan is expected to remain in place until 2024.



► Vallenar Highway - Caldera, Chile

Among other actions, the new actions outlined in the European rail transport plan are taken into consideration. Spain, with five corridors crossing the entire country, is to be one of the main beneficiaries.

# Business model and operating environment





# 3

### 3. Business model and operating environment

#### 3.1. Mission, Vision and Values

## Mission

To develop complex infrastructure projects and services that contribute to improving citizens' quality of life, providing opportunities for personal and professional development for our employees and creating value for our customers, partners and shareholders.

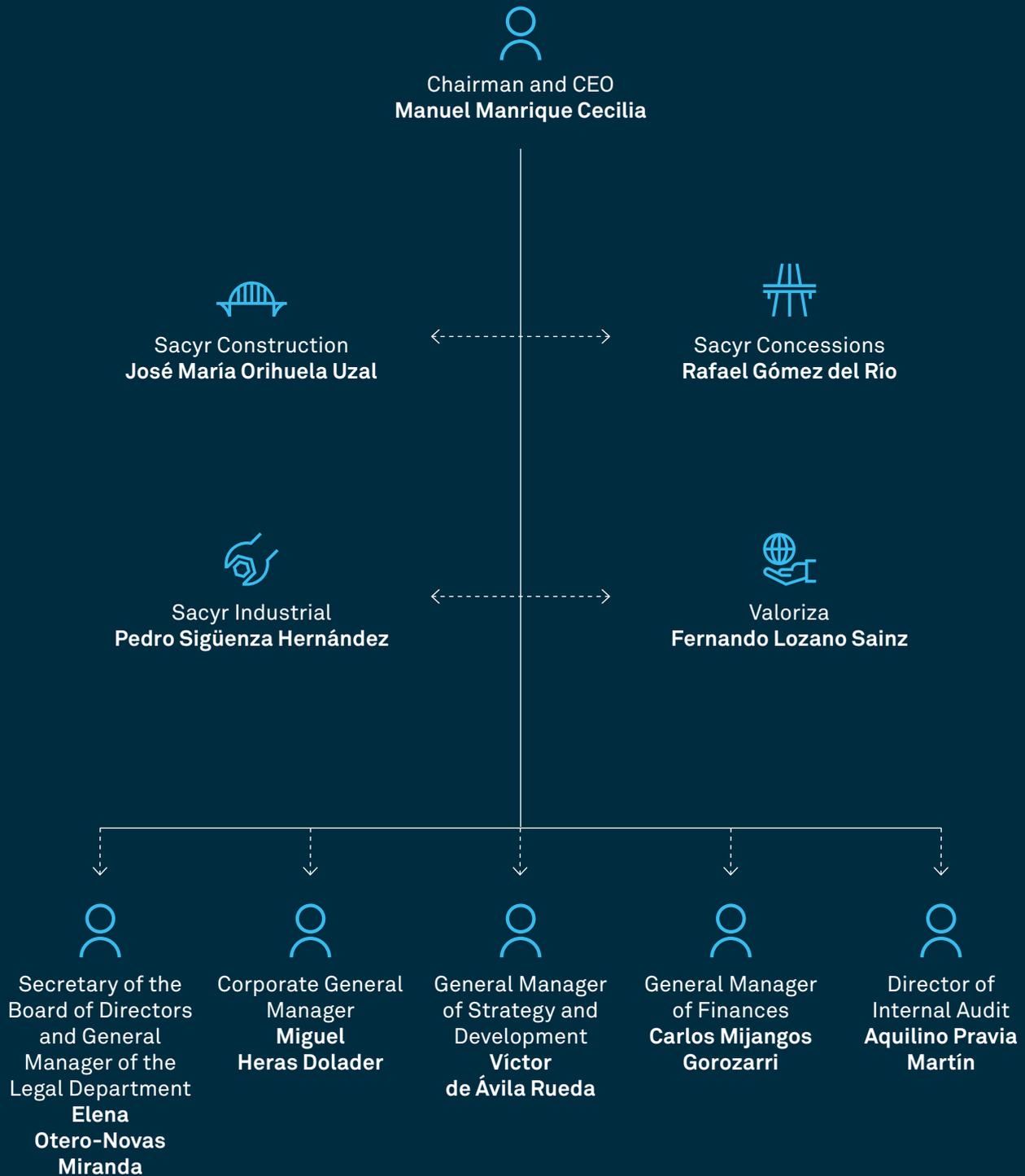
## Vision

To be a leading group with an international focus that is seen as a benchmark in developing innovative, high-value projects, that grows steadily and profitably, providing quality employment opportunities for our employees while being environmentally friendly.

## Values



# Organisational Chart



The Group's organisational structure is arranged around the figure of the Executive Chairman and CEO, to which are accountable, firstly, the non-executive Chairmen and the Managing Directors of each business area, and secondly, various departments which provide support to the rest of the Group: the General Strategic and Corporate Development Department, the General Finance Department, the General Corporate Department, the General Talent Management and Human Resources Department and, lastly, the General Legal Advisory Department/Secretary to the Board of Directors.

### 3.2. Business Model G4-4

## What is this? Key resources

### Construction



**Focuses on construction activities, including:**

- ▶ Civil work
- ▶ Buildings
- ▶ Hydric projects
- ▶ Turnkey/EPC

**High technological capacity**

**85%** of international exposure



FINANCIAL CAPITAL



HUMAN CAPITAL



INDUSTRIAL CAPITAL



SHARE CAPITAL



INTELLECTUAL CAPITAL



NATURAL CAPITAL

### Concessions



**Diversified infrastructures portfolio:**

- ▶ Asset diversity
- ▶ Several geographic markets
- ▶ Combination of mature risk assets and concessions with potential for growth

**36 assets** in 9 countries

**26 years** remaining on assets

**High growth potential** and potential for increasing value



FINANCIAL CAPITAL



HUMAN CAPITAL



INTELLECTUAL CAPITAL



SHARE CAPITAL

### Services



**Focuses on public service concessions:**

- ▶ Water, environment and multiservices
- ▶ Stable activity and generates long-term cash flow

**Solid portfolio** of public and private contracts

**Good history**

Improvement in **turnover and margins**



FINANCIAL CAPITAL



HUMAN CAPITAL



INDUSTRIAL CAPITAL



SHARE CAPITAL



INTELLECTUAL CAPITAL



NATURAL CAPITAL

### Industrial



**Specialises in engineering and industrial construction activities:**

- ▶ Electrical facilities
- ▶ Industry and Energy
- ▶ Oil and gas
- ▶ Environment and mining
- ▶ Water

**Focuses on EPC projects linked to energy:**

- ▶ Core business with high growth potential

**Top technological capacity**

**+250** power plants

**The most dynamic and highest growing** business area



FINANCIAL CAPITAL



HUMAN CAPITAL



INDUSTRIAL CAPITAL



SHARE CAPITAL



INTELLECTUAL CAPITAL



NATURAL CAPITAL

## Key figures

CONSTRUCTION backlog

**4,131** € million

% INTERNATIONAL

**85%**

REVENUE backlog

**12,926** € million

% INTERNATIONAL

**59%**

REVENUE backlog

**6,447** € million

EBITDA margin

**8.4%**

REVENUE backlog

**2,452** € million

EBITDA margin

**7.5%**

## Significant information

**Sacyr Construcción's** principles are: meeting deadlines; promoting innovation; internationalising its activity; and building in compliance with high safety and quality standards and with respect for the environment.

Leading infrastructures company that handles all kinds of projects across the world: civil construction, motorways, underground and railway, buildings, airports, ports and hydraulic infrastructure.

Over more than 20 years of history, **Sacyr Concesiones** has demonstrated its experience and technical expertise, as well as its financial capacity with 25 billion euros in overall investments. It specialises in greenfield projects and handles design, funding, construction and asset management.

**27 assets in operation**  
26 years left on assets.

**9 assets being built**  
Ongoing investments,  
17 billion euros

### Environment:

- ▶ Municipality services
- ▶ Waste treatment
- ▶ Regeneration

### Water:

- ▶ End-to-end water cycle
- ▶ Waste water treatment plants

### Multiservices:

- ▶ Facility management
- ▶ Homecare assistance
- ▶ Infrastructure maintenance
- ▶ Restoration
- ▶ Mining

### Engineering and industrial construction activities:

Energy generation, biomass, co-generation plants and waste-to-energy plants, conventional generation plants, co-generation and renewable energy plants, transmission lines and electrical substations, industrial factories and plants, oil and gas infrastructures and facilities, biofuel manufacturing, desalination of salt and brackish water, potable and waste water treatment, purification and reuse.

### Strategic alliances:

- ▶ **Sacyr Fluor:** Strategic acquisition of 50% Fluor S.A. for EPC projects.
- ▶ **Sacyr Nervión:** Maintenance of industrial facilities.
- ▶ **Isotrón:** EPC for electricity generation and transmission.
- ▶ **Sadyt:** integration of EPC activity into Sacyr Industrial for water projects.

## 3.2. Business Model G4-4

The Sacyr Group, active for over 30 years, is structured into four different areas of business and is present in a total of 30 countries:



### Construction

Performed through the head units Sacyr Construction in Spain and Chile, Somague in Portugal, and SIS in Italy, focusing mainly on the construction of all manner of civil engineering and residential and non-residential building infrastructure.



### Concessions

Activity performed by Sacyr Concesiones, with a presence in Spain, Italy, Ireland, Portugal, Chile, Colombia, Peru, Paraguay and Uruguay, this division is a leader in the management of infrastructure such as motorways, hospitals, transport hubs, etc.



### Services

Provided by Valoriza, with a presence in Spain, Australia, Algeria, Portugal, Chile, Brazil and Oman, and specialising in the management of the following services:

- ▶ **Environmental:** provided through the head unit Valoriza Servicios Medioambientales, a leading company in the operation of:
  - **Municipal services:** leader in the management of concessions in the main towns in Spain for street cleaning, collection of municipal solid waste (including underground recycling containers), gardening and maintenance of green areas, management of parking meters and towing services.

- **Waste treatment:** builds and operates plants to treat municipal solid waste, packaging, and batteries, treatment facilities for construction and demolition debris and landfill gas removal, and plants for biomethanation, incineration, and waste-to-energy production, as well as facilities to treat, compost, and thermally dry the sludge from wastewater treatment plants.
- **Regeneration:** this area encompasses water quality control, atmospheric control and recovery of landscapes and woodlands.
- ▶ **Water:** through Valoriza Agua: engineering, development, construction, maintenance and operation of all types of water-related plants (drinking water and water purification plants, desalination plants, tertiary treatments and recycling, industrial waste water treatment, agricultural treatment, etc.).
- ▶ **Multiservices:** provided through:
  - **Valoriza Facilities:** Group company specialised in the integral cleaning of buildings, property facility management services, ancillary services (porter services, gardening, etc.), energy and social-health services.
  - **Valoriza Conservación de Infraestructuras:** Group company that specialises in the maintenance and upkeep of roads and other specific infrastructure: dams, irrigation channels, etc.
  - **Cafestore:** Group company specialised in the operation of motorway service areas (third leading Spanish operator in this market), and in the management of restaurants and cafeterias at large facilities: hospitals, transport hubs and public and private buildings.

## 3.2. Business Model G4-4



### Industrial

Performed through Sacyr Industrial, which is present in Spain, Peru, Ecuador, Colombia, Chile, Bolivia, Panama and Mexico, and is the Group division, fruit of the integration of various companies and areas of the company, in charge of engineering and industrial construction activities. Covering the promotion, performance, start-up and operation of projects in the following business areas:

- ▶ **Engineering and energy:** Sacyr Industrial is one of the leaders in the Spanish energy sector, and it is also a pioneer internationally in conventional and renewable power plants, in cogeneration plants, and in the development of biomass, solar energy and geothermal plants. It also operates and maintains power plants and industrial facilities.
- ▶ **Environment and mining:** Sacyr Industrial is one of the leading international companies in the design, construction and operation of waste treatment and waste-to-power plants. It also has experience in mining and processing plant projects.
- ▶ **Oil&Gas:** implementation of refinery, chemical and petrochemical, gas handling and treatment and liquefied natural gas (LNG) projects, and the transportation and storage of this type of fuel.
- ▶ **Electrical facilities:** engineering development and the construction of high-voltage electricity lines, electricity substations and low-, medium- and high-voltage facilities.
- ▶ **Water:** technology and water engineering under public concession contracts or private initiative.



► Rehabilitation of the Sant Antoni Market, Barcelona. Spain

A **new strategic vision** that will make us a more robust and profitable group in the medium to long term.

### Strategic Vision

based on: **Diversification, Risk control and Organic growth**

#### Focus

- ▶ Specialisation in priority business areas
- ▶ International growth with local presence in a select group of regions/countries

#### Scale

- ▶ Sustainable position against large-sized competitors
- ▶ Growing internationalisation

#### Sustainability

- ▶ Eliminate corporate debt
- ▶ Diversify sources of finance

# Solid Strategic Guidelines for business development

## Construction

International leader in large projects

- ▶ International growth focusing on Latin America, North American and the Middle East
- ▶ Combination of organic growth, alliances and inorganic growth in North America (agreement with Manhattan Construction Group)

## Concessions

Driver of growth and stability

- ▶ Greenfield investments focusing on Latin America and North America
- ▶ Rotation of mature assets

## Industrial

New strategic focus

- ▶ Strong development in the sector focusing in oil & gas, energy and grids and water, and in Latin America, North America and the Middle East
- ▶ Reinforcement of capacities by a combination of organic growth, alliances and inorganic growth
- ▶ Joint venture with Fluor

## Valoriza

Synergy combination

- ▶ Infrastructure maintenance: increase capacities/ specialisation and attain scale
- ▶ Environment and Facilities: organic development in Spain and explore internationalisation based on “oil stain” model
- ▶ Water: development with international focus in Latin America, North America and the Middle East

## 2016 Results (€ million)

Turnover

1,250

552

400

908

EBITDA

58

207

30

76

EBITDA/Turnover

4.6%

66.8%

7.5%

8.4%

### 3.3. Sacyr's Strategic Vision for 2015-2020

#### Income Statement (revenue)

#### Consolidated Income Statement (thousands of euros)

	2016	2015	% var. 16/15
<b>Net revenue</b>	2,860,475	2,948,914	-3.0%
Other income	103,177	114,480	-9.9%
<b>Total operating revenue</b>	2,963,652	3,063,394	-3.3%
External and operating expenses	-2,604,091	-2,745,314	-5.1%
<b>EBITDA</b>	359,561	318,080	13.0%
Depreciation and amortisation	-113,300	-110,322	2.7%
Change in provisions	-38,180	-59,938	-36.3%
<b>EBIT</b>	208,081	147,821	40.8%
Financial results	-200,664	-236,738	
Forex results	10,986	22,430	
Results from equity accounted subsidiaries	207,085	-467,843	
Provisions for financial investment	-4,324	-108,699	
Change in value of financial instruments at fair value through profit or loss	-67,556	-31,902	
Gain/(loss) on disposal of non-current assets	27,244	32,447	
<b>Profit before tax</b>	180,852	-642,483	
Income tax	-45,600	-157,252	
<b>PROFIT FROM CONTINUING OPERATIONS</b>	135,252	-799,735	
<b>NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	0	1,183,393	
<b>CONSOLIDATED RESULT</b>	135,252	383,658	
Attributable to Non-Controlling Interests	-15,010	-13,652	
<b>NET ATTRIBUTABLE PROFIT</b>	120,242	370,006	
<b>GROSS MARGIN</b>	12.6%	10.8%	

## Balance

### Consolidated Balance Sheet (Thousands of Euros)

	Dec. 2016	Dec. 2015	Var. 16/15
<b>Non Current Assets</b>	<b>7,023,764</b>	<b>6,778,086</b>	<b>245,677</b>
Intangible Assets	13,044	14,816	-1,771
Concessions Investments	1,402,267	1,643,853	-241,587
Fixed Assets	363,350	376,148	-12,798
Financial Assets	3,110,156	3,164,864	-54,707
Receivables from concession assets	1,712,627	1,388,989	323,638
Other non Current Assets	236,820	2,838	233,982
Goodwill	185,500	186,578	-1,079
<b>Current Assets</b>	<b>3,665,181</b>	<b>3,679,388</b>	<b>-14,207</b>
Non current assets held for sale	475,406	527,535	-52,129
Inventories	236,121	196,661	39,460
Receivables from concession assets	173,877	213,985	-40,107
Accounts Receivable	2,065,683	1,997,458	68,225
Financial Assets	92,787	140,928	-48,141
Cash	621,308	602,822	18,486
<b>TOTAL ASSETS</b>	<b>10,688,945</b>	<b>10,457,474</b>	<b>231,471</b>
<b>Equity</b>	<b>2,080,399</b>	<b>1,911,589</b>	<b>168,810</b>
Shareholder's Equity	1,791,524	1,656,130	135,394
Minority Interests	288,875	255,460	33,415
<b>Non Current Liabilities</b>	<b>5,271,628</b>	<b>5,052,320</b>	<b>219,308</b>
Financial Debt	3,605,678	4,072,303	-466,625
Financial Instruments at fair value	185,829	161,839	23,990
Provisions	370,428	361,804	8,624
Other non current Liabilities	1,109,693	456,373	653,320
<b>Current Liabilities</b>	<b>3,336,918</b>	<b>3,493,565</b>	<b>-156,647</b>
Liabilities associated with the non current assets held for sale	203,042	224,186	-21,144
Financial Debt	829,062	850,612	-21,551
Financial Instruments at fair value	21,375	27,780	-6,405
Trade Accounts Payable	1,550,211	1,653,847	-103,636
Operating Provisions	220,778	246,248	-25,470
Other current liabilities	512,450	490,892	21,558



# At Sacyr, creativity and innovation grow with each of the projects we undertake

2016 Integrated Report

Sacyr

No. of projects under development (2016)

41

No. of current projects

204

No. of projects launched in 2016

13

No. of patents registered during the year

5

Investment in R&D+i

+8.5

million €

No. of employees in R&D

27

No. of employees who have participated in projects

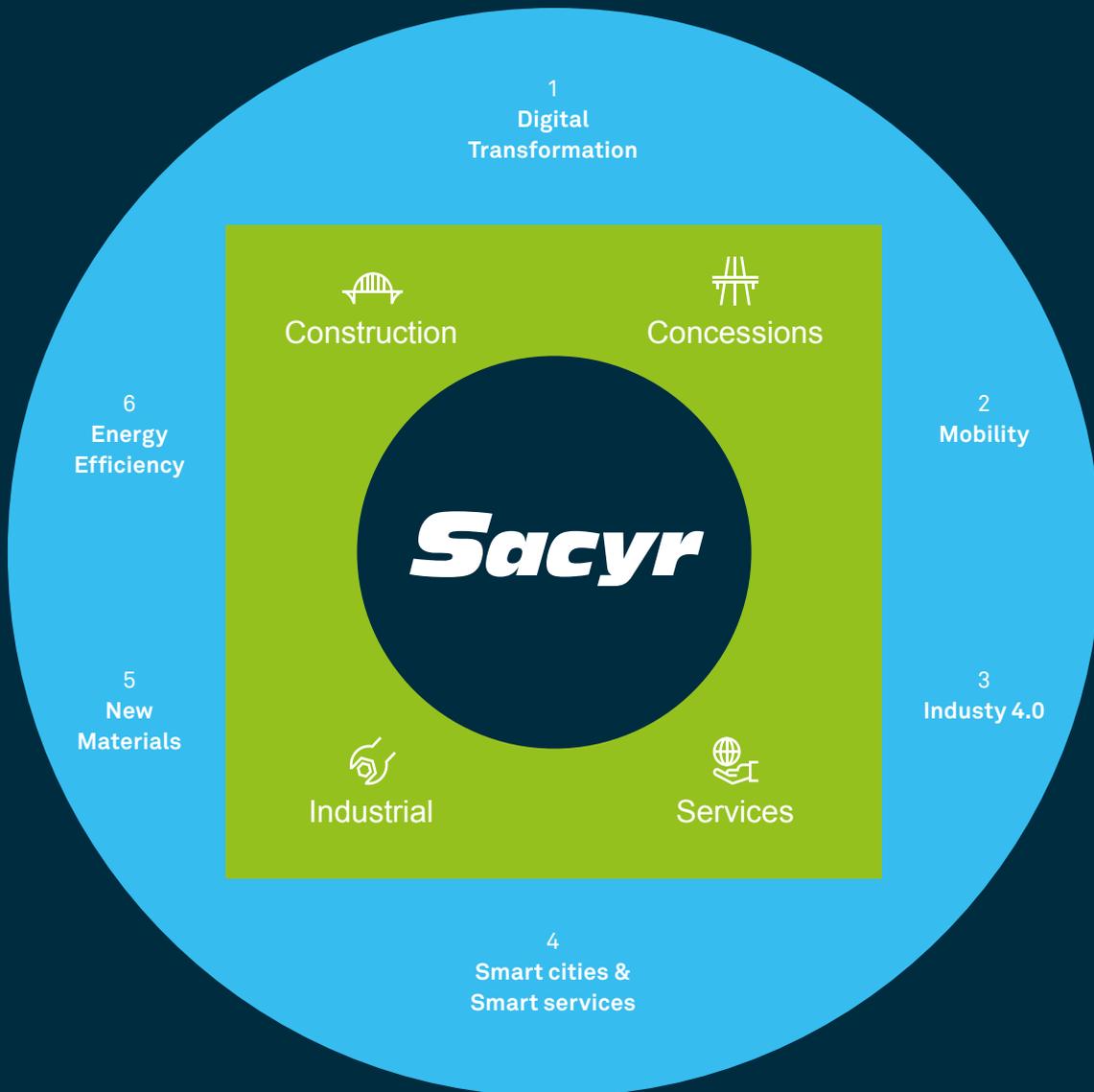
225

% of net income invested in innovation

0.3%

Group companies certified under UNE 16602:2014

15



At Sacyr, we have developed a business model that allows us to strategically set ourselves apart in terms of our success and to create competitive advantages and that serves as the foundation for sustainable growth over time. Strategy that boosts innovation as a cross-cutting element throughout the entire company and becomes the driving force of our performance, a tool for creating value and a differentiating factor with companies in our industry at a global level.

Research, development and innovation activities are carried out at the various Group companies and the Innovation Department coordinates and serves as the backbone of and point of reference for driving progress and ongoing improvements in this field.

In this context, a large number of Group companies have their own Innovation Department responsible for implementing specific projects. These projects are always coordinated and supervised by the Group's Innovation Department. The innovation strategy and cross-cutting innovation activities are handled by the Innovation Team Committee.

### 3.3. Sacyr's Strategic Vision for 2015-2020

#### Global Innovation

##### Certification of the R&D Management System

Sacyr's Innovation Management system is certified by AENOR UNE 166002:2014. This tool helps us to efficiently organise and systematise all our R&D+I activities and enables us to:

- ▶ Foster R&D+I activities across all Group companies and define the primary objectives in this field
- ▶ Design common guidelines for organising and effectively managing R&D+I
- ▶ Improve technological monitoring based on an analysis of the internal and external situation.
- ▶ Identify and assess the threats and opportunities posed by technological trends
- ▶ Ensure that the activities of the different company departments likely to generate new technologies and patents are identified
- ▶ Select and manage a suitable portfolio of strategic projects for the different Group companies.
- ▶ Promote R&D+I as a means to gain a competitive edge and treat it as such in all corporate reputation schemes
- ▶ Promote cooperation with universities and public research institutions, eliminating the traditional separation between the public and private sectors in this sphere of corporate activity
- ▶ Gear SMEs towards R&D+I activity, thereby helping to meet the government's R&D+i investment targets.

##### Developments in R&D+i activity at Sacyr

Sacyr is carrying out an ambitious development of its R&D+i activity. Since 2004, it has obtained external official recognition in the form of loans, grants and certifications in a total of 204 projects through different public tenders.

Despite the tough economic climate, R&D+i investment in 2016 exceeded 8.5 million euros for the Group.

## Challenges in Innovation

Sacyr faces various challenges regarding innovation in each of the business areas in which it has a presence.

Our business lines are determined by the type of infrastructure in which we work (transportation –roads, railways, airports, ports, etc.; environmental treatment, industrial and energy facilities, buildings for social purposes –hospitals, stadiums, administrative buildings, etc.) and by our involvement in the various phases of managing the infrastructures (design, financing, construction, integrated management, upkeep, etc.).

In general, the challenges regarding innovation that we are facing at Sacyr are related to the following:

- ▶ providing better service to the end users of the infrastructure (their users), through safer roads, water treatment plants that are more environmentally friendly for both people and the ecosystem, better equipped hospitals, etc.
- ▶ improving efficiency throughout the entire cycle of managing the infrastructures (design, financing, construction, etc.) such that the total cost is more competitive for our corporate customers, large enterprises and public administrations.

### 3.3. Sacyr's Strategic Vision for 2015-2020

#### Challenges in Innovation

Some of the specific challenges for certain lines of innovation are detailed below:

Area	Short-term challenges	Mid-term challenges	Long-term challenges
 Construction	<ul style="list-style-type: none"> <li>▶ Development of new technologies making it possible to restore highways and maintain them in proper condition based on reusing and recycling materials and manufacturing at lower temperatures.</li> <li>▶ Reduction of energy demand in buildings, through improvements in insulation systems and by integrating renewable energies.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of new highway-monitoring techniques that make it possible to know, in real time, what the highway conditions are and to contribute information for their preventive maintenance.</li> <li>▶ Implementation of BIM (Building Information Modelling) in construction projects.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of technologies that make it possible to recover energy from vehicle traffic.</li> <li>▶ Development of buildings that do not require electricity from, or that even contribute electricity to, the grid, and technologies that make it possible to adapt the production of such energy to the needs of each user, of the buildings themselves and of the cities where they those buildings are located.</li> </ul>
 Concessions	<ul style="list-style-type: none"> <li>▶ Progress in designing, constructing and doing maintenance on road surfaces, new methods, materials, construction processes, etc.</li> <li>▶ Deployment of new systems to control and optimise the lifespan of concessions.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Innovative developments in user services.</li> <li>▶ Improvements to concession safety.</li> <li>▶ Development of intelligent roads and improved transportation management promoted by Big Data.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Using drone-based technologies for infrastructure maintenance.</li> </ul>
 Services - Water	<ul style="list-style-type: none"> <li>▶ Studies of environmental and health effects of the chemicals and materials used in drinking water and the by-products of that use.</li> <li>▶ Reduction of odour emissions and sound pollution.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Mechanisms and substances involved in fouling and biofouling of membranes using wastewater.</li> <li>▶ Industrial use of reused water, as well as its indirect use for drinking water.</li> <li>▶ Elimination of emergent priority and polluting substances.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reduction of energy consumption (waterenergy trade-off). Use of renewables/efficient and sustainable energies.</li> <li>▶ Solutions for brine management in indoor plants. Possible evaluation of brine or salts extracted from brine.</li> </ul>

Area	Short-term challenges	Mid-term challenges	Long-term challenges
 <p>Services – Infrastructure Maintenance</p>	<ul style="list-style-type: none"> <li>▶ Use of simulator-based training systems.</li> <li>▶ Reduction of occupational accidents through the introduction of systems to monitor equipment operators.</li> <li>▶ Introduction of systems that make it possible to optimise the consumption of fluxes in winter road operations.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of new methods based on mechanised techniques making it possible to automate certain road operations and reduce risks for equipment operators.</li> <li>▶ Introduction of sensor systems that make it possible to detect specific, real risks for drivers, such as the presence of wildlife, traffic backups in areas with fog or reduced visibility, etc.</li> <li>▶ Implementation of truly effective systems that make it possible to determine the use of vehicles in high occupancy lanes and toll booths, without violating the Data Protection Law.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Introduction of radio frequency-based systems that make it possible to interact with drivers and inform them of risks or incidents ahead.</li> <li>▶ Implementation of a system that georeferences all elements on the highway through LIDAR.</li> <li>▶ Rethinking of the signalling paradigm of moving works through logical, coherent ordering and the introduction of variable-messaging panels that alert drivers of actual risks, not of possible risks.</li> </ul>
 <p>Environmental Services</p>	<ul style="list-style-type: none"> <li>▶ Development of new technologies in managing inventoriable elements for planning municipal solutions.</li> <li>▶ Development of new technologies to reduce the volume of leachate reservoirs.</li> <li>▶ Development of new techniques for the use of waste tyres and pyrolysis waste in road surfaces in order to improve safety, efficiency and comfort.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of new systems that minimise the human resources needed in parkingmetre services.</li> <li>▶ Development of new technologies to predict the risk of an urban tree falling or cracking.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of new technologies that minimise occupational risks at treatment plants.</li> <li>▶ Development of new technologies that enhance the value of waste that is to be disposed of in a landfill.</li> </ul>
 <p>Sacyr Industrial</p>	<ul style="list-style-type: none"> <li>▶ Development of new geothermal heat pumps with higher efficiency.</li> <li>▶ Development of new techniques for building thermoactive foundations.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of new materials for geothermal interchangers and jointing techniques.</li> <li>▶ Development of calculation tools for the design of geothermal facilities.</li> </ul>	

### 3.3. Sacyr's Strategic Vision for 2015-2020

Despite the diversity of these initiatives, there is a common line in the development of our innovation that strives to emphasise, among others, the following:

- ▶ Augmented reality.
- ▶ Mobile apps (apps).
- ▶ 3D printing and modelling.
- ▶ IoT, sensorisation and big data.
- ▶ Robotics, drones and autonomous machines.
- ▶ Artificial intelligence.
- ▶ Nanotechnology and new materials.
- ▶ Energy efficiency.

These technologies are applied to the various facets of our businesses, including:

- ▶ New materials.
- ▶ New equipment/machines.
- ▶ New processes.
- ▶ New customer relationship channels or models.
- ▶ New business models.

In seeking out responses to the challenges that may be addressed through innovation, we are continuing to develop a model for managing innovation that promotes:

- ▶ A clear business focus that allows us to prioritise those innovation projects that most contribute to improving users' experience with the infrastructure and to improving cost efficiency for those financing projects, which affects the health of our income statement in the short, medium and long term.
- ▶ Active governance of innovation, with innovation departments and committees that enable us to establish R&D guidelines, coordinate initiatives among the various business areas and provide structure to the framework in order to encourage innovation.
- ▶ Framework that promotes the coexistence and cooperation between open innovation, from external agents (ecosystems of entrepreneurs, scientists, trainers, suppliers in the industry, etc.), and internal innovation, ideas put forth by our employees, developed in an especially beneficial cultural and business environment, and actively supervised by a multidisciplinary professional team in innovation, talent management and communication.

## Sacyr Innovation Awards

With these awards, the Sacyr Foundation aims to encourage and promote the development of start-ups with high potential that focus on the construction and services sectors, and to provide them with the value of participating in this experience and our support in the process of maturing and entering the market.

We look for business ventures that are already formed, that are making a difference and that aim to have global reach, bringing new values to the market.

The winning projects will receive the sum of 50,000 euros in the form of a convertible loan.

Subsequently, for a period of between 6 and 18 months, the Sacyr Group will contribute to the

business development of the project, providing mentoring services, legal and / or financial advice, access to partners and the different companies of the Sacyr Group.

In 2016, the 6th Innovation Awards ceremony was held with high quality results within the scope of innovation.

This edition also recognized outstanding projects carried out by internal entrepreneurs of the Sacyr Group.

More information and calls for projects can be found on Sacyr's website ([www.sacyr.com](http://www.sacyr.com)).



- ▶ A careful process of enhancing innovation, by obtaining project certificates from public authorities and by seeking out more advanced patents for our R&D+i developments.

## 3.4. Performance of the Sacyr Group in 2016

### 2016 - Significant Events

Some of the most significant events that took place during the year are as follows:

#### a) Panama Canal

On 31 May 2016, the GUPC consortium, led by Sacyr, completed the works to design and construct the third set of locks on the Panama Canal, a basic component of the Panama Canal expansion programme; the most ambitious engineering feat of the twenty-first century and one of the biggest challenges ever in terms of infrastructure, placing Sacyr at the very forefront of the civil engineering world.

The new Panama Canal was officially inaugurated and opened for business on 26 June 2016, with the passing through of the first “post-panamax” ship, i.e. larger vessels than those able to use the old Canal. The event was attended by more than 25,000 people, including 2,400 guests, from 62 international delegations, including Emeritus King of Spain, Juan Carlos I and numerous presidents, vice-presidents and prime ministers from a multitude of countries and international organisations.

There is no doubt that this work has been a great triumph of technology and innovation, and has involved the creation of a new interoceanic thoroughfare; one where the world record shipping toll has been charged. All of this has been possible, thanks to the efforts, high quality and diligent work of Sacyr and the other shareholders in GUPC, which has made them one of the construction companies with the greatest international projection.

The GUPC consortium is currently involved in maintenance of the new Canal, in compliance with its contract.

The claims submitted by the consortium in relation to the cost overruns on the project are awaiting the ruling of the DAB (Dispute Adjudication Board), an independent technical body established within the framework of the agreement between Grupo Unidos por el Canal (GUPC) and the ACP (Panama Canal Authorities), and, ultimately, the final ruling on all the claims by the ICC's Arbitration Court in Miami. This is a long and complex process, which is not expected to be concluded in the near future.

There is no doubt that this work has been a great triumph of technology and innovation

## b) Stake in Repsol

In 2016, Sacyr made an early repayment of 885 million euros of the debt associated with its stake in the oil company, reducing, at that date, the outstanding loan principal to 769 million euros.

This early repayment was possible thanks to the 317 million euros received in June from the final part of the sale of Testa to Merlin Properties; the 533 million euros obtained from the two derivative instruments on 50 million Repsol shares (40% of the stake), arranged on 4 October and 14 December; and the dividends received during the year from the Repsol stake.

Also, these financial instruments make it possible to remove risks derived from market price variations in the shares and will allow Sacyr to benefit from the potential for increase of Repsol shares.

In 2016, Sacyr, through its investee, Sacyr Vallehermoso Participaciones Mobiliarias, S.L. received dividends from Repsol for 92.63 million euros (a dividend on account of 2015 profits, for 56.95 million euros, at the beginning of January and another, final, dividend of 35.68 million euros, at the beginning of July).

## c) Redemption of convertible bond issue

In April 2016, Sacyr, S.A. fully redeemed the issue of convertible and exchangeable bonds for an initial nominal amount of 200 million euros, issued out on 31 March 2011 and maturing on 1 May 2016.

### 3.4. Performance of the Sacyr Group in 2016

#### d) Testa

On 20 June 2016, as envisaged in the investment agreement of 8 June 2015, between Sacyr and Merlin Properties, the final transfer of the remaining shares in Testa Inmuebles en Renta took place. Specifically, this final phase of the transaction involved the sale of a total of 34,810,520 Testa shares for 317 million euros.

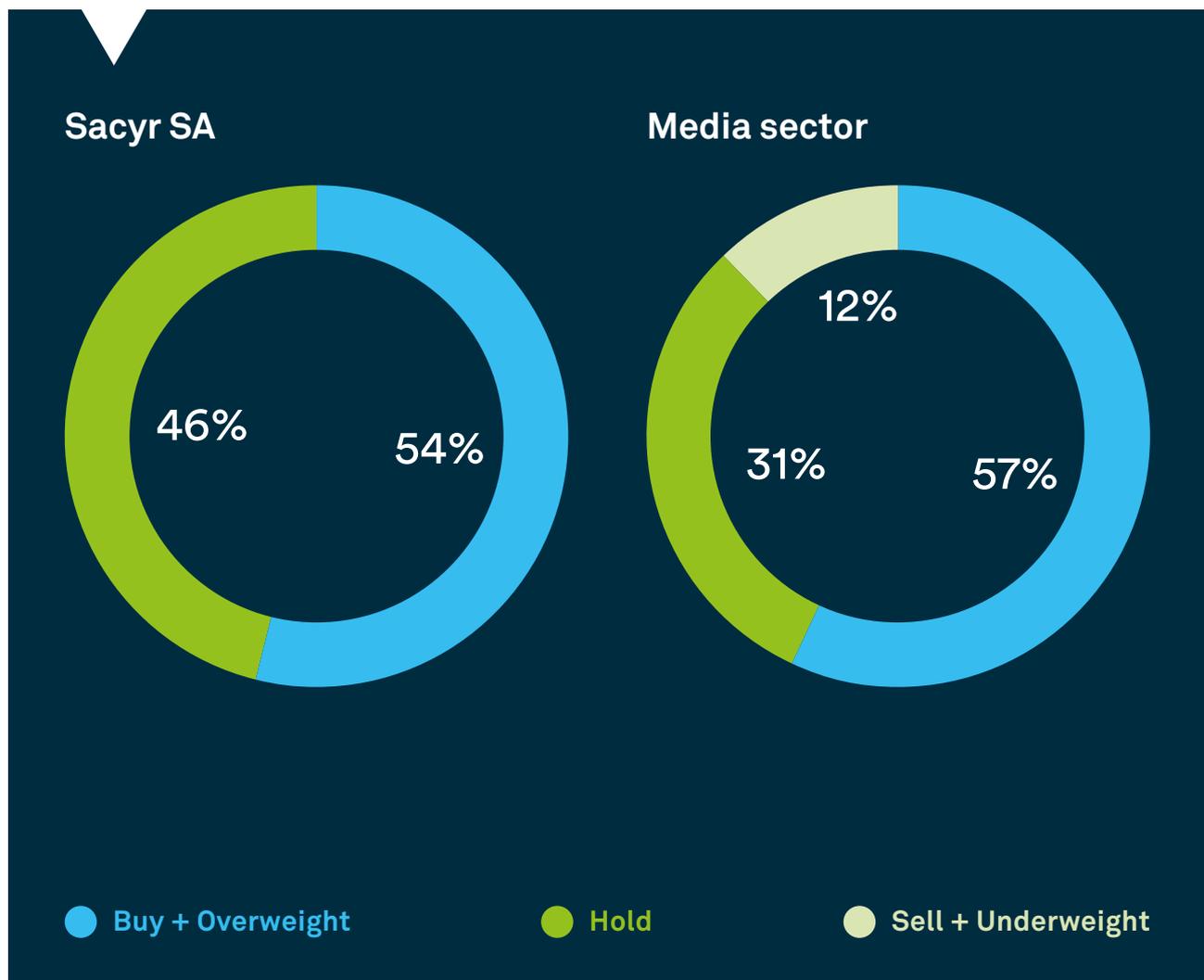
#### e) Euro Commercial Paper (ECP) programme

On 14 April 2016, Sacyr registered an ECP programme at the Irish Stock Exchange, pursuant to the authorisation given to it by the General Shareholders' Meeting held on 12 June 2014. Through this programme, Sacyr intends to carry out, for one year from the current date, part issue of notes, with a maturity of between 1 and 364 days from the closing date of each issue. The global maximum amount of the programme is limited to 300 million euros.

## Share price

### Financial Analysts

At year-end 2016, 13 analysis firms actively followed Sacyr's share. Of these, 100% were positive - either "buy", "overweight" or "maintain". The Sacyr share, in fact, had the second largest percentage of positive recommendations in the sector.



### 3.4. Performance of the Sacyr Group in 2016

#### Share price

#### Changes in share capital and share performance

At 31 December 2016, Sacyr's share capital amounted to 517,430,991 shares with a par value of €1 each, of the same class and series and with the same rights.

#### Share price in 2016

Nº of shares admitted for trading	517,430,991
Trading volume (thousands of euros)	2,235,798
Trading days	257
Closing price 2015 (euros)	1.81
Closing price 2016 (euros)	2.22
High (on 20/12/16) (euros)	2.37
Low (on 24/06/2016) (euros)	1.17
Average weighted share price (euros)	1.71
Average daily trading vol. (nº of shares)	5,097,246
Liquidity (shares traded/capital)	2.53

Sacyr's shares closed 2016 with 22.4% revaluation vs. drop of -2% of Ibex 35 and 6.6% of Ibex medium cap, which it joined in July.



Sacyr's shares closed 2016 with 22.4% revaluation vs. drop of -2% of Ibex 35 and 6.6% of Ibex medium cap, which it joined in July

The key stock market indicators for 2016 are as follows:

Stock market information	2016
<b>Share price (euros)<sup>1</sup></b>	
High	2.37
Low	1.17
Average	1.71
Year-end	2.22
Average daily trading volume (no. of shares) <sup>1</sup>	5,097,246
Annual trading volume (thousands of euros) <sup>1</sup>	2,235,798
No. of shares at year end	517,430,991
Market capitalisation (thousands of euros) <sup>1</sup>	1,148,697
Earnings per share (euros/shares)	0.23
Carrying amount per share <sup>2</sup>	3.46
Price/carrying amount (n <sup>o</sup> of times) <sup>3</sup>	0.64
PER <sup>4</sup>	9.55

<sup>1</sup> Source: Continuous Market of Spanish stock markets.

<sup>2</sup> Equity/number of shares outstanding as of close of year.

<sup>3</sup> Capitalisation/Equity.

<sup>4</sup> Share price at close/Benefit per share attributable to parent company.

Sacyr's trading volume reached 2,236 million euros, with an average daily trading volume of 5,097,246 securities.

### 3.5. Sacyr Construction

**We lead the industry ranking for longest backlog with more than 40 months of secured activity.**



The Construction division, headed by Sacyr and Somague, is the primary engine of our Group. It has continued to see considerable growth in Spain and, mostly, internationally.

Our model for international expansion must take into account the need for local deployment, taking advantage of the capacity demonstrated to compete with industry leaders in other countries that are benchmark companies for us, and know how in specific segments.

**+1,250**  
million euros in  
**Revenue**

**+4,100**  
million euros in  
**Construction backlog**

**84%**  
**International  
construction backlog**

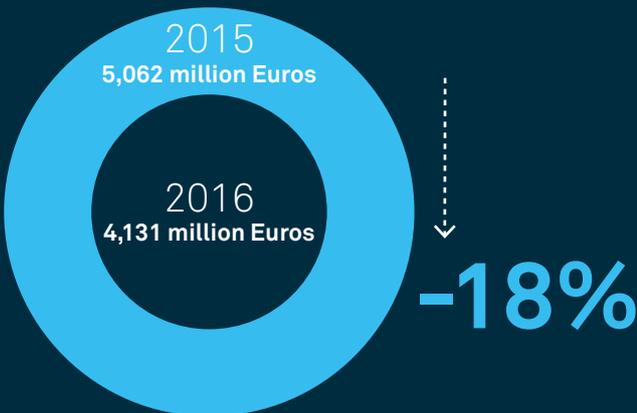
#### Key figures

Million Euros	2016	2015	%
Revenue breakdown	1,250	1,666	-25%
EBITDA margin	4.6%	4.7%	-0.2%
Order book	4,131	5,062	-18%
Months of activity	40	36	11%

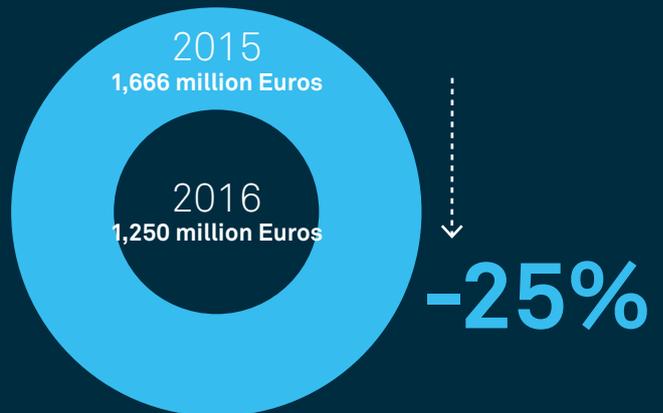


- Angola
- Brazil
- Cape Verde
- Qatar
- Chile
- Colombia
- Spain
- Italy
- Ireland
- Kuwait
- Togo
- UAE
- Mexico
- Mozambique
- Panama
- Peru
- Portugal
- United Kingdom
- Paraguay
- Uruguay

**Order book**  
(million Euros)



**Revenue breakdown**  
(million Euros)



### 3.5. Sacyr Construction

The strategy of internationally expanding the construction division is reflected in the weight of overseas billing, which represents 74% of total revenue

Construction division revenue in 2016 amounted to 1,250 million euros, down 25% on 2015 due to the lower level of activity in Spain and the markets where Somague operates.

The construction backlog stood at 4,131 million euros at 31 December, with 84% of this being outside Spain. It ensures 40 months of activity at the current rate of revenue.

The strategy of internationally expanding the construction division is reflected in the weight of overseas billing, which represents 74% of total revenue. In this regard, noteworthy of mention is the performance of the business in Italy, Angola, Mexico, Portugal and Chile and Mexico, among others, where major contracts were awarded:

- ▶ In Italy, the subsidiary SIS was awarded the construction contract for the Rome–Latina motorway, spanning 186 km and with total planned investment of 2,800 million euros. The project consists of two main axes: the 68.3km Roma-Latina motorway which is sub-divided into two link roads: A12 Roma-Tor de’Cenci and Tor de’Cenci-Latina Borgo Piave; and the 31.5km Cisterna-Valmontone motorway link road.
- ▶ In Angola, Somague has been awarded numerous construction contracts, which include the contract for completion of and special installations at the “Kinaxixi 2” commercial and business complex in Luanda for 117.54 million euros; construction of the new operations base of Schlumberger, also in Luanda, for 17.5 million euros; the enlargement and remodelling of the regional headquarters of the National Bank of Angola in the province of Huíla for 7 million euros; and the construction of the Lemos housing complex in Luanda for 5.2 million euros.
- ▶ In Portugal, where Somague remains one of the leading companies in the ranking of contracts awarded, the following stand out: construction of the new Hospital CUF, for IMO Health, in the Parque das Nações (Lisbon) for 15.5 million euros; the construction of the new installations for the Canto da Maia elementary school on la San Miguel Island (Azores) for 14.45 million euros; extension and remodelling of Puerto de las Pozas in Santa Cruz das Flores, Flores (Azores), for 4.2 million euros; the construction of a new waste-water treatment plant in Câmara de Lobos (Madeira) for a total of 3.3 million euros and the reinforcement of the main dock protection in the port of Ponta Delgada (Azores) for 3.28 million euros.

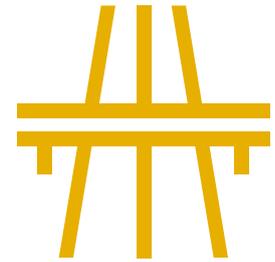
- ▶ In Spain, where business continues to be very slow, Sacyr was awarded, among others, the following projects: construction of an industrial warehouse for SEDIASA, amounting to 16.12 million euros; work on renewing and enlarging installations at the U.S. naval base in Rota (Cadiz), for 10.26 million euros; construction works on the new surgical and obstetrics units at the Hospital del Sur de Tenerife, for 8 million euros; and the adaptation project at Santiago de Compostela station for the new high-speed rail services, for 7.64 million euros.
- ▶ In Mexico, Sacyr has been awarded the contract to construct the foundation slab of the overland transport centre in the new international airport in Mexico City. With a budget of 64 million euros, the work will allow the transfer of passengers that arrive at the terminal by public or private transport.
- ▶ In Cape Verde, Somague, through its subsidiary CVC, has been awarded the contract to build a multi-use complex in Praia, at a cost of 9.7 million euros.

The most significant openings in the year, apart from the Panama Canal, already mentioned earlier, were the following:

- ▶ In February, Sacyr Construction Colombia opened the first 5.6 km section of the “Buenaventura” highway. When it has been completed, the new structure will run over 20 kilometres between Cali and Buenaventura.
- ▶ Also in February, Sacyr Construction, through SIS, commissioned the tram system in Palermo (Italy). The system runs over a total of 18.3 kilometres on 3 independent lines, connecting western and southern Palermo to the city centre. SIS will also handle start-up and maintenance of the facilities over 4 years.

### 3.6. Sacyr Concessions

# Growth engine of the Sacyr Group



Sacyr Concesiones has a portfolio of **36 concessions distributed throughout nine countries**, together with two road-maintenance companies. The diverse nature of these assets, both as a result of their location and type of asset, is noteworthy of mention.

Million Euros	2016
Turnover	552
Construction	243
Concessions	309
EBITDA	207
EBITDA/Turnover	66.8%
Backlog	12,926
Spain	5,284
International	7,642
KM	3,576
Hospital beds	2,263

The concession business, which continues to grow, must continue to be firmly committed to greenfield investments in transport and social infrastructure in key markets. Mature assets are rotated as the same time local structures are consolidated.

#### Construction/Operation Mix

**36** assets in  
9 countries

**+12%**  
Revenue

Revenue from toll  
roads has doubled

**+51%**

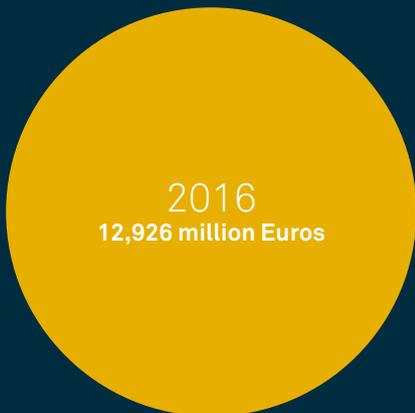
**NEW HIGHWAYS  
IN OPERATION**



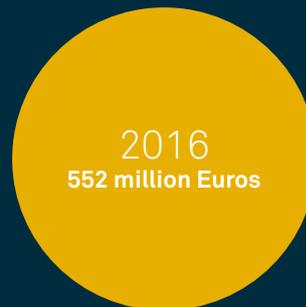
3.6. Sacyr Concessions

Chile  
Colombia  
Spain  
Italy  
Ireland  
Peru  
Portugal  
Uruguay  
Paraguay

**Backlog**  
(million Euros)



**Turnover**  
(million Euros)



3. Business model and operating environment

### 3.6. Sacyr Concessions

Revenue in the Concession division amounted to 552 million euros in 2016, with income from concessions reaching 309 million euros, up 12% on 2015

Revenue in the Concession division amounted to 552 million euros in 2016, with income from concessions reaching 309 million euros, up 12% on 2015, thanks to improved traffic and the partial start-up of operations of the Chilean concessionaires Rutas de Algarrobo and Rutas del Desierto.

EBITDA was 207 million euros, a 13% increase on last year, with an EBITDA margin of 67%.

Sacyr Concesiones' order backlog stood at 12,926 million euros at 31 December 2016, with 59% deriving from the international market.

The following major contracts were awarded in 2016:

- ▶ On 16 June, Sacyr, through its Italian subsidiary SIS, reached the final phase of the tender for the construction and 43-year operation of the Rome–Latina motorway, spanning 186 km, with the total investment expected to reach 2,800 million euros. The project requires 78 viaducts and overpasses to be built for a combined length of 23,700 metres, plus two tunnels stretching 2,350 metres in total, five cut-and-cover tunnels, 17 junctions and three central toll booths, among other infrastructure. Average Daily Traffic (ADT) is expected to be 32,000 vehicles and total revenue of 12,250 million euros over the term of the concession.  
On 11 July, Sacyr Group was awarded the project contract.

The most significant openings in the year, were the following:

- ▶ On 12 May, Sacyr Concesiones brought into service the second and final stretch of 86km of the new Ruta del Algarrobo in Chile, which links the cities of La Serena and Vallenar (in the Coquimbo region up to the border with the Atacama region). The first 101km section was opened in May 2015, meaning that the entire 187km motorway has now been completed for a total investment of 250 million euros.
- ▶ On 24 August, Sacyr Concesiones opened the Concepción-Cabrero motorway in Chile. At 103.4km long, the road links two Chilean towns and improves the connectivity of the entire Bío region, as well as connecting with the Ruta 5 Sur motorway. Investment of 360 million euros has been required for this project, which began in 2012.

Other corporate transactions that took place during the year include:

- ▶ On 28 January, Sacyr Concessions sold its 20% stake in Sociedad Concesionaria del Hospital Puerta de Hierro, Majadahonda, Madrid. The purchaser was the infrastructure fund DIF, and the total value of the operation was 55 million euros, including associated debt.
- ▶ On 3 March, Sacyr Concesiones sold its 98% interest in the company HC-Hospitals Concesionados to the infrastructure fund, Aberdeen. This company holds a stake in the concessions of three hospitals in Portugal: Braga and Vila Franca de Xira, 51%, and a 40% holding in Terceira (Azores). The total value of the operation was 113 million euros, including associated debt.
- ▶ On 19 April, Sacyr Concesiones and British fund Eiser issued 54 million euros in bonds through the concessionaire company, Autovía del Noroeste de Murcia (Aunor), with the aim of refinancing the concession. The issue has an annual coupon of 4.75%, paid half-yearly and matures in 2025.
- ▶ On 29 June, Sacyr Concesiones completed the refinancing of the debt of the concessionaire companies that manage and operate the Moncloa and Plaza Elíptica transport hubs in Madrid for a total of 190 million euros. This new financing has a term of 25 years, compared with the current financing which matures in 2018 and 2019.
- ▶ On 2 November, the prestigious publication, Public Works Financing (PWF), placed Sacyr Concesiones in sixth place in the world ranking of transport infrastructure concessions managers, one position higher than in 2015.

### 3.7. Sacyr Industrial



We are developing all manner of power generation, oil and gas, and **electrical facility EPC projects.**

EBITDA

**+43%**

EBITDA Margin

**+0.27%**

Revenue for Sacyr Industrial amounted to 401 million euros in 2016, up 38% on the previous year thanks to the contribution of the La Pampilla contracts (Peru); the regasification plant in Cartagena de Indias (Colombia) and the cement plant at Oruro (Bolivia); the new EPC (Engineering, Procurement and

Construction) contracts awarded this year, in Oil and Gas (Spain and Peru), in electricity infrastructure (Chile) and in the Environment division (Ecuador); and also due to the strategic alliances made with companies like Fluor, Nervión and Isotrón in previous years.

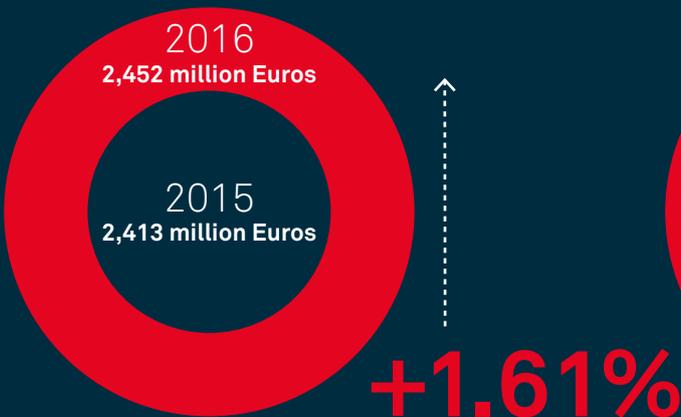
#### Key figures

Million Euros	2016	2015	%
Business turnover	401	290	+38%
EBITDA	30	21	+43%
EBITDA margin	7.5	7.3	+0.27%
Backlog	2,452	2,413	+1.61%

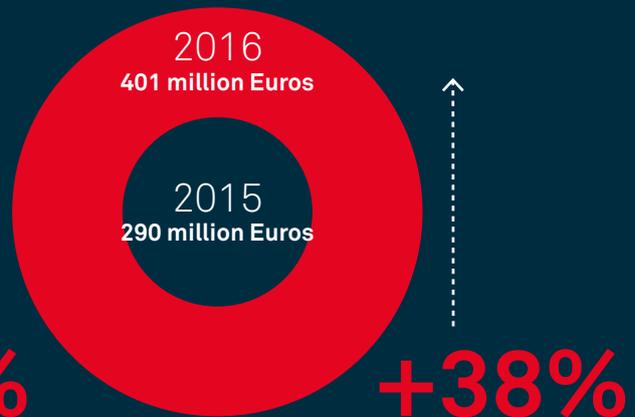


**Bolivia**  
**Chile**  
**Colombia**  
**Ecuador**  
**Spain**  
**Mexico**  
**Panama**  
**Peru**

**Backlog**  
 (million Euros)



**Business turnover**  
 (million Euros)



### 3.7. Sacyr Industrial

The following major contracts were awarded in the year:

#### In Oil and Gas:

Construction of the new Nuevo Mundo compressor station in Peru, for the Kinteroni and Sagari wells in Peru. The project involves the compression facilities for the new gas fields in the Peruvian regions of Ucayali, Junín and Cusco. It is for a total of 197 million euros and has a completion schedule of 15 months.

Master agreement with the Repsol Group for end-to-end repair service of tanks in their refineries in Cartagena, Tarragona and Puertollano for an amount of 54 million euros.

Enlargement works on block 2 of the La Pampilla oil refinery for 11.43 million euros and scheduled for completion in 24 months.

#### In the area of Electrical Installations:

Construction and maintenance contracts for Compañía General de Electricidad de Chile for several medium- and low-voltage power lines. This 72-month contract is worth a total of 44 million euros.

Construction of the new Crucero Encuentro electrical substation for Sociedad Austral de Transmisión Troncal de Chile (Chile). This 36-month contract is worth 16 million euros.

#### In the area of Environment and Mining:

Extension work at a cement factory in Riobamba (Ecuador) for Unión Cementera Nacional at a total cost of 150 million euros and with a scheduled period to complete the work of 28 months. The project includes the design, construction, assembly and start-up of the new clinker line, which will have a capacity of 2,600 tons per day, to supply the existing cement plant.

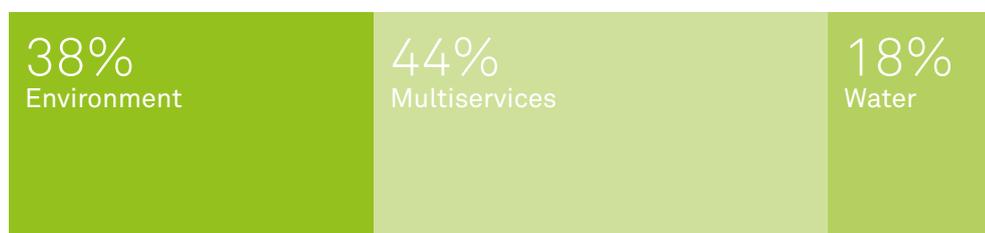


Two significant openings also occurred in the year:

- ▶ The start-up of the expanded diesel module at the La Pampilla refinery (Peru) in October. With an overall investment of 167 million euros, the project enables the specifications of the fuels produced to be brought into line with Peru's new environmental regulations and to comply with the required sulphur levels.
- ▶ The first regasification terminal in Cartagena de Indias (Colombia) was opened in December. With a global investment of 142 million euros, the new liquefied natural gas (LNG) import terminal will have the capacity to treat 400 million cubic feet of liquefied gas per day. The installation also includes the pipeline transporting imported gas from the bay of Cartagena de Indias to the Colombian National System for natural gas distribution.

### 3.8. Valoriza

**Valoriza** operates a wide range of businesses, focusing at all times on providing a comprehensive service for customers and addressing their needs with higher returns thanks to a selective choice of business activities.



Million Euros	2016
Turnover	908
Environment	347
Water	167
Multiservices	391
EBITDA	76
EBITDA/Turnover	8.4%

Valoriza posted revenues of

**908** million euros

The Sacyr Group's Services area, headed by Valoriza Gestión, continued with its strategy of growth and diversification in 2016.

In 2016, Valoriza posted revenues of 908 million euros, 19% higher than in 2015. This growth was fuelled by the Multiservices businesses (+28.5%), Environment (+10.9%) and Water (+16.8%).

EBITDA was 76 million euros, with a year-on-year variation of 9%. The EBITDA margin was 8%.

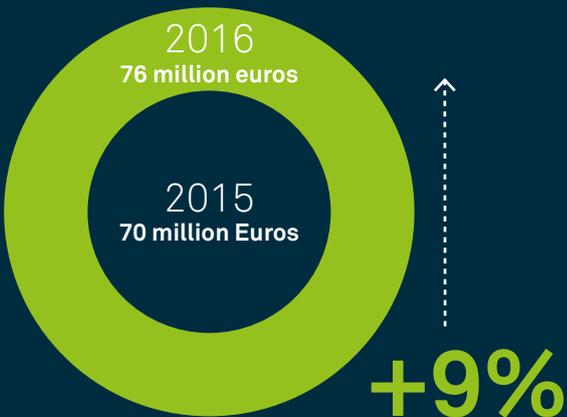
At 31 December, Valoriza's backlog stood at 6,447 million euros, of which 29% derives from the international market. Valoriza remains firmly committed to tendering activity in all its business areas both in Spain and abroad.



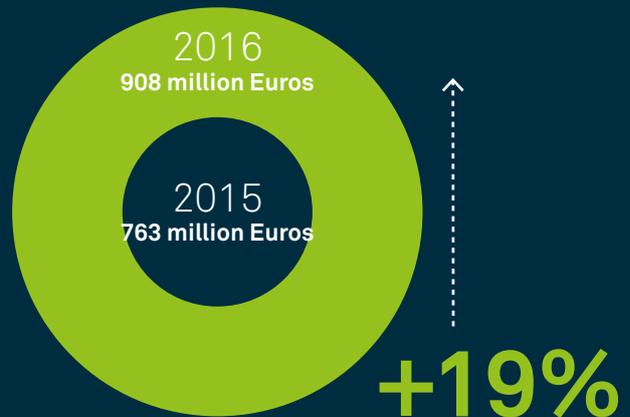
3.8. Valoriza

Algeria  
 Australia  
 Chile  
 Spain  
 Portugal  
 Brazil  
 Oman

**EBITDA**  
 (million Euros)



**Turnover**  
 (million Euros)



3. Business model and operating environment

## 3.8. Valoriza

### Valoriza's businesses by management task

#### Environment

- ▶ Municipal services
- ▶ Waste management
- ▶ Landscape restoration
- ▶ Environmental work

#### Water

- ▶ Integrated water cycle management
- ▶ Water purification
- ▶ Desalination
- ▶ Treatment and reutilization

#### Multiservices

- ▶ Facilities
  - Facility maintenance
  - Cleaning
  - Energy services
  - Healthcare services
- ▶ Valoriza Conservación
  - Maintenance and upkeep of roadway infrastructures
  - Dam and canal maintenance
- ▶ Cafestore
  - Highway and toll road service stations
- ▶ Mining
  - Exploration

## Cafestore

A Group company that specialises in catering services in concessions and has a presence in motorway service areas (third-leading Spanish operator in this market), social-health services and public organisations.

46 points of sale: 27 service areas throughout Spain, restaurants at three hospitals in the Autonomous Community of Madrid, two cafeterias in the transport hub, two homes for the elderly and in 13 public organisations (Madrid, Castilla La Mancha, Extremadura and Andalusia).

The following contracts won are noteworthy:

- ▶ Restaurant and cafeteria services and the installation of food and drinks dispensing machines at the Spanish tax office (Delegación Especial de la Agencia Tributaria; AEAT) in Madrid.
- ▶ Restaurant services for visitors to the Centro Eurolatinoamericano de la Juventud (CEULAJ), in Malaga.
- ▶ Restaurant services for the Santa María Home for the Elderly in Benequerencia, Toledo.

For more information, please see our website: [www.cafestore.es](http://www.cafestore.es)





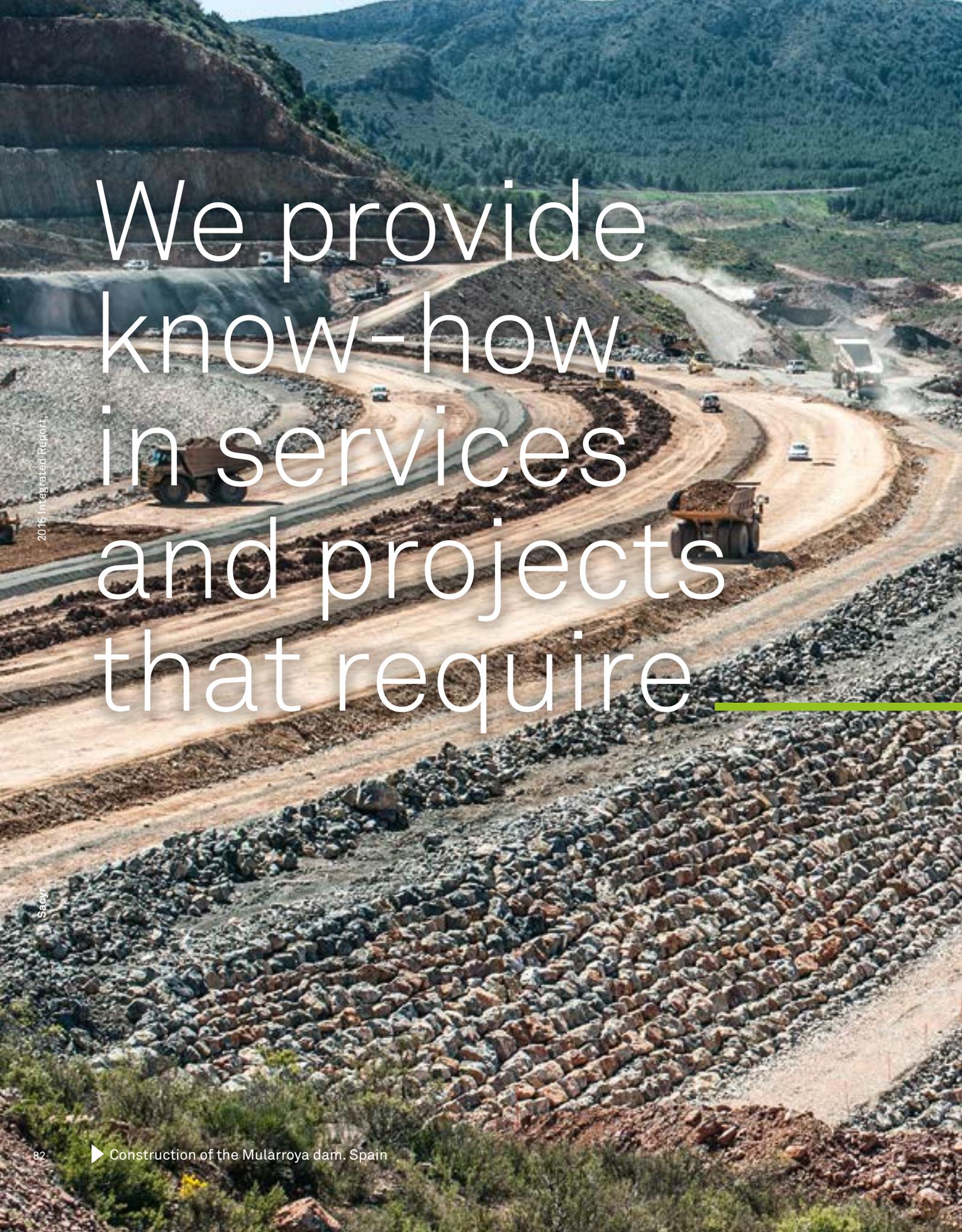
# Environmental Value



► Bendiciones viaduct, Cali, Colombia

# 4

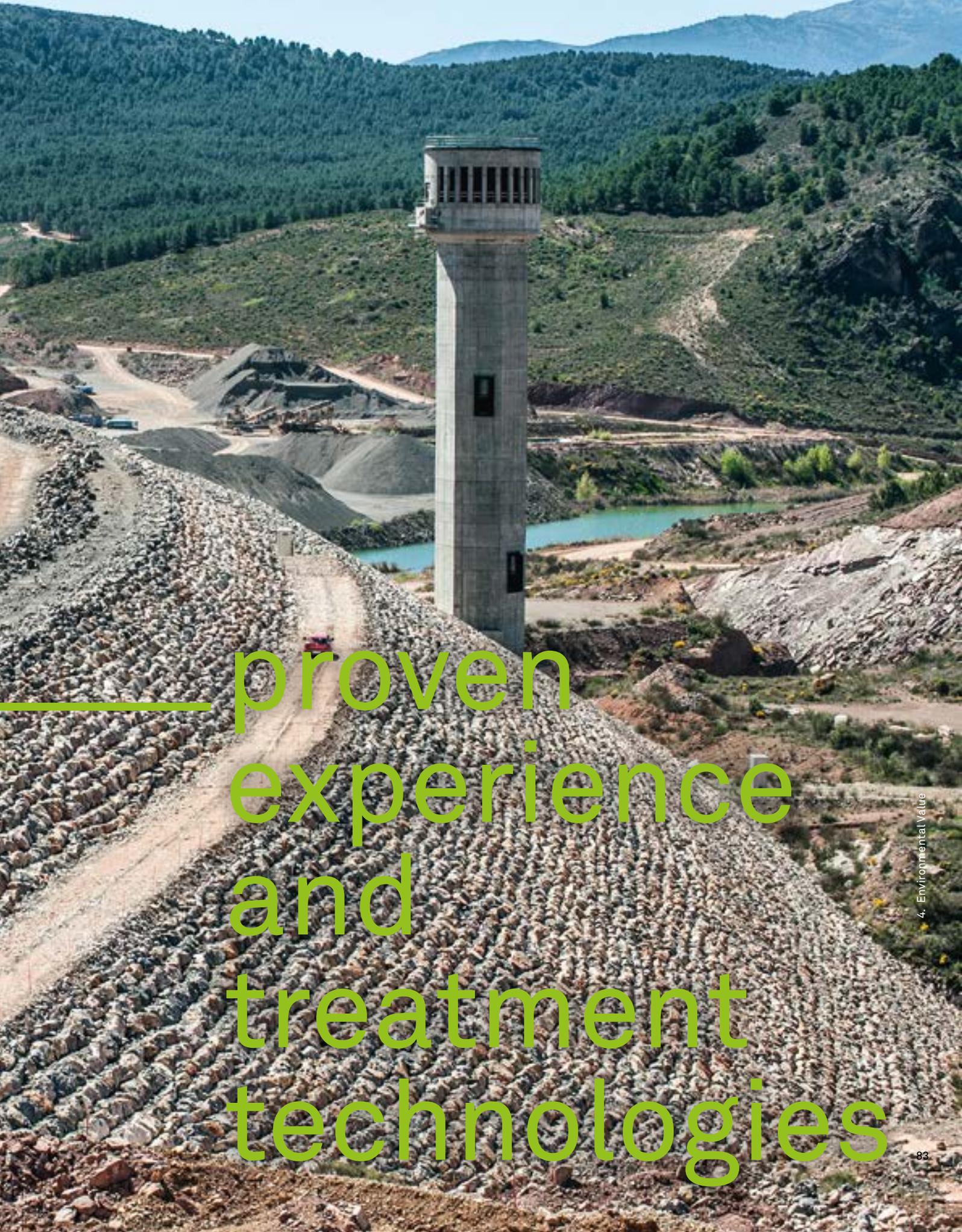
4. Environmental value



We provide know-how in services and projects that require

2016 Integrated Report

Sacyr



proven  
experience  
and  
treatment  
technologies

## 4. Environmental Value

Sacyr, through its Quality, Environment and Energy Management Policy, aims to ensure its strategic objectives increase customer and user satisfaction, whilst at the same time encouraging environmentally-friendly strategies and more efficient energy use in the organisation.

### Quality Objectives

**Guarantee the current and future satisfaction and needs of customers and other stakeholders**

**Continuously assess and improve the Integrated Management System**

**Comply with all legal and other requirements applicable to Sacyr**



### Environmental Objectives

**Prevent the environmental impacts resulting from Sacyr Group's activities**

**Raise awareness among direct and indirect employees of their environmental responsibility**



### Energy Objectives

**Reduce energy consumption**

**Encourage the use of greener energies**

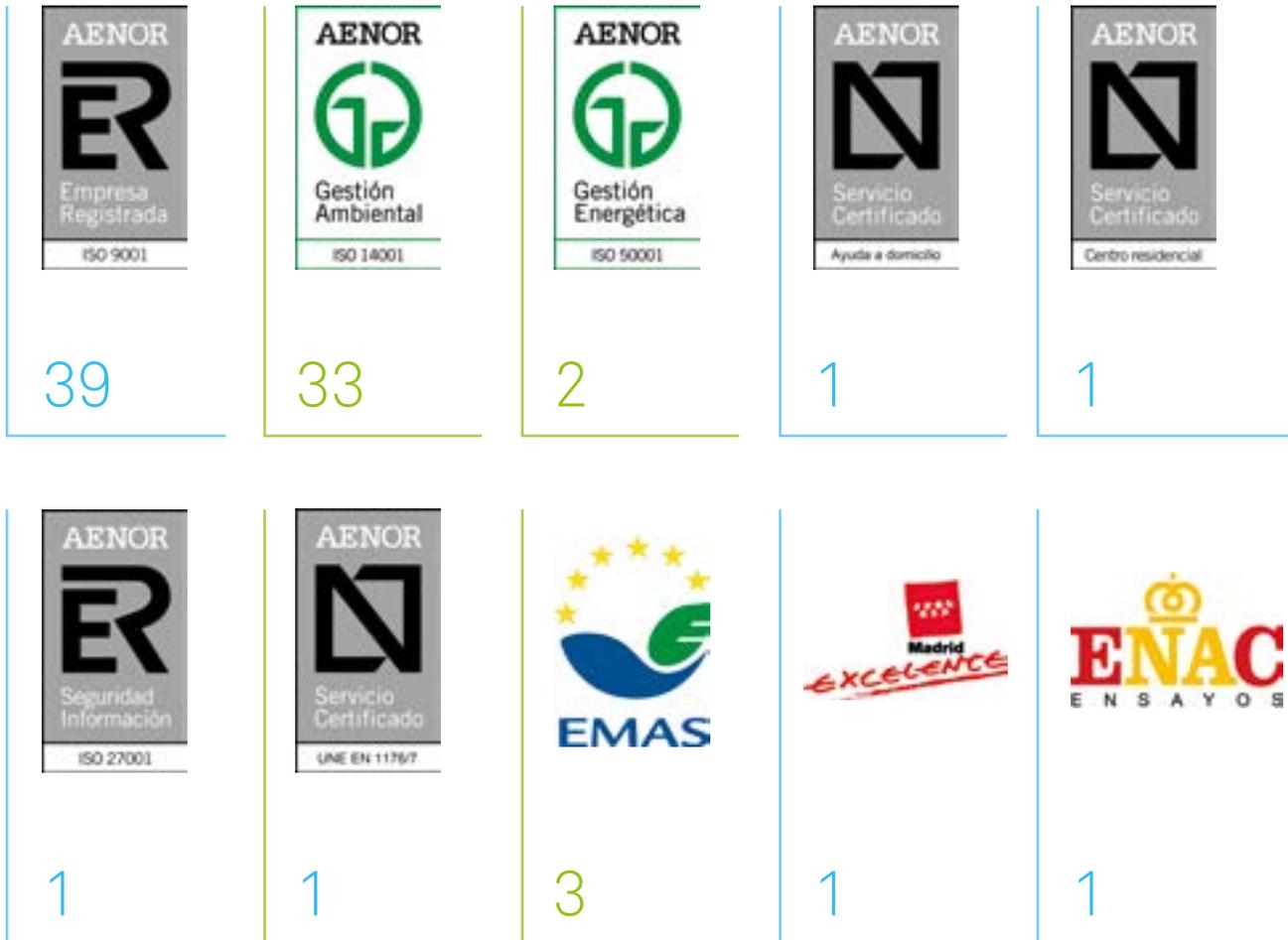
**Promote the rational use of energy by users of facilities**



## Certifications

Sacyr has an integrated management system, in which all partial certifications of each of the companies that form the Group are gathered. These certifications provide us with numerous benefits: understanding the needs and expectations of stakeholders, improving the image of the products and services offered and generating customer and consumer confidence; always ensuring that objectives and policies are in line with business strategy.

Sacyr currently has the following certifications:



#### 4. Environmental Value

The following milestones were reached in 2016

**New certifications and extension to scope of ISO 9001 and ISO 14001 certification in:**

	<p><b>Companies newly certified</b></p>	<ul style="list-style-type: none"> <li>— Sacyr Construcción Colombia</li> <li>— Sacyr Construcción Peru</li> <li>— Sacyr Construcción Mexico</li> <li>— Gestión de Energía y Mercados</li> <li>— Valoriza Servicios Medioambientales Mexico</li> <li>— Planta Triatge Firm Molins de Rei (Valoriza Servicios Medioambientales).</li> </ul>
	<p><b>Extension of scope</b></p>	<ul style="list-style-type: none"> <li>— Valoriza Servicios Medioambientales: “Operation and maintenance of recycling centres, recovery and disposal of used tyres”</li> </ul>
	<p><b>Extension of scope</b></p>	<ul style="list-style-type: none"> <li>— Valoriza Servicios Medioambientales: “Maintenance and conservation of green spaces, parks, gardens and avenues”</li> </ul>

Environmental impact statements are available for consultation by the general public at the following address:

[http://www.sacyr.com/es\\_es/canales/canal-innovacion/calidad-y-medio-ambiente/Nuestras-experiencias/default.aspx](http://www.sacyr.com/es_es/canales/canal-innovacion/calidad-y-medio-ambiente/Nuestras-experiencias/default.aspx)

### Other new certifications:

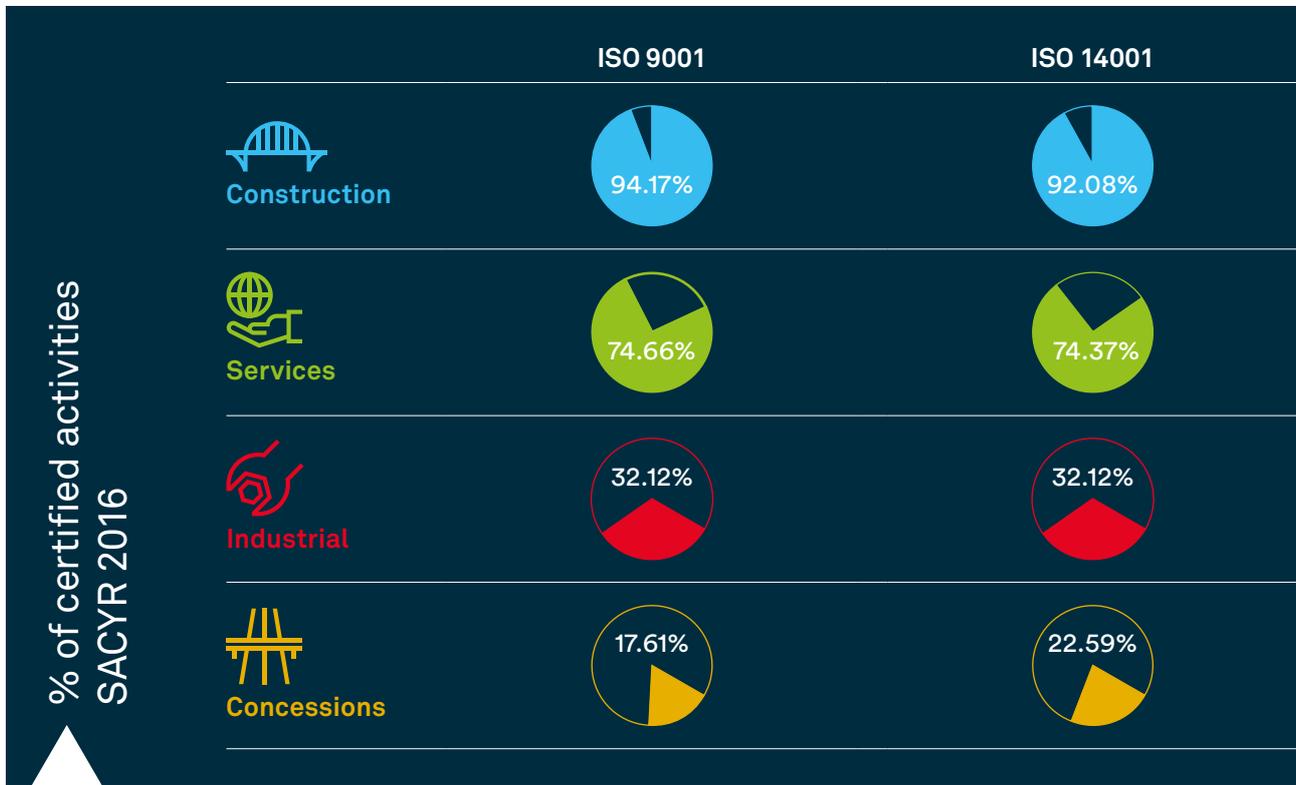
	<p><b>New certification</b></p>	<p>— ISO 27001 “IT security management systems” at Valoriza Facilities</p>
	<p><b>Accreditation</b></p>	<p>— ISO 17025 “Assessment of conformity. General requirements for the competence of testing and calibration laboratories” at Emmasa</p>
	<p><b>New reference</b></p>	<p>— UNE EN 1176/7 “Maintaining children’s play areas” at Valoriza Servicios Medioambientales</p>
	<p><b>New registration</b></p>	<p>— EMAS in the Plaza Elíptica (Madrid, Spain) transportation hub at ITEPESA</p>

In addition, in 2016 all annual certifications, including the tracking audit for the certification of Sacyr’s management system, were renewed.

We are currently working to obtain an extension to scope of the ISO 17025 accreditation “Assessment of conformity. General requirements for the competence of testing and calibration laboratories”, in the water laboratory in the Canary Islands, to include the pH and fluoride parameters in this certification.

## 4. Environmental Value

The percentage of activity certified to these voluntary requirements under ISO 9001 and ISO 14001 at year-end 2016 were as follows:



Since 2003 Sacyr has held a **Madrid Excelente** mark in recognition of Sacyr as a company committed to excellence, reflecting the Group's commitment to innovation and ongoing improvement, employee satisfaction and active support to the economic, social and environmental development of the community.

A number of Sacyr activities were acknowledged by independent entities in 2016, notable among which were the Sacyr Industrial subsidiary, Valoriza Energía Operación y Mantenimiento, renewing its PEFC (*Programme for the Endorsement of Forest Certification*) certificate and FSC (*Forest Stewardship Council*) certificate addressing the custody of forest and biomass products used at the Group's power plants.

Since 2003 Sacyr has held a **Madrid Excelente** mark in recognition a company committed to excellence, innovation, people satisfaction and **active support to the economic, social and environmental development of the community.**

## 4. Environmental Value

### Environmental expenses and investments and regulatory compliance

Sacyr is firmly committed to environmental protection matters, making available the resources and, as a result, taking the actions necessary to guarantee: [G4-EN31](#)

- ▶ the compliance with legal environmental and contractual requirements,
- ▶ the prevention of pollution throughout the environment (water, soils, atmosphere),
- ▶ the promotion of energy saving and adoption of energy efficiency measures,
- ▶ the improvement of waste management,
- ▶ the preservation of biodiversity,
- ▶ the improvement environmental management and information systems,
- ▶ the increase of environmental training and awareness.

All of these actions aim to highlight Sacyr's environmental activities and initiatives. To strengthen the provision of information, we have an environmental investment and expenses management procedure available, which conforms to internally defined environmental criteria.

The environmental expenses associated with initiatives carried out in 2016, are as follows:

### Environmental expenses and investments Sacyr

Costs of waste treatment, treatment of emissions and restoration



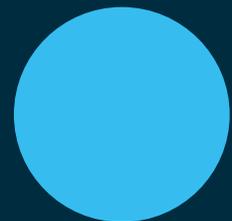
10,253,022.10 €

Costs of prevention and environmental management



7,273,863.43 €

TOTAL



17,526,885.53 €

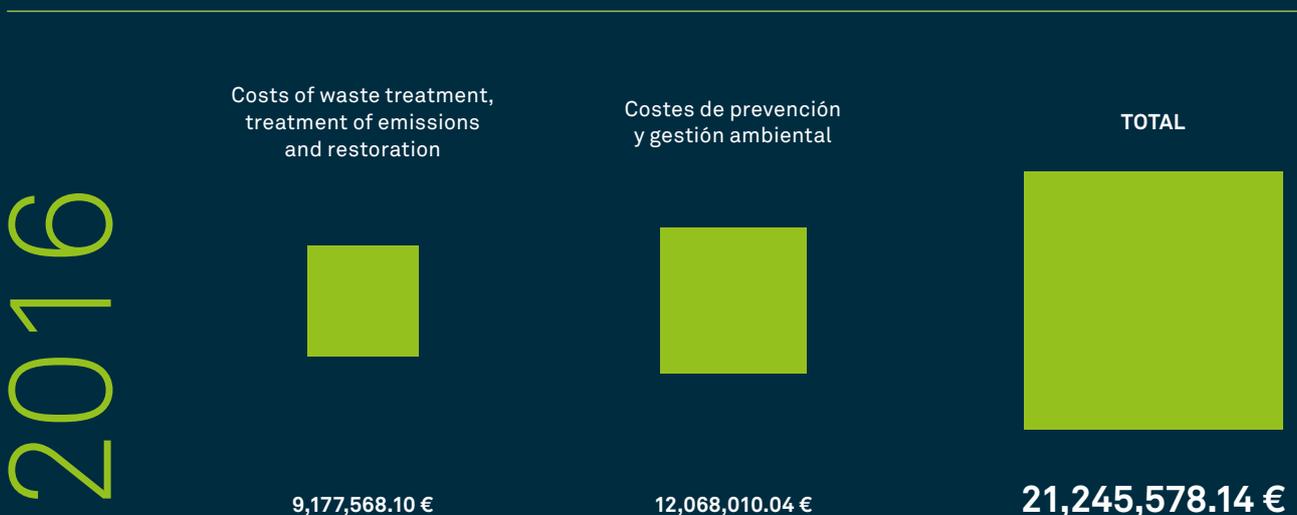
The costs of prevention and environmental management, which increased considerably in year-on-year terms in 2016, relate to external environmental advisory services, and archaeological and landscape protection.

It is a priority for Sacyr to comply with all statutory environmental provisions in carrying out its activities, regardless of the country in which they take place. To do this, it constantly monitors environmental legislation, to ensure it knows the impact on its activities and that it takes the necessary measures to comply with any new requirements.

At Sacyr, in 2016, a total of 2 sanction proceedings were closed and 6 new proposals for sanction proceedings were received. The total monetary value of the archived sanctions in 2016 was €94,575.21. Of the two proceedings that were closed, one did not involve any monetary cost.

In addition, all of the proceedings were processed in accordance with current legislation in each country, and in one case Sacyr was involved in proceedings before environmental arbitration agencies.

G4-EN29



## Works related to the Santiago Centro Oriente Plan, Costanera Norte expressway tunnel (Chile)

As part of the package of measures to mitigate the environmental impact resulting from the construction of the tunnel, and as part of the execution of the works included in this Plan, Sacyr Chile, as the construction company involved, has installed a number of structures to reduce noise in urban areas. The installation was carried out in the following sectors:

- ▶ **Eastern entrance:** a shed-like structure with acoustic insulation, ventilation system and a particle capture system, with an area of approximately 1,565 m<sup>2</sup>, thereby covering the entire entry ramp.
- ▶ **Underground sector, north-western canopy, Vespucio link:** a shed-like metallic structure with acoustic insulation and an area of approximately 4,600 m<sup>2</sup>, covering the entire tunnel exit.
- ▶ **North-western sector, Vespucio link (Piqué Alonso de Córdova):** a shed-like structure similar to those described above, with ventilation system and a particle capture system, and an area of approximately 5,600 m<sup>2</sup>, covering the works at the intersection of Av. Américo Vespucio and Kennedy.

The sheds installed use unconventional technology for roadworks carried out in Chile. Through their use, it is aimed to minimise the noise generated whilst the works are carried out, allowing the urban centres nearby to carry on with their daily lives unaffected.

This achieved because the works that generate the noise are carried out inside the sheds.

In addition, this allows work to be carried out continuously, without any restriction on working times, such as at weekends.

The sheds are sealed and have a system of doors designed so that the occasional opening of them has the least impact possible with regard to noise emission levels. Programme “Un bosque para el parque vivo” (A forest for the living park)

▶ Costanera Norte, Chile



## Supply chain

G4-EN33 G4-12

Sacyr is aware of the need to establish control and influence over the environmental and social impacts of its suppliers, of the related risks and opportunities, and of its legal and other requirements.

In 2016, a review of the supplier assessment system took place, from an environmental standpoint, with new environmental requirements being included that are to be demanded from suppliers.

A total of 430 suppliers were initially assessed using these environmental criteria, with 259 (60.23%) complying with at least one of them. Of these 259, 113 were accredited under ISO 14001. [G4-EN32](#)

The environmental impact of a total of 1,735 suppliers was evaluated, either in the regular reassessments or at the end of the service provision period, with 22 of them presenting a significantly negative impact. As a result, 18.18% of these have agreed to make improvements to their environmental behaviour and the commercial relationship with the rest has been ended. [G4-EN33](#)

One criterion that Sacyr Group considers when assessing potential suppliers, is fostering purchasing from local vendors, seeking to minimise the environmental impact resulting from the transportation of materials and products and to boost the socio-economic development of the local area.

- ▶ We promote the sustainable growth and competitiveness of local suppliers in the market.
- ▶ We obtain high-quality products and services from the local market.
- ▶ We reduce the delivery time in receiving the supply of goods and services.
- ▶ We develop good relations with local communities, which helps in the development of Group operations.

One example of this is its support of fair trade through the purchase of fair trade certified coffee, which ensures that the product complies with the international standards set by the Fairtrade organisation in the fight against poverty in various communities, helping improve their quality of life and working conditions

## 4. Environmental Value



► Road linking Cali to Buenaventura, Colombia



### Improvement, operation and maintenance project for the road link between Rumichaca and Pasto in Nariño Department in the south of Colombia

Sacyr, through its subsidiary in Colombia, has adopted the commitment to improve one of the most important road links in that country: which is the one connecting it to Ecuador and the rest of Latin America. The project involves converting the existing infrastructure into a high-specification dual-carriageway road, thereby improving communications throughout the south east of Colombia, between the cities of Cali, Papoyán, Pasto and the border with Ecuador.

For this project, and in line with Sacyr's environmental objectives and strategies, a local supplier programme has been established, with the aim of stimulating the socio-economic conditions of the area and minimising the environmental impacts resulting from the acquisition of the products and materials necessary to carry out the project.



### Road link improvement project between Rumichaca and Pasto

In 2016, around 67 potential local suppliers were identified and they are currently undergoing our selection process. These stakeholder groups are based in the following cities and towns: Pasto, Ipiales, Contadero, Iles, Imués, Tangua.

The local contracting process contributes to the region's economic growth through responsible supply chain management; generating social, economic and environmental benefits for the entire duration of Sacyr's projects and activities.



**Environmental awareness in the Valoriza Servicios Medioambientales' waste management plants**

Valoriza Servicios Medioambientales carries out environmental awareness activities at its "La Paloma" urban solid waste treatment plant. These involve tours with environmental guides, which generally aim to increase environmental knowledge and awareness in relation to waste recycling.

In 2016, 2,394 people belonging to various groups, such as: universities; the press and media; national, regional and local government; organisers of specialist training courses; neighbourhood and cultural associations; individuals; international bodies and entities;

companies, etc., visited the plant's facilities for different educational, informational, cultural, professional and other reasons.

Another example, is the environmental awareness day provided by the Chiloeches used tyre treatment plant for students on the Masters in Waste Management course at the Autonomous University of Madrid (Universidad Autónoma de Madrid). In total 12 students attended and received an explanation of the various ways in which used tyres are treated at the plant.

All employees are responsible for the environmental performance in the area in which they work. For this reason, Sacyr permanently provides continuous training, internally and externally, in environmental matters, which allows it to count on a group of professionals capable of applying the most advanced knowledge and techniques when carrying out their various jobs.

The data on environmental training in the last two years, are as follows:

**Environmental training Sacyr 2014-2016**

	Construction			Services			Industrial			Concessions			Holding		Total		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2015	2016	2014	2015	2016
<b>Nº of training hours</b>	1,246	44,729	1,396	347	1,752	1,122	15	78	121	122	609	3	0	68	1,730	47,168	2,710
<b>Participants</b>	1,508	17,797	10,431	605	324	964	116	415	3,792	52	23	5	0	324	2,281	18,559	15,516

In order for this environmental training to reach all personnel (company employees and subcontracted workers), Sacyr issued *22 Environmental Good Practices Manuals* for the Group's various business activities, aimed at minimising the impact on the natural environment, effective use of resources, application of the hierarchy in waste management, energy savings, etc.

### Environmental training days in the road link improvement project between Rumichaca and Pasto in the south of Colombia

Sacyr, as part of its commitment to the environmental awareness of its workers and other stakeholders, has held a number of environmental protection training days.

These training days, included as part of the Rumichaca road link improvement project in Colombia, began in March 2016 with a training day in which 51 workers took part and where the subject of management and disposal of solids waste was covered. In the second and third quarters of the year, the programme's coverage was broadened.

Period	Areas covered	Personnel
July, August, September	Solid waste management	El Placer toll booth Administrative personnel
	Efficient use and saving of water	Operating personnel Administrative personnel
	Works environmental management measures	Rescue archaeology personnel
October, November, December	Integrated hazardous waste management	Yacuanquer local council (Comunidad el Municipio)
	Induction	New personnel
	Atmospheric and noise emissions	Personnel of CVUS, the construction company CSH and works supervisor HMV



## Environmental grievance mechanisms

G4-EN 34

Sacyr has different formal channels to communicate with its stakeholders and the public at large, through which it is able to receive complaints related to environmental issues.

These mechanisms include several e-mail addresses, a general address (**info@sacyr.com**) and another specific address related to corporate responsibility (**rcorporativa@sacyr.com**). In addition to these channels, Sacyr employees have various means available for reporting any complaints or suggestions, for example, the Sacyr Group's Conduct Hotline and the green mailbox on the Company's intranet.

In 2016, Sacyr received no environmental claims through any of these channels.

Sacyr has a procedure for dealing with environmental claims made by customers. Every complaint received is exhaustively monitored until it is resolved and appropriate measures are established to avoid recurrences.

In 2016, six environmental claims were received from customers and resolved, with five of these being closed during the year.

No environmental claims received before 2016 were resolved in the year.

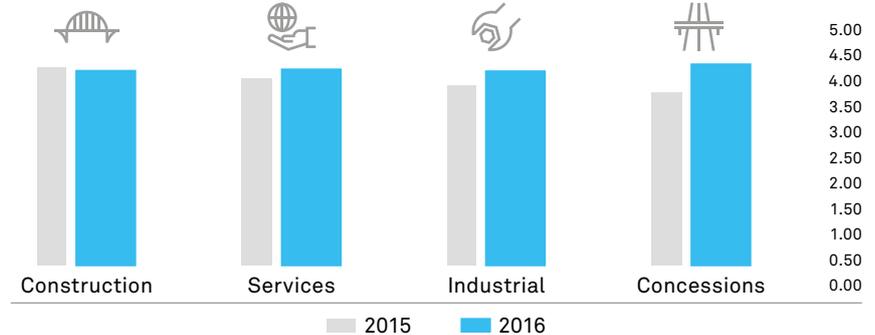
Sacyr has different formal channels to communicate with its stakeholders and the public at large

## 4. Environmental Value

### Customer satisfaction

We consider customer satisfaction as a key factor in the company's success, but this implies knowing about both their perceptions and their expectations, therefore, we regularly analyse the information that comes from them.

The 2015- 2016 performance was as follows



The average score has increased in the services, industrial and concessions areas

### Customer satisfaction index

Construction		Services		Industrial		Concessions	
2015	2016	2015	2016	2015	2016	2015	2016
4.26	4.19	4.03	4.22	3.87	4.18	3.72	4.33

Scores go from 1 to 5, with 1 being the most unfavourable and 5 the most favourable.

**4.23/5**  
Average satisfaction level of our customers

The average score has increased in the services, industrial and concessions areas; whilst it has fallen slightly in the construction area.

### Environmental organization

It is a priority for Sacyr to establish the organisational measures, the human resources and the economic means necessary to guarantee and optimise the functioning of its management system, in which continuous improvement is the principal objective.

Sacyr's strategy has a clear international focus and every year it carries out its activities in an increasing number of countries. To ensure the success of these activities, it is vital to join synergies and create global teams, with people that combine talent and the necessary rigour to do a good job.

Sacyr's Department of Quality, the Environment and Energy is a Corporate Service that serves all of the Group's business areas in all the countries in which it operates and which in 2016 comprised 165 employees.

### Supervision of contracts

Audits are a powerful tool for controlling and monitoring the efficiency of management systems. For this reason, Sacyr carries out regular controls at each of its work centres, which enable it to determine whether the management system meets the objectives set for it and to propose recommendations and actions to improve it.

Sacyr is also externally audited by its stakeholders, such as customers and suppliers. In 2016 it represented 12.6% of the total number of audit days in the year.

**960 internal and external audit days**

### Environmental supervision visits and internal audits

Construction		Services		Industrial		Concessions		Total	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
410	262	483	556	10	6	13	15	916	839

### System documents

In 2016, the Sacyr Group Quality, Environmental Management and Energy Management System created 101 new documents and updated 73 others (for a total of 174), which have helped support the continuous improvement of the system and the processes and tools on which it is based.

System documentation is available to the entire organisation through Sacyr's intranet and IT applications.

Visits to the quality, environment and energy mini-site increased by 15.37%, year-on-year, in 2016.

## 4. Environmental Value

### Environmental communication

Communication is an essential element in Sacyr's activities and in ensuring that the organisation runs smoothly, because good communication makes the business more competitive, makes it easier for it to adapt to environmental change, helps it achieve the objectives it has set for itself, satisfies both its own and its stakeholders' information requirements, and serves as a tool for the motivation, commitment, responsibility, involvement and participation of its employees, thereby building and strengthening its corporate identity.

Sacyr has fluid communication channels, both internal and external, that enable it to provide relevant and transparent information on its environmental performance and to gather information on our stakeholders' main concerns in this area.

Sacyr's Department of Quality, Environment and Energy forms part of the external working groups within various associations, including:

- ▶ Forética.
- ▶ AEC - Asociación Española para la Calidad (Spanish Quality Association).
- ▶ SEOPAN Comisión de Calidad y Comisión de Medio Ambiente (Quality and Environment Committee).
- ▶ ASEFMA - Asociación española de Fabricantes de mezclas asfálticas (Spanish Association of Asphalt Mixes Manufacturers).
- ▶ PTC - Plataforma Tecnológica Española de la Carretera (Spanish Road Technology Platform).
- ▶ PLANETA - Spanish Technology Platform for Environmental Technologies.
- ▶ Sacyr is a member of the Advisory Board for the certification of construction companies, made up of the Ministries of Justice, Environment and Development and representatives of construction companies.
- ▶ Member of the AEN/CTN 198 "Sustainability in Construction" Committee.
- ▶ Member of the BREEAM Certification Advisory Board.

The active participation of Sacyr in these working groups contributes to the development of documents, standards, etc, which are subsequently shared with society.

## Environmental volunteering

Sacyr, through Valoriza Servicios Medioambientales and on the basis of its commitment to environmental care and respect, promotes and collaborates with environmental volunteering organisations and projects. Through this Sacyr aims to promote, in all sectors of society, action to protect and conserve the environment, raising awareness of its importance and impact on daily life.



### “Un bosque para el parque vivo” (A forest for the living park) programme

The “Un bosque para el parque vivo” is a voluntary programme, organised by the Centro Trama, with the backing of Valoriza Servicios Medioambientales, ADENA WWF and the San Fernando de Henares local council, which seeks to encourage the collaboration and participation of everyone in the conservation of the forests around

the Henares and Jarama rivers in the Parque Regional del Sureste (South-East Regional Park) in the Community of Madrid.

This programme took place in 2016, with several days being dedicated to the protection and defence of nature.

## 4.1. Sacyr's commitment to the fight against climate change

Energy production and consumption is responsible for a large part of global greenhouse gas emissions. Sacyr, conscious of its responsibility in the fight against climate change, and in line with the Sustainable Development Goals to increase energy efficiency and the use of renewable energies, is committed to actions and initiatives aimed at: [G4-EN3](#)

- ▶ Encourage energy saving and efficiency.
- ▶ Raise awareness of responsible energy consumption.
- ▶ Take action in relation to its mobility and transport.
- ▶ Conserving natural carbon sinks.
- ▶ Generate energy from renewable sources.
- ▶ Promote “green purchasing”.

For Sacyr, climate change offers major opportunities for the growth, development and competitiveness of its companies, and thereby to contribute to the improvement of our environment, society and future.

### Sacyr's climate change strategy

- ▶ Establish a common strategic framework to reduce the entire company's carbon footprint.
- ▶ Coordinate the efforts of the company's various business and management areas in relation to emissions, generating synergies in our actions.
- ▶ Promote new lines of action and projects related to energy consumption.

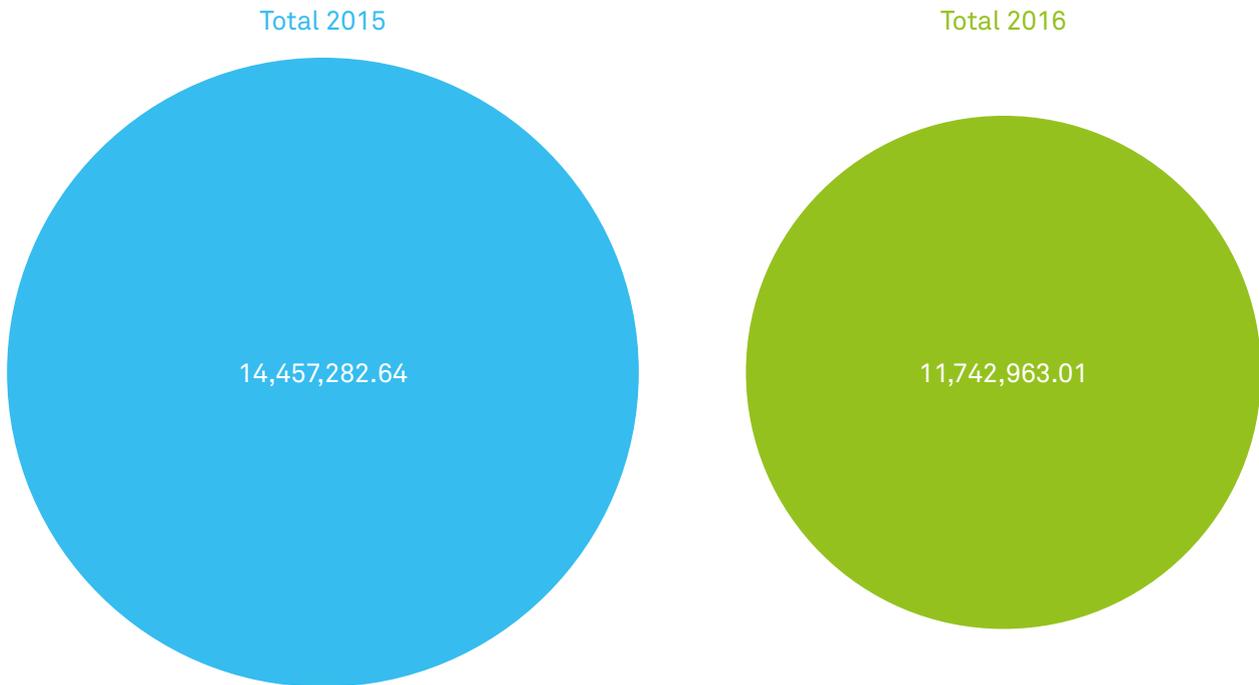
All of these are accompanied by:

- ▶ Comply with the applicable requirements related to efficient energy management and the fight against climate change.
- ▶ Communicate the actions taken by Sacyr in the fight against climate change.
- ▶ Monitor and continuously improve energy performance and the reduction of greenhouse gas emissions where technically and economically viable.

Sacyr's global energy consumption is based on a variety of different energy sources, such as fossil fuels, renewables and electricity. Sacyr's internal energy consumption over the last two years is shown below:

Sacyr's internal energy consumption (Gj)

Construction		Services		Industrial		Concessions	
2015	2016	2015	2016	2015	2016	2015	2016
2,741,018.02	616,496.62	2,118,389.41	930,801.39	9,550,386.15	10,121,211.40	47,489.06	74,453.59



% internal energy consumption by source

Natural gas

52.39%





17.52%

Biomass

Liquefied natural gas (LNG)

15.88%



Diesel A

4.55%



Electricity external grid

3.95%

Diesel B

3.93%

Biogas 1.40%  
Petrol 0.22%  
Diesel C 0.08%  
Oil 0.06%  
Biodiesel 0.01%  
Electricity self-supply 0.01%

Most of Sacyr's energy consumption is in the industrial area, due to the consumption of natural gas in its industrial complexes.

Sacyr also consumes biomass and biogas as renewable energies, and these represented 18.92 % of the total internal energy consumption.

## 4.1. Sacyr's commitment to the fight against climate change

### Actively promoting training in climate change

### Sacyr in the Forética climate change cluster

Sacyr is part of the Forética climate change cluster, which enables, it among other things, to look in depth at the concept, application and implications of carbon pricing, analyse the link between biodiversity and climate change, converse with major opinion leaders in these matters at institutional and corporate level, promote climate change training and discover trends and knowledge.

External energy consumption relates exclusively to company business trips and is shown below. Sacyr is currently working to expand on this information and to include energy consumption for other categories and activities.

### Sacyr's external energy consumption (Gj) G4-EN4

Construction		Services		Industrial		Concessions		Total	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
46,271.58	42,529.08	5,541.17	12,039.00	4,804.46	9,409.82	1,823.80	4,388.54	58,441.00	68,366.43

Sacyr's energy intensity over the last two years is shown in the table below:

### Sacyr energy intensity G4-EN5

	2015	2016
Total energy consumption (Gj)	14,533,244.93	11,811,329.44
Revenue (€ thousand)	2,948,914.00	2,860,475.00
Energy intensity	4.93	4.13

The energy intensity figures in 2016 with regard to the construction business in Spain and abroad are as follows:

G4-CRE1 G4-CRE2 G4-CRE3

- ▶ Energy intensity: 93.65 Kwh/m<sup>2</sup>
- ▶ Water intensity: 0.33 m<sup>3</sup>/m<sup>2</sup>
- ▶ Greenhouse gas emissions intensity: 26.00 KgCO<sub>2</sub>/m<sup>2</sup>

It should be noted that there were no leaks and/or refills of refrigerant gases in the leakage checks that were carried out on the various air conditioning equipment.

With regard to the previous report, the information referring to these figures increased considerably, from 32,445.40 m<sup>2</sup> to 46,647.90 m<sup>2</sup> in 2016, and, therefore, we have increased the surface area included in our report by 143.77%.

The intensity of the greenhouse gas emissions from new buildings and urban development amounted to 13.13 TnCO<sub>2</sub>/million €. G4-CRE4

### Valoriza Facilities, the Sacyr Group company specialising in the provision of energy and facilities services

Received AENOR accreditation as an Energy Service Provider (ESP) in 2016.

This recognition is based on the EA 0055 Technical Specification, which establishes the minimum quality requirements for classifying and categorising energy service suppliers.

AENOR's certificate of compliance awarded to Valoriza Facilities includes the three possible classifications included in EA 0055 and the company has obtained the highest category in all of them:

- ▶ Energy Consultancy and Audit,
- ▶ Operations and
- ▶ Investment (Energy Services Companies).

Valoriza Facilities as an Energy Services Company (ESC) offers its customers the most technologically advanced solutions, adapts them to their needs, and guarantees both energy supply and cost savings, and environmental improvement and protection.

Ensuring the guarantee of energy supply and costs savings, as well as environmental improvement and protection

## 4.1. Sacyr's commitment to the fight against climate change



17  
energy audits  
carried out

6,038,869  
KWh/year avoidable  
emissions detected

Energy audits according  
to RD 56/2016

Energy services are based on a management model which combines all ancillary services and provisions, including the following:

- ▶ Energy supply management of fuels and electricity for the whole building.
- ▶ Facility operation and maintenance.
- ▶ Energy-efficiency audits and surveys.
- ▶ Implementation and operation of energy-efficient solutions.
- ▶ Monitoring and control of energy variables.
- ▶ Total guarantee of refuelling and breakdowns.
- ▶ Investment and installation of high-efficiency equipment and renewables.

In Sacyr's energy services contracts, 21,878.50 GJ of energy was saved in 2016, in comparison with the baseline, thus avoiding the emission into the atmosphere of 2,975.22 TnCO<sub>2</sub>. This saving results from efforts in relation to lighting, and in the switch in heating fuel and ACS, and in mechanical facilities and those of regulation and control (scope 1 and scope 2). [G4-EN7](#) [G4-EN19](#)

The purpose of the energy audits carried out by Sacyr Group in 2016, was to analyse the operation of the facilities, in order to develop action aimed at improving the organisation's energy management and energy saving, thereby enabling it to contribute to the EU's energy efficiency targets. 17 audits were undertaken, with possible savings of 6,038,869 kWh per year being detected, which in turn would mean a reduction of emissions into the atmosphere of 1,676.54 TnCO<sub>2</sub>. [G4-EN6](#)

In addition, among other actions to improve energy efficiency, the following were undertaken:

- ▶ Changes in lighting, with lighting and technology being subdivided.
- ▶ Replacement of installations such as fan coils and transformers.
- ▶ Adjustments and reduction of the energy contracted.
- ▶ Replacement of vehicles using fossil fuels with those powered by electricity.

Average emissions have remained stable in relation to our vehicle fleet, with an increase of 0.18% from 122.44 g CO<sub>2</sub>/km in 2015, to 122.66 g CO<sub>2</sub>/km in 2016. This very minor rise is due to an increase in the number of industrial vehicles in the fleet compared to passenger cars.

## Emissions of the Sacyr Group

Direct emissions arise from sources that Sacyr owns or controls and result from the consumption of fuel needed to carry out its business.

The conversion factors used to calculate this indicator are "Final energy - primary energy conversion factors and CO<sub>2</sub>-2011 emission factors for motor and heating fuels" published by the Institute for Energy Diversification and Savings (IDAE) in December 2012.

### Direct greenhouse gas emissions TCO<sub>2</sub> (scope 1) Sacyr G4-EN15

Construction		Services		Industrial		Concessions		Total Sacyr	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
181,105.47	43,363.72	90,731.32	30,805.53	440,592.10	464,426.81	323.82	1,555.55	712,752.70	540,151.63

## 4.1. Sacyr's commitment to the fight against climate change

Sacyr reports as scope 2, those emissions from the generation of electricity that is purchased and consumed in its operations or the equipment it owns or controls.

To calculate CO<sub>2</sub> the emission factor of the generation mix of the corresponding country is applied (source: CO<sub>2</sub> Emissions per KWh from Electricity from the International Energy Agency's 2013 Report on CO<sub>2</sub> Emissions from fuel combustion).

The other indirect emissions comprise those which are a result of the company's activities, but which arise from sources that are not owned or controlled by it, as detailed in indicator EN4.

### Indirect greenhouse gas emissions TCO<sub>2</sub> (scope 2) Sacyr (G4-EN16)

Construction		Services		Industrial		Concessions		Total Sacyr	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
13,259.23	2,228.95	40,057.22	27,603.31	3,605.61	3,393.47	3,874.83	4,773.19	60,796.88	37,998.92

### Other indirect greenhouse gas emissions TCO<sub>2</sub> (scope 3) Sacyr (G4-EN17)

Construction		Services		Industrial		Concessions		Total	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
4,238.93	3,052.42	565.28	865.56	402.34	675.07	243.74	314.77	5,450.30	4,907.82

The only emissions of ozone-depleting substances generated by the Sacyr Group are potential leaks from its air conditioning equipment. However, proper maintenance keeps these at minimum levels.

The operational control measures taken at the fixed centres are noteworthy of mention, showing that there were no leaks and/or refills of refrigerant gases involving the various air conditioning equipment. [G4-EN20](#)

### Indirect greenhouse gas emissions tonne of NO<sub>x</sub> and SO<sub>x</sub> (G4-EN21)

	Construction		Services		Industrial		Concessions		Total Sacyr	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
electricity (tonne SO <sub>2</sub> )	22.06	2.84	74.37	34.56	6.71	4.29	6.47	5.43	109.62	47.12
electricity (tonne NO <sub>x</sub> )	15.10	2.02	50.91	24.64	4.59	3.06	4.43	3.87	75.03	33.60

### Greenhouse gas emissions intensity Sacyr (G4-EN18)

	2015	2016
Total emissions (Gj)	773,549.59	578,150.55
Revenue (€ thousand)	2,948,914.00	2,860,475.00
GHG emissions intensity	0.26	0.2

## 4.1. Sacyr's commitment to the fight against climate change



### Climate projects in Sacyr

As part of its commitment to fight against climate change, Sacyr has had a number of climate projects since 2014. More specifically, in 2014, Valoriza Facilities had three projects approved, and two more presented by Valoriza Servicios Medioambientales in 2016 were also approved. In these projects, Sacyr is committed to carrying out actions to reduce greenhouse gas (GHG) emissions arising from its activities.

#### Valoriza Servicios Medioambientales' Climate Projects

- ▶ **Programme to replace vehicle fleet with electric vehicles:** replacement of conventional cleaning vehicles for electric-driven ones, which will reduce the consumption of diesel and, with it, the emission of GHG.
- ▶ **Active degasification programme for cells 1 and 2 of the landfill site at Miramundo – Los Hardales (Cádiz):** extraction, treatment and recovery of the biogas generated within the landfill itself, through which a reduction of the landfill gases will be achieved and the use of renewable energies fostered.

#### Climate Project.

##### Programme to replace the vehicle fleet with electric vehicles

The aim of this programme is to group together projects that create a reduction in greenhouse gas (GHG) emissions resulting from the use of fossil-fuel vehicles, by replacing the conventional vehicle fleet with those powered by electricity.

This action increases the efficiency and sustainability of the rendering of an essential service in people's lives, as it involves the replacement of machinery

used for street flushing, sweeper vehicles and with an area set up in which to collect waste present on the street. The passenger cars used in the service have also been changed.

The use of these electric vehicles which are powered by lithium batteries will reduce the consumption of diesel and, with it, the emission of GHG, whilst still providing the same cleaning and waste collection service.



This project, approved in 2016 and which is being rolled out in three provinces (Ibiza, Albacete and Barcelona), involves the replacement of 28 vehicles and an estimated annual reduction of 337 t CO<sub>2</sub>e, for four years from 2017 onwards.

**This type of action has the following positive impact on the environment:**

- ▶ The energy efficiency of electric vehicles is almost double (90%) that of those run on petrol/diesel.
- ▶ They do not pollute, as, since they do not burn fuel, they do not emit gases like CO<sub>2</sub> and do not rely on non-renewable energy.
- ▶ They are silent, do not vibrate, emit no heat and do not require a cooling system.
- ▶ They do not require oil, nor constant servicing, therefore their maintenance is far more economic.
- ▶ It is far cheaper to recharge the electric battery than refill the petrol or diesel tank.

- ▶ Recycling of energy: thanks to the regenerative brakes, the electric car battery stores the kinetic energy that escapes in the form of heat when braking.
- ▶ Easier to drive: the gears change automatically, there is no clutch, the vehicle is harder to damage and has little wear and tear.
- ▶ Greater range: the new lithium-ion batteries increase the electric car's range to 150km.
- ▶ Latest technology: technological progress over the next few years, will enable the range of electric cars to be extended even further (up to 300km is estimated) and their price will fall by around 50% from its existing level.

All of this will lead to a reduction in the consumption of traditional fossil fuels, making cities a better place to live, with improvements in health and better conservation of buildings and monuments.



## Valoriza Facilities' Climate Projects

- ▶ Installation of a new biomass plant for domestic hot water (DHW) and heating at the high-resolution hospital in Sierra de Segura Puente de Génave (Jaén).
- ▶ Replacement of the existing boilers with new biomass ones for domestic hot water (DHW) and heating at the high-resolution hospital in the children's activity park, "Ciudad infantil Príncipe Felipe" (Pontevedra).
- ▶ Replacement of the existing boilers with new biomass ones for domestic hot water (DHW) and heating at the Teruel local council.

In one of these projects a new biomass plant has been installed and in the other two the diesel boilers have been substituted by high-technology biomass ones, which in both cases reduces the consumption of polluting fuels and the resulting GHG emissions.

These Climate Projects have the following positive impact on the environment:

- ▶ biomass is a renewable energy source and carbon-neutral in terms of emissions,
- ▶ less local pollution,
- ▶ reduces dependency on other fuels,
- ▶ contributes to bush clearing, reducing the risk of fires and plagues of pests,
- ▶ promote the recycling of agricultural waste,
- ▶ reduces the amount of agricultural and forestry by-products going to landfill,
- ▶ The planting of energy crops in abandoned land prevents soil erosion and degradation, and the possibility of recycling agricultural by-products, avoids them being burnt on the land and
- ▶ drives growth in rural areas.

As part of its commitment to sustainable construction, and in accordance with the Sustainable Development Goals to make cities increasingly more sustainable, more integrated and safer, Sacyr has for many years worked on construction projects which require LEED and BREEAM accreditation. Currently, there are two projects which are being built in line with LEED certification: the "El Marqués" Regional General Hospital in Querétaro (Mexico) and New Lodge (Rota-Spain); two others works are being constructed under BREEAM certification: the Prevention Centre at the Airbus Group factory (Madrid) and the University of Ulster (Northern Ireland). In addition, in 2016 the Rota control tower base work received the LEED Silver certificate. [G4-CRE8](#)

Sacyr has continued to extend the scope of its energy management system in 2016, to include the organisation's new activities and facilities. Having an Energy Management System enables an organisation to discover and take advantage of its energy efficiency potential, whilst at the same time achieving cost savings and contributing significantly to climate and environmental protection by reducing GHG emissions.

## 4.1. Sacyr's commitment to the fight against climate change

### Personal transportation

G4-EN30

A sustainable mobility model requires the minimisation of the negative impacts transport has on the environment; mainly pollution, consumption of renewable and non-renewable resources, emissions and other factors such as occupying space, landscape quality and air quality.

Therefore, the development of sustainable mobility is everyone's concern. Sacyr's commitment in this regard is through a number of sustainable mobility actions, which include greater control of business trips and authorisation procedures, encouraging the use of videoconferencing rather than travelling to meetings, employee awareness, etc. Currently, Sacyr continues to develop a sustainable mobility and transport model which includes all of the actions that the company already undertakes and also identifies new initiatives to help cut emissions.

In 2016, Sacyr continued to follow its technological infrastructure development plan, which started in 2015 and will allow us to be more efficient and competitive. The projects relating to the installation of a corporate Wi-Fi network, the installation of videoconferencing systems, replacement of work equipment, etc., which were implemented last year in the main work centre and countries where the company operates, both nationally and internationally, were incorporated in other centres and countries during 2016. These measures translate into a greater use of audio and videoconferencing equipment and more energy-efficient equipment that will contribute to reducing our overall energy consumption and, therefore, our carbon emissions.

These mobility and infrastructure measures are linked to the Sustainable Development Goals, with the aim of developing sustainable, resilient and quality infrastructures.

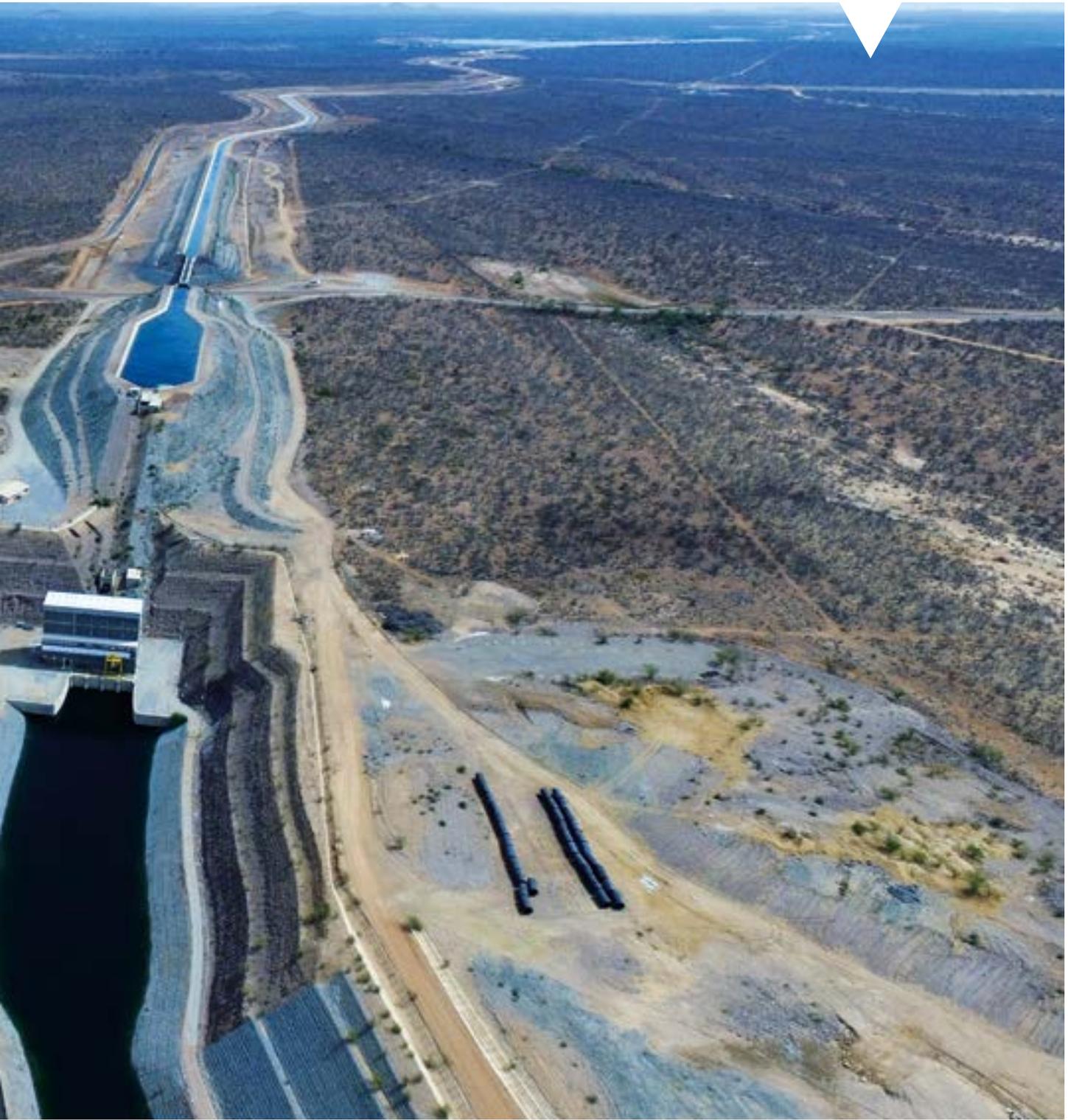
Somague continues to maintain its good practice in sustainable mobility at work, through the use of a shared bus. This initiative enables its employees to travel from various points in Lisbon to Linhó (Sintra), where its central headquarters are located. In 2016, due to a drop in the number of passengers using this service, the routes were reorganised and reduced from the three existing in 2015, down to two. Three routes were created and combined in such a way so as to optimise transportation based on the employees' place of residence. In 2016, an average of 25 employees were transported per day and the use of this daily transportation service avoided the emission of 72.75 tonnes of CO<sub>2</sub>.

Sacyr continues to work on the development of a sustainable mobility and transport model



► Integration of the São Francisco river, Brazil

The environmental impacts related to the transport of products and other goods and materials are not considered to be particularly significant in the context of the Sacyr. Most of this type of transportation is carried out by suppliers, and they are given a best practices code which covers the main environmental impacts of transport identified by Sacyr.



4.1. Sacyr's commitment to the fight against climate change

4. Environmental Value



## 4.2. Water

We are leaders in water treatment, desalination and purification.

Sacyr is aware that the sustainable management of water resources, can also lead to better energy production management, contribute to economic growth, protect water ecosystems and their biological diversity, and adopt measures to combat climate change. In order to do this, and in line with its policy and the Sustainable Development Goals, one of its objectives is to make rational and sustainable use of this resource, which is necessary for the development of its activities.

The relevant bodies in each country authorise Sacyr's water withdrawal in the volumes permitted, guaranteeing in this way that it does not affect either the water resources and related habitats, or the needs of the local population.

In addition, the bodies that grant this authorisation, undertake monitoring and control to ensure compliance with the conditions set. However, Sacyr not only complies with legal requirements, but also establishes additional voluntary environmental requirements in each of its work centres, which guarantee, among other things:

- ▶ the control of water withdrawal, verifying compliance with the requirements set by the authorities and
- ▶ that good environmental practices are implemented that lead to the responsible use of water.

**Activities with quality  
and environmental  
management  
certified to standards  
ISO 9000 and 14000**



Management of more than one million clients in Spain and Portugal

## 4.2. Water

Sacyr's water consumption by source, in the last two years, is shown below:

### Water consumption (m<sup>3</sup>) Sacyr (G4-EN8)

Surface water		Municipal water supply		Underground water		Waste water from other organisations		Total Sacyr	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
549,382.12	420,625.15	9,501,619.75	5,673,986.08	351,823.04	92,949.46	3,512,008.90	3,070,592.33	13,914,833.80	9,258,153.03

### % Total water consumption by source

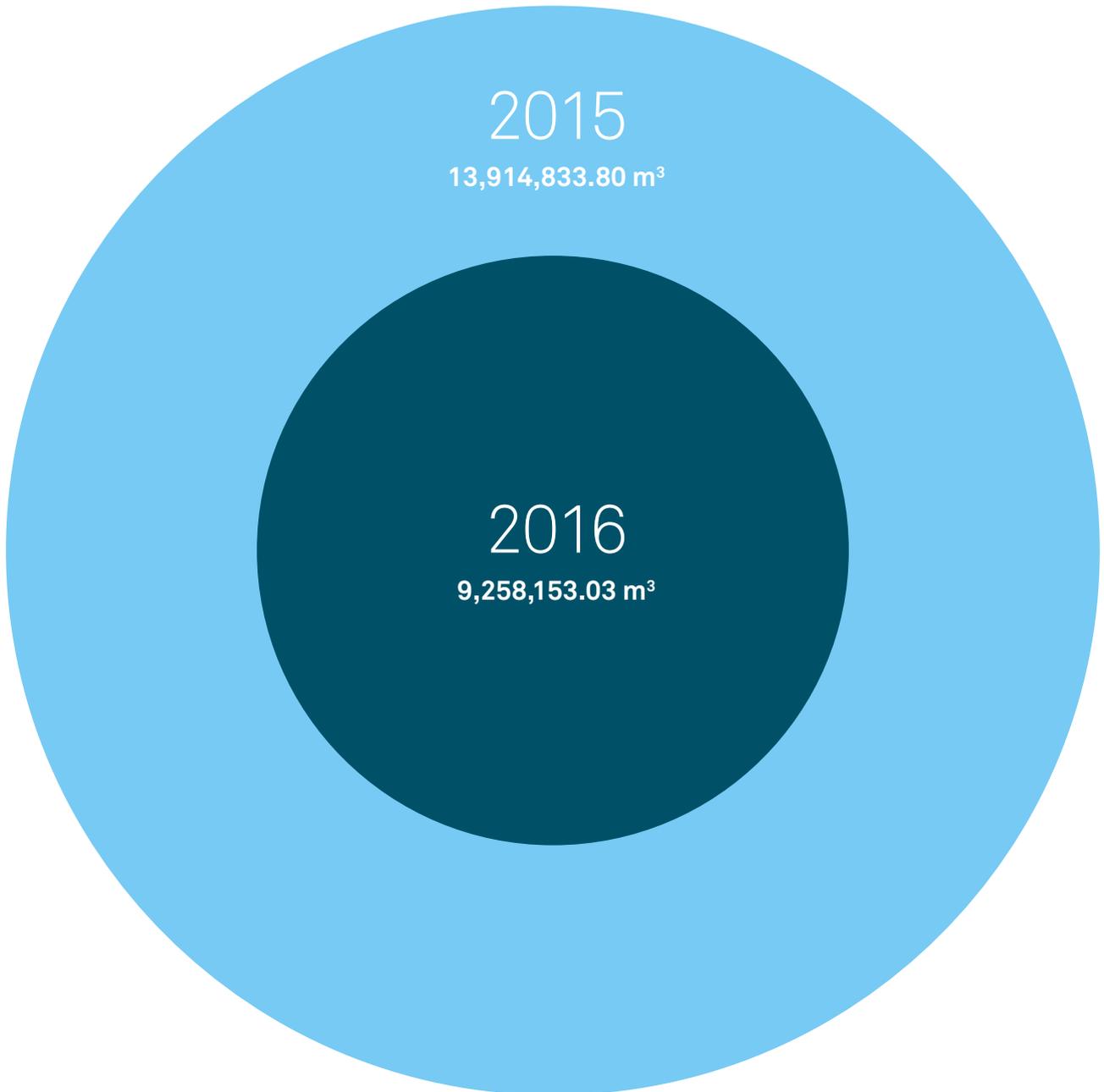


Water consumption by business area, is as follows:

### Water consumption by business area (m<sup>3</sup>)

Construction		Services		Industrial		Concessions		Total	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
3,108,480.92	391,722.98	10,597,679.49	8,587,211.26	175,491.01	238,158.90	33,182.39	41,059.89	13,914,833.80	9,258,153.03

## Water consumption Performance 2015-2016



Sacyr is aware that scarcity of water affects over 40% of the world's population, and so is continually working to both reduce its water consumption and to reuse and recycle water in its activities, with the aim of helping to guarantee the availability of this resource. Reused and recycled water in 2016 accounted for 3,074,025.59 m<sup>3</sup>, consumption of this water was a 33.20% of the total consumption.

G4-EN10

# We create value with our activities

## 4.2. Water

### Valoriza Agua

Population growth, the transformation of lifestyles and economic development have greatly increased pressure on water resources

#### Engineering for water

Water is an economic asset on which social development depends.

Technology allows us to provide human beings with the quantity of water they need, and with the required quality for each use, without generating waste or contaminants.

Through Valoriza Agua we generate new resources, through desalination, that make it possible for used water to be regenerated for new uses, or to be returned to nature in optimal conditions.

Valoriza Agua's R&D+i, applied to processes, has resulted in synergies between energy generation and environmental care.

In 2015, we successfully completed projects related to environmental impacts (odours, discharge of brine), improving processes (reducing energy consumption, using renewables, improving and reusing membranes), intelligent control solutions, and the development of new technologies (forward osmosis, elimination of emergents).

#### Water desalination and purification

Valoriza Agua's experience and technical response come into play through our capacity not only to exploit the different sources of supply but also to contribute by designing and constructing the facilities required to optimise natural resources and minimise the environmental impact.

At Valoriza Agua, we lead the sector of water desalination for human consumption, industry and irrigation.

Our facilities, equipped with cutting-edge technology, are capable of incorporating into the water cycle more than 1.9 million m<sup>3</sup> per day (equivalent to the consumption of a city of 10 million inhabitants)



with low energy consumption, making the most of existing natural resources.

Water production in Integral Water Cycle (IWC) management has been:

- ▶ 15,608,197 m<sup>3</sup> of treated water
- ▶ 32,034,644 m<sup>3</sup> of desalinated water
- ▶ 17,459,935 m<sup>3</sup> of water purchased

### Gestión del ciclo integral del agua

We manage the largest public-private partnership (PPP) for water supply in Spain, EMALSA in Las Palmas de Gran Canaria, which services over 378,000 inhabitants.

We also manage the biggest PPP contract in Spain in the last 10 years, in the privatisation of EMMASA (Santa Cruz de Tenerife), which services over 203,000 inhabitants.

Quality water is much more than potable water. At Valoriza Agua, the quality of supply is second to none, and the management of meter reading and billing according to consumption make things easy and convenient for users. We offer water quality that improves the quality of life, provides the capacity to quickly respond to new demands, and gives households peace of mind.

### Sewers and collectors

Among the many uses of water, one of the most important is for cleaning.

Both used water as well as rainwater must be removed from the urban environment and channelled in order to subsequently be treated before being returned to its natural cycle.

At Valoriza Agua, aware of this fact, we ensure that all of our actions include cleaning, maintenance and the incorporation of modern remote control systems; discharge into the urban sewer and collector network; as well as systems for the pre-treatment of wastewater required for better purification.

Sacyr allows used water to be regenerated for new uses or returned to nature in optimum conditions

EMMASA channels the commitment to strengthen and enrich its relations with the Chicharrera society through the EMMASA Foundation

## 4.2. Water

### Wastewater treatment

Wastewater from towns, crops and industry contains toxic elements that, if discharged directly into nature, would contaminate it and destroy the environment.

Valoriza Agua closes the water cycle with its treatment in water purification plants before returning the water to nature.

The wastewater treatment plants (WWTP) built or operated by Valoriza Agua in cities such as Madrid, Puertollano or Murcia are capable of efficaciously treating a total of 890,000 m<sup>3</sup>/day.

In the ICW were purified in 2016, 55,703,179 m<sup>3</sup>, in addition to having only pretreated 21,765,448 m<sup>3</sup>.

The most important milestones in 2016 included:

- ▶ General sanitation and treatment infrastructure work in the Arroyo de La Reguera (Madrid) basin, with a capacity of 80,000 m<sup>3</sup> per day.
- ▶ Project to execute and carry out WWTP work in Arroyo Quiñones (San Sebastián de los Reyes) in order to treat 45,700 m<sup>3</sup> per day.
- ▶ Project for the building and expansion of the Puertollano WWTP in order to treat 30,000 m<sup>3</sup> per day.

### Reuse of treated wastewater

Treated wastewater is an essential component for the efficient use of water resources and sustainable development.

We are working in Valoriza Agua on implementing new treatment processes, through our R&D+i department, for the effective development of technologies applicable to water reuse and regeneration, always seeking to optimise existing procedures and improve upon cutting-edge technologies.

In addition, the technology developed by Valoriza Agua for wastewater treatment plants dovetails perfectly with the specific needs for water from field drainage, with solutions that make it possible to reuse wastewater for agriculture and golf course irrigation, thus contributing to environmental protection and water conservation.

What is more, the environmental-surveillance plans we make guarantee the monitoring and control of the effect of our facilities on the environment.

In the management of the IWC have been regenerated in 2016, 1,211,465 m<sup>3</sup>.

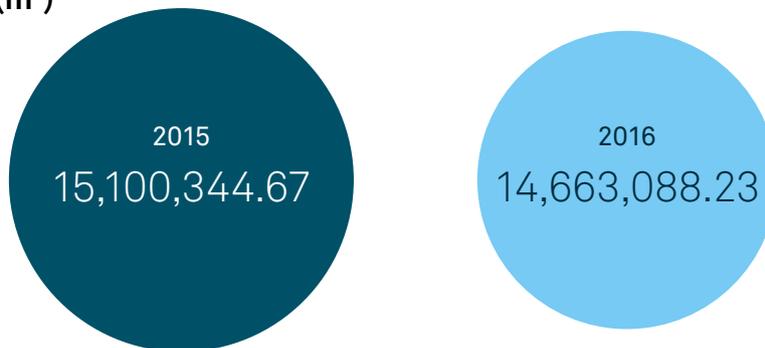
### How we manage wastewater

The majority of Sacyr's activities generate liquid effluents, and the outlet into which they are discharged depends on the generation process and the location of the facility. Most commonly they are discharged into the public sewage network and authorised public water outlets, and coastal areas.

The wastewater is analysed systematically and according to an established plan in order to verify that all applicable legal requirements as well as those set forth in the related permits are met, thus ensuring the quality of the waste. The quality parameters to be analysed are determined taking into account those specified in the authorisations and regulations in effect in each country.

The total volume of water discharged by Sacyr in 2016 was 14,663,088.23 m<sup>3</sup>. Of this volume, over 70% relates to the brine produced in the seawater desalination process.

### Water disposals (m<sup>3</sup>)



Sacyr takes its technology of water treatment, purification and desalination to all parts of the globe, and in that way contributes to the sustainable development of the water sector. [G4-EN22](#)

### 4.3. Biodiversity

Preserving biological diversity is in the common interest of society, given its importance for life, social wellbeing and economic development

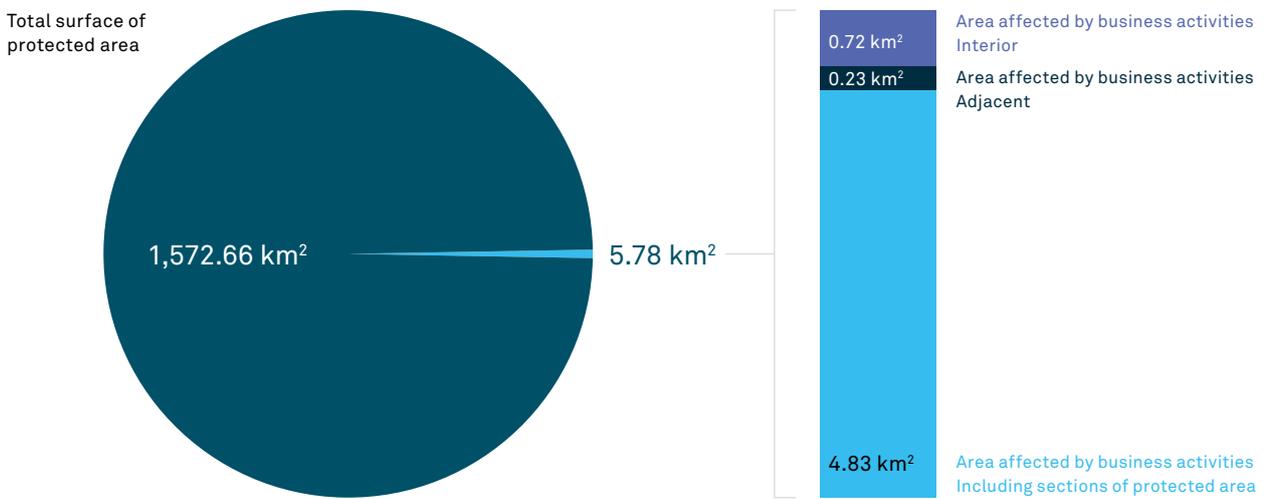
Preserving biological diversity is in the common interest of society, given its importance for life, social wellbeing and economic development.

At Sacyr, we share this concern and we include respect for biodiversity in the development of our projects and operations. As a result, a part of our strategy is directed at conservation, the restoration and sustainable use of terrestrial ecosystems, the halting of biodiversity loss, the rehabilitation of degraded land and soil, and the mobilisation and increase in financial resources for the conservation and sustainable use of biological diversity and ecosystems in line with the Sustainable Development Goals.

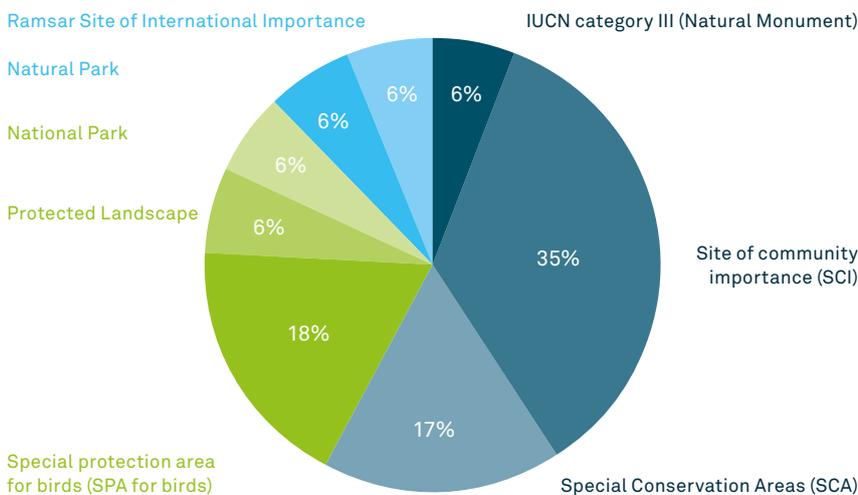
Our main actions to conserve biodiversity are:

- ▶ To take all preventative, mitigating and corrective measures necessary to reduce any possible impact on the environment, including ecological restoration.
- ▶ We pay special attention to those work centres that are within or adjacent to areas of high biodiversity value, whether they are protected or not.
- ▶ We voluntarily offer encouragement and support for environmental educational initiatives focusing on nature conservation and protection.
- ▶ In addition to complying with all legally-imposed protection obligations, we also include technical and environmental improvements in all of the activities we undertake.
- ▶ We are committed to the participation and development of the communities within our areas of influence, supporting the conservation and sustainable use of the environment.

Sacyr need to use the land, either temporarily or permanently, to carry out its activities. This land could be within a protected area or one of high biodiversity value, in the area of influence of them, or outside such areas altogether. The breakdown in 2016 is shown below:



Sacyr has identified a total of 17 protected areas, where it carried out its activities in 2016, which have locations other than the ones shown above (inside, outside or adjacent to), which are as follows:  
G4-EN13



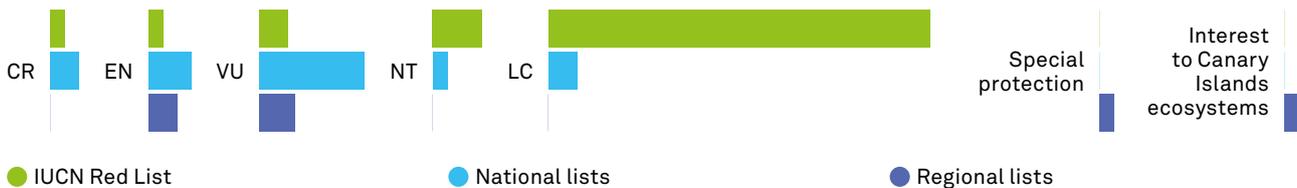
### 4.3. Biodiversity

The identified protected areas are located in Spain (La Palma, Jaén and Zaragoza) and Colombia (Barranquilla), and all but one of them, which has an aquatic ecosystem, are terrestrial ecosystems. Infrastructure construction, conservation and maintenance activities have been carried out in these areas. [G4-EN11](#)

Sacyr has also undertaken various activities affecting habitats with species exposed to some degree of threat. The number of species, according to their degree of protection, in whose habitats such activities took place, is as follows: [G4-EN14](#)

Species identified according to their degree of protection and the list on which they are included

Degree of protection	Nº of species			Location
	IUCN Red List	National lists	Regional lists	
Critically endangered (CR)	2	4	—	Huelva, La Palma island, Barranquilla (Colombia), Zaragoza
Endangered (EN)	2	6	4	Atacama (Chile), Barranquilla (Colombia), Huelva, La Palma island, Jaén, Zaragoza
Vulnerable (VU)	4	15	5	Atacama (Chile), Barranquilla (Colombia), Huelva, La Palma island, Zaragoza
Near threatened (NT)	7	2	—	Atacama (Chile), Barranquilla (Colombia), Huelva, La Palma island, Zaragoza
Least concern (LC)	91	4	—	Atacama (Chile), Barranquilla (Colombia), Huelva, Jaén, Doha (Qatar), Zaragoza
Special protection	—	—	2	La Palma Island
Interest to Canary Islands ecosystems	—	—	2	La Palma Island



Sacyr restores the land altered by the execution of its works, in all of its projects. In those works where a restoration project exists for the affected areas, the guidelines set for it are strictly followed. For those where such a project does not exist, the necessary actions to ensure ecological restoration and to mitigate the impact caused will be developed.

In both cases, the measures compensate for the environmental impact the activities could have caused. These actions typically involve environmental restoration, with the aim of integrating the structure with the landscape, restoring vegetation cover, restoring temporarily occupied areas, and so forth.

The surface area restored by Sacyr in 2016 was 94.96% of the areas affected by its activities, all of this being in Spain. 59.73% of the restoration actions were verified by independent external professionals. In all cases, the results of the restoration actions were considered satisfactory. [G4-EN13](#)

Sacyr promotes ecological restoration actions in all of its projects to mitigate the impacts caused



► Exterior of the Logroño courthouse (La Rioja, Spain)



The most significant impacts on biodiversity identified by Sacyr in 2016, result from its infrastructure construction and conservation work and were as follows: [G4-EN12](#)

Impact	Protection actions
<ul style="list-style-type: none"> <li>▶ Alteration of habitat.</li> <li>▶ Impact on wildlife and plant populations.</li> <li>▶ Atmospheric and acoustic pollution.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Preparation of specific studies to determine the actual presence of susceptible species in the work environment and the possible impacts thereon, designing specific species protection and breeding programmes.</li> <li>▶ Placement of signs and signals around habitats of special interest or specific species to prevent them from being affected.</li> <li>▶ Careful supervision of cutting and pruning work to avoid affecting other plants.</li> <li>▶ Transplant of plant species located in areas affected by the works to other non-affected areas.</li> <li>▶ Rescue of animal species located in areas affected by the works and movement to other non-affected areas.</li> <li>▶ Actions to ensure the conservation of transplanted plant species and the survival of animal species.</li> <li>▶ Rehabilitation and signposting of wildlife crossings.</li> </ul>

The activities that cause these impacts take place over 5.22 km<sup>2</sup>, in which there are over 157 different species present. The majority of these impacts are direct, except for the effect on wildlife of the loss of vegetation cover, which is considered indirect.

Because of the nature of the activities carried out, all of these impacts are reversible, they are all temporary and in no case are considered significant.

## Noteworthy projects

### Mularroya dam (Zaragoza, Spain)

#### Protected areas nearby:

- ▶ SCI Cueva del Mármol (ES2430143)
- ▶ SCI Cueva del Muerto (ES2430151)
- ▶ SCI Cueva del Sudor (ES2430144)
- ▶ SCI Sima del Árbol (ES2430127)
- ▶ SPA (for birds) Jalón river gorge (ES0000299).

All of these Sites of Community Importance (SCIs) adjacent to the works, and the Special Protection Area (SPA) for birds, a part of which coincides with the area of the company's activity, are included in the internationally applied, Natura 2000 network.

The potential impact on biodiversity is the reduction in populations, both of birds of prey and bats, due to their breeding period being disturbed by the noise and vibrations from the works.

The actions taken to mitigate such effects are as follows:

- ▶ Specific land use survey.

#### Protected species present in the area:



Bonelli's eagle



Griffon vulture



Cave bat



Lesser mouse-eared bat



Greater mouse-eared bat



Mediterranean horseshoe bat



Greater horseshoe bat



Lesser horseshoe bat

- ▶ Twice-yearly monitoring of breeding units.
- ▶ Carry out a "bat census" in the nearest caves.
- ▶ Keep activities a minimum radius of 2 km away from nests during the breeding season.
- ▶ Use of "quiet" blasting.

### Pumarejo bridge (Barranquilla, Colombia)

The area in which the Pumarejo bridge works are taking place, is adjacent to the “Vía Parque Isla Salamanca” protected zone, which is classified as a National Park in the Colombian National Environmental System (Sistema Nacional Ambiental (SINA)) and has been awarded IUCN category III status (Natural Monument) and is a Ramsar Site of International Importance.

Possible impacts of the bridge’s construction on biodiversity have been identified, in particular the reduction in the population of plants and wildlife due to loss or destruction of habitat, resulting from the clearing of scrub and vegetation along the River Magdalena riverbank.

The actions taken to mitigate such effects are as follows:

- ▶ Move specimens of vegetation to a place outside of the works area of influence.
- ▶ Monitoring and control to avoid the removal of the tree *Pachira quinata*, erecting signs informing of the need to protect this species.
- ▶ Signpost the area affected by the works and establish protection zones for the movement of both terrestrial and aquatic wildlife.
- ▶ Use of noise and luminous signs to scare off wildlife.
- ▶ Rescue and relocation of wildlife.

### Transfer of over 300 plant specimens in the new “El Marqués” Regional Hospital (Querétaro-Mexico) Project

Sacyr, through its construction subsidiary in Mexico, is building the “El Marqués” Regional General Hospital in Querétaro for the Mexican Social Security Institute, over 5 hectares of land.

The conservation of the existing ecosystem and its species has been central since the very start of the project. With this in mind, 324 tree specimens, classified into 12 different species, found in the area where the new hospital will be located, were transplanted. The most common of these were the *Bursera Fagaroides* (90 specimens) and the *Acacia schaffneri* (60 specimens).

The specimens are relocated in the same venue they were extracted from, within the areas of the project designated as green spaces and free of construction.

Supervision and maintenance comprises the following:

- ▶ Weekly watering of woody species and fortnightly of cacti in the dry season.
- ▶ Protection by the hospital perimeter fence.
- ▶ Quarterly assessment of the physical state of the relocated plants; recording their adaptation, physical conditions and survival, along with the number of replacement specimens required.

The objective set is to conserve at least 80% of the specimens transferred.



▶ Identification of tree specimen

### 4.3. Biodiversity

#### “Nursery Plan”.- Work site: Ras Bufontas (Qatar)

The consortium formed by Sacyr Construcción and UCC (Urbacon Trading & Contracting) is designing and constructing the urban development works in the Qatar Economic Zone 1 (QEZ-1), in Ras Bufontas (Qatar). The works cover an area of approximately 4.1 km and it is planned that, once completed, the project will become a centre for logistics and advanced technologies.

To protect the plant species present in the works area whilst the project is underway, 179 specimens belonging to five species of ecological interest have been transplanted. One of these species (*Delonix regia* or Royal Poinciana) is included in the IUCN Red List and others are endemic species.

A series of protection and maintenance actions will

be carried out by qualified personnel in the area where the specimens have been temporarily relocated, with the aim of replanting them in the work area, once the project is completed.

These actions are:

- ▶ Regular watering as the plant requires (according to season, weather conditions, species and soil cover).
- ▶ Soil and water salinity control.
- ▶ Preventative and corrective phytosanitary treatments (control of diseases, insects, plagues, weeds, etc.).
- ▶ Use of the correct kind and amount of fertilizer for each plant biotype.
- ▶ Regular pruning and tidying.

- ▶ Physical protection against erosion.
- ▶ Preparation of monthly reports on the actions undertaken and the state of individual specimens, including close monitoring of any that are infected.

In this way Sacyr shows its commitment to the conservation of autochthonous biodiversity, avoiding the introduction of species and protecting the landscape and the soil.



▶ Weed control



▶ Regular watering with salinity control



▶ Application of slow-release fertilizers

## 4.4. Natural resources and environment

### Circular Economy

One of the Sacyr Group's priorities in each of the business activities it carries out is the development of a circular economy, in which it seeks to optimise resource consumption and reduce waste generation. Accordingly, in carrying out its activities the Group encourages the use of recycled materials – generated internally or outsourced – and the selection of more environmentally friendly products and processes. [G4-EN23](#)

#### Chiloeches used tyre treatment plant. Spain

Valoriza Servicios Medioambientales manages a used tyre treatment plant in Chiloeches (Guadalajara, Spain).

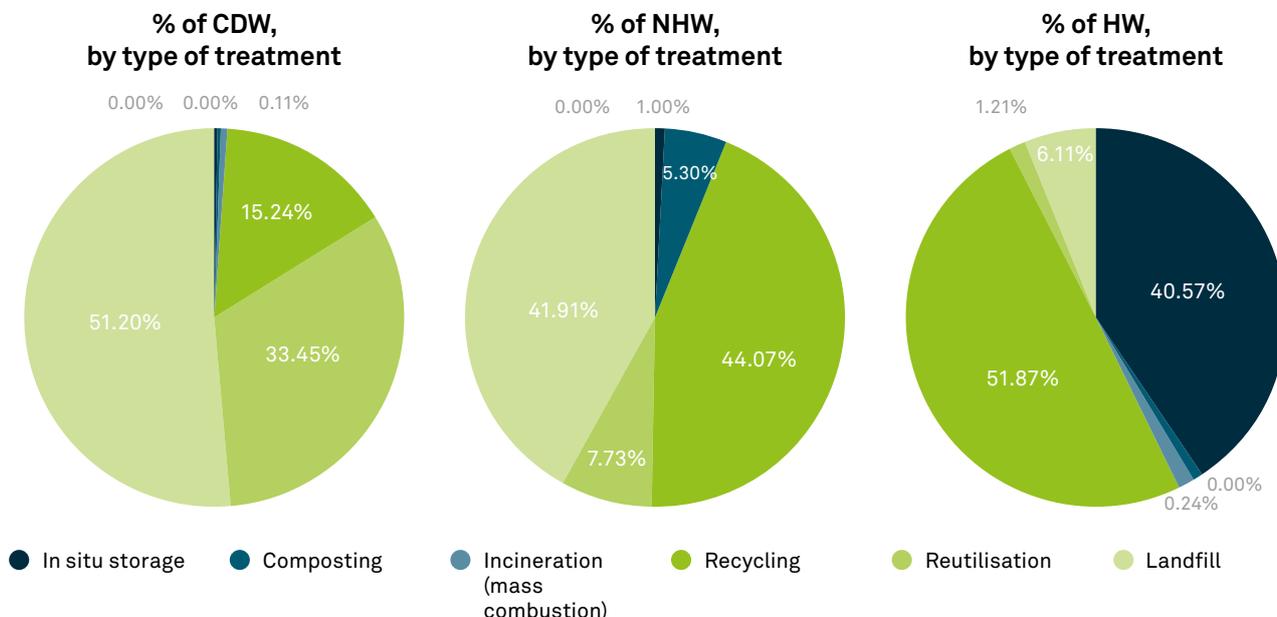
The tyres, made mainly of steel, rubber and textile fibre, are submitted to various treatments at the end of their useful life, so as to recover the fractions obtained and employ them in a variety of uses. These applications include use as a fuel, use in children's parks and athletic tracks, the manufacture of rubber pieces or as an additive for asphalt mixes.

Valoriza Servicios Medioambientales transforms 100% of the 25,000 tonnes of used tyres that enter this plant each year into a useful resource: a clear example of our contribution to the circular economy.

Sacyr's environmental management system includes a waste treatment protocol, within the framework legislation existing in each country or region, through which waste undergoes a process of identification, classification and management. All the contracts the company has involve actions aimed at minimising and improving waste management. Awareness is a key factor in waste management, and for that reason training activities are carried out in all work centres, both for internal and external employees.

### Total weight of waste managed by weight and treatment method (T) Sacyr

Type of waste	Construction		Concessions		Industrial		Services		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
CDW	5,362,869.00	1,054,717.58	0.00	0.00	965.60	0.00	17,880.47	9,184.85	5,381,715.07	1,063,902.42
NHW	69,048.63	2,420.90	52.01	217.73	759.10	1,971.46	18,439.70	13,701.15	88,299.44	18,311.24
HW	1,017.67	330.40	10.77	11.74	22.01	32.19	245.25	232.63	1,295.69	606.96
<b>Total</b>	<b>5,432,935.30</b>	<b>1,057,468.88</b>	<b>62.78</b>	<b>229.46</b>	<b>1,746.70</b>	<b>2,003.65</b>	<b>36,565.42</b>	<b>23,118.63</b>	<b>5,471,310.20</b>	<b>1,082,820.62</b>





### Green supplies

#### Ensuring sustainable consumption and production patterns

One of the Sacyr Group's commitments in each activity it undertakes is to guarantee sustainable consumption and production models. In order to do this, the Group follows lines of action which encourage the use of recycled materials, the choice of the most environmentally-friendly products, processes and suppliers and the efficient use of natural resources, reducing the generation of waste through policies of prevention, reduction, recycling and reutilisation.

These action are in line with the UN's Sustainable Development Goals, and with the 12 goal relating to responsible production and consumption in particular.

In addition, through its environmental strategy, Sacyr promotes the transition to a circular economy, where it is aimed to keep products, materials and resources (water, energy, etc.) in the economic cycle for as long as possible, thereby reducing the generation of waste. This economy is based on the principles of recycling and reutilisation of waste and by-products, ensuring that these re-enter the production cycle as raw materials.

The variety of Sacyr's activities involves the use of a wide range of materials and the consumption of the most significant of these, by business area, is shown in Table I of Appendix V [G4-EN1](#).

Sacyr's paper consumption in 2016 was 107.89 Tn; a year-on-year fall of 23.78%.

36.40% of the materials used by Sacyr in carrying out its activities were recycled. One of the main materials Sacyr reuses is that resulting from excavation work, which reduces the need to buy new resources and the generation of waste. This in turn also saves energy, reduces emissions and cuts cost. [G4-EN2](#).

36.40% of the materials used by Sacyr in carrying out its activities were recycled

## Spills

G4-EN24

Sacyr develops adequate procedures aimed at identifying, preventing and responding to possible incidents, accidents or potential emergencies that may have an impact on the environment. Consequently, these types of incidents arise infrequently and do not have serious consequences.

In addition, the company identifies and records in its IT system, all the environmental emergencies and incidents that occur whilst carrying out its activities, including chemical, oil and fuel spills, thereby ensuring an adequate and standardised monitoring of them. In addition, this system also enables the development and exchange of preventative measures.

In 2016, 15 minor incidents involving accidental spills were reported, none of which had a significant impact on the environment. These incidents were dealt with in accordance with the action protocol, thus being able to avoid and correct environmental pollution. The main causes were accidents, breakdowns and broken hoses involving vehicles. Consequently, involuntary motor oil spills occurred, which were handled satisfactorily, with the polluted area being cleaned up and the waste correctly managed. The estimated total volume of hazardous substances spilled is 0.102 m<sup>3</sup>.

In 2016, 15 minor incidents involving accidental spills were reported, none of which had a significant impact on the environment

## 4.4. Natural resources and environment

**Valoriza Servicios Medioambientales** is a benchmark company in the provision of services to citizens in Spain, which, through efficient management, meets its social commitment to the goal of achieving sustainable development

Contracts awarded in 2016  
in excess of

**156**

Million €

Revenue:

**313**

Million €

Attributable profit after tax:

**7,059**

Million €

This commitment has been channelled through an extraordinary specialisation and technological development that has allowed the company to attain a leadership position in the environmental and energy sector in Spain.

### Our values

**Experience**  
**Innovation**  
**Citizen Service**  
**Focus on Results**

## How we create value

At VSM, we contribute to generating value for the community by carrying out our activities in the division's business areas:

### Municipal services:

- ▶ Manages street cleaning concessions and services.
- ▶ Waste collection.
- ▶ Gardening and maintenance of green areas and trees.
- ▶ Urban mobility (management of parking meters, tow trucks, priority residential areas, processing of complaints, etc.).
- ▶ Maintenance of urban infrastructure (underground containers, road upkeep, public lighting, maintenance of fountains and sports facilities).

### Waste treatment and management:

- ▶ Operation of USW plants and containers.
- ▶ Transfer plants.
- ▶ Plants to process used tyres and waste from construction and demolition.
- ▶ Organic composting plants.
- ▶ Degasification and post-closure maintenance of disposal facilities.
- ▶ Biomethanisation plants.
- ▶ Incineration.
- ▶ Cogeneration.
- ▶ CSR (selected waste fuel).
- ▶ Waste-to-energy production.
- ▶ Facilities to treat, compost, and thermally dry sludge from wastewater treatment plants.

### Environmental regeneration work:

- ▶ Water quality control services.
- ▶ Silvicultural treatment and forestry work.
- ▶ Landscape restoration.
- ▶ River restoration.
- ▶ Bioengineering.

# Social Value





# 5

5. Social Value

# Challenges posed in our cities development



and  
the welfare  
of our  
society

## 5. Social Value

### 5.1. Corporate Social Responsibility

Which we follow  
to respond to the  
challenges presented  
by the societies where  
we operate

Sacyr helps to generate sustainable value in the communities where it operates by carrying out its activities and promoting sustainable initiatives.

Also, Sacyr sees sustainability as a catalyst of its business model insofar as it generates value for its stakeholders.

With our Corporate Social Responsibility Strategic Plan (hereinafter, CSR Plan), we make a global commitment with the societies where we operate. This commitment is the basis of our business culture and the source of excellence-based management.

To define the CSR Policy for the Sacyr Group, we have launched a dialogue process with our stakeholders regarding the most relevant topics that must inspire our strategies and decisions. This has helped us to attain a clearer idea of the role we wish to play as social and economic actors. As a result of this dialogue, we have been able to identify the goals and commitments that make up the basis of our CSR Policy; also, we have determined the courses of action that represent the structure of our sustainability strategy, which we follow to respond to the challenges presented by the societies where we operate.

## Goals and action commitments:

### 1. Dialogue and accountability:

“We want to become the leading management example in the sector by ensuring constant dialogue with our stakeholders and upholding a basic principle of transparency with all such stakeholders”

- ▶ Solvency and the long term: We are and want to keep being a solvent business group where financial prudence and long-term vision are defining characteristics in the eyes of our shareholders and investors.
- ▶ Listening: We are always aware of our surroundings; we establish communication channels that are always open, and transparency is the basis of our links to our stakeholders.
- ▶ Ethics: Zero tolerance to unethical behaviour.

### 3. Society

“We want to be closer to the societies where we operate”

- ▶ Social value: With each project, we look for options that add more value to the society we are serving.
- ▶ Diversity: We promote diversity inside and outside the company.

### 2. People:

“We want to place people at the heart of our activities and become the first choice for the sector’s professionals”

- ▶ Safety: Our constant ambition is to achieve zero accidents.
- ▶ Development: We strive to offer the best professional development conditions.
- ▶ Rights: We respect and protect the rights of who works with us – partners, contractors and suppliers.

### 4. Environment:

“We want to provide the most efficient solutions”

- ▶ Efficiency: We commit to developing the most efficient option.
- ▶ Impact: We always propose solutions with the least impact on the environment.

This CSR Policy is in line with Sacyr’s Code of Conduct. The latter defines the principles and behaviour guidelines in accordance with the Group’s values and becomes the fundamental pillar of any future social corporate responsibility Strategic Plans.

## 5.1. Corporate Social Responsibility

### The UN Sustainable Development Goals (SDGs) work in addition to the CSR strategy

At Sacyr we also contribute to the development and welfare of the communities where we work through our Foundation. The Sacyr Foundation implements a wide range of social initiatives, which can be divided into three categories: Promoting Innovation, supporting sports and social action.

In 2007, the Sacyr Group became a signatory of the Global Compact, promoted by the UN, and undertook to support and implement the ten ethical principles underpinning the initiative, which are based on universal declarations and conventions, employment regulations, the environment and the fight against corruption.

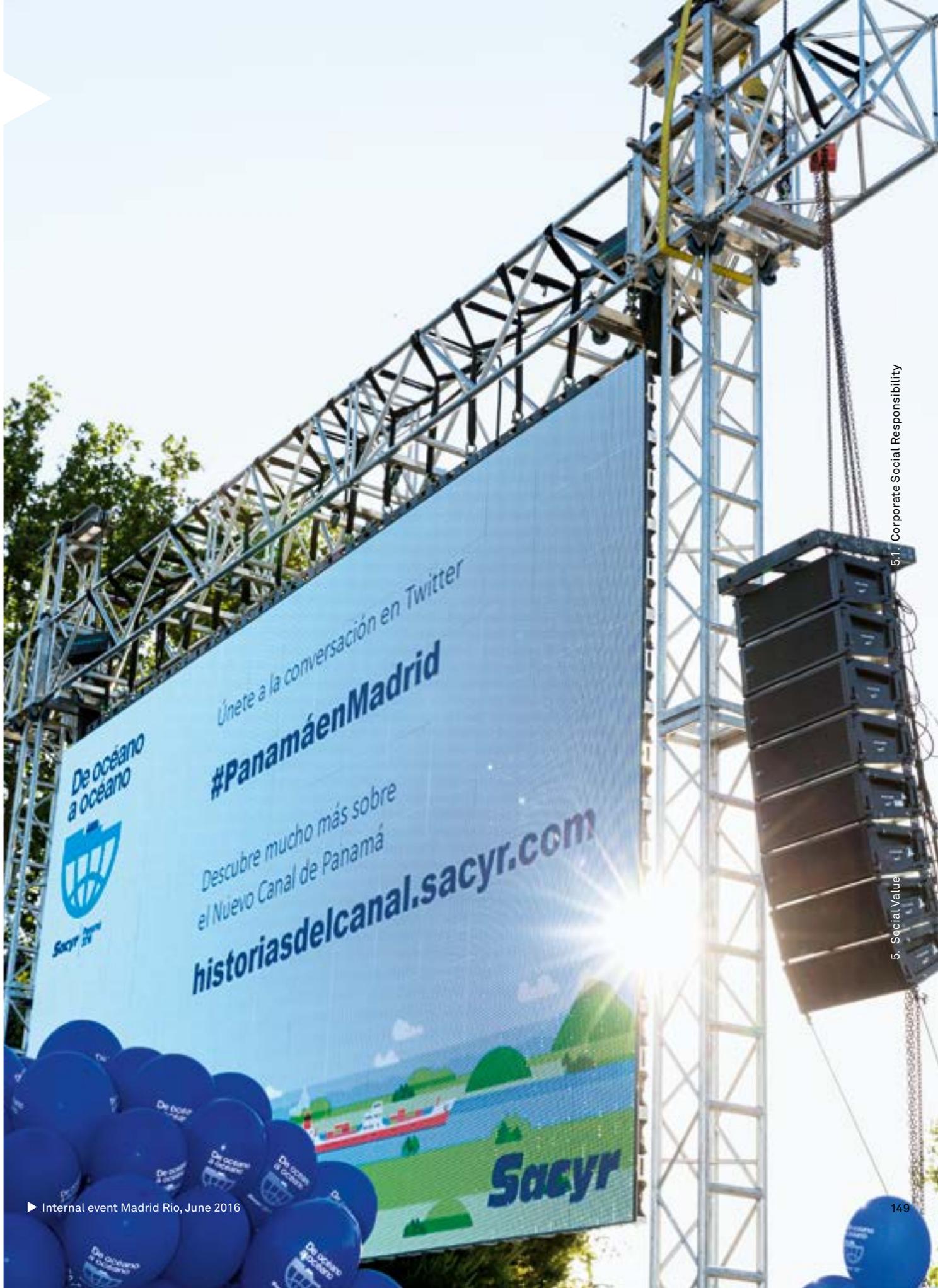
Also, the 17 UN Sustainable Development Goals (SDGs) work in addition to the CSR strategy to focus the efforts of the Sacyr Group on striving to offer better development for our communities.

### Monitoring systems for CSR practices with stakeholders:

The CRS Policy of the Sacyr Group is developed and implemented through the corporate responsibility area that is part of the Communication Department. The head of this area submits the proposed CSR Policy and presents the follow-up on CSR Strategic Plans to the Management Committee.

All CSR initiatives are promoted by the Corporate Responsibility Committee, composed of one or several representatives of each business area and one representative of each of the corporate departments most directly involved in guaranteeing the company's responsible management.

Sacyr performs an annual follow-up on the CSR Plan and the risks associated with the initiatives derived from this plan and, subsequently, reports the results by writing the Annual Integrated Report. This document is drawn up as per internationally accepted standards and it is checked externally by an independent organisation in accordance with international standards on assurance commitments. This report is approved by the Board and shared with the shareholders on the corporate website at the time of the General Shareholders' Meeting.



De océano a océano



Sacyr

Únete a la conversación en Twitter  
**#PanamáenMadrid**

Descubre mucho más sobre  
el Nuevo Canal de Panamá

**historiasdelcanal.sacyr.com**



**Sacyr**

► Internal event Madrid Río, June 2016



### Stakeholder Relations

At Sacyr, we base our management on excellence, responding to the needs of our stakeholders, contributing value to society and seeking economic and environmental sustainability.

At Sacyr, we consider stakeholders to be any social group that is or may be affected by the Company's activity, now or in the future, and/or that legitimately affects or may affect the Company's activity and, therefore, our results. [G4-24](#) [G4-25](#)

- ▶ Employees
- ▶ Analysts and investors
- ▶ Shareholders
- ▶ Media
- ▶ Customers
- ▶ Local communities
- ▶ Public authorities
- ▶ NGOs and other members of civil society
- ▶ Suppliers and contractors

Transparency and dialogue with stakeholders are fundamental for the progress and development of our Strategic Plan as well as for our CSR Plan.

## Work with leading R&D+i institutions [G4-16](#)

Sacyr is a member of various benchmark organisations and takes part in dialogue forums that promote its development. Participation in these initiatives makes it possible to exchange experiences and good practices with other professionals, and encourages joint reflection by a large number of specialists regarding the varied aspects of R&D+i. Some of the organisations or forums in which Sacyr actively participates are:

- ▶ Spanish Construction Technology Platform (“PTEC”): This platform, of which the Group is a member, brings together all players in the construction sector in order to:
  - Identify the challenges of innovation in construction
  - Develop the necessary strategies and plans to meet these challenges
  - Implement the results obtained

Sacyr is on the board of trustees of the PTEC Foundation and sits on the permanent commission and the strategy council. Within the PTEC Foundation, Sacyr heads the strategic Transport Networks taskforce and participates in the Sustainable Construction and Materials taskforces.

- ▶ Spanish Technological Environmental Technologies Platform: Responsible for defining and supporting the implementation of the R&D+i strategic agenda in the field of environmental technologies.
- ▶ Building Research Establishment Environmental Assessment Methodology (Breeam) Spain Advisory Board: The world’s leading and most technically advanced method of building sustainability assessment and certification.
- ▶ Participation in the Spanish Road Technology Platform: Forum for all agents in the science-technology-business system which play a major role in fostering employment, competitiveness, and growth in the road infrastructure sector in Spain.

## 5.1. Corporate Social Responsibility

Sacyr plays an active role in the platform through its presence on the Management Board and in working groups:

- ▶ SEOPAN R&D committee: Sacyr actively participates in this committee of the Spanish Association of Construction Companies (SEOPAN) through its Head of Innovation.
- ▶ Andalusia Technological Corporation: Sacyr is a full member and trustee of this corporation, which brings together researchers from universities and research centres, innovative companies, financial entities and public entities in an alliance for innovation, research and development.
- ▶ Know-How and Innovation Executive Club: Sacyr belongs to this private initiative that promotes and stimulates improved productivity and competitiveness through the management of intellectual capital, know-how and innovation.
- ▶ R&D+i Committee of the Spanish employers' confederation ("CEOE"): This committee reaches out to government authorities and ministries responsible for R&D+i and groups into sectors to strengthen and expedite R&D+i projects.

Moreover, to support each other in the development and implementation of R&D+i activities, Sacyr and a number of universities and research centres and organisations have entered into cooperation agreements.

## Universities:

- ▶ Madrid Polytechnic University
- ▶ Valencia Polytechnic University
- ▶ Alfonso X el Sabio University
- ▶ University of Granada
- ▶ Polytechnic University of Catalonia
- ▶ University of Huelva
- ▶ University of Almería
- ▶ University of Las Palmas
- ▶ University of Cordoba
- ▶ University of Cantabria
- ▶ Madrid Complutense University
- ▶ University of Salamanca

## Public Research Centres and Foundations:

- ▶ Testing and Calibration Laboratory of the Mining School (LECEM)
- ▶ Centre for Public Works Research and Innovation (CEDEX)
- ▶ Gómez Pardo Foundation
- ▶ Almería Solar Platform (CIEMAT)
- ▶ IMDEA AGUA (Madrid Institute of Advanced Water Studies)
- ▶ Official Laboratory for Testing Construction Materials (LOEMCO)
- ▶ Centre for Development, Research and Application of New Technologies (CEDIANT)
- ▶ Galician Civil Engineering Foundation
- ▶ Integral Automation Centre (CeDIInt)
- ▶ Norwegian Research Centre (Vestlandsforking)

## 5.1. Corporate Social Responsibility

At Sacyr, we continue to renew our technology infrastructure in order to improve the efficiency of the Group's internal management

In addition, Sacyr took part in Science Week, organised by the General Directorate of Universities and Research of the Board of Education and Employment of the Community of Madrid, through the Foundation for Knowledge and in conjunction with the Alfonso X El Sabio University Foundation.

At Sacyr, we continue to renew our technology infrastructure in order to improve the efficiency of the Group's internal management. In addition, we are developing new methods for improving our relationship and communication with our stakeholders:

- ▶ Updating of Sacyr's webpage.
- ▶ Public-sector electronic invoice.
- ▶ Improvements in the Employee Portal.
- ▶ Gesfontesta Incident Management Project.
- ▶ Improvements in SLIGO (Application for analytical monitoring of works).



## Social Media

We have a profile in the following social networks:

Facebook, LinkedIn, YouTube, Twitter and Instagram.



**General Shareholders' Meeting:** This is an excellent forum for exchanging information between company directors and shareholders. At these meetings, directors report on the progress of the company, its profits, and the main milestones reached and planned, while shareholders can request information and clarification and make any comments they deem appropriate.

**Financial information:** In accordance with prevailing legislation, the Sacyr Group prepares the annual report, half-yearly and quarterly financial results and the annual corporate governance report on a regular basis. These reports may be viewed on the CNMV's website, [www.cnmv.es](http://www.cnmv.es), and on Sacyr's website, [www.sacyr.com](http://www.sacyr.com)

**Sacyr's website ([www.sacyr.com](http://www.sacyr.com))** contains all relevant corporate and financial information regarding the Company's performance, and all information made public through various financial and economic reports and communications (annual report, quarterly results, etc.).

**Personal assistance:** Sacyr's Investor Relations Department provides minority shareholders, financial analysts and investors with a number of direct and personalised contact channels:

**Shareholder hotline:** [900.101.930](tel:900.101.930)

**E-mail:** [ir@sacyr.com](mailto:ir@sacyr.com) - [accionistas@sacyr.com](mailto:accionistas@sacyr.com)

**Personal meetings:** Investor Relations Department personnel meet with these minority shareholders and attend meetings with various financial stakeholders.



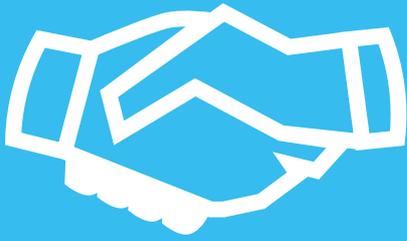
### Sacyr Foundation

In 2016, the Sacyr Group contributed to various community projects, which can be broken down into three different [G4-15](#):



The Foundation's Board of Trustees is also the body ultimately responsible for approving and overseeing social projects. The Foundation has established the following objective criteria to be used as points of reference for the selection of projects:

- ▶ The project must be aligned with the aims of the Sacyr Foundation set out in its bylaws.
- ▶ Social return on investment: Assessment of the need for and urgency of aid, and of the number of potential beneficiaries.
- ▶ Regional balance: The Group seeks to prioritise projects in the areas in which it is active and to avoid imbalances in the geographical distribution of aid.
- ▶ Funding balance: The Group aims to avoid excessive concentrations of aid in any one of its specific remits.
- ▶ Technical and financial solidity of the partner or beneficiary organisation.
- ▶ Budget adequacy.



The following are highlights of the agreements and collaborations closed during the year:

### **6th Sacyr Innovation Awards**

The award winner was ACTISA, a startup that has developed software based on artificial intelligence to optimise the layout and viability studies of large linear infrastructures (roads, bridges, tunnels, railways, etc.).

### **Spanish Sports Council (Consejo Superior de Deportes)**

Collaboration agreement with the CSD to give stipends to athletes, sports clubs and federations

### **“Mi escuela primero” (PANAMA)**

The Sacyr Foundation has joined Panama’s government programme “Mi Escuela Primero” to support reinforced child education.

### **Andrés Marcio, niños contra la Laminopatía Foundation**

Collaboration in research programmes on laminopathy and in disseminating useful information to patients, their families and society in general.



## 5.2. Health and safety

**At Sacyr, the maximum safety of all our employees in the performance of their tasks is a priority**

**More than 88% of the Group's total workers and around 95% of the workers in Spain have been certified as per the standard OHSAS 18001. [CRE6](#)**

**75% of all Sacyr Group employees in Spain are represented on health and safety committees. [G4-LA5](#)**

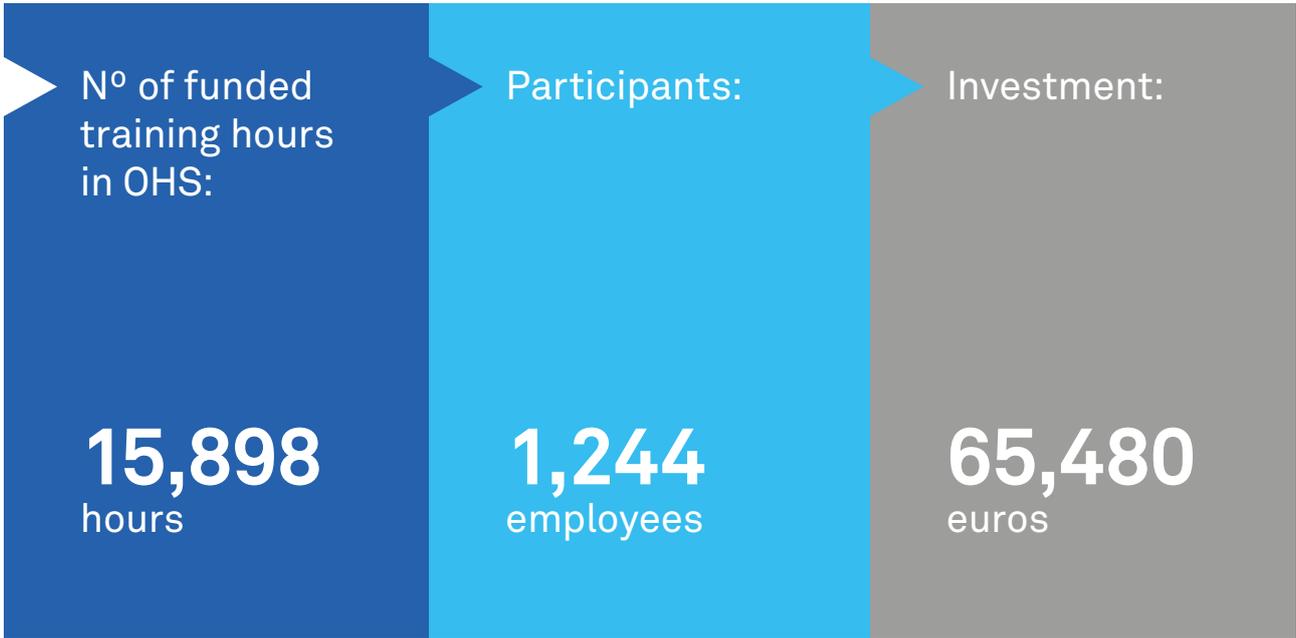
In terms of accidents involving contractors, three serious accidents were recorded in 2016. The Prevention Service carried out the usual investigation for these cases, analysed the causes and took the necessary measures to prevent any reoccurrences. [G4-LA6](#)

At Sacyr we have adopted the concept of integrated safety and we have established an occupational health and safety policy aimed at improving working conditions and raising the level of protection, health and safety of our employees.

In line with prevailing occupational health and safety regulations, preventative initiatives at the Group are carried out both through own resources and those arranged with an external risk prevention service.

- ▶ Joint Prevention Service
- ▶ Support structure
- ▶ External Prevention Service

In 2016 Sacyr Group companies have resubmitted their OHS management to OHSAS compliance and legal audits, successfully overtaking them.



### Certified health & safety system

In addition to fully complying with all legal requirements, all Sacyr companies are implementing occupational health and safety management systems certified under **OHSAS 18.001**, the principal international benchmark for occupational health and safety.

The system has been implemented in **60 subsidiaries of the Group worldwide**, 22 of which also hold the OHSAS 18.001 certification (5 more than in 2015), which represents **over 88%** of the Group's workers internationally and around 95% of workers in Spain. [CRE6](#)

**75%** of all Sacyr Group employees in Spain are represented on health and safety committees. [G4-LA5](#)

In addition, **4.23% of the Group's total workforce has union representation through prevention officers**. Although these officers do not form part of a health and safety committee because the minimum number of employees is not met, they actively participate in health and safety-related issues by periodically attending meetings with executive company representatives.

This OHS management system helps to correctly identify, review, manage and improve monitoring of the occupational risks to which Group employees are exposed and to comply with prevailing legislation.

## 5.2. Health and safety

### Goals fulfilled

- ▶ Development and implementation at Valoriza Conservación of Infraestructuras of the Road Safety Management System according to ISO 39.001, overall in the Company.
- ▶ Restructuring the Occupational Health and Safety Management System (OHSMS) in compliance with regulatory requirements as well as auditors' requirements, in addition to implementing the system in all Group companies.
- ▶ Development of the PRESYV computer application as a tool of prevention management, developing new functionalities and adapting the application to new OHSMS.
- ▶ Implementation of an external subcontractor-validation system at Sacyr Construcción and subsidiaries.
- ▶ Creation of a Healthy Habits Programme within the company, covering different domains such as sports, food and health.

### Future challenges

#### Short term:

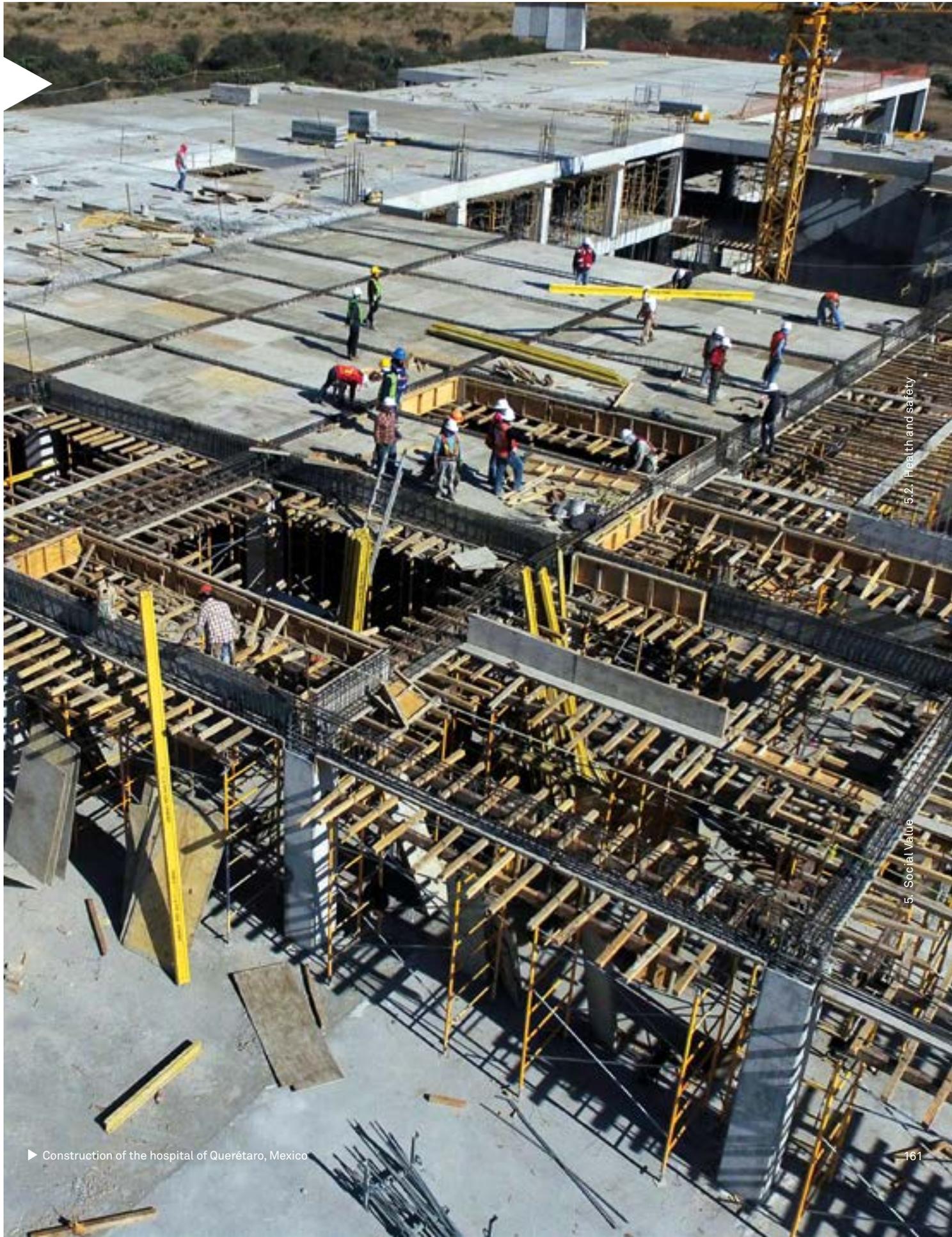
- ▶ Reducing the rate of accidents involving a leave of absence by 10% with respect to the rate achieved last year.
- ▶ Reduce the rate of accidents not involving a leave of absence by 10% with respect to the rate achieved last year.
- ▶ Exceeding the average score of the previous year in both documentary and field safety terms, as stipulated in the management review.
- ▶ Preparing statistics on the accident rate of subcontractors among our biggest subcontractors.
- ▶ Continuing to maintain and expand the Prevention Departments in all countries where we are present.

#### Medium term:

- ▶ Implementing an external subcontractor-validation system at the remaining Group companies.
- ▶ Migrating the PRESYV computer application to a different programming language that allows for a multisite and multilanguage environment, which can be used across the world.
- ▶ Implementing and certifying the road safety system at the remaining Group companies.

#### Long term:

- ▶ Creating internal OHS awards.



► Construction of the hospital of Querétaro, Mexico

## 5.2. Health and safety

### Results of OHS management

The Sacyr Group's endeavours in the field of occupational health and safety have significantly raised workplace quality, as measured by an internal scoring system that assesses each work centre in relation to the fulfilment of prevention obligations.

In 2016, the Sacyr Group registered five severe accidents among its workforce in Spain: two in Valoriza Facilities, one in Valoriza Servicios a la Dependencia, one in Valoriza Energía Operación y Mantenimiento and one in Valoriza Servicios Medioambientales; and a fatal runover accident in Valoriza Servicios Medioambientales, as well as **thirty-nine** cases of occupational illness. [G4-LA7](#)

In terms of accidents involving subcontractors, **three** serious accidents were recorded in 2016. The Prevention Service carried out the usual investigation for these cases, analysed the causes and took the necessary measures to prevent any reoccurrences.

In terms of types of accidents, the most significant accidents over the last two years were as follows:

#### Type (%) [G4-LA6](#)

	2012	2013	2014	2015	2016
Physical overexertion – musculoskeletal system	40	41	39	38	44
Crush injuries as a result of a fall	23	20	21	19	17
Crush injuries as a result of tripping over or crashing into an immovable object	8	9	7	7	8

Accidents are notified and recorded in the standard reporting format published in Order TAS/2926/2002, of 19 November, for Electronic Occupational Accident Declaration System (Delt@), accessible at: <http://www.delta.mtin.es>

## Occupational hazards and contractors

In addition to guaranteeing the health and safety of its own employees, Sacyr also takes appropriate measures to guarantee the safety of subcontracted employees.

It deploys a specific “Business Coordination” procedure to this end, the main objectives of which are as follows: [G4-12](#)

- ▶ To ensure that subcontracted workers are fully informed about the risks to which they are exposed in their respective jobs and about the applicable protective and preventative measures.
- ▶ To ensure that subcontractors effectively fulfil their responsibilities, taking all necessary measures and providing their employees with the appropriate means to ensure their safety.
- ▶ In 2016, Sacyr complied with construction industry subcontracting regulations, limiting the number of levels in the subcontracting chain by using subcontracting records and requiring subcontractors to produce evidence of compliance.

### Awards

SACYR Chile has once again been recognised by Mutual de Seguridad with the PEC-Excelencia award for its managerial focus on the protection and wellbeing of its workers.



## 5.2. Health and safety



The Group encourages all employees to become familiar with the guidelines of the company's occupational health and safety policy

### Dissemination of the group's health and safety policy

Sacyr Group management considers that maximum occupational safety requires that employees be fully aware of the risks to which they are exposed in their jobs and of the importance of taking adequate preventive measures.

The Group therefore encourages all employees to become familiar with the guidelines of the company's occupational health and safety policy and incorporate them into their working environment. To this end, the Group informs employees of the policy and distributes related documentation through training programmes tailored to each functional area and hierarchical level within the company.

By way of example, the following are a few of the occupational health and safety courses taught:

- ▶ Company Management Staff Course.
- ▶ Construction Agreement Cycle II Courses.
- ▶ Basic occupational health and safety courses (30 hours, 50 hours and 60 hours).
- ▶ Bridge crane operator courses.
- ▶ OHS for office cleaning.
- ▶ OHS in tunnelling work, based on ITC 02.1.02.

Both the Occupational Health and Safety Manual and the General Procedures are available to all employees through the Sacyr Portal and the "PRESYV" application. Employees can also use the Sacyr Portal to pick up technical guides, prevention documentation and technical notes for occupational health and safety.

## Sacyr Sports Club



The purpose of the Club is to promote participation in both team and individual sports activities, depending on the sport, and the personal development and sports training of the partners and participants in the activities organised by the Club.

The Club's aim is basically to make participating in sports activities a habit for a large number of employees at Sacyr, to help them be in the best health possible, and to encourage relationships between employees in activities outside the work environment, thereby favouring the creation of a corporate culture and increasing their sense of belonging.

The main objective of the Sacyr Sports Club is to be a meeting point for many Sacyr employees whose quality of life and relationships with other colleagues are benefited by participating in the Club.

At its core, Sacyr has many points in common with sports culture: sacrifice, effort, teamwork, fellowship and the desire to succeed. And this culture is one of the best ways for Sacyr to transmit its concern for the internal and external health and well-being of its employees.

For more information, please visit the Club's website (<http://clubdeportivo.sacyr.com/>)

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<b>+400</b>	<b>+50</b>
participants	activities performed

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### 5.3. Valoriza Infrastructure Maintenance



VCI is the Sacyr Group's company in charge of performing maintenance on all types of infrastructure. Its main activities are the maintenance of roads, ports and canals

In its maintenance function, the main operations that it carries out are maintaining all infrastructure components in perfect operating condition. It performs conversation, exploitation and maintenance work on roads, dams, channels, irrigation networks, ports, airports and railways.

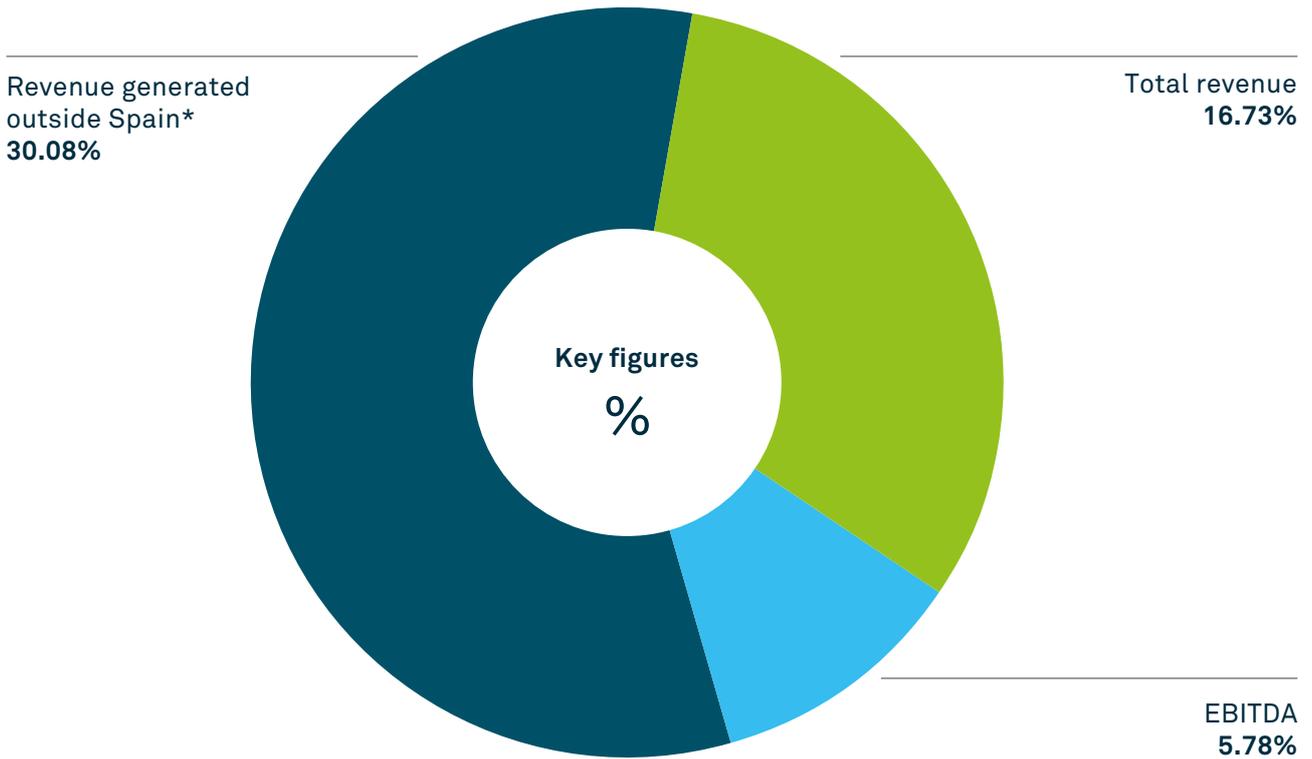
In order to provide full-service maintenance, we have the latest materials and machinery:

	Inspection <b>DRONE</b>	<b>80</b> winter road trucks
Winter road <b>simulator</b>	<b>5</b> street sweepers, one of which is high-speed	<b>25</b> crane lorries
<b>7</b> automatic horizontal signalling machines	<b>7</b> passenger cars and all-terrain vehicles	<b>3</b> telescopic cranes
<b>9</b> pile driving machines	<b>6</b> tractors	<b>1</b> joint sealing machine



**Key figures (Thousand of euros)**

	2016	2015	%
Total revenue	61,035	52,286	16.73%
EBITDA	6,625	6,263	5.78%
Revenue generated outside Spain*	15,526	11,936	30.08%



## Innovation

- ▶ Participation in the first R&D public purchase by the Ministry of Public Works where the company has even obtained “innodemanda” aid to develop the system to be implemented.
- ▶ Request of the second patent of the company, in this case based on a novel system that helps drivers in situations of reduced visibility or very reduced as a result of thick fog.
- ▶ Installation and start-up of the first system worldwide for melting ice on roads using inert gases such as vector fluid in geothermal installations.
- ▶ Entry into operation of a system able to predict the useful life of large structures (bridges and viaducts) by measuring changes in their vibrations caused by atmospheric variables.
- ▶ Entry into operation of the first serious game to train employees in the infrastructure maintenance sector.
- ▶ Construction of the anti-collision system in its industrial version.

## Highlighted milestones 2016

- ▶ During 2016, SAOPSE Uruguay, SAOPSE Colombia, SAOPSE Paraguay have been created.
- ▶ During 2016, SAOPSE Chile has been awarded three contracts with the Chilean Public Works Ministry, Colchagua Oriente, Colchagua Poniente and Petorca Cordillera.
- ▶ We began the tendering of Contracts for levels of Service in Peru, for PROVIAS, an agency under the Peruvian Public Works Ministry.
- ▶ Valoriza Infrastructure Maintenance, renews the contract of Jaén with the Ministry of Development for another four years, with a possible extension of two years.
- ▶ Valoriza Infrastructure Maintenance is awarded the reconstruction of the bridge of Of Castrogonzalo, and this work is the subject of an article in the *Rutas* magazine.

### How do we create value in the communities where we operate?

With all conservation contracts, the entire workforce must live near the conversation site and, as such, the workforce is hired locally. Also, the company pays tax on economic activities to the local councils; and we tend to outsource smaller jobs to local companies.

## Future challenges

We remain committed to improving our activities and services in order for the company to be the sector leader and experience sustainable growth over time.

### Short term:

- ▶ Increase our presence internationally.
- ▶ Consolidate the company as the fourth largest Spanish company in maintenance services.
- ▶ Launch the website [www.valorizaci.com](http://www.valorizaci.com).

### Medium term:

- ▶ Creation of structure in Peru, Colombia, Uruguay and Paraguay.
- ▶ Become a benchmark in maintenance in Chile.
- ▶ Enter the Anglo-Saxon market.
- ▶ Creation of new offices in Spain (Eastern office).

### Long term:

- ▶ Opening new lines of business.

## How do we face these challenges?

- ▶ Through concessions, and by leveraging synergies to open new markets in the countries where we have implemented our business.
- ▶ By increasing business figures based on diverse jobs and new lines of business with growth potential.
- ▶ By increasing the number of contracts, especially with regional bodies.
- ▶ By achieving implementation in new geographic areas.

## 5.4. Local communities

Local communities and populations **are important because we form part of them** and are committed to improving their situation

► Corporate Volunteering in Ecuador





## Sustainable Development Objectives Goals

There are currently 17 Sustainable Development Goals under discussion between UN member states. These goals will set the international agenda over the next 15 years, covering the challenges to be tackled until 2030 for a fairer and better world. These 17 Sustainable Development Goals (SDGs), with their 169 associated targets, were put forward

by a group of experts after numerous meetings in which various government institutions, UN agencies, representatives of private entities and civil society organisations participated.

The world governments, including Spain, must apply the 2030 Agenda in their domestic and international cooperation policies

in order to reach the 17 SDGs and 169 targets, and thus generate better opportunities and well-being for all. All governments will have to adopt measures to meet these goals.

At Sacyr, we are taking up this initiative and will integrate these SDGs in our new CSR policy that will be published in 2017.

[G4-15](#)

## 5.4. Local communities

The economic distributed value in 2016 in these communities has been nearly 3,000 million euros

### United Nations Global Compact

In 2007, Sacyr adhered to the Global Compact, an ethical commitment promoted by the United Nations to create corporate citizens that make it possible to reconcile corporate interests and processes with the values and demands of civil society.

In becoming a signatory of the Global Compact, the Group undertook to support and implement the ten ethical principles underpinning the initiative, which are based on universal declarations and conventions and encompass four areas: human rights, labour, the environment and anti-corruption. [G4-15](#)

This commitment is specified in our Code of Conduct and forms part of our 6 Basic Ethical Principles.

### Respect for human rights [G4-HR3](#) [G4-HR5](#) [G4-HR9](#)

Among the 10 principles that are the guideline and basis of this Code are those referred to Human Rights and Labor, and we respect them where we carry out our activities, being applicable to all subsidiaries or majority-owned companies with respect to which, in a Direct or indirect way, effective control is exercised by Sacyr, SA.

The Query and Complaint Line is the access mechanism to remedy or complaint channel that is expected to address all issues related to the Code of Conduct and, in general, to the Compliance Model, as well as to report infraction or risk situations in relation to the guidelines and behaviors regulated in the Code of Conduct or in the Normative Compliance Model as a whole, therefore, this Line works as a mechanism for access to remedy or complaint channel on this matter.

In addition, the Sacyr Group has adopted a Comprehensive Risk Management System. With regard to the treatment of human rights risks, the risk maps (operational and criminal) have identified all the existing risks (which are managed through the control procedures established to mitigate them), among which also include those related to human rights in the performance of the company. These risks and controls therefore form part of the general risk maps (operational and criminal) and the procedures for managing these risks are also provided for in the same documents.

Under this commitment, in 2014, the Sacyr Group signed a Framework Agreement Among Sacyr, S.A., Building and Wood Workers' International, Construction and Services CC.OO and MCA-UGT.

This agreement is based on the joint commitment of the signatories to respect and promote the principles defined in the Universal Declaration of Human Rights, the ILO Tripartite Declaration, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

Sacyr provides the means to oversee compliance with the provisions of the International Labour Organization (ILO), especially those related with child labour, and it accepts the commitment to carry out its business and professional activities in accordance with the valid legislation in each of the places where it operates and it promotes and encourages such recognition and respect among the contractors, subcontractors and suppliers. [G4-12](#)

Through this agreement the following guidelines are established:

- 1. Freedom of association and the right to collective bargaining is respected**  
All the workers shall have the right to set up and join trade unions according to their own choice.
- 2. El empleo es elegido libremente**  
No será utilizado trabajo forzado ni obligatorio, incluyendo la servidumbre por deudas (“bonded labour”).
- 3. No discriminación en el empleo**  
Todos los trabajadores/as tendrán igualdad de oportunidades y de trato sin consideración de su origen étnico, género, religión, opinión política, nacionalidad y origen social (OIT Convenios 100 y 111).
- 4. Protección de los trabajadores migrantes**  
Los trabajadores/as migrantes y desplazados gozarán del amparo y condiciones que establezca la legislación nacional vigente. En el caso de agencias que envíen a trabajadores/as a otros países, se exigirá a estas agencias que repatrien a los trabajadores/as en caso de que su empleo termine.
- 5. Child labour is not used**  
Child labour shall not be used. Only workers above the age of 15 years, or over the compulsory school-leaving age, if higher, shall be employed (ILO Convention 138).

## 5.4. Local communities

### 6. Living wages are paid

Workers shall be paid wages and benefits that must conform, at least, with the conditions of the national legislation or the collective bargain applicable to the sector or industry in question.

### 7. Hours of work are not excessive

Hours of work shall be in accordance with national legislation and national agreements. All workers shall receive, a minimum of one day-off per week or its equivalent if an irregular working time distribution is the case, always as permitted by the valid legislation of each country.

### 8. Health and Safety of the workers

A safe and healthy working environment shall be provided.

### 9. Welfare of the workers

At every work place the company shall provide adequate facilities for the provision of work.

### 10. Specialized Training

Sacyr also undertakes to provide the means to contribute to learning and training of its employees and to update their knowledge and skills.

### 11. Employment Relationship

Sacyr shall respect obligations towards all the workers established under the labour and social security laws and regulations and the regulations relating to the employment contracts.

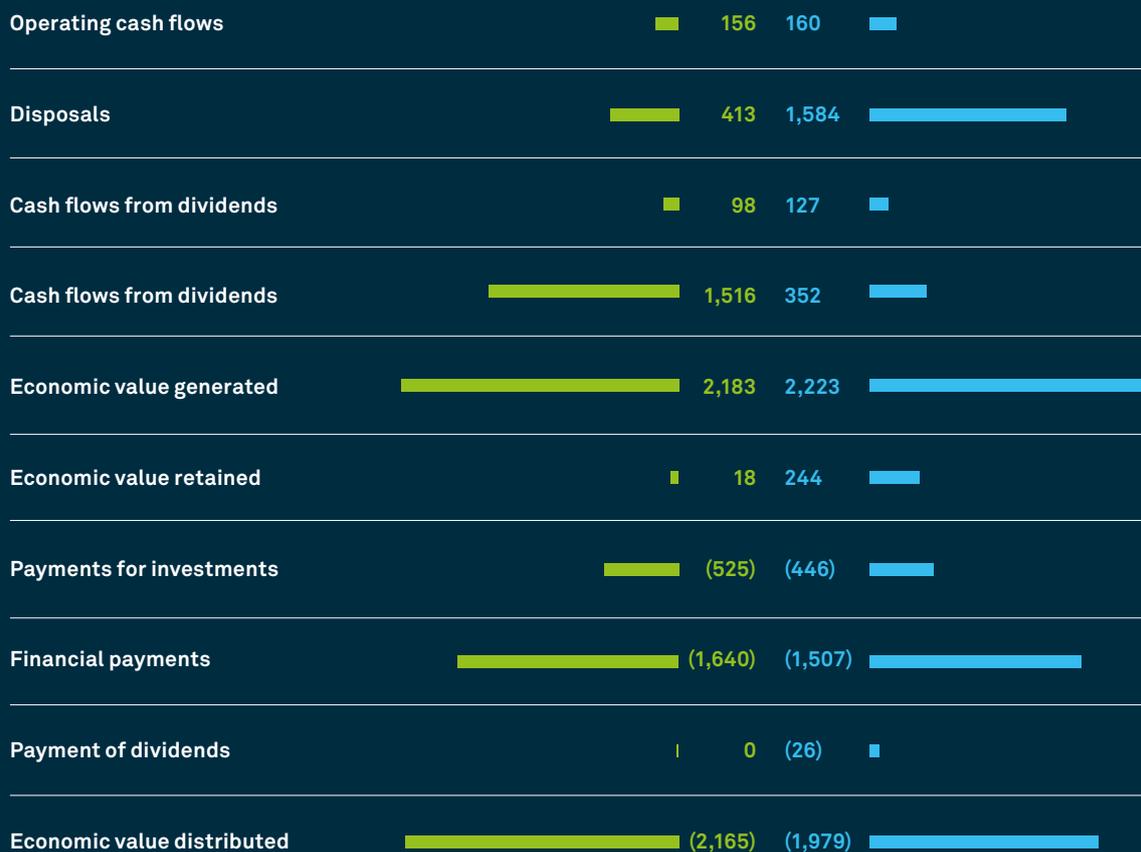
## Social Cashflow

Sacyr helps the communities where it operates to develop economically and socially, by means of a solid business model. The generated economic value has made it possible to distribute wealth among our key stakeholders. In 2016, the distributed economic amount in these communities was over 2,165 million euros.

## Sacyr Group

# 2016 2015

(Million Euros)



## 5.4. Local communities



### Projects with the Communities

In 2016, we can stress that “We make our values the reality of each project” in which we have become involved, both professionally and personally. [G4-15](#)

We have carried out several projects:

#### Sacyr Colombia

The greatest challenge faced by large infrastructure development and road construction projects is social legitimacy. They must integrate legal compliance with regulations, obligations and the requirements in the concession contract with the interests of the affected groups in the project’s area of operation as well as their contribution to the region’s sustainable development in the context of full respect for human rights.

In line with this challenge and as a socially responsible company, we have drawn up a Social and Environmental Responsibility Plan (SERP), which orchestrates our contractual social management programmes with the environmental demands of road projects and our Comprehensive Management System. This plan is aimed at implementing the best organisational practices to generate economic, social and environmental performance based on responsibility, ethics and transparency.

The SERP integrates the corporate social responsibility elements defined in international standards such as the Equator Principles, ISO 26000, GRI standards, AA 1000 accountability standard and the Sustainable Development Goals.

Faced with challenges derived from the interaction of different groups in our globalised world, all organisations need to work with others and depend on them to achieve their strategic goals. As a result, appropriate management of the relations between the company and its stakeholders is a key factor of business success insofar as it facilitates sustainable organisational operations and generates aggregate value for the interested parties.

**We have drawn up a Social and Environmental Responsibility Plan (SERP)**

## Challenges:

1.

To define the strategy for our relationship with the communities in the area of influence of the road project, based on an analysis of impact, influence, interest and expectations.

2.

To identify, prioritise and characterise the following groups: authorities, employees, suppliers and associations.

3.

To consolidate a comprehensive relationship strategy that contains all of our stakeholders by setting goals, initiatives, communication channels and monitoring indicators.

Given this challenge, we have defined a stakeholder relation model with the main aim of strategically administering our interactions with stakeholders so as to consolidate the trust-based relationships and social legitimacy of our operations.

Our relation model has been developed from the definition of occasional commitments with each of our stakeholders. They have been materialised by identifying, prioritising and characterising them and, as a consequence, gaining an in-depth view of their main social and economic characteristics and of their motivations to then be able to establish trust-based relations.

Consequently, the relation strategies we are currently defining with each of our stakeholders stem from an exhaustive analysis of the impact of our activities on each of them, their interests and expectations vs. how this impact is managed, their influence on the organisation or other stakeholders and the type of initiatives we have developed to manage our relationship with them. [G4-14](#)

In 2016, in the context of applying this model, we worked on identifying, prioritising and characterising the communities in the municipalities under direct influence of the road project, including community organisations, community leaders, grassroots organisations, educational institutions, indigenous people and vulnerable individuals. Our goal was to define our community relationship strategy for each municipality and subgroup.

**Our relation model has been developed from the definition of occasional commitments with each of our stakeholders**

# Commitment with the social and environmental circumstances

## 5.4. Local communities

### Training, education and awareness-raising among the community affected by the project

In the context of our commitment with the social and environmental circumstances, we have created a training and awareness-raising programme for communities that allows them to gain deeper knowledge of the importance of the environment, their role in maintaining neighbourly relationships with other individuals and their active role in the decisions and activities that impact the region's growth and development.

To this end, we carried out the following activities in 2016:

- ▶ Diagnosis of the training needs to then draw up a training plan with the communities and educational institutions of AID.
- ▶ Environmental training imparted knowledge about this subject and led to the creation of school groups called "Environmental Guardians", which look after the surroundings and environment.
- ▶ Seminars on Public Management Social Control, Governance for Peace and Human Rights through an agreement with the Public Administration Schools. As a result, the communities gained knowledge that favours Human Rights and Social Participation.
- ▶ Management and signing of four inter-institutional agreements for strategic alliances with SENA, ESAP, EMAS and the DITRANS police to develop training sessions. Also, training sessions on healthy life styles for older people, in coordination with EMSSANAR and Instituto Departamental de Salud.



## Toy drive

This is the fifth consecutive year that this Christmas project has been carried out. These are days that are set aside for us to be aware that we have to help the neediest persons, especially children.

We have decided to collaborate with the Toda Ayuda Foundation, which fights the risk of social exclusion. In cooperation with different charity organisations such as Precomar, Caritas, the Asociación de Vecinos Aire Nuevo and Juventudes Hospitalarias, toys that have been collected were distributed among the neediest population in Parla and Cañada Real. The drive was an overwhelming success, as more than 400 children saw their dream of receiving a Christmas present come true.

## Operation Kilo

At Sacyr, since 2012, we have been cooperating with the Food Bank of the Region of Madrid in collecting food.

This year, with the collaboration of Sacyr's employees, Operation Kilo ("A kilo of food. A million thanks") distributed 180 kilos of food among charities that help and assist the needy.

## Used-clothing drive

This project is for all employees of Sacyr throughout Spain. We collaborated with Caritas in collecting clothes for the most disadvantaged groups. This year, the objective of the clothing drive was to help groups that come to the Santa Micaela parish and to San Enrique, near our central offices. Thanks to the enormous efforts made by Sacyr workers, a very large amount of clothing was raised and then distributed to the more than 200 persons who come to the parish each week.

## Social fees and procedures in the event of defaults

At Sacyr, we wish to help achieve the 6th Sustainable Development Goal, Water, through our hydric resources management activities and our Corporate Social Responsibility policy.

We are aware that in the places where we carry out our activities access to drinking water and to sanitation services is possible thanks to the infrastructure put in place by the governments of the contracting countries; however, even in developed countries, there are groups that are impoverished and at risk of exclusion and that lack the economic resources to gain access to water.

For this reason, in all the services managed by Valoriza Agua, we analyse, in particular, cases of users who have the intention to pay but who have short-term difficulties in doing so, and we postpone the suspension of the service or reach agreements on partial payments, and thus finance their debts.

These are some of the 2016 social actions:

### ► Cabezón de la Sal

- 50% rebate to families with income below the national minimum wage.
- Rebates to large families (20% for those with 3 or 4 children, and 30% for those with 5 or more children).

### ► Valdáliga

- 50% rebate to families with income below the national minimum wage (two and one-half times the national minimum wage in the case of large families).

### ► Las Palmas de Gran Canaria

- When more than four persons live in a housing unit, raising the second consumption block by 7 m<sup>3</sup> in each two-month period, for each person above that number.

### ► Santa Cruz de Tenerife

- Average rebate of 25% on the two highest consumption blocks for large families..
- Agreement with the city government to not suspend the supply/reconnect the service for users who the Council of Social Affairs considers to be at risk of social exclusion.

## 5.5. Valoriza Facilities

Valoriza Facilities, a company in the Sacyr Group, **specialises in providing facilities services: premise maintenance, cleaning, auxiliary services, energy services and social-health services**

**Business portfolio of more than 1,020 million euros, the highest in the company's history**

In 2016 contracting results reached a record 404 million euros, which meant ending the year with a business portfolio of more than 1,020 million euros, the highest in the company's history. We have more than doubled our contracting target.

The turnover was 292 million euros, representing a growth of 35% over the previous year.

Other highlights of this year have been the creation of Valoriza Special Employment Center, which was born to promote the inclusion of people with disabilities in the labor market, obtaining the qualification of the Community of Madrid, as well as the the first bids in the international arena, especially in Chile.

At December 31, 2016, the staff of Valoriza Facilities was composed of 14,010 workers distributed 6,782 in Valoriza Servicios a la Dependencia and 7,228 in Valoriza Facilities.

It is noteworthy that in 2016 the workforce has increased more than 50%, from a total of 8,015 workers to 14,010 at the end of the year.

3% of these workers are people with disabilities who are fully integrated into the ordinary structure of the company.

## Main contracts awarded in 2016

- ▶ Home Help Services in the City Councils of Madrid, Barcelona, Lugo, Orense, Getafe, Amorebieta and in the Diputación de Zamora for a total amount of 204 million euros, which consolidates us as one of the first three companies in the sector in Spain.
- ▶ Metro de Madrid, cleaning of mobile material, lots 1 and 2, for 20.8 million euros, and a term of four years.
- ▶ ALSA, cleaning of buses and offices throughout the national territory, amounting to 17.5 million euros and a period of three years, which introduces us to the road transport sector.
- ▶ The Association of Capital, Growth and Investment Companies (ASCRI), together with Deloitte and IESE, have granted the SEPIDES investment in Valoriza Servicios a la Dependencia the Prize as Operation with the greatest Economic and Social Impact of the year, within the 9<sup>th</sup> edition of the Prizes to the Private Capital in Spain, that were given the 4 of July in the Casino of Madrid.
- ▶ Valoriza Facilities has obtained from AENOR the certificate for the Classification as a Provider of Energy Services in the three existing categories: Energy Audit and Consulting, Exploitation and Investment, all with the highest level.

## Relevant facts

- ▶ The CDTI has approved one of our innovation projects called “Development of a novel ICT system for detection of architectural barriers and sensoration based on augmented reality”.
- ▶ Valoriza Facilities has been elected first vice-president of the AMI, Association of Companies of Integral Maintenance and Energy Services. The Association, formed in 1999, brings together the main business groups of maintenance and energy services in Spain, and is part of the Board of Directors of CEOE and the European Federation of Energy Efficiency (EFIEES), which is, moreover, founder member.
- ▶ On November 16, the Barcelona TV station BTV issued a report on the energy efficiency of the National Art Museum of Catalonia, a service provided by Valoriza Facilities, actions aimed at improving the Museum’s energy efficiency by obtaining a 20% savings in electricity, Gas and water and guarantee the maintenance challenges associated with a museum, whose priority is the conservation of works of art (humidity, temperature and lighting range).

## 5.5. Valoriza Facilities

### Future challenges

The priority objectives we set for 2017 are as follows:

1.

Improvement of the operational results of the company

2.

Maintain the level of contracts awarded in the national public sector

3.

Enhance contracting in the private sector, especially in the field of industrial facilities and the food sector

4.

International development based on the following premises:

- ▶ Perform the commissioning of the Hospital of Antofagasta in Chile
- ▶ Consolidate the Facility Services business in Chile

5.

Elaborate a map of the talent that allows us to detect, retain and develop people with great potential within Valoriza

6.

To develop the Knowledge Management program as an internal vehicle for transmitting knowledge and best practices

7.

To advance in the System Plan initiated that allows us to modernize and optimize the management of our contracts, an ambitious process of digital transformation for the benefit of both employees and our customers

- Provision of services to the elderly, Valoriza Servicios a la Dependencia. Madrid Spain



## 5.6. Human resources

At Sacyr, we are committed every day to our employees, offering them the opportunity to develop as people and professionals.

At the Sacyr Group, we have more than **26,000 direct employees** throughout the world, in our work centres, our construction, concession and industrial projects and in our broad network of services.

Our employees are the foundation of the Sacyr Group. The key for the success of our activities and projects is to attract, develop and retain the most talented professionals.

Our workforce is made up of persons with a high degree of commitment to a job well done. The diversity and excellence of our work teams are the source of the development of the best services and constructions, and this comes from their application of their knowledge and transmission of the values of the organisation when carrying out their work.

These differences help us remain more in touch with the needs of our projects in all the countries where we have a presence.



**26,383\***

employees overall at the close of 2016



(\*Average consolidated workforce)

## Description of the workforce:

Our success is based on the dedication and technical experience of our employees. We do our utmost to attract and retain the best. To this end, we offer them secure and attractive positions, opportunities for development and comprehensive training and a human resources policy oriented to the long term. We also have a variety of measures to allow employees to balance work with private life.

The Sacyr headcount in 2016 was 26,383 employees (consolidated average headcount). Numbers were up by 17.66% compared to the previous year [G4-10](#).

80.76% of the total work force is employed in Spain, although the Group also has a large number of employees in Portugal, Chile, Angola, Colombia, Peru and other countries.

By business unit, the Construction and Services divisions have by far the largest number of employees. Between them they account for 97% of Sacyr's total headcount.

## Recruitment

We invest in continually attracting and training talent. This allows us to ensure that our human resources needs are met in a volatile environment. The Sacyr Group's comprehensive package encompasses a series of measures from professional training to high-potential programmes for managers.

In this regard, performance evaluations were carried out for 1,493 employees, of which 73.70% were men and 26.30% were women. These figures, by professional category, are broken down as follows: 0.70% senior management, 8.50% management, 42.70% middle management and 48.10% technical personnel.

[G4-LA11](#)

**80.76%**  
of the total work  
force is employed  
in Spain

## 5.6. Human resources

Sacyr recruits employees using transparent, confidential, rigorous procedures to ensure equality and non-discrimination. These procedures include objective tests to exclusively assess the merits, qualifications and skill profile of each candidate in order to optimise the job-person match.

The Sacyr Group selection processes are governed by the Smart Recruiting Model (SmartRec). SmartRec is a talent attraction, recruitment and evaluation methodology developed by Sacyr during the year 2016.

This methodology aims to:

- ▶ Homogenize, provide rigor and objectivity and optimize the selection processes efficiency at a global level (all businesses and all countries).
- ▶ Stating the basic principles of operation in terms of diversity and equality is concerned in the field of talent acquisition.
- ▶ Provide managers who need to incorporate personnel with the tools necessary for an appropriate choice of people on their team.

### Training

G4-LA9 G4-LA10

Training at Sacyr is viewed as a strategic tool for management of talent, support for change and an enhancement mechanism for the corporate mission. This makes it “a lever to generate change”.

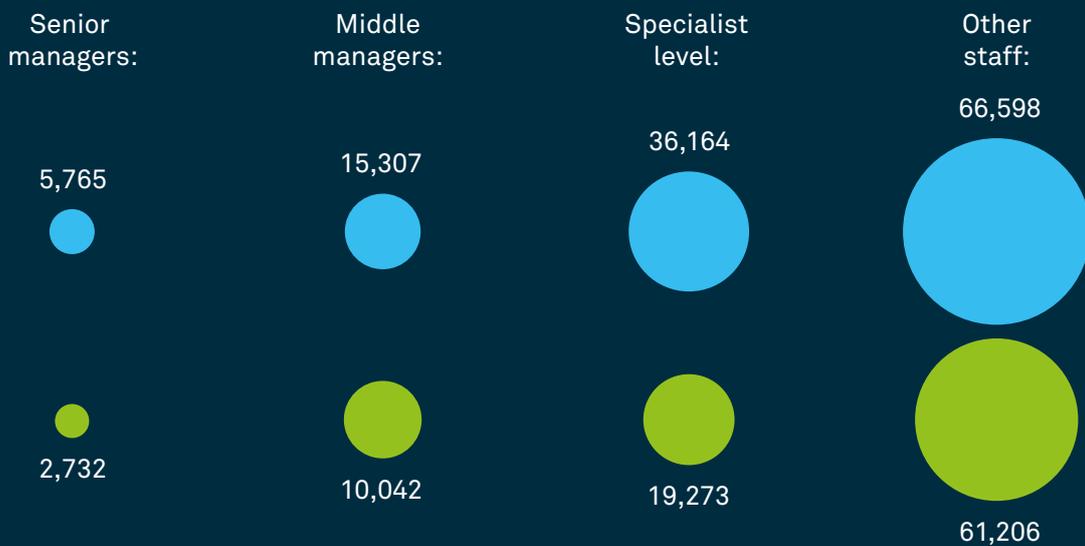
A complete range of training and leadership development has been in effect for many years and underscores Sacyr’s commitment to attract and retain talented staff.

## Training hours:

● 2015 ● 2016



## Hours of training per staff category:



## 5.6. Human resources

Given the recent technological breakthroughs in the areas of our business activities, as well as wide-ranging changes in the labour market, the education and ongoing training of our employees are increasingly important. Our supplementary training courses attempt to meet our needs in this field by promoting the individual strengths of our workers and managers. The Senior Manager Management Plan includes languages courses among others.

In 2016, we addressed several training itineraries whose characteristics justify that they be specified here:

### 1. Skills Programme

3 skills launched in 2016.

Blended methodology:

- ▶ Online (6 hours)
- ▶ Classroom (2 hours in the Escuela de Organización Industrial)

Skill	Group
Resilience/Adaptation to Change	Technicians and Managers
Job quality	Technicians
Leadership	Managers

\* Resilience/Adaptation to Change was completed in 2016, whereas the classroom sessions on Job Quality and Leadership took place in 2017.

## 2. Digital Transformation

This itinerary contains a series of resources where various experts explain the concept of digital transformation, its impact on the global economy and the challenges it brings.

It addresses the characteristics of the digital transformation processes in some companies and how Sacyr's various areas are involved in the process.

- ▶ Methodology: Online
- ▶ Hours: 5
- ▶ Group: Technicians and Managers

## 3. 2016 e-learning language course

Our e-learning programmes enable training from anywhere at any time at a pace adapted to the employees' needs.

In digital format, it consists of a curriculum for each level with 20 to 40 structured units that are in line with the common European Framework of Reference. Also, a weekly magazine contains interesting, current information that allow employees to choose the topics they like the most. Our award-winning platform is used by 50,000 students in over 100 countries in the world.

- ▶ Initial assessment of language knowledge
- ▶ Methodology: Self-study
- ▶ Groups: all

## 5.6. Human resources

5

Gender equality



10

Reduced inequalities



### Encouraging work-life balance

We support our employees in their search for a healthy work-life balance. To achieve this, we offer a wide range of tools to make their work hours and workplaces more flexible and to help them with caring for children and other dependent persons who require attention.

The Sacyr Group has an action procedure on Conciliation. To promote the achievement of the commitment acquired, the following improvements have been implemented:

▶ Flexible schedule

The employees have flexible hours both at the entrance and at the exit, as well as for the lunch break. In this way, it seeks to make the working day compatible with other personal and family needs of workers.

▶ Intensive Day

Employees enjoy intensive workday from 8:00 a.m. to 3:00 p.m. every Friday of the year and during the summer months.

▶ Reductions of daily labour hours by legal guardianship

▶ Cumulative enjoyment of breastfeeding permits

▶ Grant of leave

#### Sacyr Concilia

Program that aims to address actions that favor the balance between personal and professional time of employees:

▶ Non-school days

On non-school days, activities are organized for the children of employees between the ages of 3 and 14.

We support our employees in their search for a healthy work-life balance

▶ Facilitation of childcare options

There are agreements with various kindergartens and educational centers.

In addition, leisure alternatives are usually provided for children of employees during the summer and Christmas holidays.

▶ Design / Modification of the Labor Calendar according to the school calendar

## Equal opportunities and non-discrimination

Equality, social inclusion and diversity have important benefits for society, for the communities in which we operate, for companies and for the economy.

Sacyr is committed to managing its human resources strictly on the basis of professional criteria, preventing all types of discrimination due to race, religion or beliefs, political or trade union views, nationality, language, gender, marital status, age or disability.

Sacyr is firmly committed to ensuring that all employees receive equal treatment at all Group companies.

The recruitment process begins with the completion, by the Hiring Manager, of a card with the profile requirements. In this document the gender of the candidates is not admitted as a requirement.

Before starting the selection process, the position is assigned a salary range that is defined by the role of the position. This salary range is maintained regardless of the gender of the finalist candidate to whom it is offered. [G4-LA13](#)

The guideline in all cases by the departments of Corporate Talent Acquisition and the different businesses and holding the business interviewers, is that in equal conditions to favor the recruitment of the candidate of the less represented sex in the department, Level of responsibility, etc.

At Sacyr we are committed to a human resources management based strictly on professional criteria, guaranteeing the absence of discrimination

## 5.6. Human resources

### Promotional Project

We have participated in this initiative, promoted by the Ministry of Health, Social Services and Equality, with the objective of strengthening both technical and leadership skills of women in their promotion to the front line of the organization.

### Training on equality

Subsequently, as part of the training program in the Sacyr's Code of Conduct, 929 managers were trained for a total of 5,574 hours. This training includes sections related to equality and non-discrimination.

In 2016, training in Equality has been provided to a collective of 2,500 employees of Valoriza Servicios a la Dependencia with a total of 5,000 hours taught.

Sacyr declares its firm intention that in all the companies of the Group the principle of equal treatment in the work is respected to all effects.

### Employee turnover, sick leave and absenteeism:

Sacyr considers the "turnover rate" to be the proportion of the workforce leaving the Company over a given period (month and year), which indicates the percentage of employees within the Group whose status changes as compared with the average headcount.

We consider that the reasons for of turnover are as follows:

- ▶ Voluntary departure by employees
- ▶ Unpaid leave
- ▶ Disability
- ▶ Loss of temporary disability
- ▶ Retirement
- ▶ Death

The Services division adapts to the conventional realities of the sector, and the following reasons are not considered “departures” in connection with the turnover rate:

**Contract termination - caps obligations  
- Consecutive changes in file**

The information is calculated on a monthly basis by business units. Information is reconstructed annually by gender, autonomous community, reason and age.

The highest turnover is recorded in the Services and Concessions division, due to the special characteristics of these business units, among others.

### Freedom of association and company-worker relations

Sacyr supports the rights of association, union representation and collective bargaining of all its employees, according to the norms of each country.

The labour conditions of the Sacyr Group’s workforce in Spain in 2016 are set forth in 293 agreements from different sectors and provinces. Only 0.37% were not governed by an agreement, because there was no agreement for their sector of activity.

**99.63%**  
of employees  
are covered by  
collective bargaining  
agreements.  
G4-11

## 5.6. Human resources

### Social benefits

#### GA-LA2

Sacyr currently has two policies taken out for employees that meet the following requirements: have an indefinite contract, are employees that cannot be subrogated, have been with the company for more than one year, belong to a technical or higher professional category:

- ▶ Private medical insurance: The company provides medical insurance with a list of doctors covered under the policy.
- ▶ Life insurance: The company offers life insurance for an insured capital of 72,121.46 euros in the case of death or disability for any reason.

### Tax benefits

#### Flexible Compensation Plan (Sacyr Flex)

Sacyr Flex is a programme that allows company employees that meet the following requirements to voluntarily and individually modify the structure of their current remuneration, by exchanging a portion thereof for certain goods or services:

Requirements:

- ▶ Employees with an indefinite contract
- ▶ Employees that cannot be subrogated
- ▶ Employees whose tax residence is in Spain
- ▶ Employees that have more than 500 euros in fixed remuneration with regard to the salary set forth in the agreement
- ▶ Employees of joint ventures that are wholly owned by Sacyr may also belong to this group

#### Personal income tax exemption for work carried out abroad

Article 7.p of the Personal Income Tax Law is currently applicable, which exempts income received for work effectively carried out abroad from taxation, when certain requirements are met, and when the services were rendered abroad for a minimum of 15 days per year.



5.6. Human resources

5. Social Value



# ▲ Governance



▶ Aerial view of the entry into the Panama Canal

## 6.1. General Meeting, Board and Committees

We collaborate with **integrity, honesty and transparency.**

### Governing Bodies

G4-34 G4-35 G4-36 G4-38 G4-49 G4-LA12

The Company's ultimate decision-making body is the General Shareholders' Meeting. It represents all Sacyr Group shareholders, and thus all of its share capital. At the General Meeting, the shareholders make decisions on matters placed within their review either by law or the company bylaws, including, merely by way of example, the approval of the financial statements, the allocation of profit or loss and the approval of corporate management, as well as the appointment and removal of directors, amendments to the company bylaws, and approval of the director remuneration policy.

In all areas other than those reserved for shareholders at the General Meeting, the Board of Directors is the Company's main decision-making body. The main responsibilities thereof include the approval of the Company's general strategies and policies. [G4-42](#)

Sacyr's Board of Directors had **14 members** at 31 December 2016: 1 executive director, 9 proprietary directors, 3 independent directors and 1 non-executive director and an external one.

This composition ensures that the Board remains vigilant concerning profitability for all shareholders and monitors strict compliance with the company's strategy.

In accordance with the Spanish Corporate Enterprises Act, executive directors include those that carry out management functions at the Company or its Group.

When a director carries out management functions and simultaneously is or represents a major shareholder or a shareholder that is represented on the Board of Directors, this director **is considered an executive director.**

**Non-executive directors** include all of the Company's remaining directors, which may be proprietary, independent or other non-executive:

- ▶ **Proprietary directors** are directors that have a shareholding greater than or equal to the amount legally considered significant or that have been appointed due to their status as shareholders, even if their stake is less than this amount, and those representing this type of shareholder.
- ▶ **Independent directors** are directors that are appointed in view of their personal and professional prestige, and can carry out their functions with no conditioning factors imposed upon them by relations with the Company, its majority shareholders or directors.



▶ Sacyr Board of Directors

## Governing Bodies

Name	Post	Representative	Directorship	Representing	Direct voting rights	Indirect voting rights	TOTAL
Manuel Manrique Cecilia (1)	Chairman and CEO	--	Executive	--	264	0	264
Demetrio Carceller Arce (2)	First Vice-Chairman	--	Proprietary	Disa Corp. Petrolífera, S.A.	5,553	527,765	533,318
Isabel Martín Castella	Director	--	Independent	--	108	0	108
Gr. Satocán Desarrollos, S.L.	Director	Juan Miguel Sanjuán Jover	Proprietary	Grupo Satocán S.A.	319	0	319
Matías Cortés Domínguez	Director	--	External	--	100	0	100
Beta Asociados, S.L. (3)	Director	José del Pilar Moreno Carretero	Proprietary	--	26,303,750	0	26,303,750
Prilomi, S.L. (4)	Director	José Manuel Loureda López	Proprietary	--	24,086,563	0	24,086,563
Prilou, S.L. (4)	Director	José Manuel Loureda Mantiñán	Proprietary	--	16,345,987	0	16,345,987
Cymofag, S.L. (1)	Director	Gonzalo Manrique Sabatel	Proprietary	--	9,644,965	0	9,644,965
Gr. Corporativo Fuertes, S.L.	Director	Tomás Fuertes Fernández	Proprietary	Gr. Empresarial Fuertes S.L.	32,448,477	0	32,448,477
Francisco Javier Adroher Biosca	Director	--	Proprietary	Disa Corp. Petrolífera, S.A.	50,000	0	50,000
Augusto Delkader Teig	Director	--	Independent	--	108	0	108
Raimundo Baroja Rieu	Director	--	Proprietary	Disa Corp. Petrolífera, S.A.	4,935	0	4,935
Juan M <sup>a</sup> Aguirre Gonzalo	Director	--	Independent	--	10,818	0	10,818
Elena M <sup>a</sup> Otero-Novas Miranda	Non-Director Secretary	Secretary	--	--	0	0	0
Estíbaliz Pérez Arzoz	Non-Director Vice-Secretary	Vice-Secretary	--	--	0	0	0

(1) Manuel Manrique Cecilia's indirect interest is held through Telbasa Construcciones e Inversiones, S.L., which in turn controls 100% of the share capital of Cymofag, S.L.U.

(2) Demetrio Carceller's indirect interest is held through a controlled company (0.019%) and related parties (0.04%).

(3) In connection with the holding of Beta Asociados, S.L., José del Pilar Moreno Carretero controls 100% of Beta Asociados, S.L. through a stake in Altec, Empresa de Construcción y Servicios, S.A. and Marbevelsa, S.L. He also has control over Cantevel 1, S.L. through Marbevelsa, S.A.

(4) Prilou, S.L. has a total holding of 7.814% (3.159% direct and 4.655% indirect through Prilomi, S.L.). José Manuel Loureda Mantiñán holds 49% of the share capital of Prilou, S.L. and Prilou, S.L. holds 86% of the share capital of Prilomi, S.L.

Significant shareholdings represented on the Board of Directors and included in the financial statements are as follows:

## 2016

Concerted action (Disa Corporación Petrolífera, S.A. + Grupo Satocán S.A.)	14.73%
Grupo Corporativo Fuertes, S.L.	6.27%
GAM International Management Limited	3.91%
Beta Asociados, S.L.	5.08%
Prilomi, S.L.	4.66%
Prilou, S.L.	3.16%
Grupo Satocán, S.A.	2.56%
REST	61.7%
<b>TOTAL</b>	<b>100.00%</b>

The Board of Directors' Regulations, which govern its organisation and functioning, provide for three committees to help it fulfil its duties:

[G4-35](#) [G4-36](#)

- ▶ **The Executive Committee**, which is delegated all the Board's powers other than those reserved exclusively for the Board by law, the company's bylaws or the Board's own regulations.
- ▶ **The Audit and Corporate Governance Committee**, the key duties of which include reporting at the General Meeting on issues raised by shareholders in areas within the remit of the Committee; proposing to the Board of Directors, to then be submitted at the General Meeting, the appointment, re-election or replacement of the auditor, in accordance with applicable regulations; overseeing the drafting process and the integrity of the financial information of the Company and, where applicable, of the Group, reviewing compliance with regulations, proper delimitation of the scope of consolidation and proper application of accounting criteria; supervising the effectiveness of the Company's internal control and internal audit functions and, where applicable, reviewing risk management and internal

### The Audit and Corporate Governance Committee must receive annual written confirmation from the auditor of their independence from the Company

control systems to ensure that major risks are identified, managed and properly brought to light; discussing with the auditor any major weaknesses in the internal control system detected during the audit process; overseeing the drafting and presentation of the regulated financial statements; liaising with the auditor, receiving any information on certain issues that could jeopardise the independence of the auditor and on any other issues relating to the audit process, and receiving information and maintaining communication with the auditor as stipulated in audit legislation and other technical auditing standards.

In any event, the Audit and Corporate Governance Committee must receive annual written confirmation from the auditor of their independence from the Company and any companies linked directly or indirectly to the Company, and information concerning additional services of any kind provided to these entities by the auditor or by persons or entities related thereto, pursuant to prevailing audit regulations; and issue an annual report containing an opinion on the auditor's independence, prior to issue of the audit report on the financial statements. This report must contain information on providing the additional services mentioned above, and on transactions with Board members of the Company that entail or may entail conflicts of interest or related transactions which, according to the Spanish Corporate Enterprises Act and the Board Regulations, must be made known to the Board of Directors.

- ▶ **The Appointments and Remuneration Committee**, which evaluates the competencies, knowledge and experience necessary on the Board of Directors. This Committee ensures that candidates proposed to the Board of Directors have recognised solvency, skills and experience.

This Committee also makes recommendations to the Board of Directors on the appointment of independent directors; advises on proposals for the appointment of other directors; proposes the annual remuneration system and amount to be paid to directors and members of the Company's Management Committee and to directors carrying out executive functions; regularly reviews the remuneration schemes, assessing their suitability and performance (with the participation of independent consultants); informs the Board of Directors of those cases where it deems that

continued membership on the Board of one or several directors could jeopardise the interests of the Company or negatively impact its image and reputation; and ensures transparency in remuneration.

[G4-40](#) [G4-52](#)

As set out in the Board Regulations, in general the Board delegates day-to-day management of the Company to executive bodies and the management team to enable it to focus on its general supervisory role.

At the business level, the Managing Directors of the different business units are responsible for day-to-day management and, at the corporate level, is the Chief Executive Officer with the assistance of the Management Committee:

Name or corporate name	Post(s)	Senior management
<a href="#">Manuel Manrique Cecilia</a>	<a href="#">Chairman and CEO of Sacyr, S.A. and Chairman of Sacyr Concesiones, S.L.</a>	x
<a href="#">Rafael Gómez del Río</a>	<a href="#">CEO of Sacyr Concesiones, S.L.</a>	x
<a href="#">José María Orihuela Uzal</a>	<a href="#">CEO of Sacyr Construcción, S.A.</a>	x
<a href="#">Fernando Lozano Sainz</a>	<a href="#">CEO of Valoriza Gestión, S.A.</a>	x
<a href="#">Pedro Sigüenza Hernández</a>	<a href="#">CEO of Sacyr Industrial, S.L.</a>	x
<a href="#">Carlos Mijangos Gorozarri</a>	<a href="#">General Manager of Finance</a>	x
<a href="#">Miguel Heras Dolader</a>	<a href="#">Corporate General Manager and General Manager of Talent Management and HR</a>	x
<a href="#">Elena Otero-Novas Miranda</a>	<a href="#">Secretary of the Board of Directors and General Manager of the Corporate Legal Department</a>	x
<a href="#">Víctor de Ávila Rueda</a>	<a href="#">General Manager of Strategy and Development</a>	x

## 6.2. Good Governance Practices

Highlight: for further information, see our website ([www.sacyr.com](http://www.sacyr.com)) or the CNMV website ([www.cnmv.es](http://www.cnmv.es)) and download our corporate governance report.

[G4-7](#) [G4-17](#) [G4-39](#)  
[G4-50](#) [G4-51](#)

Our corporate governance practices are designed to guarantee efficient governance of the Company, safeguard the rights of all shareholders and ensure maximum transparency in reporting the Company's operations and financial position.

Sacyr complies with all legally imposed corporate governance requirements and uses the recommendations set out in the Unified Good Governance Code issued by the Spanish Securities Market Commission ("CNMV") as its principal reference for best practices in its management tasks.

This structure is governed by internal regulations consisting of the company bylaws, the Board of Directors' Regulations, the General Meeting Regulations, and the Internal Code of Conduct, all of which can be consulted on the Group's website.

Sacyr chiefly complies with best corporate governance practices in the following areas:

- ▶ **The Sacyr bylaws do not contain any "poison pills" limiting the maximum number of voting** rights that can be exercised by any one shareholder or any other type of restriction designed to block a potential takeover bid through purchase of shares on the market.
- ▶ **Non-executive directors** on Sacyr's Board of Directors **outnumber executive directors**, thereby guaranteeing the Board's general oversight function.
- ▶ Sacyr is **aware of the importance of having a sufficient number of female directors on its governing bodies** and, therefore, the Board of Directors has approved a director selection policy which expressly states that the Board will strive to ensure that at least 30% of the total number of Board members are female by the year 2020.
- ▶ The By-Laws and the Regulations of the Board of Directors establish that Directors must place their office at the disposal of the Board of Directors and formalize, if deemed appropriate, the corresponding resignation, among other assumptions, when they reach the age of 65, Of executive directors, and may, if necessary, continue as non-executive director.

- ▶ The distribution of different types of directors at Sacyr may be considered appropriate to the Company's capital structure, such that directors represent shareholders from different areas, and do not make up a monolithic block. This **diversity among proprietary directors** encourages a culture of mutual oversight that benefits all shareholders. There is also a Vice-Chairman, who is a non-executive proprietary director. Power is further decentralised through the Executive Committee, which is composed of three directors.
- ▶ The members of the Board and its committees are more than mere figureheads. In 2016 the various governing bodies were active in many demanding areas of the Company's operations requiring a total of 12 Board meetings, 5 Executive Committee meetings, 12 Audit and Corporate Governance Committee meetings and 6 Appointments and Remuneration Committee meetings.
- ▶ The Audit and Corporate Governance Committee, also made up exclusively of non-executive directors, carries out a broad range of tasks **designed to reinforce the transparency of the Company's management.**
- ▶ The procedures for proxy voting at annual general meetings have been broadened and improved, as have attendance procedures, with the introduction of remote appointment of proxies and remote voting through electronic and postal communications, and rollout of a shareholder e-forum.
- ▶ To help shareholders exercise their vote to the best effect, separate votes are taken at the annual general meetings on materially separate items, so shareholders can express their preferences in each case, notably on the appointment or ratification of directors.

## 6.2. Good Governance Practices

### Good governance practices generate value for our stakeholders

- ▶ The Sacyr Board of Directors takes steps to regularly check and assess the quality and efficiency of its own operation and that of its committees, based on reports prepared by the committees. The Appointments and Remuneration Committee also evaluates the work of the Chairman. [G4-44](#)
- ▶ The Board of Directors conducted a self-assessment of its functions in 2016 pursuant to current legislation, and it was found that its functions were efficient and of good quality and that no measures needed to be taken with regard to the members or organisational practices. [G4-44](#)
- ▶ The risk management and control policy is formally presented to and reviewed and approved by the Board of Directors.
- ▶ In addition to the Code of Conduct, a body has been established to oversee the Code and ensure it is applied throughout the Group, assisted by a Regulatory Compliance Unit.
- ▶ As part of this Code of Conduct, an Conduct Hotline has been set up with two functions: one for consultation, and another to report breaches of rules set out in the Code of Conduct. The latter function ensures the confidentiality of the person reporting the breach and respect for the rights of the person reported.
- ▶ The Board of Directors' Regulations specifically govern the procedures for avoiding conflicts of interest within the maximum governing body. In this regard, directors are required to notify the Board of any potential direct or indirect conflict between their own interests and those of the company. In the event of a conflict, the director affected shall refrain from participating and voting in the deliberations on the transaction to which the conflict relates. [G4-41](#)
- ▶ The Board Regulations also state that the Audit and Corporate Governance Committee is responsible for reporting information regarding transactions with Sacyr directors or related parties.
- ▶ The Internal Code of Conduct regulates management of insider information, significant events, transactions carried out on their own account by individuals subject to this code, and transactions involving treasury shares and related party transactions.

- ▶ The Board of Directors encourages informed participation by shareholders at the annual general meetings and is committed to taking all appropriate measures to ensure that shareholders participating in these meetings can carry out their work efficiently and in compliance with the law and company bylaws. Specifically, the Board of Directors shall adopt the following measures: [G4-37](#)
  - Prior to the annual general meeting, the Board shall distribute to shareholders all information that might possibly be of interest and reasonably distributed, as well as all legally required information.
  - The Board shall respond, to the best of its ability, to requests for information made by shareholders prior to the annual general meeting.
  - The Board shall respond, to the best of its ability, to questions posed by shareholders during the annual general meeting.



▶ Manuel Manrique at the 20th Anniversary of Sacyr Chile

## 6.3. Remuneration and incentives

The individual breakdown of the amounts received by directors for the exercise of their duties in 2016 may be found in the Annual Remuneration Report on our website ([www.sacyr.com](http://www.sacyr.com)) and on the CNMV's website.

### Remuneration of Directors

G4-52

The remuneration system for directors acting as such requires that it meet the following characteristics:

- ▶ It must be in line with corporate governance standards and market circumstances based on the Company's characteristics and its business activities.
- ▶ It must provide incentives and compensate dedication, ability and responsibility, based on the positions and responsibilities assumed by each director on the Board of Directors and in its Committees.
- ▶ The directors acting as such should not receive variable remuneration, in accordance with recommendations on good corporate governance.

Pursuant to the company bylaws, members of the Sacyr, S.A. Board of Directors are entitled to receive remuneration from the Company consisting of a fixed annual amount.

For 2016, the remuneration agreed by the Board was as follows:

G4-51 G4-53

- ▶ **Board of Directors:** Chairman (€93,600), Vice-Chairman (€82,800) and Member (€72,000)
- ▶ **Executive Committee:** Chairman (€58,500) and Member (€45,000)
- ▶ **Audit and Corporate Governance Committee:** Chairman (€28,600) and Member (€22,000)
- ▶ **Appointments and Remuneration Committee:** Chairman (€26,000) and Member (€20,000)

Total salary remuneration (including fixed and variable remuneration\*) paid to the executive director amounted to 4,137 euros.

\* Also included is 1,000,000 € corresponding to the extraordinary variable remuneration agreed by the Board of Directors for the singular achievement consisting of the sale of the subsidiary Testa Inmuebles en Renta, S.A.





### Code of Conduct

G4-56

The Sacyr Group's Regulatory Compliance Model includes a Code of Conduct and has established a Regulatory Compliance Unit, which is responsible for overseeing the Code and ensuring it is applied throughout the Group.

The Regulatory Compliance Model is also made up of a Conduct Hotline that has the following two functions: one for consultation, and another to report breaches of the rules set out in the Code of Conduct and, in general, in the Regulatory Compliance Model. The latter function ensures the confidentiality of the person reporting the breach and respect for the rights of the person reported.

The Board of Directors' Regulations specifically govern the procedures for avoiding conflicts of interest within the maximum governing body. In this regard, directors are required to notify the Board of any potential direct or indirect conflict between their own interests and those of the company. In the event of a conflict, the director affected shall restrain from participating and voting in the deliberations on the transaction to which the conflict relates.

The Board Regulations also state that the Audit and Corporate Governance Committee is responsible for reporting information regarding transactions with Sacyr directors or related parties.

The Internal Code of Conduct regulates management of insider information, significant events, transactions carried out on their own account by individuals subject to this code, and transactions involving treasury shares and related party transactions.

### Corruption and bribery

G4-S03 G4-S04

In 2015 the Sacyr Group's new Code of Conduct was approved, bringing our commitment to good governance into line with the regulatory requirements and recommendations of the control and supervisory bodies.

The Code of Conduct expressly prohibits any behaviour by its employees which could be considered to entail corruption or bribery.

**In the event of a conflict, the director affected shall restrain from participating and voting in the deliberations on the transaction to which the conflict relates**

All of the Sacyr Group's employees and members of its governing bodies, as well as the joint ventures and companies over which it has management control, have been informed of the Company's policies and procedures to fight corruption through our Code of Conduct and the circulars issued.

Among other provisions, the Code expressly prohibits Sacyr employees from offering any type of payment to illicitly obtain benefits, and from accepting gifts or any considerations that could compromise employees' objectivity or influence a commercial, professional or administrative relationship.

The Regulatory Compliance Unit, in coordination with the Group's Internal Audit Department, is responsible for detecting and investigating any cases of corruption that may arise.

The Department has specific fraud-detection software and avails itself of external experts whenever necessary, and also deploys specialist personnel to prevent and detect any such instances.

Any signs of corruption are analysed in depth, and specific action is taken accordingly. In all cases the Department reviews and analyses possible solutions for the specific business procedure which did not serve to preclude corruption practices, and improvements are sought.

Any questions can be channelled through the following addresses:  
[G4-57](#) [G4-58](#)

- ▶ **Money laundering:** [sacyr.prevencionbc@sacyr.com](mailto:sacyr.prevencionbc@sacyr.com)
- ▶ **Personal data protection:** [lopd@sacyr.com](mailto:lopd@sacyr.com)
- ▶ **Conduct Hotline:** [codigoconducta@sacyr.com](mailto:codigoconducta@sacyr.com)

Various information campaigns were carried out internally during the year in relation to money laundering, the code of conduct and data protection.

The Code of Conduct expressly **prohibits** any behaviour by its employees which could be considered to entail **corruption or bribery**

## 6.5. Risks

### Risk Management and Anti-Corruption

G4-2 G4-45

Due to its considerable international presence, the Sacyr Group carries out its activity in a number of sectors, social and economic environments and regulatory frameworks. Accordingly, the company is exposed to a variety of risks related to the businesses and sectors in which it operates.

Sacyr has established a comprehensive and ongoing risk management system, organised by business units and support areas at corporate level, and has a sound policy in place to efficiently identify, evaluate and manage risks in order to reasonably guarantee the efficiency and effectiveness of operations, reliability of information and compliance with legislation.

The Group's Risk Control and Management Policy, approved by the Board of Directors, establishes the scope, values, principles, governance model and basis for the operation of the Comprehensive Risk Management System for the control and management of risks inherent to the activities of Sacyr.

The Comprehensive Risk Management System is structured around a Risk Committee supported by an independent and specialized Risk Management and Control Department, supervised by the Audit Committee with the support of the Internal Audit Department, guarantees the involvement and the commitment of the Board of Directors and senior management in the group's risk management.

The Risk Committee is the most senior body responsible for Sacyr's Risk Management and Control System and for all decisions associated therewith in all business units. It is designated by the Company's most senior executive and its functions include providing support to the Board in making critical decisions, establishing risk tolerance levels and defining and promoting the risk culture across the organisation. G4-46 G4-47

The Risk Management and Control Department supports the Risk Committee with the help of the different business areas of the Group that have assigned control and management personnel to carry out risk assessments and support the CEO and Business divisions in taking critical decisions.

The process begins with a preliminary risks identification and assessment that, given the changing nature of the environment in which the organization operates, must be regularly updated

The Internal Audit Department, which reports directly to the Sacyr Group's Chairman and is supervised by the Audit and Corporate Governance Committee, systematically evaluates the efficiency of risk identification, control and management procedures. The Department prepares an annual Internal Audit Plan which is subject to approval by the Audit and Corporate Governance Committee. [G4-47](#)

The Group's risk control and management policy is developed through a Risk Analysis Regulation specific to each business area that allows:

- ▶ Facilitate key business decision making by establishing a systematic and structured way to control and manage critical risks throughout all the projects life cycle.
- ▶ Describe and structure the process of risk analysis in several stages: planning, identification, evaluation, treatment, monitoring and control.
- ▶ Establish the distribution of responsibilities during the analysis process.
- ▶ Define scaling in decision making according to defined risk and acceptable risk tolerance level.

The Group is exposed to various risks inherent in the different activities, countries and markets in which it operates. The Integrated Risk Management System integrates, into the previous policy and regulations, the main fiscal and operational risks grouped into different categories (business environment, regulation, brand and reputation, human resources, operations, financial, information for decision-making, technology and information and good governance systems) to ensure that risks are properly identified, assessed, managed and controlled, and regularly reported to the various committees and committees involved in key business decision-making.



▶ Area transit maintenance Dublin, Ireland

## 6.5. Risks

At the operational level, the Comprehensive Risk Management System is structured in six stages:

- ▶ **Planning:** In this stage the system management tools are activated and those responsible and risk owners are designated throughout the project life.
- ▶ **Identification:** at this stage, activities are carried out to identify sub-risks and critical risks associated with each key decision.
- ▶ **Evaluation:** at this stage, activities are carried out to assess, according to the scales defined, to filter and prioritize the risks and critical sub-risks of the project.
- ▶ **Treatment:** at this stage the activities carried out are aimed to the implementation of Mitigation Plans that seek to reduce or eliminate risk exposure before and after exceeding the maximum tolerances.
- ▶ **Follow-up:** this stage identifies new risks and measures the evolution of existing ones, assesses the effectiveness of the Mitigation Plans implemented, calibrates tolerances and scales for risk assessment, and implements Contingency Plans in If the defined tolerances are exceeded.
- ▶ **Control:** this stage includes the activities carried out by the Risk Control and Management Division throughout the life of the projects, in order to capture lessons learned for the continuous improvement of the System and its management.

## 6.5. Risks

### Risk Management and Control Activities in 2016

Over the last five years, due to the international economic crisis, there have been major changes to the scope and likelihood of occurrence of the various risks. Therefore, throughout 2016 we focused on updating existing risk maps and creating new consolidated Group risk maps, as well as a new criminal risk map. For this reason, our efforts during 2016 have focused on the effective implementation of the Risk Analysis Regulations specific to each business area covering the entire life cycle of the projects, updating the **existing risk maps and the preparation of the Group's consolidated risk map** and consolidation of the **criminal risk map**.

Furthermore, high-level risk maps have been updated independently of risk maps for the various businesses, and we can use these as tools to manage risks associated with new regulatory frameworks; supervision of internal control over financial reporting by the Audit and Corporate Governance Committee, and the impact on the Company of Spain's new Criminal Code, under which legal entities are held criminally liable for any offences committed.

In general, the Sacyr Group has monitoring plans for the main risks, which include impairment testing of all its non-financial assets at the end of each reporting period.

To a greater or lesser extent depending on the business area, the Sacyr Group is exposed to the risks discussed below, in particular to credit risk, liquidity risk and market risk, and more so to interest rate fluctuations than to changes in exchange rates.

As regards credit risk, the Group is exposed through its operating activities, basically trade receivables, and its financing activities.

Customer concentration risk is mitigated by the Group's diverse customer base, backed by public sector bodies.

The underlying borrowings that require the greatest degree of hedging against interest rate fluctuations are project financing loans and those associated with specific assets, because of their exposure for longer periods of time given the terms involved and the strong correlation with the cash flows of the projects.

The Sacyr Group intends to continue expanding its business into other countries, which carries expansion risk as it involves markets in which the Group does not have the same degree of experience as it has in its current markets.

Each business unit performs an assessment with customers before entering into any contracts, which includes a study of their solvency. During the life of its contracts, it monitors its receivables on an ongoing basis and reviews recoverable amounts, recognising impairment as necessary.

To deal with liquidity risks, the Group has identified probable scenarios through monitoring and control of the annual budget and daily updates of its cash flow forecasts, enabling it to take decisions early. Factors that help mitigate liquidity risk include recurring cash flow generation by the Group's core businesses and the Group's ability to sell assets. The asset rotation strategy allows the Sacyr Group to unlock value from the maturity of top-quality investments and manage the liquidity raised in an attempt to enhance its competitiveness and profitability.

Regarding demand risk for concession projects, the Group has measured the recoverability of the investment by continuously reviewing its valuation models based on trends in traffic and the economic growth outlook for the market where each concession operates.

The Group has implemented control systems to adequately identify, quantify, evaluate and remedy all these risks, in order to minimise or eliminate the consequences. The Group also takes out and renews insurance policies.

The Group seeks to serve society in all its business areas by applying a sustainable and profitable business model that adds value for all stakeholders through innovation, technological progress and excellence in delivery.

## 6.5. Risks

### Regulatory Compliance Risks

According to the Sacyr Code of Conduct, compliance with the law is one of the basic ethical principles underlying the conduct of the Sacyr Group and its employees. The Code stipulates that the Sacyr Group is committed to reliable and respectful compliance with all legal obligations to which it is subject in any country in which it carries on its business.

Compliance with the various regulations is mainly supervised by the Regulatory Compliance Unit, in coordination with the Internal Audit Department (which has had a specific regulatory compliance department since 2008), and in exercising its functions it may also request the collaboration of other bodies, departments, areas, people or companies of the Group. Other organisational areas, including the Quality and Environmental Department and the Occupational Health and Safety Service, also help guarantee respect for prevailing legislation in the corresponding activity areas.

In view of the high volume of the Group's activities and its diverse and complex nature, claims occasionally arise in respect of the supply and use of products and services or other causes derived from the different regulatory and sector regulation environments applicable to Sacyr subsidiaries. These claims are processed accordingly, and are either accepted or challenged by the Group. The number of claims is not significant in respect of the Group's overall activity.



The Sacyr Group is committed to reliable and respectful compliance with all legal obligations to which it is subject in any country in which it carries on its business.

## Other Risks

In addition to the aforementioned regulatory compliance risks, the Group's Risk Management and Control Policy also establishes control and communication mechanisms for a number of other risks, including the following:

- ▶ Risk of inadequate adaptation to the environment or market in which the Company operates.
- ▶ Risk of inadequate management of aspects relating to corporate responsibility and sustainability, as well as the corporate image.
- ▶ Human resources risks: positioning, training, flexibility, dependence on key personnel, work climate, etc.
- ▶ Risk of inadequate information for the decision-making process
- ▶ Technological and information system risks: network management, physical and programme security and integrity of information.
- ▶ Money laundering prevention.



In addition to the aforementioned regulatory compliance risks, the Group's Risk Management and Control Policy also establishes control and communication mechanisms for a number of other risks.

## 6.6. Tax transparency

In this chapter we detail the fiscal contribution of the Sacyr Group to the economies of the different countries where we carry out our activities on a permanent basis and whose specific weight in the valuation of our financial statements can be considered relevant.

The development of projects of our four divisions and subsidiaries is a direct mechanism for creating value in society, building and maintaining infrastructures and providing essential services for their growth. However, we also indirectly contribute to the creation of wealth in the countries through our own taxes, our activities, and taxes collected from third parties.

The following is our fiscal contribution for the year 2016, broken down by countries:

# Sacyr

	Spain	Chile	Peru	Portugal	Colombia	Angola
<b>Taxes Supported</b>						
Corporate Income Tax (or similar)	33,763.39	2,793.11	2,841.81	399.10	3,606.45	6,776.87
Local taxes	6,474.89	1,244.96	0.15	1,826.04	1,221.28	1,704.41
PTT - Tax on DLA	399.92	248.12	0.00	104.94	0.00	26.23
Special Taxes (Electricity, etc.)	5,415.75	0.00	0.00	0.00	4,537.63	0.00
VAT not recoverable	15,886.71	5,951.22	1,530.51	70.72	7,868.81	220.76
Social Security Company	139,400.72	1,184.60	803.88	6,634.04	1,113.28	1,067.02
Others	694.87	1,504.73	284.50	0.00	351.87	0.00
<b>TOTAL</b>	<b>202,036.24</b>	<b>12,926.73</b>	<b>5,460.85</b>	<b>9,034.83</b>	<b>18,699.30</b>	<b>9,795.29</b>
<b>Taxes collected</b>						
VAT collected	106,342.53	27,048.67	9,898.52	0.00	746.32	46.80
Withholdings Income tax on individuals	100,556.93	3,280.38	1,426.72	6,898.95	5,500.57	4,481.93
Social Security Workers	30,736.21	5,383.61	522.49	7,588.03	694.81	77.83
Others	192.75	135.55	1,422.11	0.00	2,446.35	0.00
<b>TOTAL</b>	<b>237,828.42</b>	<b>35,848.21</b>	<b>13,269.84</b>	<b>14,486.97</b>	<b>9,388.06</b>	<b>4,606.56</b>
<b>TOTAL</b>	<b>439,864.66</b>	<b>48,774.94</b>	<b>18,730.69</b>	<b>23,521.80</b>	<b>28,087.36</b>	<b>14,401.85</b>

\* Cape Verde, Togo, Morocco, Ecuador, Algeria, UK, Paraguay, Uruguay, USA and Costa Rica.

(Amounts in thousands of euros)

Mozam- bique	Oman	Ireland	Brazil	Israel	Italy	Bolivia	Panama	Mexico	Rest*	TOTAL
1,118.22	0.00	287.12	0.00	146.93	876.23	28.69	0.62	906.24	1,569.93	55,114.70
0.00	1,486.75	0.00	0.00	0.00	168.07	7.18	1.64	35.33	294.19	14,464.87
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.05	797.26
0.00	0.00	0.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,954.30
0.00	0.00	0.00	0.00	0.00	2.08	0.73	0.00	0.00	4.43	31,535.96
83.68	3,195.41	50.46	398.71	43.37	142.67	195.27	156.91	55.34	10,276.20	164,801.57
0.00	0.00	0.00	0.00	0.00	0.00	57.02	0.00	0.00	155.11	3,048.10
<b>1,201.90</b>	<b>4,682.16</b>	<b>338.51</b>	<b>398.71</b>	<b>190.30</b>	<b>1,189.05</b>	<b>288.88</b>	<b>159.17</b>	<b>996.91</b>	<b>12,317.92</b>	<b>279,716.76</b>
6,053.12	0.00	1,316.53	0.00	0.00	0.00	0.00	46.31	1,208.75	1,272.85	153,980.40
2,802.16	0.00	325.92	650.44	424.28	481.13	0.00	0.00	992.32	2,249.10	130,070.82
0.00	1,921.87	52.19	113.59	25.45	19.76	124.11	127.03	24.43	4,107.60	51,519.00
0.00	0.00	0.00	0.00	39.01	45.00	10.71	0.00	208.65	9.54	4,509.67
<b>8,855.28</b>	<b>1,921.87</b>	<b>1,694.64</b>	<b>764.03</b>	<b>488.74</b>	<b>545.89</b>	<b>134.82</b>	<b>173.34</b>	<b>2,434.15</b>	<b>7,639.07</b>	<b>340,079.89</b>
<b>10,057.18</b>	<b>6,604.03</b>	<b>2,033.16</b>	<b>1,162.74</b>	<b>679.04</b>	<b>1,734.94</b>	<b>423.70</b>	<b>332.51</b>	<b>3,431.06</b>	<b>19,956.99</b>	<b>619,796.65</b>

## A. Appendices

### Annex I. About this Report

[G4-18](#) [G4-22](#) [G4-23](#) [G4-28](#) [G4-29](#) [G4-30](#) [G4-32](#) [G4-33](#)

This is the fifth INTEGRATED REPORT published by Sacyr, corresponding to 2016, and it covers the situation of the Group at 31 December 2016.

This document was drawn up in accordance with the standard published by the International Integrated Reporting Council (IIRC), it was also drawn up in accordance with the Global Reporting Initiative Guidelines (GRI, version 4), in accordance with the Comprehensive option and financial information has been set out pursuant to the International Financial Reporting Standards adopted by the European Union.

This report has been externally verified by an independent entity (Price Waterhouse Coopers) in accordance with the ISAE 3000 standard. It has also been verified by the independent entity Ernst & Young relative to its financial content (consolidated financial statements for the parent company and subsidiaries).

The information contained herein is balanced, including the achievements attained during the year and the objectives set for the future. To facilitate comparability, quantitative data from previous years are included, without prejudice to the information supplied in the previous year's report. The data are as precise as possible are given in sufficient detail to comply with stakeholders' expectations. Clarity is one of our requirements in writing this Report, so as to avoid explanations or ambiguities. [G4-22](#) [G4-43](#)

To ensure reliability, the content of this Report has been reviewed by all internal departments and divisions responsible for managing the entity's stakeholders and for the information reported. In some cases, and generally owing to an absence of comprehensive data, the information contained in this Report cannot refer to the Group overall. This circumstance has been expressly reflected in the corresponding sections of the Report. Nevertheless, Sacyr management aims to establish the necessary mechanisms to gradually eliminate these limitations to available information. [G4-48](#)

Any additional information, consultation, suggestions for improvement and comments may be sent to: [G4-31](#)

#### [Corporate Responsibility Department](#)

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Email:

[rcorporativa@sacyr.com](mailto:rcorporativa@sacyr.com)

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#### **Corporate Responsibility Sacyr, S.A.**

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*Paseo de la Castellana, 83-85*

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*Planta 8.ª 28046 Madrid*

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*Teléfono: +34.91.545.50.00*

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**Shareholder hotline:**

**900.101.930**

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## A. Appendices

### Annex II. Materiality Analysis

#### 1. Objective of the Materiality Analysis

In line with the guidelines of the International Integrated Reporting Framework and the requirements of Guide G4 of the *Global Reporting Initiative* (GRI) on preparing sustainability reports, to write this report, Sacyr has carried out a materiality analysis with a view to representing the most important issues for the company and its stakeholders.

**Material aspects** are those that affect the company's capacity to create value in the short, medium and long-term, and that allow our stakeholders to obtain a true and fair view of Sacyr's performance in the corporate sphere and with regard to sustainability.

#### 2. Methodology

The methodology decided on by Sacyr for carrying out the materiality analysis and defining **the material issues to be dealt with in its 2016 Integrated Report** includes the conducting of three phases. [G4-26](#)

#### 3. Description of the phases

##### PHASE 1: Preliminary identification of material issues

The internal and external sources consulted in the desk review are shown below:

##### Internal Sources

Sacyr 2015 Corporate Reports (2015 Integrated Report, 2015 Economic and Corporate Governance Report), Strategic Plan of the Company, Map of the Company's risks, Sacyr's Corporate Social Responsibility Plan, Solutions offered by the Company and its current project, Internal Communiqués and Press Releases, Sacyr policies and commitments and Shareholder and investors Channel on the Sacyr website.

##### External Sources

G4 General Guide of the Global Reporting Initiative, Sectoral Guide of the GRI for the construction business, International Integrated Reporting Framework (IIRC), Sustainability Report and integrated reports of like companies prepared based on G4, Press releases, Studies on the trends in the sector in the different countries in which Sacyr operates, Guides, publications and other documents from relevant organisations on related topics (ISO26000, Dow Jones Sustainability Index publications, European Directive on mandatory nonfinancial information, etc.) and Minutes of public meetings (e.g., CSR National Plan).

Based on this evaluation, **a preliminary listing** of material issues to Sacyr was obtained for its evaluation and validation in the next phase.

## A. Appendices

### Annex II. Materiality Analysis

#### PHASE 2: Evaluation and validation of the relevant issues

To internally compare the issues included in the preliminary listing and continue identifying and delimiting which are and which are not material for Sacyr, interviews were held with 30 persons of the organisation representing all of the areas of the company involved in preparing the reports.

Some of these areas that participated include:

Quality and MA, Innovation, RRIL, Tax, HR, Facilities, Compensation, Consolidation, Training, Security (prevention), Strategy, Internal Audit, Financial, Legal Advice, Construction, SSGG, Labour, Concessions, Valoriza, Water, Valoriza MA services, Conservation, Industrial, Organization and Communication. [G4-20](#) [G4-27](#)

#### PHASE 3: Prioritisation and obtainment of the final listing

The following is the final listing of material matters ordered according to their relevance and that are to be covered in the Sacyr 2016 Integrated Report. [G4-19](#) [G4-27](#)

#### Internal Coverage (i) (G4-20)

#### External Coverage (G4-21)

Environmental (G4)	1	Corporate governance	(i)
	2	Risks	(i)
	3	Energy	
	4	Innovation	(i)
	5	Employment	(i)
	6	Business Model	(i)
	7	Strategy	(i)
Economic (G4)	8	Occupational safety and health	(i)
	9	Economic performance	(i)
	10	Water	
	11	Anti-corruption	(i)
	12	External factors/social and sectoral context	
	13	Customer health and safety	
Social (G4)	14	Regulatory compliance	
	15	Effluents and waste	
	16	Emissions	
	17	Diversity and equal opportunity	(i)
	18	Training and education	(i)
	19	Biodiversity	
Investor relations	20	Nondiscrimination	(i)
	21	Remuneration of workers and management	(i)
	22	Indigenous rights	
	23	Soil degradation, contamination and remediation	
	24	Environmental expenditure and investment	
	25	Supplier environmental assessment	
	26	Local communities	

The Annual Report should be in keeping with the results obtained, so as to faithfully reflect **all material issues** for the company in the corporate and sustainability sphere and thus satisfy the reporting expectations of its stakeholders and facilitate their decision-making.

## A. Appendices

### Annex II. Reliability

External Verification of the Report G4-33



*Free translation from the original in Spanish.  
In the event of a discrepancy, the Spanish language version prevails*

#### **INDEPENDENT LIMITED ASSURANCE REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY INDICATORS**

To the Management of Company Sacyr S.A.,

We have carried out our work to provide limited assurance on the Corporate Responsibility indicators contained in "GRI Index" Appendix of the 2016 Integrated Report (hereinafter "CR Indicators") of Sacyr S.A. (hereinafter "Sacyr") for the year ended 31 December 2016, prepared in accordance with the general basic and specific content proposed in the Guidelines for the Preparation of the Sustainability Reports of the Global Reporting Initiative (GRI) version G4 ( hereinafter "GRI G4 Guidelines") and the Construction and Real Estate Sector Supplement.

#### **Responsibility of the Management**

The Management of Sacyr is responsible for the preparation, content and presentation of the Integrated Report in accordance with the Comprehensive option of the GRI G4 GRI Guidelines and the Construction and Real Estate Sector Supplement. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CR indicators are free from any material misstatement due to fraud or error.

The Management of Sacyr is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CR indicators, is obtained.

#### **Our responsibility**

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Sacyr's personnel from various departments who have been involved in the preparation of the 2016 Integrated Report.
- Analysis of the procedures used for obtaining and validating the data presented in the CR indicators.

.....  
*PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España  
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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª  
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

## A. Appendices

### Annex II. Reliability



- Analysis of the Sacyr's CR indicators adaptation to the requirements established by the GRI G4 Guidelines for the preparation of reports and to the Construction and Real Estate Sector Supplement.
- Verification, through random sampling tests revisions, internal control tests and substantive tests on the quantitative and qualitative information used to determine Sacyr's CR indicators. We have also verified whether they have been appropriately compiled from the data provided by Sacyr's sources of information.

#### **Our Independence and Quality Control**

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

#### **Limited assurance conclusion**

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that Sacyr's CR indicators, for the financial year ended 31<sup>st</sup> December 2016, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the G4 GRI Guidelines and the Construction and Real Estate Sector Supplement.

#### **Use and Distribution**

Our report is only issued to the Management of Sacyr, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Sacyr's Management.

PricewaterhouseCoopers Auditores S.L.

A handwritten signature in blue ink, appearing to read 'M<sup>a</sup> Luz Castilla', written over a horizontal line.

M<sup>a</sup> Luz Castilla

May 18, 2017

## A. Appendices

### Annex III. Contact Information G4-3 G4-5 G4-31

#### Spain

**SACYR, S.A.**

Pº de la Castellana, 83-85  
28046, Madrid

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**NEOPUL SOCIEDADE DE ESTUDOS ECONSTRUÇÕES, S.A.**

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28009 Madrid

**PRINUR**

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Edf. Cristal, Sevilla

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**SACYR CONSTRUCCIÓN, S.A.U.**

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**SADYT, S.A.**

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Vallés (Barcelona)

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Las Condes, Santiago de  
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**GRUPO UNIDOS POR EL CANAL**

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Ciudad de Panamá

**HIDURBE**

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**SOMAGUE S.G.P.S.**

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**SACYR PANAMÁ, S.A.**

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10146 Turin, Italia

## A. Appendices

### Annex IV. GRI Index

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.		26	✓
G4-2	Provide a description of key impacts, risks and opportunities.		212	✓
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Report the name of the organization.		227	✓
G4-4	Report the primary brands, products, and services.		40	✓
G4-5	Report the location of the organization's headquarters.		227	✓
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.		18	✓
G4-7	Report the nature of ownership and legal form.		204	✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiary).		18	✓
G4-9	Report the scale of the organization.		16, 17	✓
G4-10	a) Report the total number of employees by employment contract and gender.		185	✓
	b) Report the total number of permanent employees by employment type and gender.		246	✓
	c) Report the total workforce by employees and supervised workers and by gender.		246	✓
	d) Report the total workforce by region and gender.		245	✓
	e) Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	Not apply.		
G4-11	f) Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Due to the characteristics of our activities this indicator does not apply .		
	Report the percentage of total employees covered by collective bargaining agreements.		193	✓

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
G4-12	Describe the organization's supply chain.		93, 163, 173	✓
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.		26	✓
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		177	✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.		156, 171, 172, 176	✓
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.		151	✓
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	a) List all entities included in the organization's consolidated financial statements or equivalent documents.		204	✓
	b) Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		204	✓
G4-18	a) Explain the process for defining the report content and the Aspect Boundaries.		222	✓
	b) Explain how the organization has implemented the Reporting Principles for Defining Report Content.		222	✓
G4-19	List all the material Aspects identified in the process for defining report content.		224	✓
G4-20	For each material Aspect, report the Aspect Boundary within the organization.		224	✓
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.		224	✓
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		222	✓
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		222	✓

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### Annex IV. GRI Index

2016 Integrated Report

Sacyr

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24	Provide a list of stakeholder groups engaged by the organization.		150	✓
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.		150	✓
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		223	✓
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		224	✓
<b>REPORT PROFILE</b>				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.		222	✓
G4-29	Date of most recent previous report (if any).		222	✓
G4-30	Reporting cycle (such as annual, biennial).		222	✓
G4-31	Provide the contact point for questions regarding the report or its contents.		222, 227	✓
G4-32	a) Report the 'in accordance' option the organization has chosen.		222	✓
	b) Report the GRI Content Index for the chosen option.		222	✓
	c) Report the reference to the External Assurance Report, if the report has been externally assured.		222	✓
	d) GRI recommends external verification, although it is not mandatory for the report to be "in accordance" with the Guidelines.		222	✓
G4-33	a) Report the organization's policy and current practice with regard to seeking external assurance for the report.		222	✓
	b) If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.		225	✓

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
	c) Report the relationship between the organization and the assurance providers.		225	✓
	d) Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.		225	✓
<b>GOVERNANCE</b>				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		198	✓
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.		198, 201	✓
G4-36	Report whether the organization has appointed an executive level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.		198, 201	✓
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.		207	✓
G4-38	Report the composition of the highest governance body and its committees.		198	✓
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).		204	✓
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.		203	✓
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.		206	✓
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.		198	✓

## A. Appendices

### Annex IV. GRI Index

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.		222	✓
G4-44	a) Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.		206	✓
	b) Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.		206	✓
G4-45	a) Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.		212	✓
	b) Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.		212	✓
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.		212	✓
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.		212, 213	✓
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.		222	✓
G4-49	Report the process for communicating critical concerns to the highest governance body.		198	✓
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.		204	✓
G4-51	a) Report the remuneration policies for the highest governance body and senior executives.		204, 208	✓
	b) Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.		208	✓

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.		203, 208	✓
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		208	✓
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Instruments for the calculation of this indicator are not available within the scope of HR management in Sacyr.		
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Instruments for the calculation of this indicator are not available within the scope of HR management in Sacyr.		
<b>ETHICS AND INTEGRITY</b>				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		210	✓
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.		211	✓
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		211	✓
<b>ENVIRONMENTAL</b>				
<b>MATERIALS</b>				
G4-DMA	Material aspect.		138	✓
G4-EN1	Materials used by weight or volume.		138, 241	✓
G4-EN2	Percentage of materials used that are recycled input materials.		138	✓

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### Annex IV. GRI Index

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>ENERGY</b>				
G4-DMA	Material aspect.		104	✓
G4-EN3	Energy consumption within the organization.		104	✓
G4-EN4	Energy consumption outside of the organization.		108	✓
G4-EN5	Energy intensity.		108	✓
G4-EN6	Reduction of energy consumption.		110	✓
G4-EN7	Reductions in energy requirements of products and services.		110	✓
CRE1	Building energy intensity.		109	✓
<b>WATER</b>				
G4-DMA	Material aspect.		120	✓
G4-EN8	Total water withdrawal by source.		122	✓
G4-EN9	Water sources significantly affected by withdrawal of water.	Sacyr, over 2016 have not detected significant affections of water sources related to capture operations.		✓
G4-EN10	Percentage and total volume of water recycled and reused.		123	✓
CRE2	Building water intensity.		109	✓
<b>BIODIVERSITY</b>				
G4-DMA	Material aspect		128	✓
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		129, 130	✓
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		132	✓
G4-EN13	Habitats protected or restored.		131	✓
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		130	✓

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>EMISSIONS</b>				
G4-DMA	Material aspect.		111	✓
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).		111	✓
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).		112	✓
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).		112	✓
G4-EN18	Greenhouse gas (GHG) emissions intensity.		113	✓
G4-EN19	Reduction of greenhouse gas (GHG) emissions.		110	✓
G4-EN20	Emissions of ozone-depleting substances (ODS).		113	✓
G4-EN21	NOx, SOx, and other significant air emissions.		113	✓
CRE3	Greenhouse gas emissions intensity from buildings.		109	✓
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.		109	✓
<b>EFFLUENT AND WASTE</b>				
G4-DMA	Material aspect.		127	✓
G4-EN22	Total water discharge by quality and destination.		127	✓
G4-EN23	Total weight of waste by type and disposal method.		136	✓
G4-EN24	Total number and volume of significant spills.		139	✓
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Sacyr does not transport, import, export or treat hazardous waste, so this indicator does not apply to the organization.		
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	Throughout 2016, in Sacyr there have not been records of episodes in which the liquid effluents generated by the organization have produced significant damage on water resources and related habitats.		✓

## A. Appendices

### Annex IV. GRI Index

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>PRODUCTS AND SERVICES</b>				
G4-DMA	Material aspect.		93, 131	✓
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.		110	✓
		The answer to this indicator is reflected in indicators EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN23, EN30, EN31, EN32, EN33.		
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	This indicator does not apply due the nature of the products and services marketed by Sacyr.		
<b>REGULATORY COMPLIANCE</b>				
G4-DMA	Material aspect.		91	✓
G4-EN29	Monetary value of significant fines and total number of nonmonetary sanctions for non-compliance with environmental laws and regulations.		91	✓
<b>TRANSPORT</b>				
G4-DMA	Material aspect.		117	✓
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.		117	✓
<b>DEGRADATION, POLLUTION AND SOIL REMEDIATION</b>				
G4-DMA	Material aspect.		139	✓
CRE5	Restoration lands and in need of rehabilitation.			✓
		Throughout 2016, in the Construction area, there have not been activities in areas with contaminated soil, so there have not been carried out activities for decontaminating soils.		

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>GENERAL</b>				
G4-DMA	Material aspect.		90	✓
G4-EN31	Desglose de los gastos y las inversiones ambientales.		90	✓
<b>ENVIRONMENTAL EVALUATION OF SUPPLIERS</b>				
G4-DMA	Material aspect.		93	✓
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.		93	✓
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.		93	✓
<b>ENVIRONMENTAL GRIEVANCE MECHANISMS</b>				
G4-DMA	Material aspect.		99	✓
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.		99	✓
<b>SOCIAL</b>				
<b>LABOR PRACTICES AND DIGNITY OF LABOR</b>				
<b>EMPLOYMENT</b>				
G4-DMA	Material aspect.		192	✓
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.		242	✓
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		194	✓
G4-LA3	Return to work and retention rates after parental leave, by gender.		243, 244	✓

## A. Appendices

### Annex IV. GRI Index

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
G4-DMA	Material aspect.		158	✓
G4-LA5	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.		158, 159	✓
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.		158, 162, 244, 247	✓
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.		162	✓
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	There are formal agreements with unions in which health and safety clauses are included related to construction sector in Spain.		✓
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized OHS management system.		158, 159	✓
<b>TRAINING AND EDUCATION</b>				
G4-DMA	Material aspect.		184	✓
G4-LA9	Average hours of training per year per employee by gender, and by employee category.		186-189	✓
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		186-189	✓
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.		185	✓
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
G4-DMA	Material aspect.		191	✓
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		198, 245	✓

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>				
G4-DMA	Material aspect.		191	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	The ratio is not available, but a qualitative answer is given on p. 191 and direct response in this GRI Index: "The management of the company and in particular the area of Compensation and Benefits ensures compliance with the confidentiality requirements and for the establishment of its remuneration policy with criteria of internal and external equity."		
<b>HUMAN RIGHTS</b>				
<b>NON-DISCRIMINATION</b>				
G4-DMA	Material aspect.		191	✓
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	In 2016, no incidents of discrimination have been registered in Sacyr through the established channels for reporting incidents.	172	✓
<b>CHILD LABOR</b>				
G4-DMA	Material aspect.		172-174	✓
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.		172-174	✓
<b>RIGHTS OF THE INDIGENOUS POPULATION</b>				
G4-DMA	Material aspect.		210	✓
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	In 2016, no violations of the rights of indigenous peoples have been registered in Sacyr through the established channels for reporting incidents.		✓

## A. Appendices

### Annex IV. GRI Index

Code	Description	Omissions	Page/ Direct answer	Ext. Ver
<b>EVALUACIÓN</b>				
G4-DMA	Material aspect.		172, 174	✓
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	During 2016, the Sacyr Group has not carried out specific reviews to assess the impact on human rights.	172-174	✓
<b>SOCIETY</b>				
<b>COMBATTING CORRUPTION</b>				
G4-DMA	Material aspect.		210	✓
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.		210	✓
G4-S04	Communication and training on anti-corruption policies and procedures.		210	✓
G4-S05	Confirmed incidents of corruption and actions taken.			✓
			In 2016, no Incidents of corruption have been registered through established channels for their complaint.	
<b>PRODUCT RESPONSIBILITY</b>				
<b>PRODUCT AND SERVICE LABELING</b>				
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.		116	✓

## A. Appendices

### Annex V. GRI Tables

#### Materials used by weight or volume G4-EN1

##### Construction

Steel	Tn	68,058.20
Cement	Tn	102,924.25
Concrete	Tn	771,118.39
Asphaltic agglomerates	Tn	89,779.62
Aggregates	Tn	2,844,093.25
Reused land	Tn	2,151,762.77

##### Industrial

Concrete	Tn	17,737.54
Hexane	Tn	40.04
Hydrochloric acid	Tn	13.47
Hypochlorite	Tn	8.51
Aggregates	Tn	19,605.78
Reused land	Tn	1,956.00
Steel	Tn	1,423.34

##### Concessions

Fluxes	Tn	193.91
Pesticides	Tn	0.33

##### Services

Reused land	Tn	6,607.38
Fertilizers	Tn	1,574.53
Oils	Tn	93.82
Sulfuric acid	Tn	21.50
Adblue	Tn	57.32
Carbon dioxide	Tn	74.10
Ferric chloride	Tn	2,574.06
Coagulant	Tn	843.09
Calcium hydroxide	Tn	149.08
Sodium hypochlorite	Tn	719.21
Paintings	Tn	43.11
Cleaning Products	Tn	556.63
Polyelectrolyte	Tn	191.14
Pesticides	Tn	32.97
Fluxes	Tn	6,137.86
Sodium hydroxide	Tn	7.97

## A. Appendices

### Annex V. GRI Tables

#### New permanent hiring and labour turnover in Spain by gender G4-LA1

	NEW HIRING			TURNOVER		
	2016	2015	%16/15	2016	2015	%16/15
Men	1,205	843	42.9%	597	454	31.5%
Women	1,278	547	133.6%	947	573	65.3%
<b>TOTAL</b>	<b>2,483</b>	<b>1,390</b>	<b>78.6%</b>	<b>1,544</b>	<b>1,027</b>	<b>50.3%</b>

#### Labour turnover in Spain G4-LA1

	TOTAL 2016	TOTAL 2015
Average consolidated workforce	21,306	16,904
Total leave	1,544	1,027
Media leave	129	86
% monthly	0.60%	0.51%

#### New hiring and labour turnover in Spain by age G4-LA1

	2016	Up to						Total
		20 years	+20 years	+30 years	+40 years	+50 years	+60 years	
New hiring	2016	15	472	694	778	450	74	<b>2,483</b>
	%	0.6%	19.0%	28.0%	31.3%	18.1%	3.0%	<b>100%</b>
Labour turnover	2016	8	221	377	354	249	335	<b>1,544</b>
	%	0.5%	14.3%	24.4%	22.9%	16.2%	21.7%	<b>100%</b>

## New hiring and labour turnover in Spain by Autonomous Community G4-LA1

	New hiring	Labour turnover
Andalusia	176	129
Aragón	37	22
Asturias	30	14
Balearic Islands	11	14
Canary Islands	75	38
Cantabria	15	10
Castille La Mancha	260	96
Castille León	111	92
Catalonia	327	284
Valencian Community	145	67
Extremadura	14	13
Galicia	102	61
Madrid	972	624
Murcia	76	13
Navarre	7	9
Basque Country	95	29
La Rioja	24	26
Ceuta	4	0
Melilla	2	3
<b>Total</b>	<b>2,483</b>	<b>1,544</b>

## Maternity/Paternity leave in Spain (2016) G4-LA3

	Paternity	Maternity	TOTAL
Men	287	6	293
Women	0	243	243
<b>TOTAL</b>	<b>287</b>	<b>249</b>	<b>536</b>

## Return to work and retention rates after parental leave in Spain (2016) G4-LA3

	Active	Leave	TOTAL
Men	289	4	293
Women	220	23	243
<b>TOTAL</b>	<b>509</b>	<b>27</b>	<b>536</b>

## A. Appendices

### Annex V. GRI Tables

#### Reasons of leave after parental leave in Spain G4-LA3

CONCEPTS OF LEAVING 2016	Women	Men	TOTAL	%
01 Dismissal of worker	1	0	1	3.70%
16 Extinction of the authorized contract in RER or by judicial order or verified by labor authority in Coa	4	0	4	14.82%
11 End of temporary contract at the request of the employer	3	2	5	18.52%
15 End or interruption of the activity of workers fixed-temporary	3	1	4	14.82%
<b>TOTAL BUSINESS CAUSES</b>	<b>11</b>	<b>3</b>	<b>14</b>	<b>51.86%</b>
21 Worker voluntary Leave	1	0	1	3.70%
26 leave on to care for children	3	1	4	14.82%
Unpaid leave	1	0	1	3.70%
Subrogation	7	0	7	25.92%
<b>TOTAL OTHER CAUSES</b>	<b>12</b>	<b>1</b>	<b>13</b>	<b>48.14%</b>
<b>TOTAL LEAVE 2016</b>	<b>23</b>	<b>4</b>	<b>27</b>	<b>100%</b>

#### Sickness absenteeism and other reasons in Spain G4-LA6

	2016	% 16/15
Lost hours (disease and other)	3,595,536	37.02%
Worked hours	59,711,903	24.10%
Possible hours	64,130,983	24.84%
% Absentism	5.61%	9.78%

#### Accidents (by gender) G4-LA6

	2013	2014	2015	2016
Men	412	672	630	596
Women	370	393	502	921
<b>Total</b>	<b>782</b>	<b>1,065</b>	<b>1,132</b>	<b>1,517</b>

## Distribution of workers by gender and country G4-10 G4-LA12

Country	2016		TOTAL
	Men	Women	
Spain	9,699	11,607	21,306
Chile	1,389	314	1,703
Portugal	1,333	219	1,552
Angola	444	75	519
Colombia	296	182	478
Peru	346	57	403
Mozambique	72	12	84
Bolivia	63	11	74
Qatar	45	7	52
Cape Verde	37	10	47
Australia	36	7	43
Algeria	25	2	27
Brazil	16	11	27
Mexico	17	7	24
Israel	12	4	16
Panama	7	1	8
Ireland	5	2	7
USA	3	3	6
Oman	2	1	3
India	2	-	2
Costa Rica	1	-	1
Italy	-	1	1
<b>TOTAL</b>	<b>13,850</b>	<b>12,533</b>	<b>26,383</b>

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### Annex V. GRI Tables

#### Detail of the workforce in Spain by Autonomous Communities G4-10

	Holding	Construction	Real Estate	Services	Concessions	Industrial	2016
Andalusia	-	162	2	1,550	26	65	1,805
Aragón	1	23	-	292	-	-	316
Asturias	-	-	-	230	14	3	247
Balearic Islands	-	7	-	159	15	-	181
Canary Islands	-	35	-	636	-	1	672
Cantabria	-	4	-	101	-	-	105
Castille La Mancha	-	12	-	1,442	-	24	1,478
Castille León	-	11	16	1,275	11	-	1,313
Catalonia	-	104	-	2,289	-	37	2,430
Valencian Community	-	25	-	730	23	-	778
Extremadura	-	4	-	157	-	-	161
Galicia	-	20	-	782	12	3	817
Madrid	202	604	3	8,921	84	95	9,909
Murcia	-	44	-	107	17	40	208
Navarre	-	-	-	90	-	-	90
Basque Country	-	27	2	402	-	24	455
La Rioja	-	1	-	211	-	-	212
Ceuta	-	-	-	58	-	-	58
Melilla	-	-	-	71	-	-	71
<b>TOTAL GENERAL</b>	<b>203</b>	<b>1,083</b>	<b>23</b>	<b>19,503</b>	<b>202</b>	<b>292</b>	<b>21,306</b>

The total of the workforce with fixed contract are 20,348 and 6,035 have a temporary contract.

Sacyr's workforce in Spain can be broken down into a total of 7,577 men and 5,834 full-time women and a total of 2,122 men and 5,773 women part-time.

By age groups in Spain, the workforce is made up of 1,279 employees up to 30 years, 4,428 up to 40 years, 7,135 up to 50 years and 8,464 over 50 years.

## Accident rates G4-LA6

Area	Employees	Hours	Accidents Resulting in Absence	Working Days Lost	Frequency Rate (N° of WA/ Worked Hours x 1,000,000)	Severity Rate (W. days Lost/ Worked Hours x 1,000)	Incidence Rate (N° WA/ N° Workers x 100,000)
Services	18,477	48,281,980	1,486	58,922	30.78	1.22	8,042.58
Construction	1,042	2,716,790	14	1,463	5.15	0.54	1,343.24
Industrial	281	733,450	10	446	13.63	0.61	3,558.72
Real Estate	9	23,690	0	0	0	0	0
Concessions	207	539,030	7	79	12.99	0.15	3,389.83
Holding	203	529,880	0	0	0	0	0

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## Annex VI. Contribution to SDG

2016 Integrated Report



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<b>6</b> Clean water and sanitation  p. 120 	<b>7</b> Affordable and clean energy  p. 110 	<b>8</b> Decent work and economic growth  p. 184 	<b>9</b> Industry, innovation and infrastructure  p. 22 and 50 	<b>10</b> Reduced inequalities  p. 172 and 190 	<b>11</b> Sustainable cities and communities  p. 116 
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