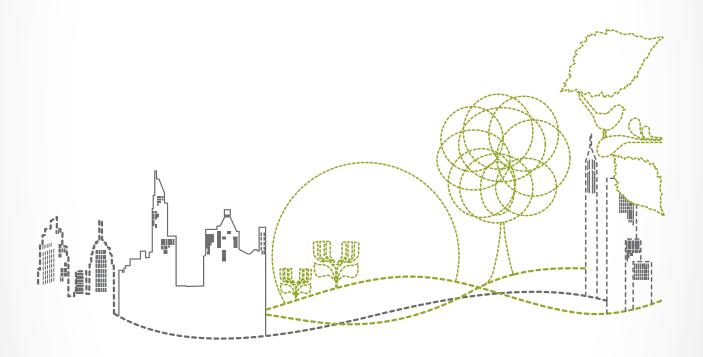


Sustainability Report

Environment Division - FCC Group 2012 - 2013







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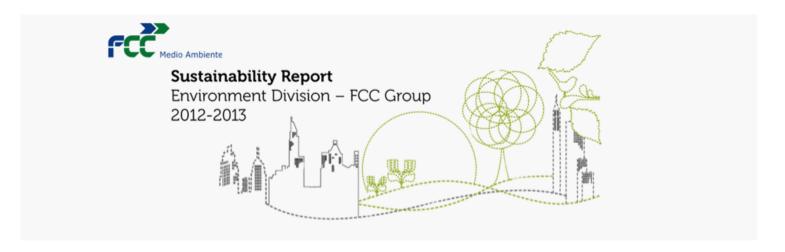
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The Environment Division of the FCC Group has drafted this report, which is available for the first time in web format, to present the ways in which the organisation has been able, during the past two years (2012-2013), to react and adapt to an environment in which its actions have had to be coordinated to establish a management model based on the circular economy aimed at improving the quality of life of the public. We are still governed by the 3 guiding principles of the Group's Corporate Responsibility Master Plan (2011-2014): Exemplary behaviour, smart services and Connecting citizens, which support a programme of priority actions as presented below.

This Sustainability Report, produced once every two years since 2008 and described as A+ by the Global Reporting Initiative (GRI), has been verified by an external independent entity which guarantees the conformity of its content with version 3.1 of the Guide for drafting sustainability reports. This is an initial step with a view to ensuring that, in the next publication, we are in tune with the principles defined in the recent production of the Guide, version G4.

The economic and social data reflect the main scales according to the consolidation principle applied by the FCC Group to the companies that make up the Environment Division, while the environmental data refer to all the information of the activities provided by these companies. The videos show some of the good practices implemented as part of the scope of contracts over which we have operational control.

The Sustainability Report is available on the website of the FCC Group www.fcc.es

FCC Citizen Services

Environment Division

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This new adventure in my professional career, which has spanned more than 30 years in the FCC Group, gives me the opportunity to introduce for the very first time the sustainability report of the Environment Division, which is now in its 5th edition. It is my responsibility to take on the baton from my predecessor, Agustín García Gila, who laid the foundations for sustainability to become the hallmark of the identity of the activities and environmental services that we provide in the various communities and territories in which we are active.

The relationship of proximity that I have been fortunate enough to maintain in the recent past with our various and numerous

interest groups i.e. public and private clients, local associations, the public, and other institutions, has shown to me over the years the role that a company like ours has in terms of local development, as we are an integral part of the solutions required to meet targets of social equity, economic initiatives and environmental contingency planning shared by most of our public clients.

In the turbulent times that we have recently experienced, FCC has always remained faithful to its commitment when it comes to ensuring and guaranteeing the development of its activities within economic, social and environmental limitations which are suited, in the most appropriate and satisfactory manner, to the priorities of clients, employees and the public.

The integration of the guiding principles of our corporate responsibility policy into the adopted solutions has enabled us to rise to delicate socio-economic situations and guarantee the quality of the services provided within the framework of sustainable environmental management. Furthermore, we should be appreciative of the solidarity shown by our staff in their commitment to the social initiatives undertaken in favour of the most disadvantaged groups.

With attentions firmly focused on the future, the evolving nature of some indicators gives the impression that the situation of our sector is entering a phase of standardisation which will bring with it a change in the model with new economic, social and environmental challenges.

To address and prepare for this transitional period, we are renewing our organisational structure which will support the implementation of a road map for 2014-2015 with a programme of priority actions based mainly on the development of good practices with a view to providing our clients with solutions centred around an offer of increasingly environmentally-friendly technological services which are easy to manage for users at competitive prices. The impetus of the public/private collaboration therefore becomes fundamental in terms of preparing the cities of the future and guaranteeing a healthy environment and one of well-being for the public.

Although the mid-term challenges and priorities are part of the continuation of actions undertaken previously, we are keen and ambitious to do more and improve. The organisation overall will be mobilised to promote and guarantee economic development that embraces environmental and social progress with a view, to the extent possible, to dealing with the expectations and concerns of the public.

Jorge Payet Pérez

CEO of the Environment Division of FCC



In 1'_ Activity



In 1'_ Exemplary behavior



In 1'_We promote the efficient management



Renewals and awards



Health and safety initiatives



Improving energy efficiency



Reducing GHG emissions



Protecting water resources



Maximising waste recovery and recycling



Fostering biodiversity



Connecting citizens



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FCC, the Citizen Services Group

The FCC Group is one of the leading European public service companies present in the sectors of environmental services, water and engineering and infrastructure. A total of 42 % of its revenue is made in the foreign market and it employs more than 63,000 employees mainly located over four continents: Europe, America, Africa and Asia.

See 2013 Results Report of the FCC Group at www.fcc.es

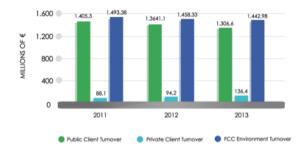


Against an adverse economic backdrop, and in view of the current contraction of the financial market, the FCC Group has devised a strategy based on its strategic business, supported by a solid trajectory, and on returning confidence to investors and the market.

In the construction sector, in which the FCC Group has more than 100 years' experience, the Company is promoting strategic projects in countries with great opportunities for growth and infrastructure requirements. In the area of the water management cycle, client management is what sets FCC Aqualia apart as the third leading company in the sector. The area of activity of environmental services has the local support of the cities in which it is implemented, as it seeks to improve its service offer.

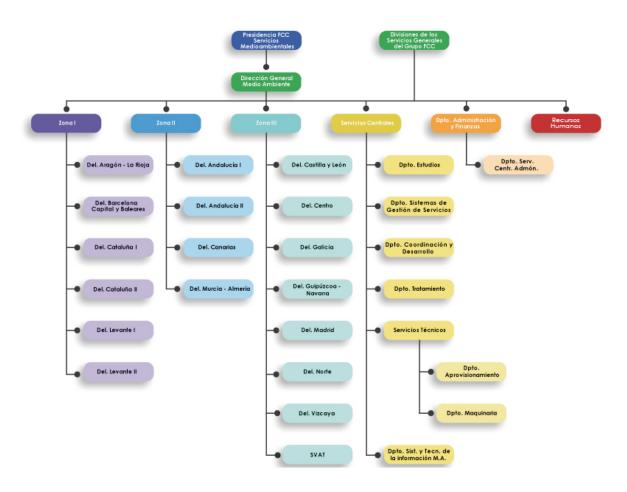
The hugely turbulent times experienced by the sector of urban environmental services, mainly due to the budgetary difficulties of public clients who represent 90.55% of our turnover, have had a major impact on the Environment Division meaning that a number of economic and financial adjustments have had to be made, affecting the whole organisation on a functional and structural level. However, some factors appear to indicate that our environment could enter a phase of standardisation with forecasts of favourable prospects for development in the waste sector and in energy efficiency of public infrastructure.





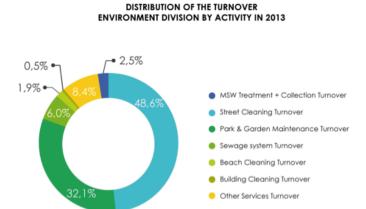
The 1,013 environmental service management contracts are distributed through a portfolio of 708 clients, of which 73.31% are public clients and 26.69% are private.

1. Organización de la División Medio Ambiente



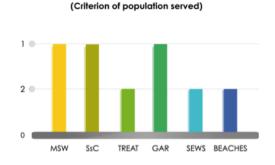
The Environment Division accounts for 21.45% of the revenue recorded by the FCC Group. We serve 3,384 Spanish towns every day; these have placed their trust in the experience of a team which comprises 29,104 professionals.

2. Maintaining and consolidating leadership



Although the turnover of the Environment Division has fallen slightly by 3.38%, we have managed to establish ourselves as a benchmark in the sector. Furthermore, FCC has cleaned up its accounts, by cancelling part of the outstanding debt, thereby benefiting from the measures undertaken by the Spanish government to tackle the default rate.

According to the distribution of turnover in 2013, activities related to the collection, treatment and recovery of waste continue to account for a predominant share of the business with 48.6% followed by urban cleaning activities with 32.1%.



POSITIONING IN RELATION TO OUR COMPETITORS IN 2013

3. Commitment to a context of ongoing standardisation with new business opportunities

In the mid-term, some factors would appear to indicate that our environment could enter a phase of standardisation. In effect, the services provided have been sufficient and reasonably adjusted so that no further adaptations to their current implementation model have to be made. Furthermore, invitations to tender rose slightly in 2013 although at a more moderate rate towards the end of the year.

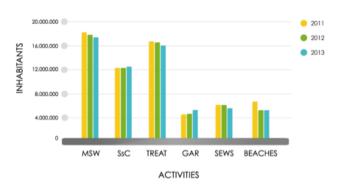
On the other hand, and although it is difficult to predict a halt to the fall in production of household waste, between 2012 and 2013, a substantial slowdown was observed in this area in relation to previous years. Moreover, by meeting the targets of the Spanish Law on Waste, the recovery and recycling rates should pick up, which provides us with new business opportunities in the mid-term.

In the same way, the energy efficiency target in the field of public infrastructure management paves the way for the diversification of our service offer. With the national economy showing slight signs of recovery, production activity of the industrial sector should pick up, which could boost our industrial service activities.

4. A solid platform in the form of experience

The Environment Division has maintained its position in the market due to the confidence that clients have placed in us, as shown by the stability in the number of inhabitants that we have served, on account of renewals and new contractual awards.

DEVELOPMENT OF POPULATION SERVED FROM 2011 TO 2013 (100%)







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The strategy of the FCC Group in terms of Integrity, as projected in the 3rd Master Plan, is shared by all business areas. Therefore, the policies and codes of practice of the corporation are applicable in the Environment Division, which also supports the organisation in terms of meeting many of their challenges.



1. Good governance

As a **strategic priority**, the FCC group continues to operate under the **principle of transparency**, for which many of its standards have been adopted and practically all the **recommendations** of the **Unified Code of Good Governance in Listed Companies** have even been included in its own corporate governance model.

The Corporate Governance of FCC understands that **integrity** and **transparency** should be part of the **framework for action** of all its professionals wherever the company may be. Therefore, its main focus of attention concerns the promotion of exemplary behaviour based on a number of benchmark ethical principles aimed at the development of the people of FCC and the service provided to the public.

For further information on this subject, see the Annual Corporate Governance Report on the company website (www.fcc.es).



2. Control and management of risks and opportunities

The approval of the **Risk Control and Management Policy**, as well as the monitoring and supervision of the internal information and control systems of the FCC Group are, given their special relevance, the responsibility of the Board of Directors. The **Management Control and Risk Management Department** is responsible for identifying, assessing and classifying key risks for the FCC Group; it is also responsible for establishing and monitoring action plans concerning the most relevant risks and regularly updating the whole process.

In the annual report of the FCC Group (page 263), available on the corporate website, information is available about this subject.

The Environment Division has its **own risk map**, in keeping with international standards defined by the **COSO II methodology**, as well as an Action Plan to minimise them with control **indicators**.



3. A strengthened ethical code

Throughout the 2012-2013 period, the ethical framework of the company has been consolidated with the **renewal of the Corporate Ethical Code** to include, on the one hand, redefined principles on which the corporate culture of FCC is based. The consolidated ethical framework includes the guidelines of the American Federal Sentencing Guidelines which are a tool with two clear objectives; on the one hand, to promote a culture of ethics and, on the other, to assert that the company performs due diligence in the prevention, detection and elimination of irregularities.

The **Response Committee**, approved by the Board of Directors of the FCC Group, is the board that oversees the general functions of promoting distribution, knowledge and compliance with the Ethical Code in the company.

Furthermore, it should be pointed out that the **Prevention of and Response to Offences Manual** has been produced and that an on-line training programme on the subject has been implemented.

The Group has opened the Internal communication channel, by which it is possible to report any breach of our Ethical Code.

The Ethical Code and the internal regulations are available on the corporate website of the FCC Group (www.fcc.es).

4. Three guiding principles and a programme of priority actions

The challenges affecting the environment in economic, social and environmental terms with a view to 2020 were decisive when it came to defining the guiding principles and the programme of actions of the **3rd Corporate Social Responsibility Master Plan (2011-2014)**, which is the focal point of the sustainability strategy of the Environment Division.

Throughout the report, which we have structured around these guiding principles, Exemplary Behaviour, Smart Services and Connecting citizens, we will provide information about the targets that have been met and the good practices carried out in the 2012-2013 period, as well as the challenges that we are setting ourselves for the 2014-2015 two-year period as part of a programme of priority actions which is summarised in the appended graphic.





- Promoting training programmes and unearthing talent
- Promoting employment and social dialogue
- Promoting diversity and equal opportunities
- Improving health and safety in the workplace
- Strengthening the ethical framework of the company



- Reducing GHG emissions
- Maximising waste recovery and recycling
- Improving energy efficiency
- Protecting water resources
- Fostering biodiversity



• Connecting with local communities



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In keeping with the priority actions which characterise the "Exemplary behaviour" of the FCC Group, as included in the Corporate Responsibility Master Plan 2012-2014, the Environment Division continues to act in areas aimed at: strengthening the ethical framework of the company, promoting the training of its staff, improving health and safety in the workplace, favouring diversity and equal conditions and maintaining an active dialogue with its interest groups.

1. The renewal of the organisation's social structure

The Environment Division undertakes activities characterised by their strong human element: its **29,104 employees** represent 46% of the total workforce of the FCC Group.

Due to the need to attend, in a very specified manner, to particular characteristics of powerful social dialogue in our field of activity and the particular exposure of our sector to external decisions and factors which directly affect the social stability of our organisation, with a possible impact on the society in which we are active, FCC has decided to modify its structure so that it is able to prevent and resolve this kind of situation in the most coordinated and concerted manner possible between the various stakeholders concerned.

With this in mind, the Environment Division, just like other business fields of FCC, was granted its **own Human Resources Department** in 2013, which will receive the support of the Corporate HR Department which establishes the guidelines of a common policy. The aim here is to guarantee **management of local situations with the greatest possible proximity and anticipation** to ensure **that suitable and satisfactory solutions** are **found for people that are part of the workforce, clients and the public.**





The human team in figures

- 22.1% increase in the number of full-time employees on the workforce in relation to 2011.
- 542 changes from temporary to open-ended contracts.
- . Staff turnover rate of 1.01%, 21% less than 2011.
- 78.8% of employees with a full-time contract.
- Internal mobility: 554 transfers to companies of the FCC Group in the last three years.

Remuneration and social benefits

- · Cost of wages: 61.8% of turnover
- Average wage 2.5 times greater than the minimum interprofessional wage in Spain.
- €891.2 million distributed between salaries and wages and social security costs.
- · 32.2% increase in the cost of social benefits

The creation of an HR department of the Environment Division



2014-2015 Challenges

- Improving the planning of the workforce in accordance with the employment stability principle in the studies prior to sending public tender bids.
- Face up to a new stage which promotes mobility and internationalisation of our workforce.
- Integrating professional flexibility as part of the projected implementation of a new management model of the work timetable.



Good Practices

Maintaining employment is a shared priority

- In the 2011-2013 period, public entities took measures to reduce costs which had a direct impact on the organisation of a number of different public services.
- The Environment Division, like many companies that manage public services, had to readjust the services provided and reconsider the provision of material and human resources, which in some cases led to an adjustment of the workforce requirements, though always in a negotiated fashion.
- To address such a complex and delicate situation and limit the impact of its social effects, the HR teams of FCC worked in conjunction with local and institutional social stakeholders with a view to ensuring that the following was always prioritised in the measures accompanying the restructuring plans:
 - Dialogue with unions and union representatives of the employees.
 - The protection of the job by favouring measures to temporarily suspend employment or render working conditions more flexible with respect to the loss of jobs.
 - The programmed generational renewal.
 - The ratification of contracts which guarantee that the rights of workers are protected under the supervision of the Social Bank.
 - The monitoring of processes under the authority of the social commission.
 - The creation of employment centres for those employees affected by employment regulation processes.
 - The inclusion of specific clauses in social situations of special need.
 - The establishment of cross-sector agreements with Associations and Foundations to facilitate the redeployment of people at risk of social exclusion.

Social dialogue and participation

- Social dialogue constitutes a key tool within the corporate strategy, and without it, FCC is not deemed to be successful in the environmental services activities.
- The people that are part of the company have access to a new corporate intranet: ONE
- Through the established internal communication channels, actions at a corporate level have been promoted for the distribution
 of professional information and other professional indicators, by means of the creation of a specific website.
- By means of the Internal Communications Channel: any person can receive information about illicit behaviour related to corruption, bribery or any kind of harassment in the working environment.
- By means of the portal FCC in the World the employees have a new area in which to promote the internationalisation of their professional careers.



"FCC IN THE WORLD: A NEW SPACE IN WHICH TO PROMOTE PROFESSIONAL CAREERS"

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2. Promoting training programmes and unearthing talent

Training is one of the key factors of economic and social growth of the company. Our activities are in a constant state of development and the skills level of our staff must pre-empt and assimilate these changes. The continuous annual training plan contemplates formalisation, diversification and transfer of the experience acquired so that each employee can find an opportunity for development and personal evolution.

The Environment Division benefits from the training mechanisms and incentives developed at corporate level and it establishes additional training areas to satisfy the most specific needs of the environmental activities.





- 48.556 participants have attended a training course
- 473.230 hours of training provided
- 10 hours hours of training per participant



2014-2015 Challenges

- Implement the new managerial skills model
- Integrate mobility as an opportunity for development and professional evolution
- Carry out a process to detect training needs for more specific groups in order: to provide support during the change of professional category, strengthen the specialisation, promote equal opportunities between men and women, etc.



Good Practices

Training Policy

A new training and assessment policy has been established to prepare the management of the future and to boost the skills of employees and facilitate the acquisition and transfer of experience.

- Implementation of a Global Training Model and a Corporate Training Plan which includes those points which must be common and applicable to all areas of the business. With that in mind, the organisation has its own Corporate University which has links to various Schools, in accordance with the Business and the Group's Strategic Plan.
- Re-definition of the managerial skills model in Spain and re-definition of the global performance assessment systems whose aim is to improve the contribution of people to the targets of the company and facilitate their professional development.
- Availability of a new online training space on the Intranet.

Knowledge transmission

IT technologies have enabled us to develop interactive platforms to share and convey knowledge. Likewise, technical workshops and forums of exchange between internal and external experts of the organisation are arranged to ensure progress in the definition and formalisation of the economic, social and sustainable environmental service concept.

- The shared working platforms on the online environment: the FCC INNOVA knowledge Management Portal; the Sustainable management of Gardens and Treatment and elimination Facilities, and Fight against climate change portals which are included as part of the S.E.D.R.U.S® (Sharing Environment Data to Reflect Urban Sustainability) platform; and the Quality and Environment Management and Risk Prevention in the Workplace portals.
- The annual internet communication of the achievements made and the guidelines to follow to continue improving the results recorded, within the framework of the "Ecological office" initiative.
- The regular on line corporate review "Communication network".
- The staging of technical workshops, such as the round of presentations of the portal of the fight against climate change and the progress of the organisation in terms of the fight against climate change and calculation of the carbon footprint to the business delegations of the Environment Division over the whole Spanish territory.
- The organisation is based on the work of the pilot groups in which internal experts participate and there is external scientific collaboration to study and delve into specific themes with a view to introducing new aspects in the sustainable management models of the services provided, especially concerning energy efficiency, reduction of GHG emissions and optimisation of water consumption.
- The Sustainability Report which reports every two years on our developments in terms of compliance with shared commitments and projects future challenges.





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3. The permanent requirement concerning health and safety in the workplace

The Risk Prevention in the Workplace Policy of FCC has three strategic focal points:

- 1. Permanent improvement of the working conditions and reduction of rate of accidents
- 2. Commitment of compliance by the whole Organisation.
- 3. Involvement of all interest groups including clients and suppliers.

Furthermore, the **Corporate Health and Safety in the Workplace Manual** sets out the corporate criteria and requirements on which, in general, the management of the risk prevention in the workplace must be based in all the companies and areas of business of the FCC Group.

The favourable development of the benchmark indices in terms of health and safety in the workplace shows that the Environment Division has managed to achieve results which significantly improve the original situation.

The ability to meet health and safety targets is precarious and requires permanent supervision and effort to raise awareness and mobilise each and every colleague. With that in mind, we will continue to roll out mechanisms of proven efficiency and we will use analysis tools as a basis for greater identification of decisive aspects in improvements that we must continue to introduce in the mid-term prevention policy.





- Technical activities developed at our Division have contributed to the significant reduction of indicators of accident rate and absenteeism
 - Reduction in the indices of frequency, severity and incident by 11.2%, 18.1% and 17% respectively.
 - Reduction of indices of total absenteeism (illness and accident) by 18.8%.
- Various Delegations have managed to achieve the "O Accidents" target.
- Development and implementation of new integrated management tools.
- Deployment of the risk prevention in the workplace training programme:
 - 19,666 participants
 - 185,281 hours
 - 28% of costs in 2013
- Prize awarded to the Canaries Delegation for the preventive management category at the 2nd Edition of the Heath and Safety Awards of FCC.
- · 1st Certification of the Catalonia II Delegation as a safe company



L 2014-2015 Challenges

- During 2014, reduce the indices of absenteeism by 5% in each commercial Zone.
- Devise a Road Safety Plan of the Environment Division with the aim
 of reducing the rate of accidents on the road.
- Reduce the number of traffic accidents (during assignments and trips) by 5% in relation to the previous year.
- Implement the new strategic health, safety and well-being in the workplace plan (2013-2015).
- Promote and stimulate the development of professional skills of at least 25% of the technicians of risk prevention in the workplace.
- Implement the Healthy Company model in two Delegations of the Division.
- Certify the Road Safety System at one Delegation (Standard UNE ISO 39001).
- Assess the economic impact of the risk prevention in the workplace policy on the organisation.



Good Practices

The prevention policy favours proximity work which is possible thanks to the cross-department collaborations taking place between the managers involved and their impetus based on practical initiatives with the active involvement of employees.

A Joint Prevention Service on the ground which deals with the supervision of health and safety in the workplace

- It attends to 92% of the workforce and includes a membership of 56 companies
- Renewal of the certification OHSAS 18.001
- Improvement in the results recorded due to the establishment of a close working relationship and coordinated effort between the risk prevention in the workplace services and the particular medical services available to the Environment Division in the monitoring and analysis of incidents and the return effect of the measures undertaken.

The "O ACCIDENTS" target: A reality within the realms of possibility

 With regard to the "O Accidents" challenge set out by the Group and taken up by the Environment Division, research into work-related accidents is extremely important in eliminating and reducing work-related accidents. Therefore, the degree to which serious and fatal accidents are processed and monitored has been stepped up; this has already proved to be effective.

Health and safety initiative

 Many initiatives have been introduced which promote care and the improvement of health and well-being of employees and their families (agreements with gyms, participation in races, competitions for families) and the corporate bulletin has established a section in which tips for healthy living and safe working practices are set out ("Take care of your back", "The importance of vision", "Benefits of a healthy and balanced diet").

Training as a tool for raising awareness and conveying information

 Preventing Risks in the Workplace is one of the fundamental themes of the training provided and it represents a tool by which information about the culture of prevention can be conveyed and distributed.





FOCUS ON PREVENTION IN THE ORGANISATION



VIDEO_Health and safety initiatives

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4. Solidarity in the commitment to diversity and equal opportunities

Maintaining and taking initiatives in favour of diversity and equal opportunities strengthens and asserts the commitment acquired by the company FCC, especially when this is undermined by a critical socio-economic context which will heighten inequality of conditions and increase the risk of marginalisation of the most disadvantaged.





- 58 initiatives of social and professional integration of disadvantaged groups applicable in 2013

 • 23.5% of female staff
- 9.9% increase in the number of employees with a disability in relation to 2011
- · 16 students to benefit from work experience in the last 2-year



~ 2014-2015 Challenges

 Working closely with the FCC Group within the framework of the agreement signed with the ONCE Foundation, with which the aim is to integrate 125 people with a disability into the company in the next 3 years.

Reconciliation of personal, family and work life

- The measures agreed in the various applicable agreements are applied; they relate to actions which increase awareness about maternity and the application of a certain timetable flexibility when entering and departing the workplace. Furthermore, and independent of the commitments undertaken through the collective negotiation, the daily timetable has been reduced at the same time as the range of timetable flexibility has been increased both at the start of the day and during the lunch hour; this initiative seeks to further reconcile personal, family and work life, and it has been positively welcomed by the legal representation of the
- Resulting from the initiatives carried out in the past three years concerning the reconciliation of work, personal and family life, the percentage of women in professional categories of greatest responsibility within the hierarchical structure has been increased by 29%.

Good Practices

The Environment Division has backed and supported initiatives and corporate commitments undertaken in the 2012-2013 period.

The same opportunities for all

· The Environment Division is collaborating on vocational integration of groups that find it difficult to enter the work market, by recruiting young people, women, immigrants, disabled people, etc. which is why it is working actively with associations, companies and foundations of integration and local councils.

The inclusion of young people in the world of wo

 In conjunction with universities and business schools our organisation continues to facilitate the transition from studies to work with a view to ensuring the ongoing promotion of job creation among young people, a category that has been severely afflicted by unemployment, by offering them a chance to improve their qualifications through direct knowledge of the business environment.

 The Environment Division implemented an Equality Plan signed by the unions UGT and Comisiones Obreras, valid up to 31 December 2012, in which a number of measures are established to promote equal treatment and opportunity between men and women, and eliminate any kind of discrimination on the grounds of gender. This plan was renewed in 2013, and was again agreed with the aforementioned unions; it includes improvements which have resulted in significant progress being made in the management of equality within the company.

- With respect to the workforce-related information, with the exception of the total number of employees at 31/XII and the staff costs, the data of the companion the payroll programme of FCC, which in 2013 covered 96% of the workforce at the end of the financial year, have been taken into consideration. At any rate, the of consolidation of the FCC Group has been applied.
- Concerning the data relating to training and social dialogue, subsidiaries, associates and joint management businesses, in which the Environment Division has a stake equal to or greater than 50% and/or manages, have been considered. Information about the training indicators is provided in an aggregate way without applying the participation method.
- The scope corresponding to the Risk Prevention in the Workplace data includes the companies belonging to the Joint Prevention Service and are displayed without applying the participation method (at any rate 100% is considered)



AGREEMENTS SIGNED WITH SOCIAL AND PROFESSIONAL INTEGRATION ENTITIES



EQUALITY PLAN TARGETS

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5. Confidence, quality and transparency in the chain of values

In carrying out its activities, the Environment Division must support the well-being of the public in a sustainable manner. To achieve this, we must devise and offer ambitious solutions in the future in conjunction with all the parties involved and completely in keeping with the concerns of an environment that will continue to evolve in the mid and long-term.

For the purpose of making progress in a service offer which enables us to pre-empt the requirements of our clients and satisfy the needs of change and evolution of the communities in which we are active, we have developed initiatives and mechanisms so that all departments can repeatedly involve the parties concerned in the development of a integrating policy of progress.





- · Certification of the management systems of:
 - Empresa Comarcal de Servicios Medioambientales del Baix Penedés, S.L. in keeping with the standard UNE-EN ISO 9001
 - SELESA Servicios de Levante, S.A in keeping with the standards UNE-EN ISO 14001 and
 - Serveis Municipals de Neteja de Girona, S.A. and Societat Municipal Mediambiental d'Igualada, S.L. in keeping with the standards UNE-EN ISO 14001 and UNE-EN ISO 9001.
 - Waste collection and street cleaning agreements in

Torrent and Reus, and the central park of the Levante I Delegation, in accordance with the EU eco-management and audit scheme (EMAS).

- The city of Barcelona has been awarded the energy management certification according to the standard UNE-EN ISO 50001
- 87.2% of the turnover corresponds to activities certified according to the standard ISO 9001
- 86.7% according to the standard ISO 14001 or the EMAS regulation
- Of the 110 suppliers with effective orders carried out from the Central Services, 49% are certified in any of the management systems, and represent 83% of the purchase volume.



2014-2015 Challenges

- Working closely with our strategic interest groups in defining and creating protocols and criteria which facilitate transparent and objective assessment of the sustainable management of the environmental services provided in the communities and territories in which we are active.
- Any failure by the suppliers to fulfil any of the principles of the Ethical code of FCC or the Global UN Pact in any of its commercial operations may constitute grounds for FCC to terminate the agreements.



Good Practices

The integration into our management of the requirements of a network of clients committed to sustainability

- The offer of a plan to support our sustainable activities which enables us, in conjunction with the client, to monitor the environmental performance of our services through a panel of significant indicators.
- FCC attends to 64% of the population integrated into the SPANISH NETWORK OF CITIES FOR CLIMATE
- It is present in 54% of the towns that make up the SPANISH NETWORK OF SMART CITIES
- and it provides services in 58% of the towns that have signed up to the MAYORS' PACT and have developed an Action Plan for Sustainable Energy.

The guarantee of quality and transparency

- The quality management systems set up by the Environment Division in keeping with the standard UNE EN ISO 9001, include the client management and satisfaction, and takes into consideration the requirements that must comply with the purchases made, both at a centralised level and a local level, according, at all times, to the hiring criteria and regulations established by the FCC Group.
- The communication channels established with our clients (telephone, e-mail, fax, internet, letters, invoices, or visits and face-to-face meetings with sales departments) help us to identify possible areas for improvement in terms of the provision of our services.

A responsible purchase management model

- The implemented Purchase Management Model seeks to increase competition between suppliers, transparency in the tender award process and take advantage of interaction which paves the way for efficiency and generates value for the business of FCC. It also seeks to incentivise the commitment of suppliers and contractors to sustainability and to the principles of the ethical code of FCC.
- The aim is to achieve collaboration between leading companies that are most competitive in their markets, following a number of responsible principles in the selection process and making them part of an integral conduct. An attempt is being made to promote local purchases in keeping with the ascending criterion of "town-community-country".

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ENERGY CERTIFICATION IN THE CITY OF BARCELONA



DISTRIBUTION OF PURCHASE BY REGION OF ORIGIN



AGREEMENT SIGNED BY FCC WITH SCANIA

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1. Integrating key factors and decisive trends into our management model

The member states of the EU have undertaken to meet the established environmental targets and commitments by 2020. The actions to be undertaken should set out to reduce GHG emissions and take into account the scarcity and risk of depletion of natural resources and, in particular, water resources and energy originating from fossils.

This requires all social and economic stakeholders to integrate into their management model the effective and efficient use of goods and processes, with a view to favouring a circular economy. With this in mind, the public and private sectors must promote and heighten collaboration in terms of preparing the cities of the future and guaranteeing a healthy environment of well-being for the public.

In light of this situation, attentive to the expectations and requirements of its parties concerned, FCC seeks to contribute to the model of green growth, by devising and proposing solutions based on an offer of increasingly effective technological services that are easy to manage for users and offer competitive prices.

In the mid-term, it will be up to us to promote the development and distribution of good practices by taking into account the fact that the situation of our sector of activity is entering a phase of standardisation which gives us the impression that the targets reached thus far can be maintained and consolidated.

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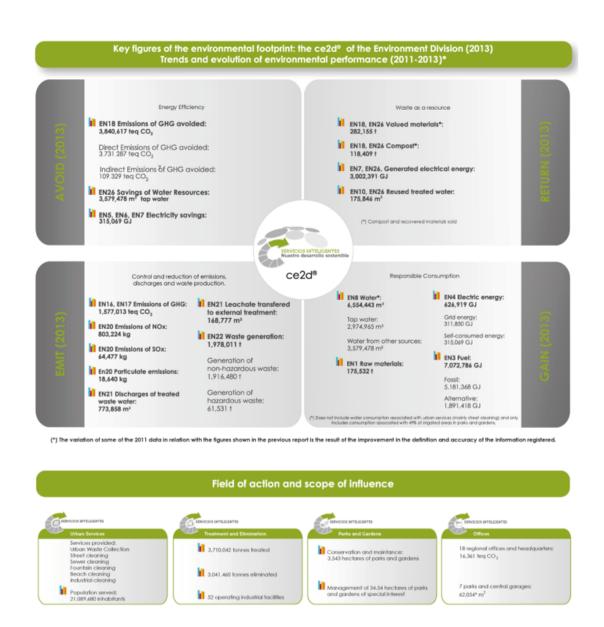
English

2. Maintaining and consolidating the progress we have made

The monitoring of the environmental performance of activities managed by FCC over the last 3 years reflects the consequences of the economic downturn on the way in which our activities have functioned and, in particular, reveals how our organisation has been able to react, and will continue to do so, to promote an effective and sustainable environmental management of its services, without losing sight of the 2020 target and the challenge in the form of moving towards a low-carbon economy.

If we consider the organisation as a whole within a sphere of business that has been maintained, the most significant impacts are appreciated in the fall of the energy consumption indicators, and the corresponding GHG emissions, for all services linked to our main activities, urban cleaning and collection, treatment and recovery of urban solid waste.

The latter services have been substantially affected in terms of their dimensioning and functioning by the decrease in the generation of urban waste as a result of the loss of purchasing power of the public. Furthermore, the application of the new Spanish energy tax has had an adverse effect on our low-carbon policy, which has brought to a standstill both the use and production of clean energies.







Some results and consolidated trends confirm that the company is doing the right things to reduce the impact of its environmental externalities and ensure:

- The effective use of energy resources: The use of alternative forms of energy is up by 16% and 63% of energy that we generate stems from renewable sources.
- Reduction of GHG emissions: A total of 3,840,617 teq CO2 have been avoided, 3% up on 2011.
- That dependency on network water has been minimised: 55% of our water consumption is covered by alternative sources
- That waste recovery and recycling has been maximised: 10% increase in the recovery efficiency of recoverable materials at biological processing plants and 9% in container sorting plants, which has reduced the rate at which they are disposed of at landfills by 7%.



To diversify our offer with an additional environmental consultancy service:

- The protocol to establish the environmental performance of the services provided will be proposed in the offers. Clients will have access to additional information directly related to the effectiveness of the performance of sustainable environmental management in the most relevant aspects of the activities carried out
- Method used to calculate significant indicators of the environmental footprint (ce2d®)
- Method used to calculate intensity indicators (Carbon footprint of services)



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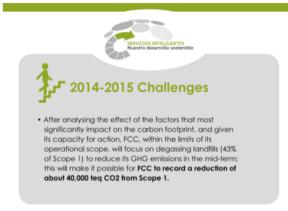
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3. Progressing towards a low-carbon policy: promoting smart services

3.1 The carbon footprint: a good benchmark indicator to reduce GHG emissions

Since 2011, the Environment Division of FCC has calculated the carbon footprint of the organisation. The evolution of this indicator shows what the tangible benefits have been and the return effect of the low-carbon policy undertaken in the management of services and facilities. The process by which the carbon footprint is calculated has developed in the last period based on the following phases:



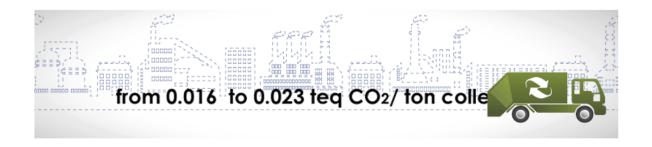


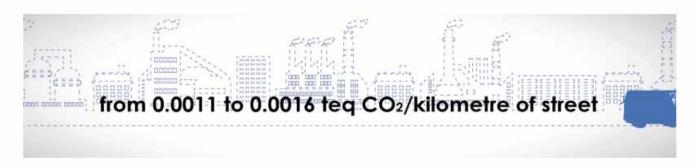


3.2 Monitoring intensity indicators will help to oversee the environmental efficiency of the services provided

By developing systems to monitor the environmental efficiency of services, an addition tool is provided to the management of smart services. This tool, devised and developed with the scientific collaboration of the Research Group ICCAMB of the University of Huelva, is currently in a pre-production phase and by the end of 2014 it should be integrated into the management process of an initial series of waste collection, urban cleaning and park and garden maintenance services.

The indicators calculated relate to the consumption of energy resources, water and GHG emissions with the reference units of the services provided (ton of waste collected by type of fraction, linear km of street swept or hosed, m² equivalent of parks or gardens maintained)





The intensity indicators or those used to measure energy performance, water and GHG emissions, enable us to provide our parties concerned with information about the monitoring of the environmental efficiency of the services provided and to associate them with the implementation of possible improvement actions.

With this initiative, FCC becomes the first company in the sector in Spain to calculate the intensity indicators or those used to measure the efficiency of its urban service activities and pre-empts future EU regulations on the control of efficiency of these services.

DEVELOPMENT OF THE METHOD AND MODEL USED TO CALCULATE THE EFFICIENT MANAGEMENT INDICATORS OF URBAN SERVICES

2011-2012 PHASE 1	2013 PHASE 2	2014 PHASE 3	
management indicators. the devised calculation me through a representative g	Application and adjustment of	Validation of the calculation models through the uncertainty analysis of the results.	
	the devised calculation models through a representative group of urban service agreements (waste collection, street cleaning and park and garden maintenance)	Establishment of the indicator	
Suitability of the method used to calculate the international standards (validation by an external entity)		value ranges for each urban service activity.	
		Verification of the method used to determine the intensity indicators.	



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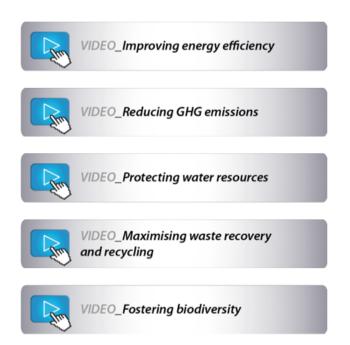
English

4. Good practices take centre stage in our environmental value creation

The analysis of the development of the organisation's carbon footprint, supplemented by the results obtained in terms of the reduction of impacts related to water consumption, waste production and biodiversity conservation, show the relevance of the favourable return effect that good practices introduced have had on the consolidated balance sheet of our environmental externalities.

The good practices presented below are based on the new design or re-design of services and facilities, and the introduction of new technologies born mainly out of the research and technological innovation work performed by our team of professionals in liaison with external scientific institutions from the public and private sectors.

They have enabled us to show the favourable impacts that may be felt in the next two years and also over the mid-term, on the relevant aspects of our environmental performance.



Each good practice, upon approval of its environmental efficiency, will be extended and distributed to the remaining activities and similar services with a view to expanding the benefit of its added value to a larger number of communities and territories in which we are active, which will enable us to integrate our value creation into a green and long-lasting growth.



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Through the guiding principle "CONNECTING CITIZENS" of the 3rd Corporate Responsibility Master Plan 2011-2014, the FCC Group has set out a series of targets to get even closer to communities and it has created the working platform "CONNECTING CITIZENS" in which each area of business takes part in ensuring the monitoring and assessment of initiatives carried out and compliance with the established targets:

- 1. Observing trends and needs of the communities of the future by consulting strategic opinion leader groups for the company.
- 2. Promoting sustainable habits among the public.
- 3. **Devising projects** which factor in the **contribution** of our **employees** to the promotion of a fairer, more sustainable and more diverse society.
- 4. Contributing to the **assessment and measurement of the positive impact** of the social and environmental value of FCC on our **bids** in public invitations to tender

The Environment Division has integrated the requirements of its clients and aspirations of the societies in which it is active, geared towards a change of model which requires practical services and products, at a competitive price, based on effective technology that protects the environment and increases human development and well-being. If we want our services to contribute to turning these aspirations and values into ways of life and sustainable behaviours, we must institute channels of dialogue and cooperation which promote greater awareness among the public. That is why we will continue to bolster the successful initiatives implemented and to promote new lines of activity in partnership with our interest groups.





Initiatives in figures

- 2.74 million euros invested in the development of 452 initiatives with a social and environmental impact.
- 14.9 million citizens were targeted by the environmental information and education campaigns in 2013, with an increase of 6.3%
- More than 4,200 students have benefited from the educational measures promoted by FCC in collaboration with a number of entities and institutions.
- The implementation of the information and communication technology mechanisms carried out in collaboration with our clients (Oviedo and L'Hospitalet de Llobregat) has promoted and improved the monitoring of citizen participation.



2014-2015 Challenges

- Including the manager of the recently created
 Communications Department in the Sustainability Committee.
- Devising a specific Master Communication Plan for the Environment Division which will include the guiding principles of sustainability and communication actions.
- Establishing in the mid-term, as a pilot project, a programme of actions to carry out and implement in conjunction with local institutions and communities to promote responsible behaviour among the public concerning: selective waste collection, efficient energy use, saving water and protecting biodiversity.
- Distributing and promoting positive externalities of the sustainable good practices of the "FCC brand" in conferences, forums and workshops.
- Stage an awards ceremony to pay tribute to the sustainable management of the services provided.
- Promoting the role of the Local Sustainable Initiatives Committees (C.L.I.S.)



Good Practices

Connecting with local communities: listening, sharing, communication

- The C.L.I.S.: an internal network of staff committed to the idea of a "sustainable city". The Local Sustainable Initiative Committees are boosted by the participation of 150 of our staff, and serve to collect and convey the expectations of our parties concerned, to provide the implementation of initiatives with greater thrust; these initiatives meet their needs and are shared on the intranet platform of "Sustainable Initiatives".
- The set-up of citizen service offices (Zaragoza, Badajoz) and development of the websites of Local Councils, are just two of the initiatives implemented to provide the public with information about services provided and on which they can express their suggestions, complaints and/or claims.
- Information campaigns and educational initiatives organised with the collaboration of our clients and a number of entities and institutions, are an example of the contribution of FCC to raising awareness of the population about the importance of looking after the environment. Furthermore, guided visits to the main waste processing and recovery plants are organised; there is participation in the "Day of the Tree", educational workshops at clean points which we manage and events and talks are held to inform the very youngest about the important of looking after the environment.
- The development of an app in conjunction with the Local Council of L'Hospitalet de Llobregat enables the public and visitors to its gardens to discover, through their mobile device, the biodiversity of the urban public trees, and gain access to routes and information about singular wooded areas.
- The transfer and distribution of the value creation. Our staff have taken part in a range of conferences, fairs, seminars and forums in which they transfer their experience to the attendees, who are both professionals and students.

Fostering a culture of support and social cooperation

- A network of supportive volunteers: the organisation fosters a culture of cooperation and collaboration among the human team
 and the participation and voluntary involvement of employees is growing in initiatives of social and/or environmental
 commitment which give back to the community and are, in many cases, promoted spontaneously by them.
- The promotion of culture and sport: sponsorship initiatives which favour social integration of young people through the participation in cultural and sporting activities.

Acting to promote significant advances of the sector

 The Environment Division actively participates in the most relevant professional associations of the environmental services sector in which it carries out its activity.



VIDEO_Connecting citizens



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1. Information systems

The information published in the Sustainability Report has been compiled by means of various **information gathering systems** developed internally to provide the organisation with the support tools to strengthen its operational capacity in the process to identify any significant variables and indicators. This way, in relation to the various interest groups, a source of reliable, verifiable and contrastable information is guaranteed.

Network of Satisfands Includes (SAP HR)³ Network of Satisfands Includes (SAP HR)³ Exemplary Behaviour Network of Rose (SAP HR)³ Includes (SAP HR)³

2. Reporting principles

In order to define the content and guarantee the quality of the information published, the process established in the technical protocol "Application of the principles for the definition of the content of the report" of version 3.1 of the GRI Guide have been followed, and its principles have been applied:

Materiality: In 2013, the Environment Division conducted a materiality study to identify the relevant points of the organisation and prioritise what the materiality ones are. For the classification of the points obtained in this materiality study, the sections defined in the 2011-2014 Corporate Responsibility Master Plan were taken into consideration. The intersection between the business lines and the three cornerstones of the FCC Corporate Responsibility enables the GRI aspects to fit more suitably into the Group's Master Plan, so that we can align reporting and strategy.

- EXEMPLARY BEHAVIOUR: Awareness and Education; Employment; Diversity and Equal Opportunities; Health and Safety in the Workplace; Relationship between workers and Management; Fight against corruption.
- SMART SERVICES: Emissions; Effluents and waste; Compliance; Materials; Water; Biodiversity.
- CONNECTING CITIZENS: Local Communities; Indirect economic consequences; Claim mechanisms for social impact.

The priority aspects of our social and environmental performance have been reflected through the presentation of good practices implemented within the operational scope of our activities.

Participation of interest groups: For the purpose of drafting the materiality study, all the aspects of the GRI G4 Guide were taken into account; the SAM questionnaires of DJSI were analysed; the documentation of organisations such as the Organisation for Economic Cooperation and Development (OECD) and the UN Global Compact (UNGC); and the relevant matters were reviewed through public documentation and information stemming from organisations from our sector.



Context of sustainability: when drafting the report, for each of the informed relevant aspects, the strategic framework and trends observed at European and national level were taken into account.

Comprehensiveness: All the aspects required by the GRI 3.1 Guide were covered, including the points identified as being substantial, with a history of 3 years.

For the definition of quality of the report, the following principles were taken into account:

QUALITY PRINCIPLES OF THE REPORT

ACCURACY:	CLARITY:	RELIABILITY:	FRECUENCY:	BALANCE:	COMPARISON:
quantitative and qualitative data in the Report are duly documented and the system used to collate them is supervised by the parties responsible for drafting the report.	the quantitative and qualitative information included in the Report presents the necessary and sufficient level of clarify so that if can be understood by the interest groups.	this Sustainability Report has been verified by AENOR, in accordance with the Global Reporting Initiative G3.1 Guide.	The first Sustainability Report drafted by the Environment Division of FCC was published in 2006. Since then, a version has been published every two years; therefore, this document represents the fifth report published by the Environment.	the Report provides information about the degree of compliance with the 2010-2011 Sustainability Report and includes information both about the milestones reached and the goals that are yet to be met.	The Report has been drafted based on a number of historic data from 2011, 2012 and 2013.

3. The interest groups and channels of communication

At the Environment Division of FCC, interest groups are deemed to be any people, institutions or groups that may be affected or which significantly affect any of the decisions and activities carried out by the Division.

The various departments and business Delegations that make up the Division have the specific and effective identification mechanisms and channels of communication through which they can interact with the various interest groups. That enables the organisation to ascertain their expectations and, in this way, respond sufficiently in advance.

On the other hand, the existing participation processes in the Group identified the main concerns regarding the company, the trends in the relevant points, as well as risks and opportunities that we must consider in the management of corporate responsibility.



Furthermore, our organisation provides the various interest groups with information through the Sustainability Report published every two years and the disclosure of news items and information in the generic and specialised media.

Finally, it should be noted that the corporate website has been consolidated as the most frequently used channel by the FCC Group to disclose information to its interest groups.

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GRI application level check statement

AENOR Asociación Española de Normalización y Certificación

VERIFICACIÓN DE LA MEMORIA DE SOSTENIBILIDAD

VMS-N° 012/14

La Asociación Española de Normalización y Certificación (AENOR) ha verificado que la Memoria de la

FCC, S.A. DIVISIÓN DE MEDIO AMBIENTE

Titulada: MEMORIA DE SOSTENIBILIDAD. DIVISIÓN DE MEDIO AMBIENTE DEL GRUPO

Proporciona una imagen razonable y equilibrada del desempeño, teniendo en cuenta tanto la veracidad de los datos de la memoria como la selección general de su contenido, siendo su nivel de aplicación: A*

Este aseguramiento externo se ha realizado en conformidad con la Guía G3.1 del Global Reporting Initiative. La verificación se ha realizado con fecha 30 de mayo de 2014, no considerando cualquier circunstancia acontecida con posterioridad.

Esta declaración no condiciona la decisión que el propio Giobal Reporting Initiative pueda adoptar para jaxopronar a FCC, S.A DINISIÓN DE MEDIO AMBIENTE, en la lista de entidades que han realizado la memoria en conformidad con la Guia GRI, y que publica en su páriar Web httpstädnabas ejobalreportingory.

AENORS

BRITOMAROLINA

Fecha de emisión: 4 de junio de 2014



Declaración de Control del Nivel de Aplicación de GRI

Por la presente GRI declara que División de Medio Ambiente del Grupo FCC ha presentado su mem lemoria de Sostenibilidad División de Medio Ambiente del Grupo FCC 2012-2013" a los Servicios de GRI quienes han concluido que la memoria cumple con los requisitos del Nivel de Aplicación A+.

Los Niveles de Aplicación de GRI expresan la medida en que se ha empleado el contenido de la Guía G3.1 en la elaboración de la memoria de sostenibilidad presentada. El Control confirma que la memoria ha presentado el conjunto y el número de contenidos que se exigen para dicho Nivel de Aplicación y que en el Índice de Contenidos de GRI figura una representación válida de los contenidos exigidos, de conformidad con lo que describe la Guía G3.1 de GRI. Para conocer mas sobre la metodología: www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Los Niveles de Aplicación no manifiestan opinión alguna sobre el desempeño de sostenibilidad de la organización que ha realizado la memoria ni sobre la calidad de su información.

Amsterdam, 24 de junio 2014

All Sultather

Ásthildur Hjaltadóttir Director de Servicios



Se ha añadido el signo "+" al Nivel de Aplicación porque División de Medio Ambiente del Grupo FCC ha solicitado la verificación externa de (parte de) su memoria. GRI acepta el buen juicio de la organización que ha elaborado la memoria en la elección de la entidad verificadora y en la decisión acerca del

que ha elaborado la memoria en la elección de la entidad verificadora y en la decisión acerca del alcance de la verificación.
Il obed haporting initiative (siót) es una organización que trabaja en red, y que ha promovido el desarrollo del mento par la elaboración de memorias de sistemibilidad mid stillizado en el mundo y sique majorindola y promoviendo su aplicación e escola mundial. La ciuso de GRI estableció los principios e indicadores que pueden emplear los organizaciones pora medir y dar raxio de su desempeño económica, medioambiental y social: www. públicaperaring, org.
Descargo de responsabilidad: En los casos en los que la memoria de sostenibilidad en cuestión contengo enloces entemos, incluidos las que remitera a material diudinivisual, el presente cerdificado sido es aplicable el material presentado a dití en el momento del Control, en fecha 13 de junio 2014. Ott excluye esplícitamente la aplicación de este cerdificado a cualquier cambio introducido posteriormente en dicho material.



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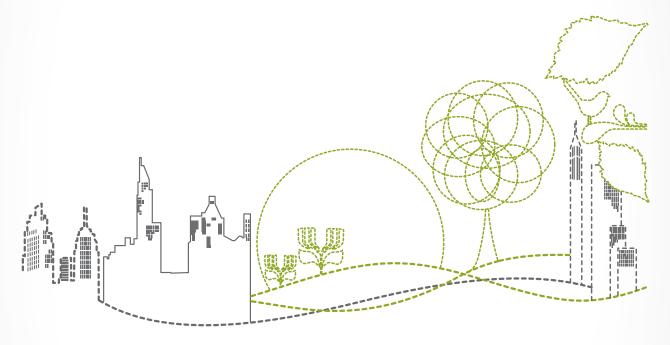
MANAGEMENT APPROACHES AND PERFORMANCE INDICATORS:

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