



Compañía
Logística de
Hidrocarburos



Corporate Social Responsibility Report

2012



Corporate Social Responsibility Report

Contact details:

Compañía Logística de Hidrocarburos CLH, S.A.

Communication and Institutional
Relations Management
C/ Titán nº 13. 28045 Madrid

E-mail: infoclh@clh.es

Telephone: (+ 34) 91 7746000

Fax: (+ 34) 91 7746001



Index

Letter from the Chairman	5	3. Creation of value for the company and our stakeholders	28
Corporate Social Responsibility Scorecard	7	Economic value created	29
Important milestones in 2012	8	Economic value distributed	30
1. The CLH Group	15	Value brought to society	31
Profile	15	Petroleum and future energy scenarios	32
Shareholding structure	16	4. Integrity in CLH and its value chain	34
Areas of activity	17	Corporate governance model	37
2. Corporate Responsibility in CLH	21	Corporate culture and integrity	42
Corporate Responsibility management in CLH	22	Preventive approach to risk management	43
New Corporate Responsibility Master Plan 2012-2016	23	Responsible purchasing model in the CLH Group	46
Architecture of the Master Plan	25		



Index

5. Quality and innovation for our customers	50	8. Commitment and closeness to local communities	96
Improved commercial portfolio	53	Dialogue with our Stakeholders	98
Quality and continuous improvement	57	Contribution to the wellbeing and development of our communities	101
Innovation for diversification	61		
Relations with our customers	63	9. Efficiency in activities and environmental protection	106
6. Safety in our operations	68	Commitment to the environment	111
Facility safety and integrity management	71	Environmental Management Policy	112
Pipeline integrity plan	73	Environmental Management in CLH	113
Occupational health and safety	74	Energy efficiency and climate change	118
Zero is possible	77	Protection of biodiversity	120
7. An attractive work environment for our employees	79	External verification report	124
Responsible management of our people	83	Process for preparing the report	126
Satisfactory working conditions	85	Index of GRI contents	132
Commitment to a flexible work environment	89	Glossary of terms	161
Training and career development	92		
Internal communication	95		



Letter from the Chairman

Another year, I am both pleased and proud to present to you the CLH Corporate Responsibility Report, which is the channel through which we offer our stakeholders detailed information about the company's activities and our level of progress and performance on the aspects that are of most importance for them.

The report focuses particularly on the desire of the company to act with integrity and transparency, offering its employees an attractive work environment and seeking satisfaction for its customers, by conducting its activities according to the highest standards of quality and efficiency.

Similarly important areas are the policies we have implemented to ensure that our activity is carried out in a safe, environmentally friendly way that is conducive to the development and wellbeing of the communities in which we operate.

The contents of the report follow the Global Reporting Initiative Guidelines version 3.1. As a new item, in 2012 we have included specific new indicators and sections for providing an answer to the requirements established in the GRI Sector Supplement for companies in the oil sector and the new GRI Guidelines version G4, which is still in its development stage.

As regards Corporate Responsibility, one of the most important milestones of the year was the launching of the new CLH Group Master Plan for the 2012-2016 period. We have established in this plan the main guidelines and objectives to be achieved in this sphere, as well as the socially responsible actions necessary for providing an answer to the challenges that the company has set itself. The Master Plan 2012-2016 also aims at being an additional element to help the CLH Group meet its strategic business goals.



In this connection, increasing the level of efficiency in operations and passing these improvements on to the market will continue being one of the main objectives. Despite the complexity of the economic arena, in 2012 the CLH Group has made a major effort to improve management, and not only has this contributed to the results achieved by the Group but it has also made it possible to continue reducing service prices, which is something that benefits our customers as well as the competitiveness of this country.



The commissioning of new facilities and the ongoing commitment to quality and continuous improvement in the CLH Group have been contributing factors in the improved efficiency achieved. This effort was rewarded for yet another year in the EFQM assessment, in which the company was able to renew the European Seal of Excellence 500+.

In 2012 the CLH Group achieved important improvements in the area of safety, one of the most striking being a 42% reduction in our main accident rate index compared with the previous year. There can be no doubt that the sustained effort made throughout the last few years regarding training, analysis and the implementation of a new health and safety management system according to the highest standards has made an effective contribution to this improvement.

Together with safety, the CLH Group has continued to develop other initiatives for offering its employees a satisfactory work environment. Guaranteeing equality for everyone, and an attractive work atmosphere that fosters career development and provides greater flexibility in the performance of their duties, were among the main courses of action that received attention. It is precisely because of the CLH Group's good performance in this area that we were awarded "efr" certification for the reconciliation of working

and family life by the "Másfamilia" Foundation for yet another year.

Regarding environmental matters, the CLH Group has moved forward in its goal of certifying some of its main facilities in accordance with the demanding Community Eco-management and Audit Scheme (EMAS). Our facilities in Huelva and Tarragona were awarded this certification in 2012, and we are also expecting to obtain the corresponding certification for our facility in Santurce.

As for our commitment to local communities, in 2012 the CLH Group approved its new Social Action Policy, which is the vehicle through which we aim to boost our contribution to their wellbeing and development by collaborating in projects that help to improve their quality of life.

In this connection, we have continued collaborating with different organisations on projects related to education, social welfare and integration and environmental protection, in addition to other areas that are of interest for society as a whole, such as the promotion of art and culture, development of new energy sources, research for the prevention of disease and collaboration with academic institutions to foster job opportunities for young people.

Besides this, the CLH Group launched its new corporate volunteer work plan known as "Voluntarily", which will provide us with a better

way of channelling the vocation for solidarity that people in the CLH Group have been demonstrating during these last few years.

In 2012, the company again endorsed its commitment to principles of conduct and action in relation to rights of a human, labour, environmental and anti-corruption nature as laid down in the United Nations World Compact. This time it has been with the effort to continue improving and conducting our activity in accordance with the most stringent standards in the area of sustainability.

I would therefore invite you to discover more about our commitment to Corporate Social Responsibility in the pages that follow. It is a commitment based on dialogue with our stakeholders, an understanding of their expectations and our desire to continue playing our part in the development of an energy system that is safe, efficient and sustainable.

José Luis López de Silanes
Executive Chairman



Corporate Social Responsibility Scorecard

	2010	2011	2012
Creation of wealth			
Operating profit (millions of euros)	226.0	231.9	222.0
Net profit (millions of euros)	151.2	162.8	147.9
Operating revenues (millions of euros)	586.0	615.7	589.6
Economic value distributed (millions of euros)	510.4	511.7	488.7
Operating expenses (millions of euros)	360.0	383.9	367.5
Investments (millions of euros)	120.3	108.9	79.2
Dividend (millions of euros)	155.2	152.5	147.7
Total Assets (millions of euros)	1,953.0	1,952.0	1,887.7
Activity Data			
Deliveries from Facilities (thousands of tons)	36,797	35,397	33,972
Withdrawals by land sector operators (thousands of tons)	30,931	29,041	27,633
Withdrawals by aviation sector operators (thousands of tons)	4,296	4,468	4,195
Withdrawals by marine sector operators (thousands of tons)	1,570	1,818	1,947
Activity in transport systems			
Oil tankers (thousands of tons)	2,183	2,581	2,296
Oil pipelines (thousands of tons)	22,368	21,365	20,791
Material resources			
Number of storage facilities	38	38	39
Number of airport facilities	29	28	28
Pipeline Network (km)	4,007	4,006	4,027
Number of chartered oil tankers	2	2	2
Customers and quality			
Number of CLH customers	33	43	40
Number of CLH Aviación customers	10	12	10
Average assessment by CLH S.A. customers	Survey not carried out	3.1	Survey not carried out
Average assessment by CLH Aviación customers	Survey not carried out	3.23	3.43

	2010	2011	2012
Human dimension			
Number of employees	1,673	1,635	1,461
Average employee age (years)	45.6	44.9	44.0
Average employee length of service (years)	20	18	18
Staff turnover (undesired staff losses) (%)	0.4	0.7	0.4
Investment in training (thousands of euros)	1,011.0	1,025.7	1,050.2
Average training hours	33	36 (men) and 50 (women)	33 (men) and 50 (women)
% of employees receiving a formal assessment of performance	35% (men) and 32% (women)	33% (men) and 34% (women)	37% (men) and 36% (women)
% of employees covered by collective bargaining agreements	87 %	87%	85%
Total accident frequency rate (TFR in CLH Group)	12.3	7.65 (men) and 5.04 (women)	4.47 (men) and 2.57 (women)
Safety training (Hours)	12,945	14,129	13,095
Employee satisfaction survey	2.65 (2007)	2.87 (2010)	2.96 (2012)
Environmental dimension			
Environmental investments (millions of euros)	13.9	10.6	10.4
Direct energy consumption (Gigajoules/year)	484,079	503,218	480,869
Indirect energy consumption (Gigajoules/year)	932,269	967,708	1,012,507
Water consumption (m ³)	165,590	139,940	173,846
SOx emissions (tons)	351	263	301
Volatile organic compound emissions (tons)	720	377	495
Particle emissions (tons)	21.9	23	23.6
NOx emissions (tons)	339	407	418
Generation of waste (tons)	3,551	5,023	4,866
CO ₂ emissions (tons)	34,443	34,711	33,957
CO ₂ emissions in road transport (tons)	951	1,343	1,230
Spills that affect the environment	1	1	3



Important milestones in 2012

The CLH Group values are reflected every year in the milestones of its different areas of management:

Commitment to integrity, transparency and corporate responsibility

New Corporate Responsibility Master Plan 2012-2016

The CLH Group approved the new Corporate Responsibility Master Plan for the 2012-2016 period, which includes the guidelines and strategic objectives of the company in this field of activity.

Approval of the annual report on remuneration of the company's directors

The 2011 annual report on remuneration of the directors was put to the vote at the Ordinary General Meeting held in April, and was unanimously approved.

Adoption of the Code of Best Tax Practices

In 2012, the CLH Group subscribed to the Code of Best Tax Practices which was developed by the Spanish Tax Administration and the Large Businesses Forum. By signing up for this code, CLH ratifies the company's commitment to the best corporate governance practices, to cooperation in tax practice and also cooperation with the Administration in detecting fraudulent practices.

CLH, a trusted operator for the customs authorities

In 2012, CLH obtained this certification which will give it, as the owner of tax and customs warehouses, the status of trusted operator for the customs authorities in the provision of logistics services.

The General Meeting adopts a resolution to establish the website www.clh.es as the company's electronic headquarters

The Ordinary General Meeting of Shareholders has approved the creation of the corporate website as the company's electronic headquarters, for the purposes provided for in article 11 bis of the Capital Company Law.



Commitment to improving our facilities, to quality and to our customers

CLH moves ahead with the review of its responsible purchasing model

The company has progressed throughout 2012 with reviewing its responsible purchasing model. Among other courses of action, it has worked on defining a supplier self-assessment questionnaire on the requirements included in the Code of Conduct; on improving the procedure for handling non-compliances; and on internal control of the practices engaged in by the main suppliers in this respect. The Group is also defining a methodology for identifying risks of ethics and integrity, which will include purchasing processes.

Expansion of the Algeciras storage facility and inauguration of the new facility in Burgos

CLH put into service the storage capacity expansion carried out at the facility in Algeciras. With completion of this work, the plant has become the most important in Spain in terms of storage and movement of marine diesel and IFO, and is one of the most outstanding in Europe. Also in 2012, CLH inaugurated the new storage facility in Burgos. Building this plant has made it possible to replace the plant formerly operated by the company in this city and for the land it occupied to be put to other urban development uses.

Completion of construction work at the new CLH facility in Almodóvar del Campo (Ciudad Real)

The CLH Group completed construction work at the new facility in Almodóvar del Campo (Ciudad Real). This new infrastructure has 8 tanks with a total storage capacity of 187,835 m³. It also has a poly pipeline consisting of five lines for interconnection with the pipeline network managed by the company.

New CLH Aviación facility at Altet (Alicante) airport

CLH Aviación has built a new plant at Altet airport, in the same place where the previous one stood, which has made it possible to renew the existing infrastructures and connect them up to the new airport hydrant network.



Into-plane fuel supply contract with Air Europa

CLH Aviación and the airline company Air Europa signed a contract for the provision of into-plane fuel supply services at ten Spanish airports. The agreement makes it possible for Air Europa to enjoy other services, such as direct access to all information relating to supplies.

Top marks awarded by the JIG to the airport facilities in Barcelona and Palma (Majorca)

The CLH Aviación facilities at El Prat (Barcelona) and Son Sant Joan (Palma, Majorca) airports were rated as “Excellent” by the Joint Inspection Group (JIG), in recognition of the work carried out for meeting the highest standards for operation at international level. The JIG also inspected the plants at Barajas, Malaga and Alicante airports, which were also given a high rating.

Certificates awarded for service quality

The CLH Group was the first company to be recognised with quality certification from the Port Authority of Palma (Majorca), after successfully passing an independent audit prepared by AENOR. This award confirms that the CLH services provided at this city’s port meet the highest possible quality requirements. Besides this new award, in 2012 the Barcelona facility renewed its quality certificate with the Port Authority in this city after undergoing a new assessment.

Recognition of quality and customer trust

The CLH Group was awarded the 6th “Madrid Excelente” Prize for Customer Trust, in the category of “Large Company” certified with this quality mark. The Autonomous Community of Madrid awards these acknowledgements to companies that are outstanding for excellence in their management and the satisfaction and loyalty of their customers.



Commitment to safety

Progressive reduction of the Total Accident Frequency Rate in the CLH Group

The efforts made in the last few years in the area of occupational prevention have made it possible to achieve a progressive reduction in the Total Accident Frequency Rate in the CLH Group. In 2012, a reduction of 42.2% was achieved compared with 2011.

Renewal of the OHSAS 18001:2007 Occupational Health and Safety certificate

Throughout 2012, AENOR conducted its first review audit on the Health and Safety System according to the OHSAS 18001:2007 standard in CLH and CLH Aviación. Both companies successfully passed the audit and the corresponding certificate was obtained.

Recognition regarding safety matters

CLH participated in one of the awards given during the safety gala held in Cartagena by Commain to celebrate more than 1,000 days without any occupational accidents at all. The Valle de Escombreras Business Association (AEVE), to which the company belongs, received one of the three prizes awarded to the companies that are most committed to risk prevention.

"Working together for risk prevention" safety campaign

The CLH Group signed up for the European campaign known as "Working together for risk prevention", launched by the European Agency for Safety and Health at Work (EU-OSHA) under the slogan "Better together", to encourage top management, middle management and workers to cooperate in managing occupational risks together.

Protocol of assistance signed with the refineries

The CLH Group signed a protocol of assistance with Spanish refineries to strengthen available resources and cooperation in cases of emergency. The agreement establishes protocols on the action to be taken in risk situations and provides for a communication procedure to minimise damage to facilities, people and the environment.



Commitment to our people

Renewal of the “efr” certificate awarded by the “Másfamilia” Foundation

In 2012, the CLH Group underwent an external audit for continuing to hold the “efr” (Family Responsible Company) certificate in recognition of its human resources policy. The certificate was obtained with the “B-Proactive Company” rating.

Deployment of the Equality Plan

During 2012, the CLH Group continued to deploy the plans for gender equality and support to the career advancement of women in the company. Among other actions carried out, specific training was provided for staff in sensitive jobs; a boost has been given to the signing of the plans between all trade union sections in the Group, and gender equality technical committees have been set up in the company to discuss these aspects.

Among the best companies to work for

The CLH Group achieved second place among the best companies to work for in Spain, in the oil companies sector, in the 2012 Merco People report. The company achieved 42nd place in the general ranking. CLH also appears for the sixth year running in the ranking of “The best companies to work for”, which is drawn up by ‘Actualidad Económica’ magazine. The company holds 130th place out of the 200 organisations included in this classification, just as it did last year, but with a better general score.

3rd Opinion Survey carried out on CLH Group employees

The company carried out the 3rd Opinion Survey on CLH Group employees in 2012. The rate of participation in the study was 70%, and it highlighted the average general level of satisfaction of the workforce with a score of 3.44 out of 4. In fact, 90.7% of those interviewed say they are satisfied or very satisfied with the company as a place to work.

Welcome Plan for new technical staff

At the end of the year the CLH Group organised the traditional Welcome Plan for the 17 new technical staff members who started working in the company during 2012. The aim of this programme is to give new recruits an overall view of the company, encourage them to identify with the aims of the Group, and foster free-flowing communication between the different areas.



Commitment to the local community

Approval of a Social Action Policy in the Group

The CLH Group has approved a new Social Action Policy that will promote development of one of the main aims of the company's Corporate Responsibility model, which is to contribute towards the wellbeing and development of the communities where it operates, by collaborating in projects that help to improve their quality of life.

CLH launches its corporate volunteer plan known as "Voluntarily"

CLH has launched its corporate volunteer plan known as "Voluntarily", which is designed to promote and channel activities carried out on a volunteer basis by CLH Group employees and whose primary aim is to help people with disabilities and those who are socially disadvantaged, use education for fostering social harmony, and to care for and protect the environment.

Collaboration with Alfonso X el Sabio University

The CLH Group and Alfonso X el Sabio University signed a collaboration agreement for promoting joint research, development and technological innovation in the field of science. The agreement also provides for grant awards to be made for gaining practical experience at the company's facilities.

CLH presence at career and training fairs

CLH took part in the 7th Career and Vocational Training Fair, organised by the Board of Education and Employment of the Autonomous Community of Madrid, and also in Induforum 2012, an event promoted by the Polytechnic University of Madrid. The company had a stand at both these fairs, where it gave information about its activity and collected CVs from newly qualified young people.

Commitment to the environment

EMAS environmental certification for the Huelva and Tarragona facilities

The storage facilities in Huelva and Tarragona obtained EMAS environmental certification in recognition of the effort made to increase the sustainability of their activities and their commitment to continuous improvement.

The former storage facility in Burgos is dismantled

CLH completed work on dismantling the tanks at the old storage facility in Burgos, which was located in the Hospital del Rey district. A total of around 11,000 cubic metres of rubble and almost 2,700 tons of metal in addition to other materials were removed, all of them having been classified and sent to authorised dumps or recycling plants.



Environmental collaboration agreement between CLH and the Port Authority of Barcelona

CLH and the Port Authority of Barcelona signed an agreement on good environmental practices through which the company undertakes to certify, by means of regular checks accredited by independent specialist staff, that it complies with the strict controls laid down by law.

Recognition of environmental conduct in CLH Aviación

CLH Aviación was given a special mention in the “4th Environmental Conduct in Companies Contest” organised by Madrid-Barajas airport, in recognition of the sustainability of its activities and its commitment to the environment. The company is the only organisation to have received diplomas and special mentions in the four editions of this contest, after obtaining first prize in 2009.

New techniques for soil recovery

The CLH Group was one of the organising companies behind the “Trends in microbiological treatment of soils and polluted water” seminar, which made it possible for an analysis to be made of the best practices in environmental recovery of land. Participating in the event were the assistant manager for Prevention, Environment and Safety, Santiago Fernández Murciano, and the manager for Environment and Safety, Fernando García.

Tree planting in Burgos

The company signed a collaboration agreement with Burgos city council for extending this city’s green belt area. In accordance with this commitment, CLH sponsored a tree planting event in which more than 50 schoolchildren and environmental specialists took part, which made it possible to reforest an area of three hectares on the outskirts. The company was also one of the honorary sponsors of the tree planting event organised by the “Asociación de Vecinos Siglo XXI”, a residents’ association, and the “Fuentes Blancas” School to celebrate Arbor Day.



1. The CLH Group

Profile

The CLH Group, which is formed by Compañía Logística de Hidrocarburos and its subsidiary CLH Aviación, is the leading company in the Spanish market for the transportation and storage of oil products and has worked for more than 85 years to bring this energy closer to society, guaranteeing supply that is continuous, safe and sustainable.

To carry out its activities, it has one of the largest and most efficient integrated oil product transportation and storage networks in the world, which is made up of more than 4,000 kilometres of pipeline, 39 storage facilities and 28 airport facilities.

These infrastructures are available to all oil product operators doing business in Spain, airline companies and national and international agencies that are responsible for the management of strategic reserves, such as CORES, the Spanish Corporation of Strategic Reserves of Petroleum Products.

Quality, efficiency and continuous improvement form part of the CLH Group commitment in the performance of its activities. Throughout its history the company has adapted to the circumstances of the market in order to guarantee fuel supply to society, offer its employees a satisfactory work environment, the right kind of return on investment for its shareholders and excellent service for its customers.



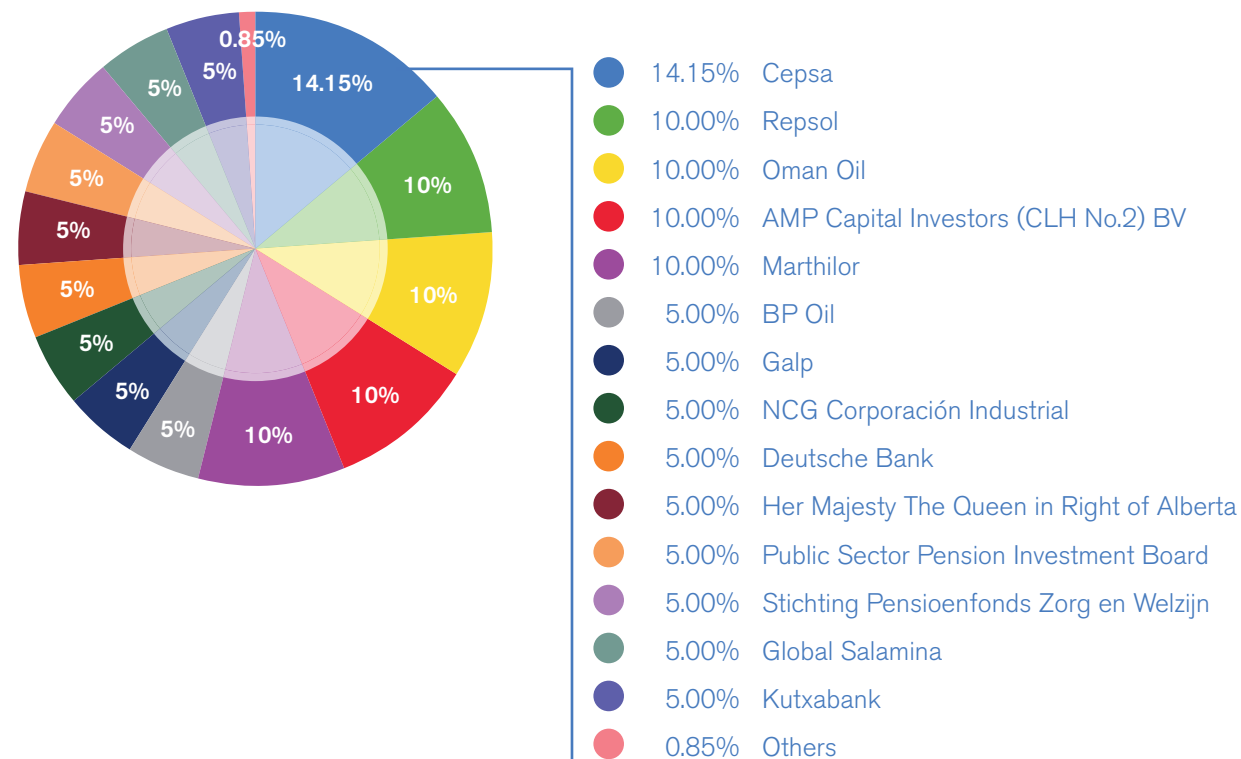
Shareholding structure

What the shareholding structure of the CLH Group seeks is for its management to be undertaken in accordance with two basic principles:

- To achieve service quality at competitive prices.
- To maximise profitability and efficiency.

In order to achieve both of these goals it is essential to guarantee independence in decision-making. The shareholding structure is therefore limited in accordance with the general regulations for the hydrocarbons sector and also by Royal Decree-Law 6/2000.

In accordance with these limitations, the CLH Group shareholding structure is currently the one shown in the accompanying chart⁽¹⁾.



⁽¹⁾ Only 24.15% of the shareholder body corresponds to operators with refining capacity in Spain (Cepsa, Repsol and BP Oil). A further 5% belongs to an operator without any refining capacity in our country (Galp). The remainder is distributed between various financial investors.



Areas of activity

The CLH Group is formed by Compañía Logística de Hidrocarburos CLH, S.A. and its subsidiary CLH Aviación, S.A., each of which carries out business in different fields:

- **Compañía Logística de Hidrocarburos CLH, S.A:** engages in basic logistic activities (transportation, storage and distribution) involving oil products, mainly gasolines, diesel fuels, kerosenes, fuel oils and biofuels.
- **CLH Aviación:** offers services for the storage, distribution and into-plane supply of aviation fuels and lubricants. It also manages and provides advisory and technical assistance services for the installation and maintenance of distribution networks for different types of aviation fuel.

These activities are described in greater detail in the paragraphs that follow.

Basic logistics activities

The basic logistics activity mainly consists of receiving oil products - essentially gasolines, diesel fuels, fuel oils and aviation fuels - at the CLH facilities, and transporting and storing them. Basic logistics also includes final delivery to the company's customers through its tank truck loading facilities.

In order to carry out these activities the CLH Group has a network of more than 4,000 km of pipelines that connect the eight refineries in peninsular Spain, where the fuels are produced, and the main receiving ports, with most of the storage facilities.

The plants that are not linked up with this pipeline network and those located in the Balearic Islands are supplied by means of oil tankers on charter from reputable shipowners that offer full guarantee, while medium- and small-sized airport facilities are supplied by means of tank truck.

The CLH Group also has 39 storage facilities distributed across the Spanish territory of the Iberian Peninsula and the Balearic Islands, with a fuel capacity of 7.9 million cubic metres. Most of them operate around the clock for 365 days of the year.

In the context of its basic logistics activities, the company offers instant product accreditation. This allows its customers to be able to make use of their products at different destinations immediately after they have delivered them at a source facility that is a long way away from the destination facility.

Another of the company's activities is the incorporation of the additives and markers required by the legislation in force, and also those developed by the various operators for improving or differentiating the quality of their oil products.

During 2012, deliveries of products from the company's facilities totalled 34 million tons of oil products, most of them gasolines, diesel fuels, fuel oils and aviation kerosene.



Logistics network infrastructures





New business areas

Strategic storage and biofuel logistics services, and various activities in order to expand the activity of the CLH Group in the international context are new business areas for the company:

International expansion

The CLH Group is developing its international expansion model through the analysis of business opportunities in other countries. This model takes in activities such as investment in logistics assets in other countries, the operation of logistics assets belonging to other companies or state agencies, storage and into-plane supply of fuels at airports, advisory and consultancy services in processes for transforming or optimising logistics operations and strategic reserve storage services for operators and central agencies in different countries.

Strategic and security storage

The CLH Group places part of its storage capacity as the disposal of the oil product strategic reserve management bodies and the operators themselves, in order for them to be able to maintain the security stocks required by law.

The company holds storage contracts with CORES, the Spanish Corporation of Strategic Reserves of Petroleum Products, as well as with various operators and with NORA, the agency that manages Irish strategic reserves, for storing part of its strategic and security reserves at CLH facilities, which totalled 3.5 million cubic metres in 2012.

Biofuels

The company's logistics system has been adapted for storing, transporting and dispatching diesel with biodiesel and gasoline with bioethanol, with the aim of meeting the new market requirements and contributing to the development of renewable energies in the fuel sector.

During 2012, CLH distributed more than 2.4 million cubic metres of biofuel, of which 2.1 million cubic metres were biodiesel and 0.3 million cubic metres were bioethanol.

It should be mentioned that more than 0.8 million cubic metres of the biodiesel was hydrobiodiesel (HVO), a second generation biofuel whose use became much more widespread during last year.

Other activities carried out by the Group

Supplies to aircraft

CLH Aviación has 28 airport facilities that are situated at most Spanish airports and offer services for the storage, distribution and into-plane supply of aviation fuels and lubricants. During 2012, the company performed more than 330,000 aircraft supply operations and provided direct into-plane supply of more than 2.4 million cubic metres of aviation fuel.

CLH Aviación also provides advisory and technical assistance services for the installation and maintenance of distribution networks for different types of aviation fuel. The CLH Aviación facilities are fitted out with technologically advanced resources that guarantee product quality and safety in supply operations.



Service station maintenance

CLH provides technical assistance and undertakes comprehensive maintenance work at service stations. It also carries out remodelling and refurbishment work to bring them into line with current legislation. During 2012, the company continued providing its services to a large number of service stations that includes filling stations, yachting harbours and railway stations.

Metrology

The CLH Metrology Unit provides services for the calibration, verification and adjustment of oil product volume, temperature, pressure and density meters, so as to guarantee reliability of the quantities supplied to the end customer.

This work is carried out at the Metrological Verification laboratory in Loeches (Madrid), which is accredited in the area of calibration by ENAC, the Spanish accreditation body, and is one of the most complete and complex in Europe. This metrology laboratory, which is an international benchmark in its sector, designs and manufactures most of the systems it uses for carrying out these controls. During 2012, this Unit performed more than 3,300 calibrations.

Laboratory

The CLH Group has a network of laboratories that enjoys great prestige in the sector and consists of seven centres that are coordinated from the modern Central Laboratory in San Fernando de Henares (Madrid).

The main activities carried out there focus on the quality control analyses established in fuel and biofuel specifications, and on researching into incidents occurring in logistics and in the market. It also carries out environmental tests, and testing of the characteristics and behaviour of materials and additives using instrument-based analytical techniques.

This laboratory is fitted out with fuel characterisation equipment that is practically unique in the sector. It also has a sophisticated samples and results management system that is integrated into the CLH systems, which permits control and instant exchange of information regarding the characteristics of all the products stored and distributed through the CLH network.

The CLH Central Laboratory is the only Spanish laboratory to be included by the IAF (International Automobile Federation) in its list of recognised laboratories for analysing the quality of fuels used in national and international motor racing competitions.

Throughout 2012, more than 32,000 samples were received and over 133,000 tests were carried out.



2. Corporate Responsibility in CLH

Our approach

With its history of more than 85 years, the CLH Group wishes to be recognised not only as the leading company in the Spanish market for oil product transportation and storage, but also to be known for excellence in its processes and services and for its contribution to the wellbeing of the societies it serves.



Accomplished








In progress



Not yet started

What progress have we achieved in 2012 in our challenges for moving forward in Corporate Responsibility?

 Programme	 Degree of compliance
1. Approval of the new Corporate Responsibility Master Plan 2012-2016	 The programme has been approved by the Management Committee and has been launched.
2. Publication and verification of the fifth CSR report	 The report was published and verified, and was awarded an A+ rating by Global Reporting Initiative.
3. To renew our commitment to the United Nations Global Compact	 The commitment has been renewed. The information this corporate responsibility report contains provides an answer to the contents required in the progress reports that the signatories of this pact must send.

Note: Although these three programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are challenges that the Group set itself last year for the area of integrity.



What do we want to achieve in 2013?

- Publish and verify our sixth Corporate Responsibility report.
- Provide the senior and middle management of the company with training in the area of Corporate Social Responsibility.
- Foster relations and establish alliances with the company's stakeholders.
- Move ahead in executing the programmes provided for in our Corporate Responsibility Master Plan.



Corporate Responsibility management in CLH

The CLH Corporate Responsibility policy is fully integrated into its business strategy and is based on the guidelines laid down in its Mission, Vision and Values, and also in the ten principles of the United Nations Global Compact, which CLH became a signatory of in 2007. The commitments established in this policy have been defined by taking into account the opinion of the different stakeholders of the company (customers, shareholders, employees, suppliers, society), and provide for the following as priority aspects: environmental management and protection; control and safety of the facilities, occupational health and safety, relations with the community and the stakeholders themselves, ethics and integrity, and attracting and retaining talent.

These principles form the basis of the CLH Corporate Responsibility strategy, which is developed on a practical level through the new Master Plan that has been approved by the company for the 2012-2016 period and establishes the main programmes and initiatives to be carried out.

The Communication and Institutional Relations Management is the unit responsible for ensuring that this strategy is properly implemented. It is supported in this task by the Management Committee and the Corporate Responsibility Committee that is formed by representatives of all the CLH Group managements.

As the organisation's highest governing body, the Board of Directors approves the CLH Group Corporate Responsibility strategy.

Corporate Responsibility Committee

- Supervise approach and action programmes.
- Promote action plans and report to the administrative and management bodies of the company.
- Monitor the fulfilment of external commitments in this area.
- Support the Communication and Institutional Relations Management in managing relations with stakeholders.
- Collaborate in drafting the Corporate Responsibility report.





Also, in the framework of internal auditing processes and the identification and management of the main risks and opportunities that exist for the company, the Board monitors the organisation's performance in the area of Corporate Responsibility.

This monitoring work enables the Board to integrate environmental and social criteria into its decision-making processes. It also pays attention to the expectations that the company's main stakeholders have regarding its operation. Therefore, in 2012 the company carried out a reputation monitoring study based on interviewing these stakeholders, which has served to assess their satisfaction with the company and find out about the main aspects that interest them.

Collaboration with key initiatives regarding Corporate Responsibility is another of the company's priorities in this field. In this connection, the CLH Group is a signatory of the United Nations Global Compact, and so it is committed to supporting and developing the ten principles of this pact in relation to respect for human and labour rights, the environment and anti-corruption practices. It is for this reason, and as part of its commitment, that the CLH Group prepares a Progress Report each year in which it reports on the progress made by the company in this field.

New Corporate Responsibility Master Plan 2012-2016

The CLH Group approved a new Corporate Responsibility Master Plan, for the 2012-2016 period, which includes the guidelines and strategic objectives of the company in this sphere of activity.

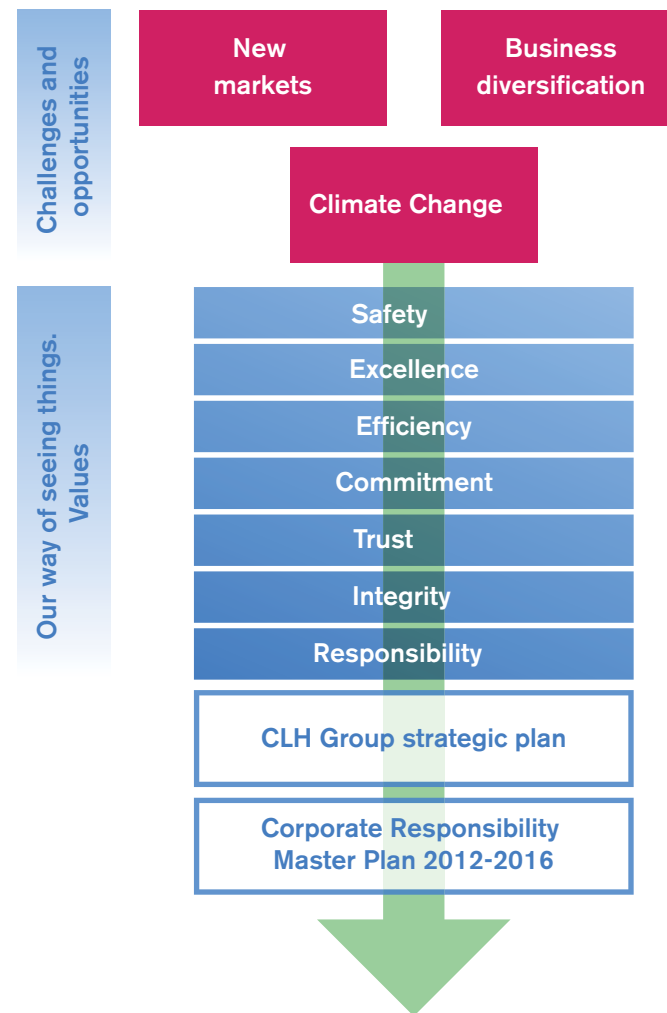
The Corporate Responsibility Master Plan 2012-2016 aims at:

- Establishing the strategic lines and main goals in the area of Corporate Responsibility in the CLH Group for this period.
- Identifying the socially responsible actions that provide an answer to the company's strategic challenges.
- Consolidating the organisational structure already established in the previous Master Plan, from which both the CLH Group strategy and its socially responsible actions take their structure and are fostered.



In order to draw up this new plan, a specialist rating agency (Sustainable Asset Management) was requested, in the initial diagnosis phase, to make an analysis of the CLH Group Corporate Responsibility practices, using that to identify the risks and opportunities in this sphere so as to incorporate these items into the new 2012-2016 Plan. In addition, as a result of the analysis the company obtained the highest world score for sustainability in the pipelines sector.

Development of the Corporate Responsibility Master Plan also rests on the values of the company and its vision in this area: to be an international benchmark company in energy distribution through our business model, which is complete, efficient, environmentally friendly and safe and which, in turn, contributes to the economic, environmental and social progress of the societies served by the company.



Logical framework in development of the CLH Corporate Responsibility Master Plan

Challenges and opportunities

- New markets
- Business diversification
- Climate Change

Our way of seeing things. Values

- Safety
- Excellence
- Efficiency
- Commitment
- Trust
- Integrity
- Responsibility

CLH Group Strategic Plan

Corporate Responsibility Master Plan 2012-2016





Architecture of the Master Plan

The architecture of the Master Plan 2012-2016 is structured around three strategic areas, three support programmes and three booster tools.

While the strategic areas address improvement in management of the CLH Group in key spheres regarding Corporate Responsibility, the support programmes emerge to equip the company with systems that strengthen its relationship with some of the key stakeholders such as, for example, our own people, customers and the communities in which we operate.

The booster tools, on the other hand, refer to cross-cutting mechanisms that make it possible to achieve the goals established in the above-mentioned areas and programmes.

The three strategic areas that form the structure of the Master Plan are Integrity and Transparency; Efficiency and Environmental Protection; and Safety, each of which provides for a series of specific objectives.

The “Integrity and Transparency” area, for example, focuses on equipping the CLH Group with a framework for exemplary action regarding integrity and corporate governance. The following have been established as special goals:

- To ensure that the framework for integrity in the CLH Group responds to the requirements of the reform of the Spanish Criminal Code and the Federal Sentencing Guidelines.
- To reinforce Corporate Governance practices.
- To review the responsible purchasing model.
- To strengthen the risk management system.

On the other hand, the “Efficiency and Environmental Protection” area seeks to improve the management of resources and minimise the impact of operations. Therefore, the following specific objectives are provided for in this area:

- To improve the environmental reporting system.
- To promote energy efficiency in operations and offices.
- To improve efficiency in water consumption.
- To promote efficiency in waste management.
- To formalise and implement the CLH Group’s position on biodiversity.
- To carry out monitoring of environmental risks and opportunities.
- To link sustainability with the business model.

Architecture of the Corporate Responsibility Master Plan 2012-2016

Strategic areas

- Integrity and transparency
- Efficiency and environmental protection
- Safety

Support programmes

- People
- Customers
- Relations with the community

Booster tools

- Information and data collection
- Leadership and visibility
- Training and awareness-raising





Lastly, the programmes included in the “Safety” area are directed at ensuring that the company continues to be an international benchmark in the sector because of its practices where occupational and industrial health and safety are concerned. That is reflected in the following special goals:

- To improve the integrity of the facilities.
- To reinforce the role played by the CLH Group as an international benchmark where pipeline integrity is concerned.
- To strengthen Occupational Health and Safety.
- To continue develop the CLH Group “Zero is possible” commitment to safety.

For each of these strategic priorities, the Master Plan establishes different projects and programmes in which all of the company’s managements participate.

The various chapters of the Corporate Social Responsibility Report contain a specific indication of which these programmes are as well as the level of progress the company has achieved in each case.

Regarding the support programmes provided for in the plan, the first one, “People”, aims at providing the company with management systems that offer its employees satisfactory working conditions and an attractive, stimulating professional career that contributes towards achievement of the company’s objectives.

A series of special goals has therefore been established in the programme:

- To strengthen diversity in the CLH Group.
- To promote integration and inclusion.
- To improve the tools for developing human capital.
- To progressively integrate CSR into the management through objectives systems.
- To promote good working practices.

On the other hand, the second of the Master Plan programmes, “Customers”, has been designed to equip the CLH Group with the systems necessary for adapting itself to their requirements and to changes in the environment. The following have therefore been established as the main objectives of the programme:

- To improve current customer relations processes with a view to the internationalisation and diversification of the company.

- To encourage innovation.

Lastly, the third of the programmes, “Relations with the community”, focuses on making the CLH Group valued as a company that is close to society and committed to the needs and concerns of the communities in which it operates. The following goals have therefore been established in this programme:

- To formalise the position of the Group where social action is concerned.
- To involve our employees in the social initiatives undertaken by the company through a corporate voluntary work programme.
- To collaborate with the social action projects in which other of the company’s stakeholders are working.



Finally, in order to reinforce compliance with the strategic areas and support programmes, the Master Plan also includes three booster tools:

- “Information and data collection”, with which CLH seeks to strengthen the present system of corporate responsibility indicators by improving the automation of data collection and increasing the reliability of the information.
- “Leadership and visibility”, designed to bring value to the business based on the company’s participation in key initiatives in corporate responsibility.
- “Training and awareness-raising”, for spreading the Corporate Responsibility culture among CLH senior and middle management.

The following chapters of this report show the progress made by CLH in executing the initiatives that form the strategic areas and support programmes of this Plan.

Each of the following chapters includes a table showing the level of progress achieved in the plan’s programmes through the initiatives defined in those programmes, as shown below:

CSRMP 2012-16 Programmes

Identification of the programmes included in the Corporate Social Responsibility Master Plan 2012-16 that are related to the area discussed in each chapter.

Initiatives to be developed within the programme

Progress level code.

CLH activities designed for advancing the programmes defined in the Corporate Social Responsibility Master Plan 2012-16.

Progress level code:



Accomplished



In progress



Not yet started

The progress level code presented therefore shows, in graphic format, the present situation that CLH understands the Corporate Social Responsibility Master Plan 2012-16 programmes to have reached.



A notable case

Approval of the CLH Group Social Action Policy

One of the main objectives of the CLH Corporate Social Responsibility model is to contribute to the wellbeing and development of the communities in which it operates, by cooperating in projects that help to improve their quality of life.

To achieve this, in 2012 the company approved a new Social Action Policy whose aim is to support the development of social interest initiatives in the field of education, social welfare and integration and environmental protection in its sphere of influence, as well as to maintain continuous, flexible dialogue with its stakeholders.

The CLH Group seeks to maintain a long-term involvement with these activities. It therefore carries its policy into effect through projects that create a positive, long-lasting impact on the community and offer the opportunity of collaborating in the transformation and improvement of the environments in which it operates.

To achieve this, the company has also developed a plan in which it uses a system of specific indicators to constantly monitor the activities in which it participates, so that their progress, the opinion of the other parties involved and the true impact of their contribution to society can be known at any given moment.



3. Creation of value for the company and our stakeholders

Our approach

The creation of value for its shareholders and the satisfaction of its stakeholders are key elements in the management of the CLH Group, and for that reason we are committed to a transparent management based on relations of trust and cooperation.

Note: Although these five programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are challenges that the Group set itself last year for the area of integrity.



Accomplished



In progress



Not yet started

What progress have we achieved in 2012 in the CSR Master Plan 2012-2016 programmes related to this area?

Programme	Degree of compliance
1. Optimisation of processes for the management and processing of invoices.	Implementation of new software for process automation.
2. Implementation of a new management system for customer debt recovery and monitoring.	Functional design of the system in collaboration with Information Systems.
3. Approval of a new Strategic Plan for the 2012-2016 period.	It is expected to be approved in the first quarter of 2013.
4. Provision of new logistics services.	<ul style="list-style-type: none">• Bioethanol storage service with receipt by tank truck and dispatch in tanker.• Blending services for different product qualities.• Expansion of differentiated additivation services.• Tanker loading services for the dispatch of products to customers or other logistics.
5. Development of internationalisation through the provision of services to companies in other countries.	Agreements with international companies to analyse the possibilities of joint development of logistics infrastructures.



What do we want to achieve in 2013?

- Finish approving a new Strategic Plan.
- Continue with the process for internationalisation of the company.
- Implement an integrated risk management software to provide better cover for Risk Map maintenance and updating.
- Complete the implementation of a new management system for customer debt recovery and monitoring.
- Implement a new corporate management control system, that makes it possible to have the use of greater capacity for analysing information and to reduce the time devoted to its processing.



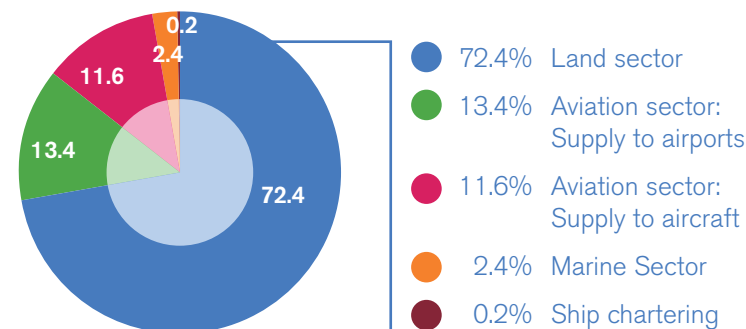
Economic value created

The results for 2012 are a reflection of the CLH Group's commitment to keeping up return on investment and the creation of value despite the difficult economic circumstances our country has been experiencing during the year. The company has faced the decline in demand for oil products that has resulted from the present economic situation through reinforcing the efficiency of its activities and diversifying its services.

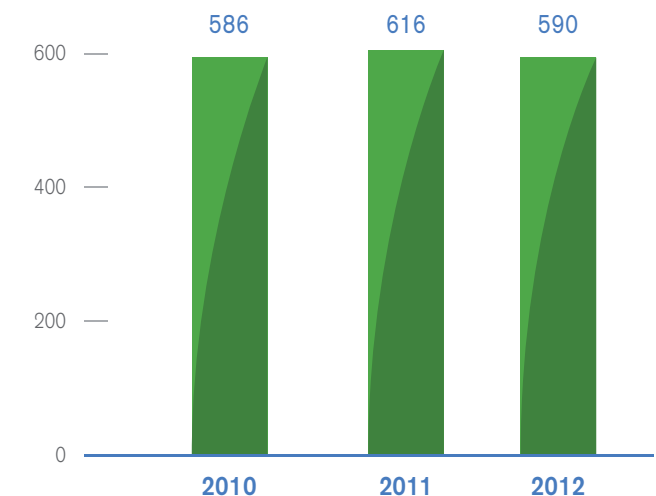
The main key economic figures for the CLH Group in 2012 were as follows:

- Operating income totalled €589.6 million.
- Investments for expanding and improving the storage facilities, new pipelines and other operational improvements accounted for a total of €79.2 million.
- Operating profit amounted to €222.0 million.
- The company record a net profit of €147.9 million.
- The share list price at year-end was €22.50.

Source of earnings for the Group
(%)



Evolution of CLH Group operating income
(Millions of euros)





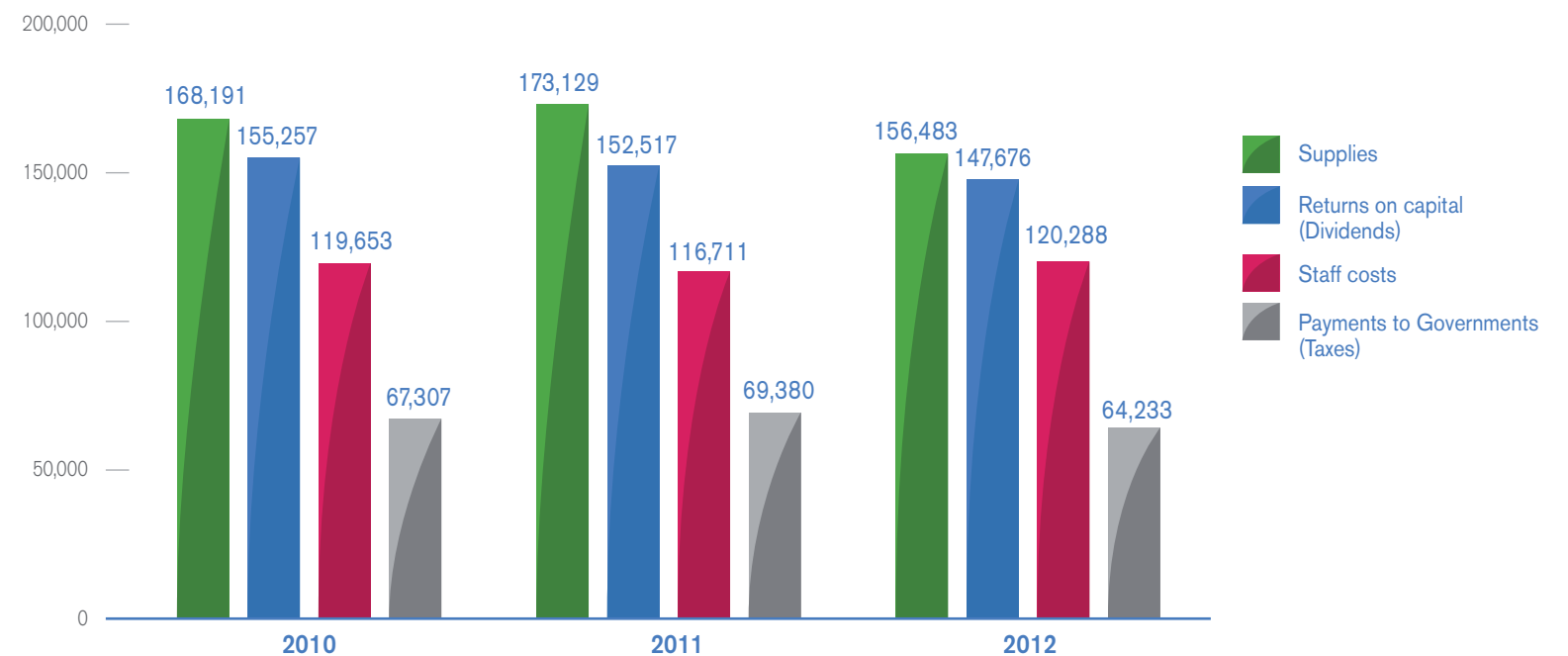
Economic value distributed

Through its activities, the CLH Group creates direct economic value for its main stakeholders, the most important of whom are: its employees, through payment of salaries; the shareholders, through remuneration of their capital with dividends; the suppliers, through money spent on supplies; and the Public Administrations, with the payment of its taxes.

Thousands of euros

Creation of wealth by CLH Group in other agents	2010	2011	2012
Staff costs	119,653	116,711	120,288
Supplies	168,191	173,129	156,483
Returns on capital (dividends)	155,257	152,517	147,676
Payments to Governments (Indicate breakdown)	67,307	69,380	64,233
Taxes on profit ⁽²⁾	63,542	65,330	59,653
Others	3,766	4,050	4,580
Added Value	510,408	511,737	488,683
Results for the year	151,185	162,763	147,875

⁽²⁾ Basically, this includes items devoted to the payment of charges and taxes other than Corporation Tax.





Value brought to society

In addition to creating direct economic value, the CLH Group creates indirect economic value in the social context in which its operations are carried out:

- The CLH Group's oil product logistics system stands out for its integrated nature and for the excellent optimisation of available assets and resources, which makes it possible to guarantee a continuous, safe, efficient and sustainable supply that results in benefiting society as a whole.

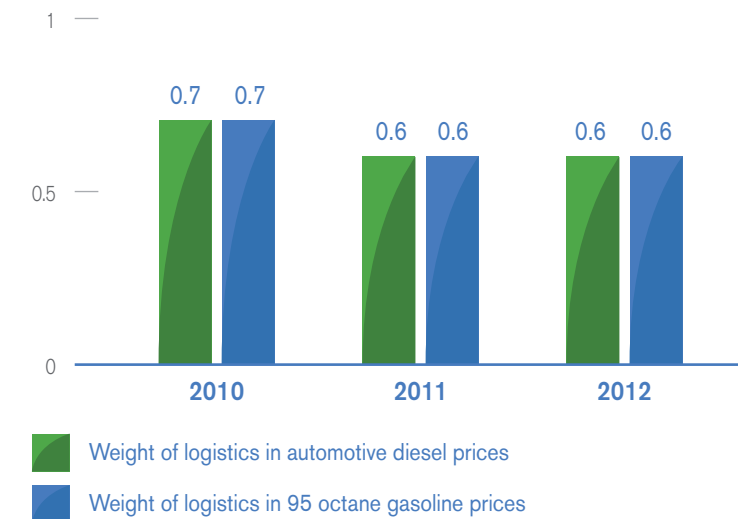
In this respect, the actions carried out by the company within the 2007-2012 investment plan have made it possible to extend the pipeline network by 523 kilometres and incorporate 1.2 million m³ of storage capacity. This investment effort exceeded 750 million euros and made it possible to prepare the company's infrastructures for meeting oil product transportation and storage requirements in Spain in the next 10 years.

- The high level of efficiency attained by the CLH Group, as a result of using advanced technology and optimising resources, allows the average cost of the company's logistics services to be less than one eurocent per litre, which represents only 0.6% of the price paid by the end consumer for each litre of fuel.

This constant search for efficiency also means that since 2005, the price of CLH Group services has been reduced in constant terms, which also has an impact on the fuel prices paid by the end users.

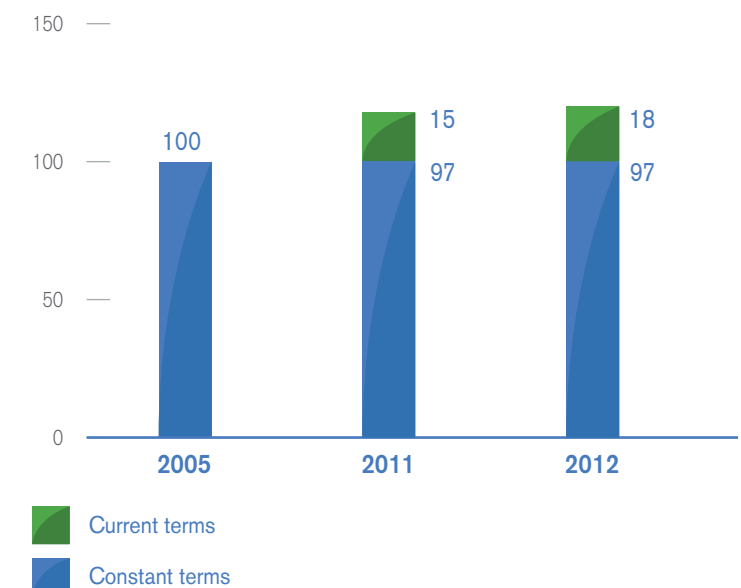
An analysis carried out by the National Energy Commission (CNE) in 2012, which compares oil product logistics in Spain with those of France, evidences the lower price of the CLH services compared with its French counterpart, thereby illustrating the efficiency achieved by the company in its activities.

Weight of logistics on end prices of automotive diesel and 95 octane gasoline in Spain (%)



Index of CLH service prices for its customers.

Index for 2005=100





– The CLH Group uses pipelines as the main method for transporting oil products. An important amount of tank truck and tanker transiting is eliminated in this way, giving rise to a reduction in pollutant emissions. The company estimates that the use of these pipelines avoided the emission of 356,000 tons of CO₂ into the atmosphere in 2012.

Also, the adaptation process carried out by the CLH Group to enable it to receive, store and dispatch biofuels is stepping up the use of these products on a national scale. In 2012, the company distributed more than 2.4 million m³ of biofuel.

Besides this, the adaptation of infrastructures for controlling sulphur content has facilitated the introduction of low sulphur content products that are more environmentally friendly.

– The CLH Group works in association with the Public Administration in collecting the Tax on Hydrocarbons. The company is the principal taxpayer of this tax, which is accrued when oil products leave the storage facilities, which dictates that up to 80% of the State's tax revenues for this item are collected through CLH.

With a view to reaffirming the company's commitment to the best corporate governance practices and working more closely with the Administration in the detection of fraudulent practices, in 2012 the CLH Group subscribed to the Code of Best Tax Practices which was developed by the Spanish Tax Administration and the Large Businesses Forum.

Moreover, the recent change in the regulations governing the Tax on Hydrocarbons has led the company to make a major effort to modify programming of the systems and to adapt its processes to the new regulation.

Petroleum and future energy scenarios

According to the "World Energy Outlook 2012" published by the International Energy Agency (IEA), in the next few decades there will be more demand for all energy sources, from petroleum down to renewables. In this connection, world demand for energy, particularly for petroleum and gas, will continue increasing in both the short and the long term and, together with that, so will oil product prices.

Besides this, the world energy map is changing as a result of several trends, the most important among which are the revival of oil and gas production in the United States, the probable withdrawal of nuclear energy in various countries, the rapid growth of renewables and the propagation of non-conventional gas production.



According to the conclusions reached by the IEA, oil will continue to be the dominant fuel, at least until 2035, although its weight will decrease as other energy sources gradually gain prominence and new methods for energy saving and efficiency are introduced in all countries.

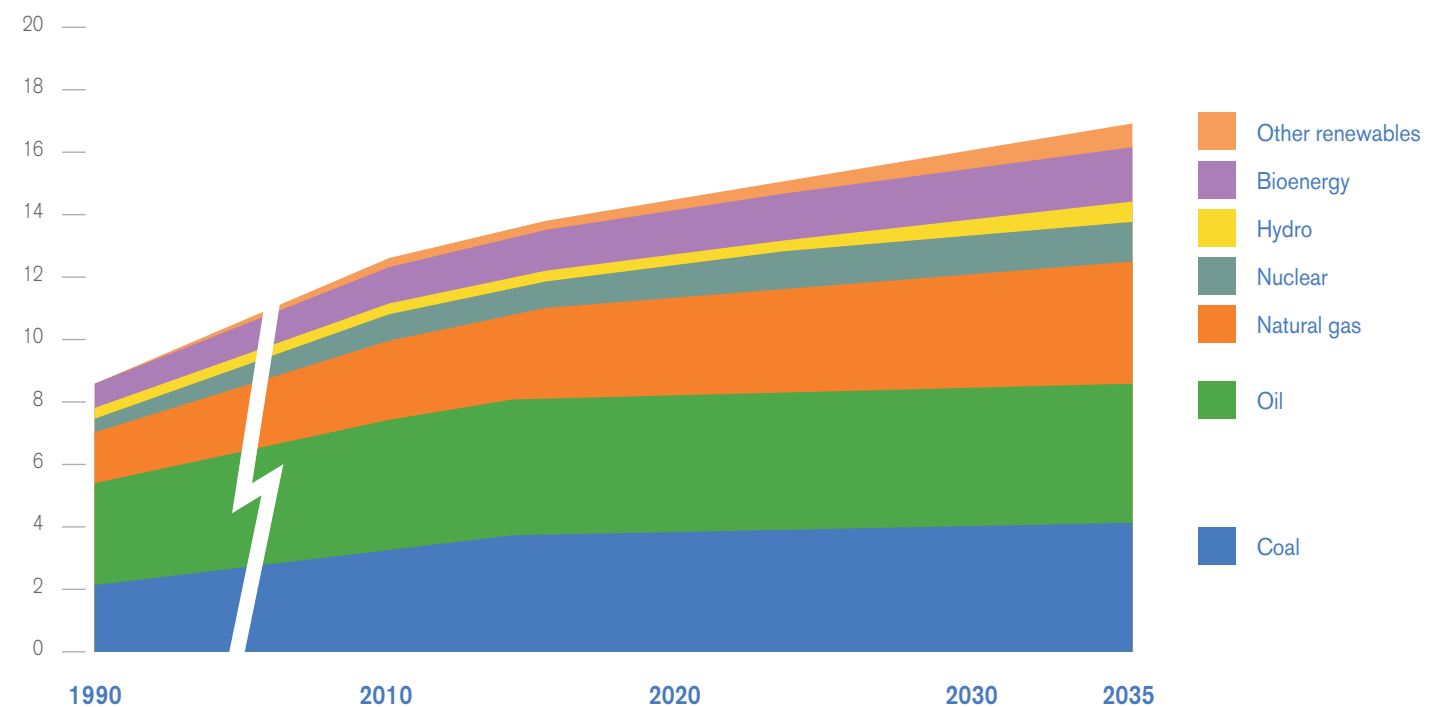
In any case, it is estimated that oil will continue to be key and its price will continue to increase. World demand for crude will increase in 2013 until it reaches 90.5 million barrels of crude per day. This rise will continue in the next few decades until 99 million barrels per day will be exceeded by 2035, this representing a 14% increase compared with 2011. China, India and the Middle East will concentrate more than 60% of this increase, in a scenario in which the OECD countries, including Spain, will hardly increase their consumption at all.

In this energy context, it is important to point out the positive assessment made by the International Energy Agency itself in 2011 regarding the emergency system existing in Spain for dealing with possible situations of interruption in supply.

According to the conclusions reached in this analysis, the CLH Group logistics system is one of the largest and most efficient integrated oil product transportation and storage networks in the world, and represents a great contribution to assuring supply in the places where it operates, as it is open to all oil operators in Spain.

Evolution of global primary energy demand

(Billion tonnes oil equivalent)



Source: World Energy Outlook 2012. Data corresponding to the "New Energy Policies" scenario



4. Integrity in CLH and its value chain

Our approach

With its history of more than 85 years, the CLH Group wishes to be recognised not only as the leading company in the Spanish market for oil product transportation and storage, but also for its comprehensive and transparent business model.



Accomplished









In progress



Not yet started

What progress have we achieved in 2012 in the CSR Master Plan 2012-2016 programmes in relation to integrity?





Programme	Degree of compliance
1. To review the CLH Group framework for integrity to ensure that it complies with the requirements of the reform of the Spanish Criminal Code.	 After approval by the Management Committee, work has started on the implementation of a criminal liability prevention programme.
2. To design a CLH Group anti-corruption and bribery policy.	 Analysis of the best practices is in progress.
3. To define a methodology for identifying risks in ethics and integrity (internal and in purchasing processes).	 Analysis of the best practices is in progress.
4. To define indicators for deployment of the integrity framework.	 Analysis of the best practices is in progress.
5. To promote adherence to the Spanish Tax Agency's Code of Best Tax Practices.	 CLH has subscribed to the Code and has become a member of the Working Group on Excise Taxes in the Large Companies Forum.
6. To require all important suppliers to accept the CLH Group Code of Conduct.	 The main suppliers have been requested to accept the Code of Conduct.

Continued on next page 



4. Integrity in CLH and its value chain (continuation)

Continued
from previous page

Programme	Degree of compliance
<p>7. To review the CLH Group responsible purchasing model:</p> <ul style="list-style-type: none"> • Define a self-assessment questionnaire for suppliers regarding monitoring of the principles and requirements established in the code. • Improve the procedure for management of “non-compliance” by suppliers. • Carry out internal review and control of the practices used by the main suppliers. 	<p> Definition of the questionnaire is in progress. After making an assessment, the affected suppliers have been contacted and the reasons for “non-compliance” have been analysed jointly, with proposals being made to enable them to correct this. A calendar has been established for systematically making visits to the facilities of the main suppliers and being able to review and monitor their practices.</p>
<p>8. To broaden public information about the company regarding the way the CLH Group responsible purchasing model operates.</p>	<p> A reference to the CLH Group's responsible purchasing model has been included in the conditions set out on the order sheet made out to suppliers.</p>
<p>9. To perform systematic monitoring of the CLH Group risk map and the established prevention and contingency plans.</p>	<p> The annual review of the risk map was carried out in the period established for that purpose. Work is also carried out for identifying and monitoring risks that may arise outside the map review period with a view to assessing their inclusion in it.</p>
<p>10. To submit the annual report on directors' remuneration for 2011 for voting on at the 2012 Ordinary General Meeting of Shareholders⁽³⁾.</p>	<p> The Ordinary General Meeting held in April 2012 unanimously approved it.</p>



Accomplished



In progress



Not yet started







⁽³⁾ Although these programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are challenges that the Group set itself last year for the area of integrity.

Continued on next page 



4. Integrity in CLH and its value chain (continuation)

Continued
from previous page

 Programme	 Degree of compliance
11. To establish, through resolution of the General Meeting, the website www.clh.es as the company's electronic headquarters ⁽³⁾ .	 The Ordinary General Meeting held in April 2012 approved the creation of the corporate website www.clh.es as the company's electronic headquarters, for the purposes provided for in article 11 bis of the Capital Company Law.
12. To make a bi-annual analysis of the best Corporate Governance practices as understood by the Global Principles of the International Corporate Governance Network.	 Analysis of the best practices is in progress.
13. To design a formal Corporate Governance policy for the CLH Group.	 Analysis of the best practices is in progress.
14. To design a system for the corporate governance initiatives that are identified as priorities.	 Analysis of the best practices is in progress.



What do we want to achieve in 2013?

- Implement the criminal liability prevention programme and establish internal controls for cataloguing identified risks.
- Review the degree to which the recommendations for good corporate governance are followed in order to adopt measures that make it possible to comply with the best practices in this area.
- Implement Integrated Risk Management software (ERM: "Enterprise Risk Management") so as to be able to provide the best cover for Risk Map maintenance and updating.



Accomplished



In progress



Not yet started

⁽³⁾ Although these programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are challenges that the Group set itself last year for the area of integrity.



Corporate governance model

Implementation of good governance policies

The corporate governance practices of the CLH Group are geared towards achieving the strategic objectives of the company through the adoption of the best practices in listed companies.

Internal regulations for good governance in the CLH Group

- Articles of Association.
- Regulations of the General Meeting of Shareholders.
- Board of Directors' Regulations.
- Internal Regulations for Conduct in the Securities Market.

For further information see www.clh.es



During 2012, the CLH Group has followed the recommendations for good governance included in the Unified Code of Good Governance, which was approved in 2006 by the Spanish Securities and Investments Board, without prejudice to the special features that stem from the company's ownership and administrative structure.

In this respect, the high level of participation that the shareholders have in management of the company is to be noted since the Articles of Association establish that every shareholder with a shareholding stake of 5% or more is guaranteed a presence on the Board of Directors. This means that practically all the shareholders, which is currently 99.15% of the share capital, is directly represented on this body. Therefore, actions for consultation with the shareholders promote a free-flowing dialogue that has a direct effect on the decision-making processes of the supreme administrative body of CLH.

The company's administrative structure is regulated in the Articles of Association of the Group which, together with the Regulations of the General Meeting and the Board of Directors' Regulations, were amended in 2011 with the aim of adapting these texts to the

provisions of the new Capital Company Law and bringing regulation of the Audit Committee into line with the reform of the Securities Market Law, the recommendations of good corporate governance and the functioning, in practice, of this Committee.

The dissemination of contents related to corporate governance is another priority for CLH in this area. The company has therefore encouraged the use of its website (www.clh.es) as a platform for accessing these contents which ratify the company's commitment to transparency. In fact, the Ordinary General Meeting of Shareholders that was held in April 2012 approved the creation of the website as the electronic headquarters of the company.



A specific section called “Information for Shareholders and Investors” has been made available on this website, and is where detailed information can be consulted regarding the following areas:

- Share capital structure and company shareholders.
- Functioning of the General Meeting of Shareholders.
- Composition and functions of the administrative bodies.
- Corporate governance regulations.

Lastly, in the sphere of corporate governance, it should be noted that the Ordinary General Meeting of Shareholders held in 2012 unanimously approved the annual report on directors’ remuneration for 2011.

The above report contains details of the remuneration policies that exist in the company for directors and executive staff, these policies not having undergone any change at all in the past year, as the report itself establishes.

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the company and holds powers for deciding on the matters that affect the company and which are not attributed by law or by the Articles of Association to the authority of another company body.

This body is required to meet within the first six months of each calendar year in order to assess the performance of the company, approve the annual accounts and decide on allocation of the results. The organizing and running of the General Meeting and the shareholders’ exercise of their rights at the time it is convened and held, are regulated in the Regulations of the General Meeting of Shareholders, which complete the provisions of the law and the Articles of Association.

Board of Directors

The Board of Directors holds powers on matters relating to management of the company and acts as its representative. It is also the supreme decision-making body of CLH except in matters that are set aside for decision by the General Meeting. It is established in the Articles of Association that the term of office of its members is 5 years.

The criterion applied in the actions it undertakes is maximisation of the company’s value, both in the long and the short term, by administering the company, supervising the development of business activity and assuring its future viability.



The composition, powers and functioning of the Board is regulated through the Articles of Association and the Board of Directors' Regulations. Within its structure, the Board has set up complementary administrative bodies in order to optimise governance of the company, as shown in the following table:

Audit Committee

To establish relations with the external auditors and supervise:

- Internal control and risk management systems in the company.
- Internal auditing.
- Regulated financial information.

Appointments and Remuneration Committee

To report on or make proposals regarding appointments and remuneration of:

- Board Members.
- Members of the Board Committees.
- Company executives.



The Board of Directors' Regulations follow the recommendations of the Unified Code of Good Governance as regards the need for the Board to devote at least one meeting per year to assessing its functioning and the quality of the work it has done.

In order to make this assessment, in 2013 the Board issued and approved a report regarding the functioning of the Board itself and that of the Audit and Appointments and Remuneration Committees during financial year 2012. The contents of this report have been made available to the shareholders and other stakeholders through the Annual Report for 2012 which can be accessed through the website www.clh.es.

The conclusions reached in the report were that the functioning and performance of duties both by the Board of Directors and its Committees and by the Executive Chairman, were satisfactory. Aspects of the Board and its Committees, particularly their composition, organization and functioning and duties, were assessed.

In connection with the composition of the Board, it should be noted that the Ordinary General Meeting held on 27 April 2012 agreed on the re-election and appointment of the seventeen directors whose term of office, established in the Articles of Association at five years, was coming to an end. At the meeting held afterwards, the Board of Directors agreed that the Chairman-Chief Executive Officer, the Secretary of the Board of Directors and the members of the Audit Committee and the Appointments and Remuneration Committee should continue to hold office as such.

According to this, the composition of the Board which is formed by 20 members, its Chairman and 19 proprietary members, as at 31 December 2012, was as shown below:



Composition of the Board of Directors as at 31 December 2012

Chairman:

Mr. José Luis López de Silanes Busto

Members:

Mr. Daniel Micheal Agostino

Mr. Hamed Sloom Mubarak Al Athobi

Mr. Ahmed Hassan Al-Dheeb

Mr. José Eulogio Aranguren Escobar

Mr. Mario Armero Montes

Mr. Pedro Fernández Frial

Global Noray, S.L. (represented by Mr. Miguel Iraburu Elizondo)

Global Ramayana, S.L. (represented by Ms. Tanya Covassin)

Global Winche, S.L.

(represented by Mr. Guillermo Briones Godino)

Kartera 1, S.L.

(represented by Mr. Carlos María Olazábal Estecha)

Mr. Jorge Lanza Perea

Mr. Stanislav Michael Kolenc

Marthilor, S.à.r.l. (represented by Mr. Andrew Liau)

Marthilores, S.L. (represented by Mr. Mathias Burghardt)

Mr. Pedro Miró Roig

Mr. Carlos Morán Moya

NCG Banco, S.A.

(represented by Mr. Fernando Vázquez de Lapuerta)

Mr. Rui Nuno Tavares de Almeida Moreira da Cruz

Mr. Robert Edward Verrion

Secretary:

Mr. Luis Valero Quirós

Audit Committee

The Audit Committee is composed of five directors, all of them non-executive external directors.

Chairman:

Mr. Mathias Burghardt, as representative
of the director Marthilores, S.L.

Members:

Mr. José Eulogio Aranguren Escobar

Mr. Daniel Micheal Agostino

Mr. Carlos María Olazábal Estecha,

as representative of the director

Kartera 1, S.L.

Mr. Jorge Lanza Perea

Secretary:

Mr. Luis Valero Quirós

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is composed of four directors, all of them non-executive external directors.

Chairman:

Mr. Pedro Miró Roig

Members:

Mr. Hamed Sloom Mubarak Al Athobi

Mr. Mario Armero Montes

Mr. Pedro Fernández Frial

Secretary:

Mr. Luis Valero Quirós





Management Committee

The Management Committee is an internal steering and control body that is made up of other lower-ranking committees that are vested with certain powers and functions.

Management Committee

- Human Resources and Safety Committee.
- Operations Committee.
- Strategy Committee.
- Ethics Committee.
- Corporate Responsibility Committee.
- Quality Committee.



CLH participation in the development of public policies

The CLH Group participates in various important organisations in the oil sector, through which it organises its position on the different issues of public concern that affect it.

One of these organisations is the Hydrocarbons Advisory Board which operates under the National Energy Commission (CNE) - the public body that regulates energy systems and is attached to the Ministry of Industry, Tourism and Trade - of which the General Secretary of CLH is a member. Through this participation, he represents the interests of liquid hydrocarbon storage and logistics companies. These companies also defend their common interests through ASTERQUIGAS, the Spanish Association of Bulk Receiver Terminals for Chemicals, Liquids and Gases, to which CLH also belongs.

The CLH Group also holds membership of CEOE, the Spanish Confederation of Employers' Organizations, and is a member of various committees in this body, such as the Committee for Social Responsibility in Business, the Environment Committee and the Energy Committee.

Through its membership of the Spanish Energy Club and the Spanish Committee of the World Energy Council, the CLH Group also makes its voice heard on relevant issues in the sector, some of which are mentioned below:

- Projects for regulations relating to the legal specifications of products.
- Biofuels.
- Minimum security reserves.

Also, in 2012 the CLH Group subscribed to the Code of Best Tax Practices and also became a member of the Working Group on Excise Taxes that operates under the Large Companies Forum⁽⁴⁾.

⁽⁴⁾ For further information, see chapter 3. Creation of Value.



The CLH Group participates in the Joint Inspection Group (JIG) through CLH Aviación. This organisation was created by the majority of the oil companies in order to promote and guarantee quality control and efficiency in aviation fuel facilities, by developing a global standardisation for good practices in aviation equipment.

Lastly, CLH Aviación is also a member of IATA, an association created in 1945 to promote and control services linked to airline companies. Its mission consists of representing the industry in order to benefit from the advantages that today's global economy brings with it, providing its members with professional support.

Corporate culture and integrity

The CLH Group Code of Conduct was approved on 27 July 2010 by the company's Board of Directors and notified to the Securities and Investments Board.

Since then, the Code has been displayed on the www.clh.es website and also on the corporate portal of the Group. It has been in force since the moment it was approved and is applicable to the members of the administrative and management bodies of the company, and to all the employees of the companies that form the CLH Group. CLH also promotes the Code among all its suppliers, contractors and partners, in order to create a link and provide guidelines for conduct that conform to the principles and values it contains.

The Code of Conduct basically has a two-fold purpose:

- To ensure the professional, ethical and responsible behaviour of the company's employees in the performance of their activities and discharge of their duties.
- To create a business culture based on the integrity of their conduct that is in keeping with the corporate reputation of the CLH Group.

The Ethics Committee was set up in accordance with the provisions of the Code of Conduct, and held its first meeting in October 2010. This committee has undertaken a number of actions since 2011 to make the contents of the Code widely known, and to that end it created a specific space on the website and on the corporate portal. The Code of Conduct was also distributed among all of the company's employees through the personal delivery of a pack containing not only the Code, but also the CLH Group Mission, Vision and Values Policies.

In addition, the Code of Conduct Mailbox has been made available to all company stakeholders through a specific area of the website and on the corporate portal. This channel is the platform established for sending in consultations and for any doubts about this regulation to be explained, and also for reporting directly and safely on any alleged breach of the principles it contains including, where appropriate, conduct involving workplace harassment or any other irregularity that is noticed. These communications are received by the company's Ethics Committee, which will be responsible for assessing each case and deciding on the required action depending on the nature of the facts that have been notified.



Functions and composition of the CLH Group Ethics Committee

Functions

- To establish channels of communication with employees for collecting information and incidents
- Monitoring of implementation and compliance with the Code of Conduct
- Dissemination and awareness of the Code of Conduct

Composition

- Director of Communication and Institutional Relations (Chairman of the Committee)
- Director of Human Recourses
- Assistant Audit Manager
- Assistant Director of the Legal Department



During 2012, the Ethics Committee held three meetings at which the notifications received through the Code of Conduct Mailbox were analysed, with a view to deciding on the most appropriate course of action to pursue in each case. The Committee also participated in the preparation of the corporate policy on the use of social networks.

The four notifications received in the Mailbox throughout 2012 reported possible cases of workplace harassment of the type included in the scope of application of the CLH Group Action Protocol for Preventing and Dealing with Harassment at Work and so, in accordance with that they were transferred to Human Resources Management for commencement of the corresponding process.

In compliance with section 7.3 of the protocol, the Ethics Committee has received the statistical information relating to these incidents of harassment, all of them having been closed, in one case because the person making the report no longer wished to pursue it, and in the other cases, they were closed after the issue of the mandatory report once the investigation had been carried out, the conclusion reached being that there was no evidence of any situation of harassment.

Preventive approach to risk management

The Risk Control and Management System established by the CLH Group is based on the methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), which covers all relevant areas and processes within each of the Organisational Units.

The company pursues the following objectives through this methodology:

- To identify and assess the key risks in each business.
- To know which risks must be assumed and which risks must be avoided for developing the business.
- To draw up the plans of action necessary for reducing the main risks.



In accordance with this methodology, the CLH Group has structured the risks into four groups as shown in the following chart:

In this way, the company assesses:

- Inherent risks (risk that is present for CLH in the absence of any action taken by the Management for changing the probability of the risk occurring or its impact).

- Residual risks (risk that remains even after the Management has implemented a response to that risk). The most important of these latter risks are related to safety in product storage and transportation, the safety of staff and the environment, solvency and liquidity, the response to crisis situations (e.g. pandemic illnesses) and also risks related to compliance with the targets established in the Group's Strategic Plan.

The company has a risk management procedure that is suited to its activity and its associated risk profile. It has also established continuous monitoring of the risks in each process and Organisational Unit. Their status and management are notified to the Management Committee through the channels established in the current procedure.

The Management Committee is responsible for proposing to the Board of Directors, through the Audit Committee, the risk profile assumed by the Group, and also for carrying out monitoring of the risks, establishing the appropriate measures for guaranteeing their proper control and management.

Risks in the CLH Group

- **Strategic risks:** key risks for the company that must be managed proactively and as a priority (e.g. deciding on investments, entering new segments, generational takeover, etc.).
- **Operational risks:** risks that affect operating management, and may come to have a significant impact on Group operations (e.g. system failures, occupational and environmental accidents, shortcomings in the processes, etc.).
- **Reporting risks:** risks that directly affect aspects of information reported to the company and/or third parties (false information given to investors and the shareholders, etc.). This category also includes financial risks (e.g. credit, market, liquidity, etc. risk).
- **Compliance risk:** risks that affect compliance with internal or external regulations in respect of third parties (compliance with safety and environmental rules, tax returns and their payment, compliance with the law on protection of personal data, etc.).





In this context, the Risk Map Technical Secretary's Office plays an important role by supporting the Organisational Units in their work for monitoring and controlling corporate risks, by ensuring the rules are duly complied with, besides also monitoring, in conjunction with Corporate Auditing, the plans of action established regarding risks until they have been placed at a tolerable level.

This Secretary's Office is also responsible for:

- Integrating risks by taking their interrelationships into account.
- Regular updating of the Risk map.
- Ensuring that information about risks flows in the direction of the bodies responsible for controlling them (Management Committee, Audit Committee and Board of Directors), and from there, to the units responsible for managing the corresponding processes or projects.

The most relevant control systems implemented in the organisation with a view to reducing risks and achieving the objectives of the Group are summarised in the following table.

Lastly, it should be noted that the Technical Secretary's Office assumes responsibility for integration of the risks that shape the Map by taking their interrelationships into consideration, carrying out a sensitivity analysis for certain risks of a financial nature.

Most relevant control systems in the CLH Group:

- **Combined Prevention System.** Formed by its own prevention service that operates jointly for CLH and CLH Aviación, it assumes as its own the specialities of Safety in the Workplace, Industrial Hygiene and Industrial Ergonomics and Psychology.

There are "designated workers" for the occasional case of assistance on prevention matters.

An arrangement with an outside prevention service (Sociedad de Prevención de Fraternidad Muprespa) for technical activities and health monitoring, with a medical coordinator provided by CLH (Head of the Medical Service).
- **Occupational Health and Safety Management System.** Integrates both the prevention of occupational risks and industrial safety, with the aim of "zero accidents". This system holds OHSAS 18001:2007 certification from AENOR.
- **Environmental Management System.** It has environmental sustainability criteria and energy efficiency at the forefront in all its activities and during their entire life cycle according to the ISO 14001 standard, granted by AENOR.

Two EMAS declarations have been certified for the facilities in Tarragona and Huelva.
- **Infrastructure Management and Integrity Plan.** The Pipeline Integrity Plan has been prepared by following the API 1160 standard that focuses on oil pipelines. Compliance with this plan and its monitoring help us operate more efficiently and safely.

The Facility Integrity Plan is being prepared in accordance with the API (American Petroleum Institute) regulations that focus on storage facilities, for carrying out operational work more efficiently and safely, and includes annual monitoring of goals and objectives.
- **Succession and Training Plan.** The company continues preparing its future managers through different training programmes, to enable them to acquire the competencies and skills required for taking on the new responsibilities assigned to them when they take over from those who are to retire.





Responsible purchasing model in the CLH Group

Through the Corporate Responsibility Master Plan, the company has set itself the target of implementing a responsible purchasing model that extends its commitments and code of conduct in the value chain.

To achieve this, the CLH Group has developed a series of initiatives that complement the system for management and approval of suppliers and which aims to guarantee that its suppliers comply with a set of minimum standards of performance.

The supply chain in the CLH Group

The company's supply chain is formed by more than 1,600 supplier companies⁽⁵⁾ that provide the CLH Group with the products and services necessary for it to operate.

The companies that are most prominent, because of the importance of their supplies or services, are those that are responsible for carrying out civil works for the company's projects, the electricity suppliers and the companies that provide CLH with essential materials for its activity, such as instrumentation, tanks, pipes, valves, and also additives for the oil products.

During 2012, the CLH Group purchased 97% of its supplies in Spain. 100% of the company's activities are carried out in Spanish territory, meaning that most supply contracts are arranged in the areas where it operates, thereby contributing to the development of the communities in which it is present.

The value chain in CLH in 2012

- Formed by more than 1,600 companies.
- More than 87% of the expenditure is undertaken with suppliers that have a long-term contract with the company.
- In 2012, 11% of the expenditure was with suppliers that the company was working with for the first time.
- The average period for effecting payment to suppliers is 50 days.
- 68% of the expenditure is undertaken with contractors that hold an environmental certificate.



⁽⁵⁾ In 2012, CLH made purchases in excess of €3,000 from 1,443 companies.



Supply chain management

The CLH Group uses management procedures that make it possible for purchases to be made in a rational, efficient, economic way that integrates with the general budgets and corporate purchasing policies. The aims of these policies are:

- To unify purchasing criteria.
- To hire services and make purchases in a way that is transparent and economically efficient.

The Purchasing and Warehouse Unit is responsible for centralised management of purchases at corporate level. Besides this unit, any other unit in the company may hold powers in this area, particularly those which, because their purchases are so specific, have always handled this themselves.

In addition to centralised purchases, other decentralised or local purchases are also made for the purpose of acquiring goods or consumables for a lower value and which are charged against the expense budget.

The CLH Group has a list of “Approved Suppliers of Materials” which are verified in accordance with the requirements provided for by law. Besides this, regular monitoring is carried out on their reliability through the following parameters:

- Compliance with delivery deadlines.
- Compliance with the required quality standard.
- Compliance with the required quantity control.

Centralised purchases: Characteristics

- Technical specification and standard use for the whole of the company.
- They are intended for use in investments for fixed assets.
- They present some type of corporate identification and image.





Management and approval of suppliers: the RePro system

Both generic information regarding suppliers and the initial requirements for approval are included in the RePro system. This system belongs to the Achilles Group, which specializes in supplier information management. The RePro system was agreed by some of the major Spanish and Portuguese companies that operate in sectors such as electricity, gas, petroleum and water, besides the naval sector, in order to be able to have the use of a tool

that enables them to register their suppliers and contractors in a way that is efficient, permanently updated, objective and non-discriminatory.

With RePro, suppliers register just once for all the user companies in the system. The information provided by the supplier is therefore structured and up to date and is the same for them all. In this way, the regulations relating to classification systems that are established in Law 48/98 on contract arrangement procedures for the water, energy, transport and telecommunications sectors are complied with.

In addition to registering in RePro, a supplier must first be assessed in order to be approved by the CLH Group. As a general rule, suppliers of critical basic logistics materials (those that concern equipment considered by the company to be critical for its operations) undergo assessment before the first purchase is made and are subjected to continuous assessment after that, with the dual aim of guaranteeing their ability to supply in accordance with the specified requirements and verifying compliance with these requirements over time.

All suppliers and contractors must adhere to the CLH Group safety policy. Safety criteria are therefore used for assessing and selecting the contractors that work for the company, and they are required to comply with the same safety regulations as the company's employees.

The company is also working on other initiatives aimed at improving the assessment of its suppliers and guaranteeing that their conduct conforms to its principles. Important among these measures are the requirement to accept the company's Code of Conduct, the defining of a questionnaire to make it possible to monitor compliance with the principles of this code, analysis of whatever non-conformities are detected and the proposed measures for improvement in cases where they are detected.

In addition, CLH is working on a new methodology for identifying ethics and integrity risks associated with the way suppliers operate.

The most important CLH contractors were assessed on aspects related to Social Responsibility during 2012

- Adherence to some kind of international standard in the sphere of Corporate Social Responsibility.
- Prevention of forced, child or compulsory labour.
- Prevention of discrimination.
- Freedom of association and collective bargaining.
- Workplace harassment and abuse.
- Disciplinary practices.
- Working hours and remuneration.





Communication with suppliers for streamlining processes

A system for streamlining communications with the supplier and users was implemented during last year and has improved the circuit for authorising orders in the company.

As a result of this system, the orders are sent simultaneously to the supplier and also, for their information and for monitoring purposes, to the centres requesting materials and equipment through electronic mails and in PDF format, meaning that they remain accessible for subsequent consultations.

In order for this communication framework to operate, the suppliers are requested to send technical information, reports, etc. in electronic format always and avoid sending catalogues in physical format whenever possible.

Also important in the heading of processes related to suppliers is the project that was implemented in 2012 in the economic and financial area of CLH, which has been successful in optimising invoice processing and making it possible, among other advantages gained, to guarantee that payments are made to suppliers within the time limit established by law.



A notable case

Implementation of computer software to achieve optimisation of invoice management and processing procedures through automating these

One of the major projects that CLH dealt with throughout 2012 in the Economic and Financial Area has been to introduce a Workflow system for the expense invoices received from suppliers. It consists of digitalising them centrally, capturing a series of data from them in order to automate authorisation processes and the resulting accounting and payment.

This has meant that:

- There is improved monitoring of the invoice processing times, making it possible to conform to the payment periods established by law.
- Invoice details are available to the managers at all times, making it easier for them to be consulted.
- Administrative management involving filing is reduced with the resulting savings in time and consumption of paper.



5. Quality and innovation for our customers

Our approach

For the CLH Group, excellence in the service it provides to its customers is paramount. The customer stands at the centre of the very definition of its corporate vision. One of the main objectives of the company is therefore to guarantee to society a safe fuel supply that focuses on efficiency and service quality.



Accomplished








In progress



Not yet started

What progress have we achieved in 2012 in the CSR Master Plan 2012-2016 programmes relating to customers?









Programme	Degree of compliance
1. To develop a systematic model for relations with customers that makes it possible to document and suitably monitor all interactions we have with them.	 An analysis has been made for defining the requirements of the management model. The results of this analysis will be used to develop a computer application that will be integrated into the organisation's systems. In CLH Aviación, all interactions with customers are already being recorded with a view to being able to channel their ideas for improvement and ensure that an answer is provided for their needs.
2. To review and update the customer satisfaction surveys.	 No customer satisfaction survey was carried out in 2012 as this is only done every two years. In the previous edition (2011) changes were made to its structure and contents according to the defined customer segmentation. CLH Aviación, on the other hand, carries out specially adapted surveys every year.
3. To involve the airline companies in improving operating processes.	 The airline companies have been consulted about their operating, invoicing, etc., requirements. An analysis is being made of system compatibilities for integrating operating processes.
4. To formalise processes for identifying new developments in tax regulations as a source of customer loyalty.	 It is the Legal Department that identifies the applicable regulations. These and their application to CLH are subsequently analysed, with an assessment of the changes to be made in the CLH Group and the resulting business opportunities. The CLH Group has made a detailed review of the proposed amendment of the Excise Tax Regulations, and has proposed a large number of modifications based on suggestions received from its customers and users of its services.
5. To establish quantitative objectives for long-term sustainable innovation strategy.	 Work has begun on editing a "Ten Commandments" list for sustainable innovation.

Continued on next page 



5. Quality and innovation for our customers (continuation)

Continued
from previous page

Programme	Degree of compliance
6. To increase collaboration with the most prominent players in the sector on developing innovation projects applicable to customers.	 The company participates in various initiatives: Patronage of the IREC and the CLH Chair at the School of Mining Engineering that operates at the Polytechnic University of Madrid (UPM); Participation in projects forming part of the 7 th Framework Programme (ITAKA); Collaboration with the Energy Institute on the FAME in JET A1 programme; Agreements with the UPM on pipeline integrity projects and membership of European fuel standardisation groups.
7. To define and implement a certification system for biofuel sustainability ⁽⁶⁾ .	 Definition of the new system has almost been completed. It is a more flexible system that is adapted to the needs of the operators and the market.
8. To renew the external evaluation of the Excellence system with the gold seal (500+) in the EFQM model ⁽⁶⁾ .	 It has been renewed, with a score of 550-600.
9. To make a more in-depth study of the possibility of using biofuels in the aviation sector ⁽⁶⁾ .	 CLH participates in a number of groups and projects related to this item (Inter-ministerial agreement for promoting biofuels in aviation, ITAKA European Consortium for promoting biokerosene, member of the European Biofuels Flightpath in Aviation group, etc.).
10. Commissioning of the hydrant networks at Alicante airport and expansion of the hydrant network at Malaga airport ⁽⁶⁾ .	 The hydrant network at Alicante airport is now operating and the expansion of the hydrant network at Malaga airport is at a very advanced stage. It is expected to be brought into service early in 2013.
11. Commissioning of the new CLH Aviación facilities in Mahón, Seville and Murcia and of the loading area in Barcelona ⁽⁶⁾ .	 Work has been completed at all the facilities. Two of them (Seville and Barcelona) are operational. In Murcia, opening of the new airport is awaited. The facility in Mahón is at the testing stage.
12. Completion and commissioning of service stations at Alicante, Bilbao and Seville airports ⁽⁶⁾ .	 Alicante: finished, pending authorisation from the Ministry of Industry. Bilbao: finished, pending authorisation from the Ministry of Industry. Seville: Building work is expected to start in 2013.
13. Completion of hydrant expansion, pumping and filtration work at Son San Joan ⁽⁶⁾ .	 The hydrant expansion and filtration work has finished. Also, the remodelling of 85% of the hydrant fuel supply points to be modified has been completed. Work has also been completed on the construction of a new loading point on the airport's general aviation platform.



Accomplished



In progress



Not yet started

⁽⁶⁾ Although these programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are challenges that the CLH Group set itself last year in the area of customers and service quality.

Continued on next page



5. Quality and innovation for our customers (continuation)



Continued
from previous page



What do we want to achieve in 2013?

- Continue working on the R&D&i line defined in the fuel technology area.
- Introduce a new quality control and assurance system for the fuels handled by the company.
- Make a new assessment of the technology for additives that improve fuel behaviour under cold conditions.
- Implement new methods for fuel testing and characterisation.
- Finish design of the new fuel sustainability management system in CLH.
- Continue developing environmental analysis methods.
- Implement the project for technological evolution in the into-plane supply service, evolution, pilot project and deployment throughout 2013.
- Implement the PROA (Planning of Operating Resources in Aviation) system at all the airport facilities.
- Expansion and commissioning at various facilities (Hydrant network at Malaga airport; service stations at Alicante, Bilbao and Seville airports; Facility at Murcia Region International Airport; Hydrant network at Son San Joan (Palma, Majorca) airport).
- Finish building the pipeline for supplying aviation fuel to Madrid-Barajas Airport from the CLH facility in Torrejón de Ardoz.
- Start-up for the improvements made to the invoicing system.
- Continue analysing and developing a customer relations model that makes it possible to document and suitably monitor their interactions with CLH.
- Conduct a new customer satisfaction survey having reviewed its contents and methodology.



Improved commercial portfolio

The CLH Group offers a wide range of services related to fuel storage and transportation, as well as the supply of fuels for aviation. The company also provides a series of additional services that are adapted to its customers' requirements.

Additivation

The company offers its customers the possibility of adding the additives of their choice to the products dispatched from its facilities. These additives are automatically added in the loading arm, CLH continuously assessing and selecting additives and anti-cold for improving product quality. In this way it is guaranteed that the products offered incorporate the latest technologies available in each of the cases.

In 2012, CLH selected a new quality additive for automotive gasolines that incorporates the latest developments in these products.

Biofuel services

With the aim of meeting its customers' needs, the CLH Group has loading-arm biodiesel and bioethanol blending logistics services at several facilities. The biodiesel services that are offered are blends of fatty acid methyl esters (FAME) with diesel prior to tank truck loading in proportions of up to 7%, and loading-arm blending in different proportions from 7% up to 30%, which the customer can request for dispatch in each cargo loaded.

Services are also offered at nine storage facilities for bioethanol storage and blending of gasoline with this biofuel at the time when tank trucks are loaded, thereby helping to make it easier for the operators to fulfil their obligation in respect of biofuel consumption.

The volume of these fuels that was handled during 2012 experienced a remarkable increase, particularly where second generation biofuels (hydrobiodiesel or HVO) were concerned. A new storage and biofuel blending service started to be offered, this allowing the customers a greater degree of flexibility in the use of different raw materials.

Besides this, in the field of biofuels and in close cooperation with the National Energy Commission (CNE) and the operators, the company has designed a new biofuel management system in the logistics system that includes dealing with sustainability. In addition to meeting the requirements of the new regulations laid down by the CNE in this connection, this new design is more closely adapted to the needs of the operators.

Also in 2012, CLH successfully passed the inspection conducted by the CNE for verifying the level of compliance with obligations that the company, as the owner of storage facilities from which these types of biofuel are dispatched, has to provide information on biofuels.



Delivery supervision

The oil companies deliver products to CLH through the national refineries or through imports by tanker from foreign refineries. There is a CLH team working at each of the eight refineries that are distributed throughout Spanish peninsular territory (La Coruña, Tarragona, Cartagena, Puertollano, Huelva, Algeciras, Bilbao and Castellón), that is in permanent contact with the refinery staff and has first-hand control of the quality and quantity of the products. Besides this, all products that are imported by tanker are analysed before being unloaded.

CLH performs analysis on 100% of the products that enter its system, which ensures that all of them comply with the quality standards established by contract. In 2012, the company continued restructuring the product quality area which will increase the efficiency of its traceability, assurance and control system and will make it possible to continue improving the levels of reliability that it offers its customers and the sector. The new protocols and procedures that have been designed will finish being implemented during 2013.

Besides this, accuracy in the measurement of the quantities received and delivered is backed up by an assurance system that is also supported by a metrology laboratory accredited in accordance with the ISO/IEC 17025 standard. This accreditation was renewed in 2012.

Analysis laboratory services

The management of fuel technology and quality is one of the activities that sets the CLH Group apart. The company has achieved this with a network of laboratories for carrying out product analysis and characterisation, this network being formed by seven laboratories that are coordinated from the Central Laboratory in Madrid. Besides this, it holds accreditation according to the ISO/IEC 17025 standard and has one of the most complete analysis services portfolios in the sector.

During 2012, the company intensified its participation in European fuel technology and standardisation groups (CEN WG 21 Specification for unleaded petrol; WG 24 Specification for diesel fuel), and also in different specific groups created for dealing with concrete topics.

Besides this, in 2012 CLH joined other groups:

- WG 38 New Fuels Coordination and Planning
- Technical group for the study of the characteristics of FAME (fatty acid methyl esters) in order to establish the national annex to the EN 14214 standard
- Energy Institute working group for determining the limits of FAME in aviation fuel
- CEN (European Committee for Standardisation) working group for studying problems in the diesel injectors of latest generation vehicles.

The aim of this line of action is, on the one hand, to be on the cutting edge of technology and, on the other, to offer the company's infrastructures and know-how to help in the development and resolution of challenges in the sector.

Also in 2012, work continued on the process for improving the analysis service offer through the incorporation of cutting-edge technology equipment, the implementation of new standard test methods and the development of the company's own methods that are able to meet the demand for analyses that are not covered by standard methods.



Fuel specifications

The CLH Group has made all the necessary changes in the infrastructures, operating protocols, quality assurance and control systems so as to be able to introduce the new fuel qualities (new ISO 8217 and MARPOL requirements for marine fuels, new specifications for off-road diesel fuel), and has continued working in this field in European and national committees for establishing fuel specifications.

Metrology and calibration services

Another of the skills that set CLH apart is its technical ability in the field of metrology. It operates a Metrology Unit that provides services for the calibration, verification and adjustment of equipment used in measuring volume, temperature, pressure, density, and length and transmission of electrical signals, in order to guarantee the reliability necessary in all product receipt, delivery and internal movement processes.

In 2012, the company renewed its ENAC accreditation for these services in accordance with the ISO/IEC 17025 standard and continued contributing towards what is known in this area through the research projects carried out at the CLH Chair in Metrology that operates at the Polytechnic University of Madrid's School of Mining Engineering, and through dissemination activities in specific technical forums.

CLH Aviación services

CLH Aviación is the only independent company in the Spanish market for fuel services at airports that offers a wide range of services related to aviation fuel. The main services it offers are for the storage, distribution and into-plane supply of aviation fuels and lubricants.

It also offers advisory and technical assistance services for the design, construction, maintenance and operation of hydrant networks and storage facilities, in addition to the design of specific vehicles for fuel supply to aircraft.

Lastly and through its training centres, it offers specific training relating to aviation fuel handling operations.



During 2012, a number of improvements and expansions were carried out at facilities operated by CLH Aviación, and work has progressed on other projects that will be completed in 2013. These improvements will make it possible to carry out the company's activities in accordance with the latest international standards and adapt the facilities to the evolution experienced at the airports where the company operates.

In 2012, CLH Aviación achieved the rating of "Excellent" that was awarded in the inspections carried out by the JIG on Barcelona and Palma airports. This recognition, which joins the ranks of others obtained in 2011, is only granted to a very small number of facilities worldwide.

CLH Aviación makes a continuing effort to improve and adapt its services, seeking to create value jointly with its customers. This has made it possible to broaden the company's customer base, reaching new agreements, such as the one signed with Air Europe, for providing into-plane supply services.

Other operating improvements

In 2012, CLH introduced further operating improvements into its logistics services, that aimed at meeting its customers' requirements:

- Three different qualities of diesel fuels were made available to the customers, in order to meet the specifications of Royal Decree 1361/2011.
- Improvement in the customer information systems to enable them to perform their operations more efficiently and independently.

- Restructuring of invoicing processes: invoices that are simpler and configurable, adaptation of formats, breakdown of items and possibility of invoice issue in other languages. CLH also offers to send them in electronic format, thereby speeding up their receipt and management.
- A new tax system has been obtained at the Algeciras facility, as a customs warehouse, which will make it possible for our customers to streamline their operations and improve their competitive position in the Straits of Gibraltar.
- Design of a new Excise Tax on Hydrocarbons management system in order to adapt the settlements made with the operators to the changes made in the regulations.
- The Authorised Economic Operator certificate has been obtained, and this will make CLH a trusted operator in respect of the customs authorities, all of which will give our customers different advantages.



Quality and continuous improvement

Quality policy and management systems

The aim of the CLH Group quality policy is continuous improvement in all the company's activities and processes, both strategic and operational or those that serve as support, in order to satisfy its stakeholders.

The CLH quality system is based on three pillars: product quality, management systems and implementation of the EFQM (European Foundation for Quality Management) model.

In the product quality aspect, the company continues to move forward for reducing the number of non-conformities that it detects. During 2012, this percentage was below 0.6% and all cases were resolved before the product was placed in service.

Management systems represent the second pillar of the quality system. CLH has four management systems accredited in accordance with ISO/IEC 17025, four systems accredited according to ISO 9001 and two accredited according to UNE 166002. All the certificates and accreditations it holds were maintained during 2012.

Thirdly, and as a tool for managing excellence, in 2006 the CLH Group introduced the EFQM model that has made it possible to develop various projects and initiatives for gaining in effectiveness, in efficiency and in giving satisfaction to external and internal customers.

In 2012, the company renewed its European Seal of Excellence 500+ recognition awarded by AENOR and the Club for Excellence in Management.

Also in 2012, the company renewed its use of the "Madrid Excelente" quality mark for its facilities and activities in the Autonomous Community of Madrid.

Through these Excellence models, the company commits itself to its economic, financial and customer satisfaction objectives, while also taking on a commitment to competitiveness and long-term viability, based on meeting the needs and expectations of all its stakeholders and on the commitment to the natural and social environment.

EFQM model for Excellence in Management

- Commitment to the environment, safety and prevention and contribution to improving the social environment.
- Clear focus on results at an internal and external level.
- Interest and commitment from all the employees.
- Continuous comparison in order to be a benchmark company.
- Focus on continuous improvement and innovation.
- Well designed approaches that are firmly implemented for all aspects of management.





In order to meet the objective of continuous improvement and reengineering of all its tasks, functions and processes, CLH continued throughout 2012 to develop a series of initiatives in which members of different managements in the company participated, as shown in the table below:

Management of quality and continuous improvement

Suggestion system

- APORTA initiative.
- Recognitions and prizes.

Improvement action systems

- "Kaizen" initiative.

Improvement groups

- Stable and *ad hoc*.

Innovation project system

- Makes it possible for management of the Group to be guided towards improvement and innovation.

Management through processes

- Focuses on continuous improvement with an effectiveness, efficiency approach.
- RESET project.

Lines of management

- Guarantees of excellence
- Product quality
- Competence in environmental analyses
- Process and service quality
- Metrological control
- Biofuels

Working in association with other players on quality matters

With a view to incorporating the best management practices and making the company's way of operating known, this year the CLH Group continued participating in quality, excellence and innovation working groups. The CLH Group is currently a member of five groups:

- Club for Excellence in Management.
- Benchmarking Club section of the Club for Excellence in Management (CEG).
- The Energy Industry Committee of the Spanish Association for Quality (AEC).
- The Innovation Committee of the Spanish Association for Quality (AEC).
- The 6 Sigma Committee of the Spanish Association for Quality (AEC).





Another CLH concern is to guarantee the perfect condition of the oil products it handles and distributes. The company achieves this aim with a stringent Quality Management System that is competed with ISO/IEC 17025 accreditation, awarded by ENAC, for fuel analysis at its central laboratory, which was renewed in 2012. The company also maintained the same accreditation for the performance of environmental tests and for carrying out calibrations and tests on its oil product volume metering systems, this being a recognition that guarantees precision in the quantities of oil products received and delivered by the company.

The CLH Group works to improve efficiency in its processes and services, so that they offer customers and society maximum value with the minimum consumption of resources. In 2012, the company introduced its own methodology to promote and invigorate the improvement and reengineering of the company's processes. CLH also established collaboration with the Club-BPM (Business Process Management) for sharing the best practices in this discipline.

During 2012, CLH continued working in association with the university in the area of the CLH Chair of Hydrocarbon Metrology. The company participated in projects for improvement to systems, procedures and metering equipment.

In the biofuel field, the company is an active member of the Spanish initiative for promoting aviation biokerosene and also participates in European and national projects to evaluate these fuels for the aviation sector (e.g. ITAKA project in the 7th EU framework programme).

During 2012 the company participated in European (the WG24 Tax Force) and Spanish (CTN51/SC3) groups to establish specifications for FAME (diesel biofuels specification for the CLH system). CLH has joined the international group led by the Energy Institute for evaluating the maximum limit of FAME in aviation fuel, the results of which may simplify the logistics of this fuel, with improvements in efficiency that may prove significant for customers.



Quality management in CLH Aviación

CLH Aviación manages quality in its operations on the basis of a series of improvement groups, each of which has specific aims.

The work carried out by the “JET A-1 Filtrability Equipment” improvement group has made it possible to place two pieces of equipment in service at the Barcelona airport facility, for detection of water and particles in suspension. This system controls the purity of the fuel, and allows it to be linked to other operating parameters. In this case, CLH Aviación is going to use these pieces of equipment to motorise the passage of fuel through the fixed facility at that airport. The data obtained will be analysed by the CLH Group Sub-department for Quality and Innovation, through its Central Laboratory. The installation of this equipment, which is not yet widely used on a world scale, seeks to continue with analysing its possible uses and developing its potential.

Besides this, in 2012 a knowledge base was created and distributed among the company's staff. This aims at encouraging the acquisition and broadening of technical knowledge at all levels, and opening a new channel for sharing information and experiences that will make it possible to increase the technical standard of CLH Aviación and consolidate its position as an international benchmark company.

Quality management in CLH Aviación

● “Hydrant management” improvement group

- To analyse incidents with repercussions on operations, design, equipment purchase, coordination with third parties, safety, maintenance, environment, work organisation, training.
- To channel the lessons learned as a result of analysing incidents towards resolving or implementing them.
- To communicate and assess practices and lessons learned in outside forums.
- To identify improvements in operation and design, passing them on to the affected areas.
- To identify critical elements.
- To review, disseminate and ensure implementation of the internal regulations and their amendments.

● CLH Aviación knowledge base

- It integrates the knowledge obtained through participating in fairs, congresses and working group meetings or outside associations, visits to third-party facilities and publications.

● “JET A-1 Filtrability Equipment” improvement group

- To organise the filtration process, guaranteeing product quality with zero risk.
- To apply know-how and draw up standard work procedures for immediate application to all the facilities.

● “Into-plane supply service provision process” improvement group:

- Formed by CLH Aviación, Information Systems Management and the Sub-department for Quality and Innovation.

● Single database

- It includes the information necessary for management from both the airports and from CLH Aviación management.





Regarding the “Into-plane supply service provision process” improvement group, considerable progress has been made on the project, agreements having been reached with technology partners and making it possible for the first pilot projects to begin operating at some airports in 2013.

The evolution of this process will give momentum to operational improvement of the into-plane supply service by incorporating technological innovations. The process will be enhanced both as regards the guarantee of service quality and as regards the efficiency achieved. The design was carried out by keeping improved satisfaction of our customers’ requirements as the target, and includes the ideas and suggestions they had put forward for this.

A general review of processes in CLH Aviación also started throughout 2012, with each of them being identified and examined. A large number of process improvements were inventoried during the year, and new indicators that will guarantee monitoring of their evolution have been incorporated.

Innovation for diversification

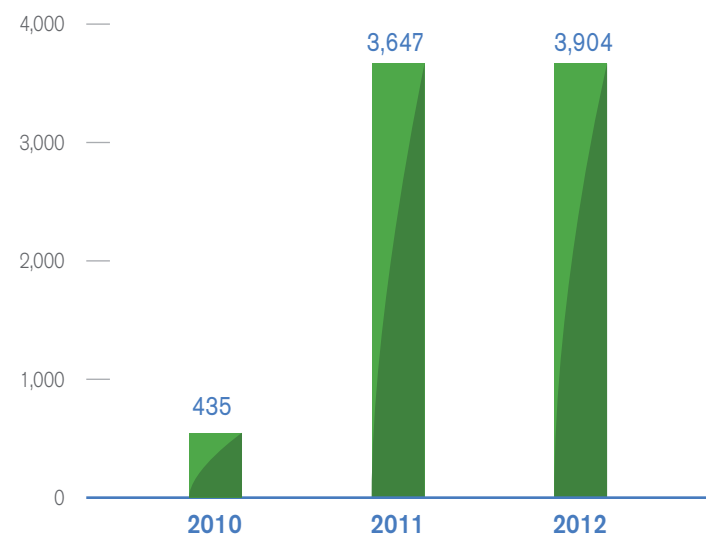
Innovation in the company’s services is a basic tool for continuing to make an in-depth examination of their diversification.

The CLH Group has an Innovation Management System that includes the requirements of the most demanding standards, the conduct of benchmark companies and a bibliography with the best practices.

This system, which has its own specific policy in addition to concrete processes and objectives, is certified in accordance with the UNE 166002 standard, the certificate having been renewed in 2012.

Although the system that has been designed is adapted to a global innovation approach –it affects all possible areas of innovation– it has a notable technological innovation component. The main technological lines in which CLH operates are the following:

Investment in innovation
(thousands of euros)



Technological lines in the CLH innovation system

- Transportation by pipeline.
- Liquid bulk storage and dispatch.
- Information and communication technologies.
- Quality of products and additives.
- Measurement of liquid bulk.
- Environmental Technologies.
- Safety Technologies.
- Energy efficiency.





This system aspires to become a benchmark for both the sector and the industry in general. The particular characteristics of CLH, including its strategy and its Mission, Vision and Values, as well as the characteristics of the sector, were taken into account in its design and implementation. Moreover, this system is flexible and can be adapted to the requirements of the environment and to new practices or theoretical developments as they emerge.

This system takes concrete form in the formal commitment of the company to innovation, as a factor for customer satisfaction and for maintaining results in the short term, as well as a factor for competitive success in the medium and long term, by overcoming the restrictions and competitive difficulties in the market and the environment. The system provides for projects in each of the different technology or innovation areas, whenever possible, in collaboration with other companies or organisations, as can be seen in the examples shown below:

Main innovation projects in which CLH participates

Area	Project	Collaboration
Development of new services	Development of biofuels for aviation	ITAKA Project, coordinated by SENASA
Operations	Characterisation and assessment of laminations in pipelines	Agreement held with the Complutense University of Madrid
	Analysis of dynamic stresses in pipelines	Agreement held with the Complutense University of Madrid
Fuels	International group for evaluating the increased content of FAME in aviation fuel	International group coordinated by the Energy Institute (UK)
Metrology	Variation in the Meter Factor of positive displacement volume meters	In collaboration with the Polytechnic University of Madrid
Environment	Study for establishing the ETBE limit in groundwater	Agreement held with the University of Malaga
Other innovation projects carried out by CLH Aviación	Review of the Airport Platform Safety Regulations that ensure the safe and efficient performance of the operations carried out on the airport platform.	In collaboration with AENA
	Performance of the simulation study on supply for Airbus 380-type aircraft at different aircraft parking spaces in Barcelona Airport.	In collaboration with AENA





Relations with our customers

One of the CLH Group objectives is to attain maximum satisfaction of all its customers. Because of the special characteristics of its operations, the company has a small number of customers with whom it keeps in very direct contact, which allows it to have a detailed knowledge of their needs and expectations for designing the range of services.

CLH Group customers

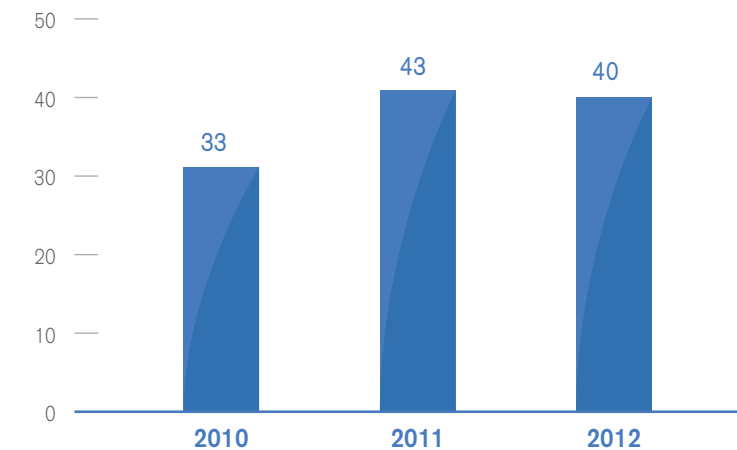
- Oil operators.
- Large consumers (Electricity and airline companies).
- Special customers (Public Administration and other related bodies).



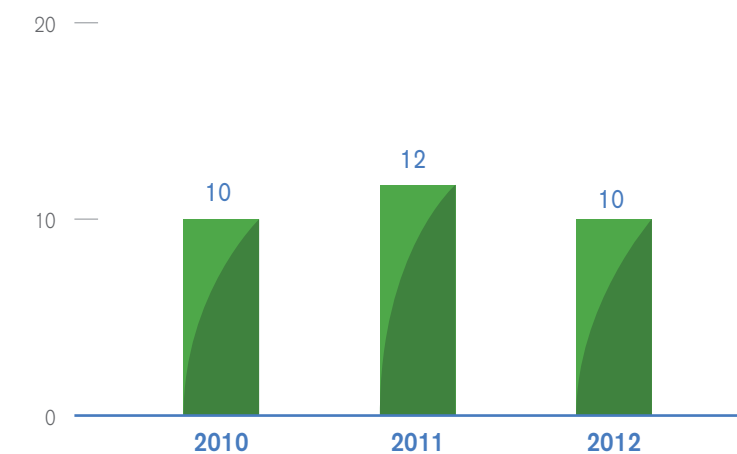
Customer satisfaction is also top priority for CLH Aviación, whose customers are not always the end users (mainly airline companies) because the commercial relationship is basically established with the oil operators which are, in turn, the owners of the product. The company offers services for the storage, distribution and into-plane supply of aviation fuels and lubricants. It also provides advice and technical assistance for the installation and maintenance of distribution networks for various types of aviation fuel, in addition to specific training on the handling of aviation fuels.

CLH Aviación therefore keeps up a close relationship with the end users (airline companies) so as to be able to analyse their level of satisfaction and also their new requirements. It is also planned that in 2013 a system will be established for monitoring the results of the contacts made as this will allow a better assessment of the way they are being conducted.

Number of CLH customers



Number of CLH Aviación customers





CLH customer satisfaction survey

Where customer relations are concerned, a key aspect is assessment of their level of satisfaction with the service provided by the company. In this respect, CLH conducts a specific survey once every two years.

In the last edition, which was conducted in 2011, the average rating obtained by the company was 3.1 out of a maximum of 4 points.

A slight decrease was observed at that time, caused mainly by increased demand by customers in the services and by the economic situation, which had given rise to a significant reduction in consumption that had accumulated over the previous 4 years. It also coincided with the time when CLH had recently introduced new services, which could have significantly affected the overall assessment. On the other hand, it is to be noted that the perception of CLH held by our customers when comparing it with other competitor companies had improved in many aspects since the previous survey held in 2009.

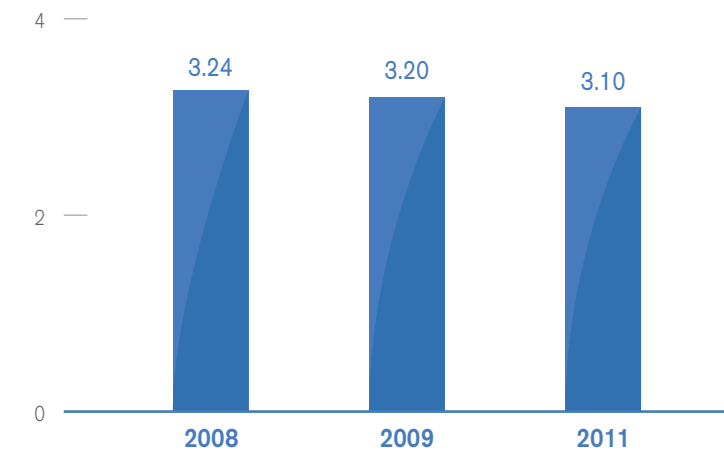
Conclusions of the satisfaction survey in CLH

The following are the most important general conclusions reached concerning the survey conducted in 2011:

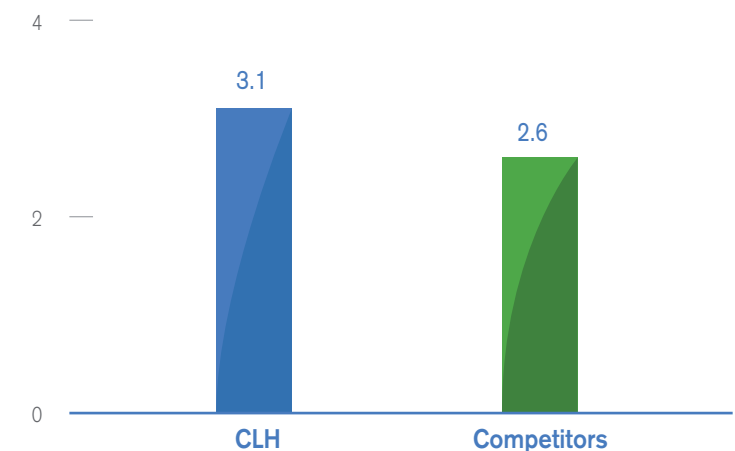
- In 2011, an improved score for assessment of the biofuel service was recorded as a result of the improvement actions undertaken during the year. An assessment of the new bioethanol service was also included.
- Consolidated services did not undergo any changes in their assessment score since they are sufficiently mature (delivery planning and programming, management of inventory and product dispatch).
- The differentiated additivation service continued to obtain a high assessment score, as from the commercial viewpoint it provides a differentiating element for customers in the market.
- Flexibility continued to be a leading aspect to continue fostering, and not without reason since the customers find themselves with ever-changing markets that are increasingly more competitive.
- The assessment made by CLH customers when comparing it to competitors had increased since the previous survey, being above average for practically all aspects.

- The implementation of new services must be carried out quickly because of the fast rate at which market circumstances change.

Average assessment of CLH



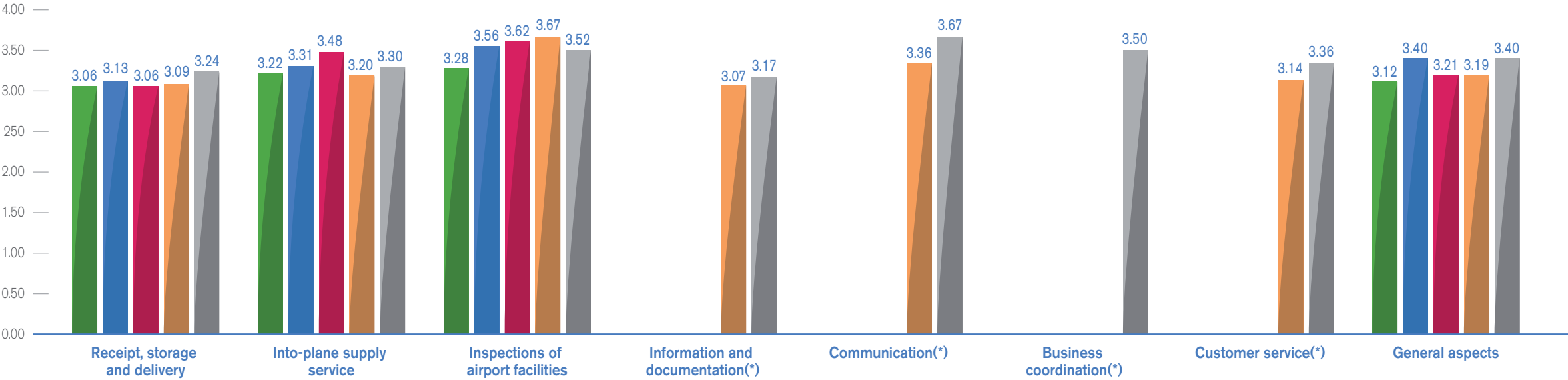
Assessment of CLH compared with competitors





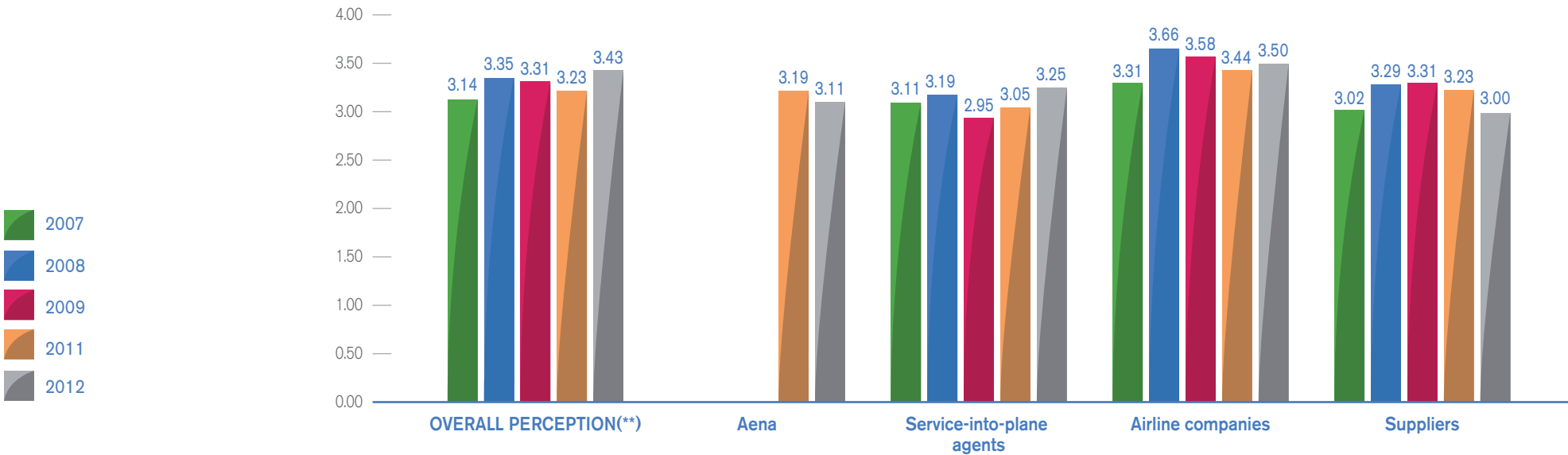
CLH Aviación customer satisfaction survey

Evolution in assessment of processes



(*) These processes were not assessed in previous years.

Evolution in overall assessment by groups



(**) Does not include AENA results.



Average assessment	2009	2011	2012
CLH Aviación	3.31	3.23	3.43

Average assessment by segments, CLH Aviación	2009	2011	2012
Suppliers	3.31	3.23	3.00
Airline companies	3.58	3.44	3.50
Service-into-plane agents	2.95	3.05	3.25
Airport directors	—	3.19	3.19

Average assessment by services, CLH Aviación	2009	2011	2012
Average assessment	3.31	3.23	3.43
General aspects	3.21	3.19	3.40
Receipt, storage and delivery	3.06	3.09	3.24
Into-plane supply	3.48	3.20	3.30
Airport facility inspection	3.62	3.67	3.52

The results obtained in the CLH Aviación satisfaction survey have improved since the last one carried out in 2011, particularly in aspects that focus on the end receiver of the service.

The customer invoicing system has been analysed in particular as an area for improvement. The review carried out provides for very varied aspects that include improving the formal appearance of the invoice, the details it contains, the possibility of sending an electronic file and the availability of the electronic invoicing system. This permits improvement in the communication of information and the documentation itself for the services provided to customers. On the other hand, work continues on the contents of the information exchanged with the airline companies that are provided directly with the into-plane supply service.

Throughout 2012 work also started on an in-depth review of the different processes carried out in CLH Aviación, including possible short- and long-term improvement actions for each of them. These processes include, among others, the management, execution and monitoring of inspections carried out on the facilities, from the time they are requested until the possible improvement actions resulting from them are dealt with and closed. This was the only survey result that suffered a decrease in comparison with previous years, although it continues to stand at very high values.



Protection of commercial data and communications

The protection of commercial data and communications is another key aspect in the relations the company has with its customers.

In this connection, CLH handles commercial information through the Operator Information System which makes it possible to guarantee the privacy and confidentiality of customer information.

Also in this context, it should be noted that during 2012 the CLH Group did not identify any breach of the regulations or voluntary codes relating to marketing communications, including advertising, promotion and sponsorship.

Similarly, no breach was identified either in respect of regulations or voluntary codes in relation to the information that the CLH Group reports on the services provided, nor was any claim received either in relation to respect for the privacy or personal particulars of its customers.



A notable case

Innovation for promoting the use of biofuels in Spain

CLH has been promoting the use of biofuels since these products were introduced into the market.

One of the critical aspects along the way for guaranteeing the success of these products has been to establish quality standards that guarantee optimum behaviour of these products in the market.

To achieve that, and since the introduction of fatty acid methyl esters (FAME) into the diesel market, CLH has established more stringent quality standards than those existing in European and Spanish regulations.

In developing these standards, CLH has created methods for determining critical properties. In 2012, it developed its own method for determining saturated monoglyceride content, thereby permitting the contents of these compounds to be measured reliably, this being critical from the viewpoint of the final behaviour of the fuel. Validation of the method will be carried out by different national laboratories during 2013.



6. Safety in our operations

Our approach

The CLH Group works to provide its employees with a safe, healthy and risk-free working environment, with the responsibility and aim of continuing to be a benchmark company in the sector for its practices in the area of occupational and industrial health and safety.



Accomplished










In progress



Not yet started

What progress have we achieved in 2012 in the CSR 2012-2016 Master Plan programmes related to safety?












Programme	Degree of compliance
1. Analysis of the requirements of the API 340 (Liquid Release Prevention and Detection Measures for Aboveground Storage Facilities) and API 353 (Managing Systems Integrity of Terminal and Tank facilities) standards published by the American Petroleum Institute.	 CLH has translated and analysed the API 353 standard and will use it as the base standard in the Facility Integrity Plan.
2. Design of the facility integrity policy.	 The integrity policy has been unified into a single Organic Unit to take advantage of synergies from the integration carried out in the Company's General Operations Management.
3. Adaptation of operating processes to the new policy.	 Information is being compiled and will be developed in the next few years.
4. Review and design of new action protocols in the area of facility integrity.	 A review has been made of inspection techniques and prevention plans that provide for measures directly related to integrity.
5. Participation in international congresses for encouraging exchange of good practices.	 The company has participated in the following congresses: International Pipelines Conference 2012; International Congress and Technical Exhibition organised by CEOCOR (Committee for the study of corrosion and protection of pipes and pipeline systems – Drinking water, waste water, gas and oil); "Pump and Valve Selection for Optimum System Performance" and "B31.3. Process Piping Design".
6. Assessment of the possibility of joining the International Pipeline Association (IPLOCA).	 The company is also to assess the option of joining the Pipeline Operators Forum (POF) and/or the Pipeline Research Council International, Inc. (PRCI).
7. To encourage employee participation in the occupational health examinations.	 Reminders are sent out to the managers in addition to monitoring of the annual programme. The health monitoring protocols have also been improved.

Continued on next page 



6. Safety in our operations (continuation)

Continued
from previous page

 Programme	 Degree of compliance
8. Consolidation of the process for evaluating the suitability of employees to their post when their situation is particularly delicate and making the necessary adjustment.	 The cases that have been notified have been studied. The situation of female employees who are pregnant and/or breast-feeding is also evaluated.
9. To propagate new activities providing information about health.	 A number of actions have been carried out (Health and Safety Manual, notes about health on the corporate portal and articles on health in "Acerca" magazine, training activities, etc.).
10. Promotion of activities for monitoring collective health.	 Health monitoring data are analysed. Their progress is also monitored.
11. To develop initiatives for promoting the general health of the employees.	 General health campaigns are carried out.
12. Promotion of continuous training as a tool for sustainable cultural change in safety matters.	 Various training courses and behavioural workshops have been carried out in the framework of the "Zero is Possible" project.
13. To achieve active participation from employees through "Aporta" to continue developing the Group's "Zero is Possible" commitment to safety.	 A competition was held to encourage participation.
14. For the specific risks of each facility to be assessed by their managers.	 A generic assessment has been made for each of the facilities.
15. Review and improvement of the protocol for formalising the CLH Group methodology on analysing risks at the facilities.	 Work has been carried out in association with the inspection and maintenance department for adopting a new methodology.
16. Review and updating of the Individual Protection Equipment Manual ⁽⁷⁾ .	 The Manual is now available in its electronic version. It will be published in paper format shortly.



Accomplished



In progress



Not yet started

⁽⁷⁾ Although these programmes have not been included in the Corporate Responsibility Master Plan 2012-2016, it was decided to include them here as they are key challenges that the Group set itself in terms of the safety and integrity of its facilities.






Continued on next page



6. Safety in our operations (continuation)



Continued
from previous page

 Programme	 Degree of compliance
17. Start on analysing a computer tool for occupational accident management (370 model) ⁽⁷⁾ .	 The tool is now operational.
18. To continue bringing down the number of industrial incidents ⁽⁷⁾ .	 The number of incidents has been reduced by 27% compared with 2011.
19. To continue with the sustainable reduction of the Total Accident Frequency Rate (TFR) ⁽⁷⁾ .	 The TFR has continued decreasing and now stands at a value of 4.23 at Group level.

⁽⁷⁾ Although these programmes have not been included in the Corporate Responsibility Master Plan 2012-2016, it was decided to include them here as they are key challenges that the Group set itself in terms of the safety and integrity of its facilities.



Accomplished



In progress



Not yet started



What do we want to achieve in 2013?

- Design and draft the Facility Integrity Management Plan.
- Continue with sustainable reduction of the Total Accident Frequency Rate (TFR) at CLH Group level.
- Successfully pass the review audit of the Health and Safety System in respect of the OHSAS 18001:2007 standard in CLH and CLH Aviación.
- Improve and make adjustments to the computer application for occupational accident management in the CLH Group, and progressively eliminate use of the 370 model.
- Continue with the progressive reduction of industrial incidents in the CLH Group.
- Improve the system for continuous assessment of contractors as regards safety.



Facility safety and integrity management

The CLH Group has a Safety Management System that encompasses all aspects of the organisation that have an impact on people, assets and the environment as regards the risks inherent in its own activities or any that are directly related to the company.

In 2012, CLH and CLH Aviación had their Health and Safety System audited for the first time in accordance with the OHSAS 18.001:2007 standard. This audit was passed successfully and the corresponding certificate was issued by AENOR⁽⁸⁾.

CLH also has a Serious Accident Prevention Policy. It serves to establish the aim of offering the highest possible level of safety and reliability, avoiding the occurrence of accidents whose consequences may affect the health and safety of its employees, as well as the employees of outside companies and the environment.

In this aspect, and in accordance with existing legal provisions, the CLH Group also has self-protection plans relating to serious accidents.

The aim of these plans is to safeguard the integrity and health of people, identify potential risk situations that may occur at the facilities and model the possible serious accidents that might happen. Should any incident occur, these emergency plans make it possible to efficiently organise the action to be carried out using the available human and material resources.

These plans depend on each type of facility. Therefore, there are plans for storage facilities, airport facilities and the pipeline network, as well as a plan for evacuating the company's head office building. Contingency plans have also been developed regarding the action to take at seaport terminals in the event there should be any spillage into the sea.

Serious Accident Prevention Policy

- Supply.
- Dispatch of fuels.
- Storage.
- Receipt.
- Supply of fuels to ships.
- Storage, transportation and supply of fuels and packaged lubricants to aircraft.
- Transportation.



⁽⁸⁾ Spanish Association for Standardisation and Certification.



In addition to the self-protection plans, the CLH Group carries out other actions in the framework of serious accident prevention and safety management in its facilities. Among them, the following are the most important:

- Application of action protocols to prevent and control environmental impacts in the framework of the principles that shape the Serious Accident Prevention Policy.
- Performance of safety drills at the facilities. In 2012, the company carried out 160 drills of this type at CLH and CLH Aviación locations which were attended by 878 people.
- Development of studies on safety and event modelling at all the facilities affected by the laws governing serious accidents. These have been submitted to the competent autonomous regional administrations which, on the basis of the information they contain, draw up the Off-Site Emergency Plans.
- Maintenance of efficient state-of-the-art fire defence systems, innovating and developing new ideas for providing its facilities with greater reliability and safety, guaranteeing that all systems for reducing risk are in perfect working order at all times.
- Approval of external or internal communication procedures that establish suitable channels for reporting on and coordinating the necessary actions with the administrations.

Lastly, in the context of safety and the prevention of serious accidents, it should be noted that in 2012 CLH signed an assistance protocol with the Spanish refineries to strengthen available resources and collaboration in cases of emergency. The agreement establishes bases and protocols for action in a given risk situation and provides for a communication procedure for minimising damage to facilities, and harm to people and the environment.



Pipeline Integrity Plan

The CLH Group carries out continuous monitoring of all its pipelines so as to guarantee their safety. For this, it uses a sophisticated control system that is connected via satellite and makes their safe, efficient management possible.

The company also has a Pipeline Integrity Plan for keeping a regular, thorough watch over them. This surveillance is complemented with regular monitoring of all the infrastructures using aircraft sweeps, patrols made on foot and in vehicles.

CLH also maintains good relationships with the local authorities and the owners of land through which the pipelines run in order to offer them a clear picture of the characteristics of these infrastructures and be able to count on their cooperation whenever necessary.

To make this task easier, the CLH Group has published explanatory leaflets that include information about the precautions to be adopted in the vicinity of pipelines, particularly if any outside activity or work is to be carried out near them, providing a contact telephone number in case it should be necessary for the company to intervene.

The company has also prepared Emergency Plans for the pipeline systems, that are consistent with the best international recommendations and guidelines on safety. An essential aspect included in these emergency plans are the safety drills, that contribute to employee training and coaching in addition to ensuring coordination with other intervention groups from the administration. These activities are also taken advantage of to make the characteristics of the company's facilities and resources known to other intervention groups.

Among these drills, those that affect water courses are of particular importance, as they serve as training and verify the preparedness of the staff in the use of specific resources for stopping and stemming possible pollution in rivers, reservoirs, etc.

During 2012, nine training activities were carried out in waterway areas across the whole of Spain.

Training activities carried out in 2012 in waterway areas

Section	Area
Cartagena-Alicante	Azarbe la Reina Canal
Mafumet-Barcelona	Llobregat River
A Coruña-Vigo	Umia River
Mafumet-Barcelona	Llobregat River
Lerida-Monzalbarba	Segre River
Arahal-Coria	Finca el Chamarro reservoir
Poblete-Loeches	Vicario reservoir
Poblete-Loeches	Jarama River
Almodóvar-Loeches	Jarama River



Occupational health and safety

One of the main targets of the company's Strategic Plan is to reduce the number of occupational accidents.

With this aim in mind, the CLH Group believes in promoting a sound and proactive safety culture that is integrated into all fields of activity of the firm. The company therefore works to guarantee the safety of everyone who forms part of the organisation and the activities carried out in it.

The whole of the CLH Group health and safety system rests on the principles established through the Occupational Health and Safety and Prevention Policy, in addition to the Serious Accident Prevention Policy mentioned earlier. Both of them have been signed by the Chairman of the company to show that leadership of the CLH Group's desire for excellence in safety comes from the top.

The aim of the CLH Group Occupational Risk Prevention Plan is to guarantee the health and safety of the people who play a part in the activities of the company, and it is compulsory for all employees to know about it.

The effectiveness of this plan has made it possible for a progressive reduction to be maintained in the CLH Group's Total Accident Frequency Rate (TFR) in the last few years.

An example of this is that an important reduction was achieved in the TFR in 2012, with results standing at 4.23 at Group level, 42.4% lower than in 2011.

This has been possible thanks to the effort made concerning training, the use of accident modelling as an additional tool for analysing causes, and the generalised use of the tool known as "behavioural observations", that consists of always keeping a constructive watch on the conduct of other people at work in connection with safety aspects. In this way, greater awareness about unsafe attitudes or actions is achieved and safe behaviour is encouraged through interaction with the people who are observed.

Safety and Prevention Principles in CLH

- Integration of safety management at all levels of the organisation.
- Risk management in all phases of the business.
- Continuous improvement of safety management.
- Communication, information and participation.
- Continuous training for all employees.
- Employee consultation and participation.
- Linking suppliers and contractors with the Safety Policy.
- Collaboration with society, the administrations and public and private organisations.





Besides this, the company has continued investigating accidents and near accidents, and reviewing its evaluations of risk.

The employees are the essential leading players in prevention activities. They are therefore represented through the trade union delegates who are present at all work centres where there are more than 6 workers. At centres with more than 50 workers there is a Local Health and Safety Committee with equal representation for employees and delegates. The Joint Committee for Health and Safety is the equal representation body for CLH and CLH Aviación.

The efforts made by the company on safety matters are not limited to its workers. In the excellence in prevention framework in which the company seeks to operate, CLH has set itself the target of “Zero Accidents” of any kind in its facilities and processes, which not only considers its employees but also its contractors, suppliers, customers and shareholders, in addition to the community in the vicinity of the facilities.

Regarding its contractors, CLH makes a thorough monitoring of their accident rate figures, expressly requesting them to investigate all the accidents they may have sustained. These are ultimately analysed at a Sub-committee for Accident Investigation that

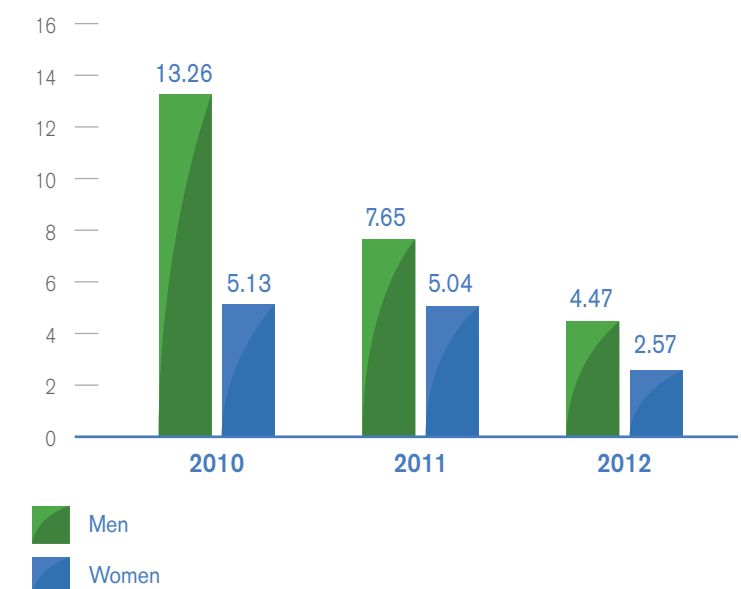
forms part of the company’s joint Committee for Health and Safety.

CLH also gives recognition to the best practices of its contractors in the area of safety, rewarding those that demonstrate the best performance. In 2012, the company awarded its “Zero Accidents” prize to the construction company “Altec Infraestructuras”.

Similarly, CLH has been rewarded for its good performance in occupational risk prevention matters. In 2012, the company received recognition from the Valle de Escombreras Business Association (AEVE) with one of the three prizes for safety that it currently awards. In addition, the Spanish Chemical Industry Federation (FEIQUE) awarded its 2011 Safety prize to the CLH Group subsidiary Terquimsa, for being accident-free throughout the year.

Lastly, it should be noted that in 2012 the CLH Group joined the European campaign known as “Working Together for Risk Prevention”, which was launched by the European Agency for Safety and Health at Work (EU-OSHA) to encourage senior management, middle management and employees to manage occupational risks together.

Total Accident Frequency Rate (TFR) Evolution, CLH Group





Accident rates, CLH	2010		2011		2012	
	Men	Women	Men	Women	Men	Women
Accident frequency rate* (with sick leave)	10.20	2.57	7.65	5.04	3.72	0.00
Serious accident rate**	0.37	0.03	0.11	0.17	0.07	0.00

Accident rates for contractors	2010	2011	2012
Accident frequency rate* (with sick leave)	9.03	3.61	5.45
Serious accident rate**	0.16	0.03	0.18

* Accident frequency rate: Number of accidents involving sick leave for every million hours worked.

** Serious accident rate: Number of calendar days lost through accident involving sick leave for every thousand hours worked.

Absentee rates in CLH	2009		2010		2011		2012	
	Men	Women	Men	Women	Men	Women	Men	Women
CLH								
Total Common Contingencies	2.96%	5.21%	3.19%	5.05%	3.43%	4.66%	2.47%	4.19%
Total Occupational accidents	0.14%	0.26%	0.25%	0.17%	0.26%	0.22%	0.09%	0.01%
Total Absenteeism CLH	3.10%	5.47%	3.43%	5.22%	3.69%	4.88%	2.55%	4.19%
CLH Aviación								
Total Common Contingencies	7.26%	1.93%	6.09%	5.10%	5.37%	7.94%	3.16%	10.78%
Total Occupational accidents	0.47%	0.00%	0.61%	0.20%	0.33%	0.00%	0.14%	0.00%
Total Absenteeism CLH Aviación	7.74%	1.93%	6.70%	5.30%	5.69%	7.94%	3.30%	10.78%
CLH Group								
Total Common Contingencies	4.22%	4.96%	4.01%	5.05%	3.99%	4.89%	2.66%	4.65%
Total Occupational accidents	0.24%	0.24%	0.35%	0.18%	0.28%	0.20%	0.10%	0.01%
Total Absenteeism CLH Group	4.46%	5.20%	4.35%	5.23%	4.27%	5.10%	2.76%	4.65%



Zero is possible

The CLH Group has developed various initiatives for occupational risk prevention in the process for continuous improvement in the conditions regarding occupational Health and Safety. In this respect, the following actions carried out in the company are noteworthy as contributions to the creation of a preventive, proactive culture that is always one step ahead in order to eliminate or reduce the risks that can give rise to accidents:

- Communication and dissemination effort made through the weekly publication of CLH Group Safety Contacts on the corporate portal.
- “Acerca”, the in-house magazine, is consolidated as an information vehicle for circulating news about prevention activities, in addition to the corporate intranet, the training department and the creation of the suggestions system called “Aporta” through the corporate portal.
- Safety contacts on a variety of topics have been made at the “Internal Communication Meetings” held with all the company’s managers.

- A triptych on Road Safety was published to celebrate World Day for Safety and Health at Work.
- Work has continued on monitoring accidents at the facilities, with an award being given to the facilities that have not recorded any accidents at all.

It should also be noted that the CLH Group continued developing the project known as “Zero is Possible” during 2012.

This project is based on a sustainable cultural change where safety is concerned, and covers a broad range of activities such as the organisation of courses, both at the facilities and at the head offices, for training on occupational risk prevention through “behavioural workshops”. This year it was extended to the level of staff that do not hold any leadership responsibilities.

Training in occupational health and safety

The CLH Medical Service plays an active part in training initiatives on occupational health and safety. Among other activities, in 2012 it carried out two occupational health campaigns that were published on the corporate portal.

- “Chronic Obstructive Lung Disease” (COLD) campaign, with the aim of launching a programme for the prevention and early diagnosis of COLD among CLH employees, using the recommendations of GOLD (Global Initiative for Chronic Obstructive Lung Disease) and SEPAR, the Spanish Society of Pneumology and Thoracic Surgery.
- “Stratification of Cardiovascular Risk” campaign, with the aim of lowering the prevalence of cardiovascular risk factors among CLH Group employees, as this is the primary cause of deaths in Spain.



Other activities are also carried out in the CLH Group to help employees and their families in the prevention of illness. The following stand out among them:

- Educating for health: These are sections published in the in-house magazine “Acerca”, which is sent to the homes of all employees for them to share with their families. An article on healthy lifestyle habits and the prevention of serious illnesses (“Take Note” section) and another on risk prevention (“It’s worth your while” section) are published in all issues.
- Annual medical check-up for employees. When the annual medical check-up is carried out, the Prevention Service’s Occupational Medicine Service is able to detect any ailments the employee may have and provide the advice that is needed according to the pathology, whatever its origin.

CLH Group safety training	2010	2011	2012
Safety training (hours)	12,945	14,129	13,095
Attendance level (no. of people)	2,028	2,262	1,987
Training in Prevention (hours)	9,322	9,156	6,565
Attendance level (no. of people)	736	1,122	738
Investment (thousands of euros)	255.6	293.7	262.6



A notable case

Publication of the IT-8864 Technical Safety Instructions for cleaning the tanks of trucks and refuellers in the CLH Group.

Entering confined spaces is one of the significant aspects of safety in the CLH Group. The operations that are carried out in them are subject to potential risks, and for that reason it was considered necessary to publish technical instructions or a specific procedure for cleaning the fuel tanks of trucks and refuellers, differentiating these from the 8861 Technical Safety Instructions for cleaning vertical storage tanks.

These regulations provide employees with more detailed instructions on how to operate in these spaces as regards taking measurements using the explosimeter and other analysis devices or, in certain cases, the use of self-contained breathing equipment.

The instructions have been circulated through specific training sessions, the safety manual and the procedures for taking time off work.



7. An attractive work environment for our employees

Our approach

The CLH Group business project becomes a reality thanks to the commitment of its human team. The company therefore aspires to offer its employees a satisfactory working environment and an attractive professional career through its policies for training, career development, attracting and retaining talent and occupational health and safety.



Accomplished










In progress



Not yet started

What progress have we achieved in 2012 in the CSR 2012-2016 Master Plan programmes related to our people?










Programme	Degree of compliance
1. To include the statement of compliance with the Code of Conduct for new recruits and the rest of the workforce.	 It is included in the Welcome Pack given to new recruits. A space is also set aside for it in the "Ethical Commitment" section of the corporate portal and the website.
2. Development of a training plan for dissemination of the Code of Conduct.	 Its implementation in forthcoming years will be studied.
3. To disseminate the gender equality plans and support the career advancement of women in the CLH Group.	 A large number of activities have been carried out (Training for staff in sensitive jobs; review of the language used in job offers; signing of plans by all the CLH Group trade union sections; set-up of Technical Committees on Gender Equality; specific communication actions; public consultation space for people who are victims of gender violence; maintenance of the "efr" certificate for reconciliation of family and professional life and equality; improvements in data processing by gender in the Human Resources scorecard).
4. To sign the "Diversity Charter".	 Its implementation in the next few years will be studied.
5. Identification of prizes, rankings, etc. for developing diversity in the CLH Group.	 Its implementation in the next few years will be studied.
6. Development of a programme for recruiting foreign employees in line with the company's internationalisation process.	 Its implementation in the next few years will be studied.
7. To identify and categorise areas and positions for the potential recruitment of special needs groups, and to define profiles for each job category that is identified.	 Its implementation in the next few years will be studied.

Continued on next page 



7. An attractive work environment for our employees (continuation)

Continued
from previous page

Programme	Degree of compliance
8. Definition of management policies that focus on helping in situations of risk of social exclusion.	 It will be studied in the next few years.
9. To establish strategic alliances and a pilot project for cooperating with suppliers that specialise in the integration of special needs groups.	 Agreements have been signed with Special Employment Centres for supplies of clothing, catering and stationery materials.
10. To carry out new awareness-raising campaigns to promote integration and inclusion.	 Its implementation in the next few years will be studied.
11. To develop a programme for defining long-term incentives.	 Its implementation in the next few years will be studied.
12. To extend competency assessment through the organisation as a whole.	 181 new participants were trained through the "Supera-T" (Excel yourself) Project this year, and in 2013 they will be assessed on their performance in the previous year.
13. To extend the competency model to processes covering selection, training and development of potential.	 As regards the selection process, the staff have been trained and the new process has been started up. Regarding training, training programmes have already been established for most of the skills.
14. To carry out a pilot programme for implementing the 360° assessment model.	 Two pilot actions have been carried out in the area of Senior Management and Management of the company. It will be carried out on the Management Committee in 2013.
15. To include questions related to internal reputation and Corporate Social Responsibility in the work atmosphere survey.	 New questions have been included in the survey.
16. Development of a pilot training programme in CSR for executives and middle management of the company.	 The programme is at the design stage and will be implemented in 2013.



Accomplished



In progress



Not yet started

Continued on next page



7. An attractive work environment for our employees (continuation)

Continued
from previous page

Programme	Degree of compliance
17. To train people with high potential, in collaboration with top level business schools.	The "PDD in company" (Executive Development Programme) project has been designed and will begin in 2013 as a complement to the pre-existing PDD.
18. Development and implementation of training through e-learning.	Different courses have been carried out on external platforms.
19. Development of the third phase of the "Lead in order to Motivate" leadership programme.	This has been implemented through the "Decision-Making" Programme.
20. To identify and define the key extra-financial indicators of the company.	Its implementation in the next few years will be studied.
21. To establish targets for performance in Corporate Social Responsibility for the targets that are identified.	Its implementation in the next few years will be studied.
22. To define the system for monitoring and assessment of compliance with targets in order to link them to employee performance.	Its implementation in the next few years will be studied.
23. To monitor improvement in performance.	The Talent Committee has been set up. The corporate curriculum vitae has been launched and the assessment phase has been designed.
24. Development of new initiatives for balancing professional and family life, and social benefits.	The offer of health insurance for employees has been extended. Also, triptychs providing information on topics related to reconciling professional and family life have been published. A Christmas event was held at Head Office.
25. Renewal of the "Family Responsible Certificate" ("efr"), improving on the present rating.	The audit for continuing to hold this certificate was passed successfully in 2012.



Accomplished



In progress











Not yet started

Continued on next page



7. An attractive work environment for our employees (continuation)

Continued
from previous page

 Programme	 Degree of compliance
26. To improve the systems for unremunerated recognition.	 Various proposals have been designed.
27. Implementation of the new system for Management through targets ⁽⁹⁾ .	 The "Supera-T" platform for Executives and Staff Excluded from the Collective Bargaining Agreement was implemented in 2012.
28. Negotiation of new employment plans in CLH and CLH Aviación ⁽⁹⁾ .	 Put on hold because legislative changes are expected in labour and Social Security matters
29. Launching of the new Employee Portal ⁽⁹⁾ .	 It has now been launched.
30. Deepening of horizontal communication between departments ⁽⁹⁾ .	 Its implementation in the next few years will be studied.
31. Completion of the "+efficiency, +strength" project for organisational redesign ⁽⁹⁾ .	 The company's new organisation charts have been published.

⁽⁹⁾ Although these programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are different challenges that the Group set itself last year as regards people.



What do we want to achieve in 2013?

- Launch the new CLH Employee Portal.
- Implement the "Managing Talent" project.
- Start up the "PDD in company" programme (Executive Development Programme).
- Design the training for dissemination of the Code of Conduct.
- Sign the "Diversity Charter".
- Extend the Management through Targets programme to Middle Management.



Accomplished



In progress



Not yet started



Responsible management of our people

People management is a key aspect in the Corporate Social Responsibility strategy of the CLH Group. The company actively promotes responsible management in this sphere in the different business units, under the premises of ethical conduct contained in the Mission, Vision and Values.

The fundamental values of the CLH Group in human resources management are based on the right to non-discrimination for reasons of race, nationality, ethnic origin, age, religion, gender or civil status. All of them form part of the company's Code of Conduct which serves as a reference for everyone in CLH in the performance of their daily tasks.

Since 2011, the company has developed different initiatives for disseminating the contents of this Code among its workforce, the most important of them being the launching of a pack in which the Mission, Vision and Values Policies were also included.

In parallel with this, there is a specific space on the corporate portal which includes all the information contained in the pack, together with the "Action protocol for preventing and dealing with harassment at work", and access to the Code of Conduct Mailbox which employees can use for sending in any complaint or report regarding harassment at work.

Characteristics of the workforce

The total CLH Group workforce recorded at the end of 2012 amounted to 1,461 professionals (sum of permanent and temporary staff).

At the end of 2012 there were 223 employees in a situation of partial retirement, in the context of the application and development of the Partial Retirement Plans with replacement contracts that the company launched in 2007 and renewed in 2010 in accordance with the trade union representatives, and which have remained in force until 2012.

The reason for drawing up these employment plans was the need to renew and rejuvenate the workforce and adapt the profiles to the company's new strategy, and the fact that the low staff turnover rates experienced by the company during the previous fifteen years meant the average employee age was over 50 years.

There has been a high level of acceptance of the plans among the company's employees (an acceptance rate of up to 91% in the 2010-2012 Plan), which has given rise to direct results that are quantifiable, as can be seen in the chart below:

Replacement Plan in the CLH Group

- Significant workforce rejuvenation: Average age stands at 44.0 years.
- Teams that are renewed and aligned with the new corporate culture.
- Increased average training and professional level.
- Reduction of absenteeism.
- Optimisation of workforces.





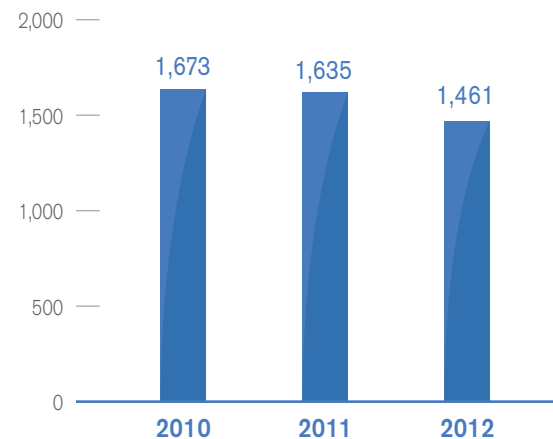
Another noteworthy fact that is attributable to this process in the increased diversity of the workforce, mainly due to the increase in recent years of the number of women who take up employment. This fact is being noticed more clearly in the latest recruitments made in the company, particularly as regards technical positions. In 2012, women represented 26% of the total of new recruits and 35% of those recruited as technical staff.

The CLH and CLH Aviación Gender Equality Plan includes, among other measures, the preference for choosing the candidate from the less represented gender over equality of merits and ability, for selection and promotion processes.

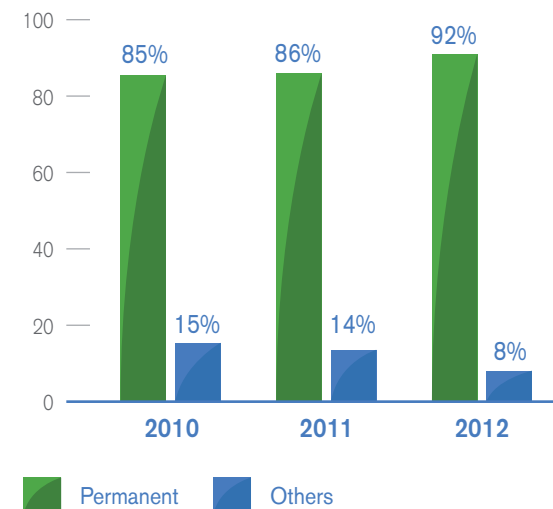
Other workforce diversity indicators	2010	2011	2012
% international employees	0.5	0.9	0.9
Average age	45.6	44.9	44.0
% of women in recruitments to technical positions	36%	39%	35%

Percentage distribution by workforce groups	2010		2011		2012	
	Men	Women	Men	Women	Men	Women
Managers	0.7%	0.0%	0.7%	0.0%	0.8%	0.0%
Technical staff	28.9%	6.2%	28.3%	7.1%	28.3%	8.1%
Administrative staff	3.5%	4.8%	3.1%	4.4%	2.9%	4.2%
Specialists and skilled operators	54.8%	1.2%	55.5%	0.9%	54.7%	1.0%

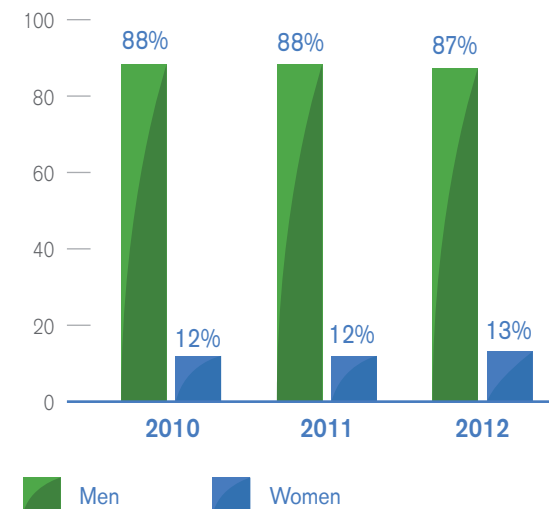
Evolution of the CLH Group workforce



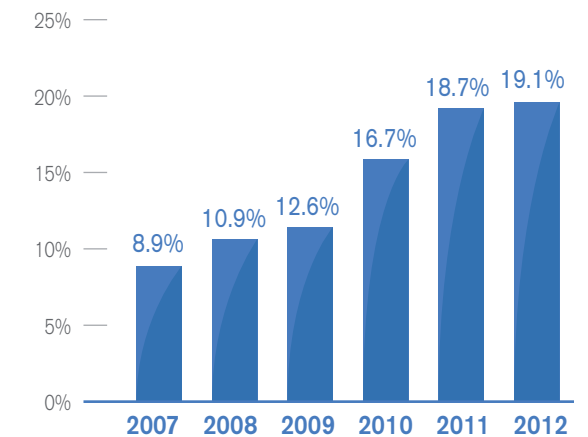
Percentage distribution by contract type in the CLH Group



Percentage distribution of the workforce by gender



Women in Management posts





Satisfactory working conditions

The CLH Group is aware of the importance of having the best professionals in a sector such as energy, which is so competitive. It therefore carries out different initiatives for offering its employees a quality job and encouraging the development of their professional career.

In this context, one of the company's basic efforts addresses guaranteeing equal opportunities among its workforce. To achieve this, in 2011 the company signed the Gender Equality Plans for its two companies, as well as the "Action protocol for preventing and dealing with harassment at work" for the whole Group.

Through its policies for selection, training and career development, attracting and retaining talent, reconciliation of professional and family life and occupational safety, CLH continues strengthening its commitment to offer a professional career and work environment that guarantees equality between men and women.

In 2012, the company was successful in getting all the trade union sections present in the CLH Group to sign these gender equality plans. It also put into operation a large number of measures that were provided for in them, the most important of them being: the setting up of technical committees; training through equality workshops for people who hold posts in Human Resources Management and are involved in training, selection, development and labour relations processes; specific communication actions for the entire workforce; review of the language used in job offers.

The progress made by the company in this area was given a very high rating by the employees in the latest edition of the work atmosphere survey, in which they gave gender equality the highest marks (3.25 out of 4).

The commitment to equality also extends to the aspect of remuneration. CLH provides the same basic salary for all employees within each professional group and development level. The differences existing in the final salary ratio between men and women are therefore not due to a factor that depends on gender, but on the different average length of service existing in both groups.

The starting salary in the CLH Group (the starting salary that must be offered to a full-time employee and in the lowest professional group and level) is €18,838.48 per annum, which represents double the minimum inter-professional salary approved by the Government, which was 8,979.60 euros per annum in 2012.



As an “efr”⁽¹⁰⁾ company, CLH also offers its employees a series of social benefits that include the following:

Social benefits enjoyed by CLH employees

- Kindergarten vouchers.
- Financial help towards paying schooling costs for children aged up to 24 years.
- Financial help for employees with study expenses.
- Life and accident insurance.
- Medical insurance with advantageous conditions.
- Car park spaces for all employees.
- Complement to public benefits when employees are off work because of illness or an accident.
- Maternity and paternity leave on full pay.
- Continuous working day for three months in the summer for staff whose working hours include a mid-day break.
- Financial help to encourage employees to play sport.
- Pension scheme.
- Subsidised holidays programme.
- Meal vouchers.
- Financial help for handicapped family members.

Men-women ratio of average salaries in the CLH Group (by employee category)*	2010	2011	2012
Managers	n.c.**	n.c.**	n.c.**
Technical staff	95.0%	93.6%	93.3%
Administrative staff	91.5%	89.8%	88.2%
Specialists and skilled operators	91.4%	98.2%	89.3%

* The salaries and fixed allowances of employees on the payroll at year-end were taken into account for making the calculation.

** not comparable because there are no women on the Management Committee

Other indicators on pay in CLH*	2012
Ratio between the earnings received by the best paid person and the median earnings received by everyone else	6
Ratio between the earnings received by the best paid person and the earnings received by the lowest paid person	11
Ratio between salary increase for the best paid person and the median salary increase for all employees	0.03

* The salaries and fixed allowances of employees on the payroll at year-end were taken into account for making the calculation. The director receiving the highest salary, excluding members of the Board, has been considered the best paid person.

⁽¹⁰⁾ “efr”: “Family Responsible Company”. This is a certificate awarded by the “Másfamilia” Foundation. See the section on “Commitment to a flexible work environment” in this same chapter.





Stable employment and professional opportunities in the local community

Besides equality, having a stable job is another key aspect that is valued by those who work in the company.

During 2012, CLH increased the number of employees holding permanent contracts, which now stands at 92% of the workforce. This percentage rises to 94% if replacement and trainee contracts that stand a high chance of becoming permanent are taken into account. Out of 123 temporary contracts, 25 correspond to replacement contracts and 16 to trainee contracts.

One of the top priority aspects of the company's selection processes is the recruitment of people who were either born and bred or who live in the same geographical area as they are going to work. During 2012, 87% of all recruitment contracts were signed locally. CLH achieves the following with this measure:

- It helps in reconciling work and family life.
- Time spent travelling between work and home is reduced.
- Greater employee loyalty and stability.

Staff recruitment CLH Group	2010			2011			2012		
	Total	Local	%	Total	Local	%	Total	Local	%
CLH	101	99	98%	82	75	91%	41	35	85%
CLH Aviación	13	13	100%	38	38	100%	6	6	100%
Total CLH Group	114	112	98%	120	113	94%	47	41	87%



Collective bargaining and participation

There are currently two collective bargaining agreements in the CLH Group which regulate the labour relations that affect everyone in the workforce, with the exception of those who, because of the characteristics or responsibilities of their job, have their working conditions included in an individual contract and are therefore excluded from the above-mentioned agreements.

In accordance with the law and the company's collective bargaining agreements, the trade union sections and representatives of the staff in the CLH Group are guaranteed the exercise of their negotiating, participation and representation functions.

A total of 85% of the company's workforce have their working conditions regulated by these collective bargaining agreements. It is to be noted that new CLH Aviación and CLH collective bargaining agreements were signed in 2011 and will remain in force until 2014 and 2015, respectively.

CLH also encourages its employees to participate in management of the company. In addition to the usual channels for meetings and communication between the employees and their managers, CLH has created a specific initiative designed to recognise the

most valuable contributions made by people in the CLH Group to improving the company's operation. It takes the form of the "Aporta" prizes, whose third edition was held by the CLH Group in 2012.

These policies help the company to offer quality employment, and are something that besides ending up by motivating the employees

themselves, represent an important benefit for the company from the viewpoint of retaining talent.

The success achieved in this area is made clear, among other indicators, in the low rates of undesired staff turnover recorded during the last few years and in the average length of service among CLH Group employees.

Average length of service of the workforce	2010	2011	2012
Average length of service	20	18	18
Voluntary staff turnover (undesired resignations)	0.4%	0.7%	0.4%

CLH Group permanent staff resignations, broken down by gender	2010		2011		2012	
	Men	Women	Men	Women	Men	Women
Total turnover	59	10	59	9	86	7
Turnover rate	4.8%	5.3%	4.8%	4.7%	7.5%	3.8%

CLH Group permanent staff resignations, broken down by age group	2010			2011			2012		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Total turnover	2	4	63	2	4	62	1	6	86
Turnover rate	1%	1%	8.7%	0.9%	0.9%	8.6%	0.4%	1.2%	14.5%



Commitment to a flexible work environment

The reconciliation of working, personal and family life is promoted in the Group through various measures that facilitate more flexible working environments, diversity and non-discrimination, all of which are included in its human resources policy and in the company's collective bargaining agreements.

Similarly, and in order to help achieve greater employee satisfaction, CLH has started up a voluntary transfer plan to enable people posted far away from their places of origin to be able to move closer and be reunited with their families.

Maternity protection is also present in the company's culture. Therefore, if the job entails working under circumstances that might have a negative effect on the health of the pregnant woman or her unborn child, the working conditions are changed or the person concerned can move to another job, without this affecting the salary conditions the employee is acknowledged to hold. Another conciliatory measure is the possibility of requesting extended leave of absence of up to three years because of a birth or child adoption.

The protection of workers who are particularly sensitive to work-related risks, because of their own personal characteristics or physical condition, including those who are officially recognised as having a physical, mental or sensory disability, is also specifically guaranteed.

In addition, all employees are able to enjoy a number of advantages that have been set up by the company in the area of balancing family and working life, such as paternity and maternity leave, and also for taking leave if family members are seriously ill or for moving house, or time off for sitting examinations, all of which are an improvement on what the legislation in

force includes. CLH also offers its employees the possibility of accessing kindergarten vouchers, flexibility in their working hours and in the holiday period, besides the possibility of taking leave of absence to care for family members.

In recognition of its human resources policy and the company's commitment to creating a flexible work environment, in 2008 CLH obtained the Family Responsible Company (EFR) certification that is awarded by the "Másfamilia" Foundation, and which confirms the company as a firm that is committed to promoting reconciliation between personal, family and working life.

The CLH Group has maintained its "efr" certificate in 2012 after satisfactorily undergoing an external audit in which it was given the "B-Proactive Company" rating. The company also continues to take an active part in the EFR Forums organised by this foundation.



CLH continues to work on new projects that facilitate support to families and help employees to find the right balance between their working, personal and family life. The following steps were taken in 2012 through Human Resources Management:

- The existing offer of health insurance under advantageous conditions for its employees was extended.
- A major dissemination action was undertaken for distributing two triptychs: one on the company's reconciliation model, and the other on the efficient use of electronic mail.
- The "Days off school" initiative was extended with a "Christmas morning" being held at Head Office for employees' children.

In order to publicise these measures and make them accessible and known to its employees, the company has enabled a specific reconciliation space, called the "EFR Space", on the corporate portal, and through this they can obtain information and benefit from the available EFR measures.

CLH also has a "Meetings model" that serves for moving ahead with the culture of reconciliation and the efficient management of time. This model seeks to improve the productivity and efficiency of work meetings since it values, respects and optimises everyone's time, which brings the company and its employees tangible and intangible benefits. A triptych containing guidelines for an efficient use of electronic mail has also been published and distributed among all employees.

Lastly, as a guideline to be followed by managers, it is established that they endeavour to support their co-workers in achieving the right kind of balance between personal, family and working life.

Thanks to these initiatives, the company has once more achieved a high position in the business attractiveness indexes in Spain. In 2012, CLH was rated in second place among the best companies to work for in the country, in the oil company sector, in the 2012 Merco People report. The company achieved 42nd place in the general ranking.

In addition, CLH has appeared for the sixth year running in the "Best companies to work for" ranking that is drawn up by 'Actualidad Económica' magazine. Out of the 200 organisations included in this classification, the company holds 130th place, which is the same as last year but with better general score.

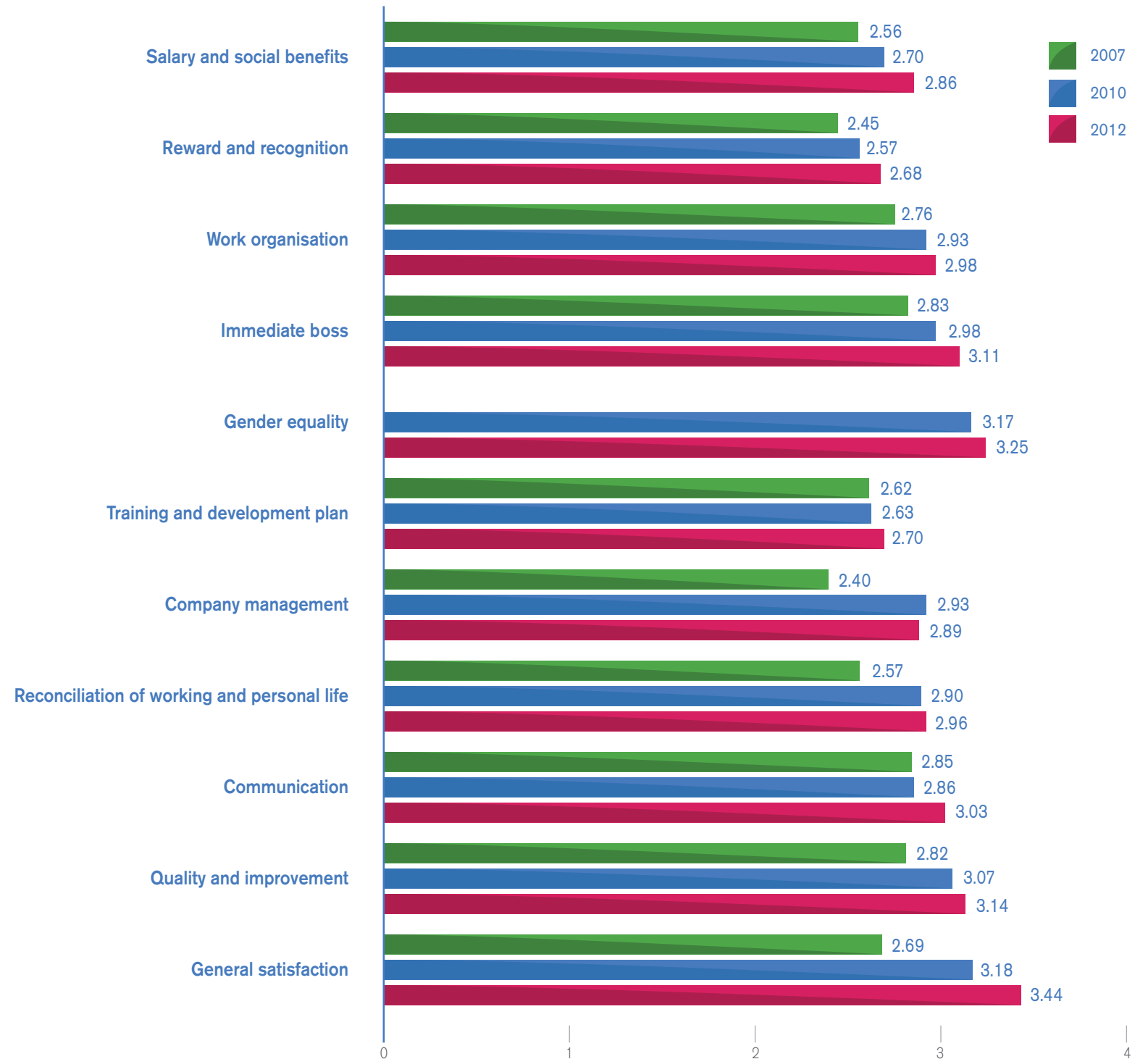


Employee opinion survey

In 2012, the CLH Group carried out the third work atmosphere survey in order to find out from the professionals who work in the company how they view different aspects related to the organisation in general and to their work in particular, besides assessing their level of satisfaction with the company. The participation percentage rate was 69.68% of those who were interviewed.

The study polled opinion regarding a total of ten dimensions. Most of the questions asked were given a higher score than in the last edition, highlighting the average general satisfaction felt by the workforce, which increased from 3.18 to 3.44 on a scale of 1 to 4 points. In fact, 90.7% of those who were interviewed stated they were satisfied or very satisfied with CLH as a place to work, which clearly shows the pride that CLH Group employees feel in belonging to the company.

Evolution of assessment made by employees in the opinion surveys conducted





Training and career development

Through its human resources policy, the CLH Group has drawn up a programme for professional career development whose aim is to promote the career development of its employees. The aim of this programme is threefold:

- To equip the company with the best trained human resources for tackling the complex, innovative and ever-changing technological, economic and business reality.
- To develop professional skills for doing an efficient job.
- To motivate its employees in personal and job terms through a real possibility of career development and economic promotion, through the appreciation of their experience and ability to fulfil the objectives marked out by the company.

The trend of the last five years to increase investment in training per employee was consolidated in 2012. The total investment in training exceeded one million euros, which is an appreciable amount compared with the company's turnover and workforce volume and one that holds steady over time.

Among the training activities aimed at developing competence skills that the company offers its employees, one of the most important is the training programme for managers known as "Lead in order to Motivate", whose first phase was addressed to all technical staff with leadership responsibilities, and has gradually been extended to middle management and to new recruits in positions of responsibility since 2009. Its aim is multiple: to strengthen their ability to manage people, equipping them with communication tools, involving them in the message transmission chain and making an in-depth study of the mechanisms of motivation. All of this aims at improving the level of employee satisfaction and optimising team management.

Other training activities that focus on improving competence skills have also been consolidated, such as planning and organisation, through the course known as "The 7 Habits of Highly Effective People", or negotiation and decision-making, whose aim is to equip them with new techniques that act as a guide for them to improve their processes through both these training activities.

Competence building has continued to be broadened during 2012, with special emphasis placed on key competencies for the company, such as: customer focus, under the slogan "Our aim, your satisfaction"; competence in cooperation, under the slogan "We grow as a team"; and competence that focuses on increasing openness and adaptation to change, under the slogan "One change, one opportunity."



Other actions to be taken into account in this area were:

- Executive development programme for employees with high potential: The company finances 100% of the cost of these programmes at first rate business schools.
- Welcome plan for new recruits: in addition to being heavily weighted on the theoretical side, the design of the initial training plan has practical, personalised scope and introduces the concept of the personal tutor and other measures.
- Study assistance: the company supports its employees' initiative and offers financial assistance to enable them to undertake the studies they consider to be of interest and applicable for the company.

CLH Group investment in training	2010	2011	2012
Investment per employee (euros)	593	611	672
Total investment (euros)	1,010,945	1,025,663	1,050,213

Average training hours in the CLH Group, broken down by gender	2010*		2011		2012	
	Men	Women	Men	Women	Men	Women
CLH	—	—	39	51	34	51
CLH Aviación	—	—	28	40	31	47
Total CLH Group	—	—	36	50	33	50

Average training hours in the CLH Group, broken down by groups	2010*		2011		2012	
	Men	Women	Men	Women	Men	Women
Managers	—	—	113	0	128	0
Technical staff	—	—	31	34	45	72
Administrative staff	—	—	18	32	22	16
Specialists and skilled operators	—	—	38	242	27	37

(*) This information, broken down by gender, is not available for 2010.



The career development model

The CLH Group actively promotes the development of its employees both within their professional group and in promotion to higher groups through periodically setting promotion and development activities which they must complete successfully. This enables the employees to demonstrate the degree of ability achieved, an assessment being made of their experience and recognition given to the quality of their performance.

The company also takes trade union participation into account through a Joint Committee for Classification and Career Development for providing information, making consultations and monitoring professional promotion and development processes. This Committee comprises six members, three appointed by the company and the other three by the trade union sections.

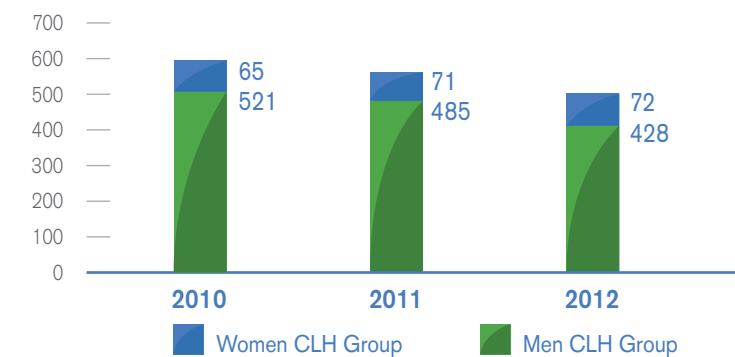
During 2012, a total of 79 people were promoted to positions with greater responsibility, while others moved up to a higher level of development by complying with the procedures defined in the collective bargaining agreements.

In line with the best practices in the sector, the CLH Group makes regular assessments of the performance and career development of its employees. In 2012, a formal performance assessment was carried out on 32% of the CLH Group employees.

In 2012, the company consolidated the “Supera-T” (Excel Yourself) platform, starting with the development of its Talent Management module that will be fully implemented in 2013. This application is designed for managing performance assessment and talent in the CLH Group on the basis of its new competence model, which will enable the company to optimise the development of its professionals.

Besides this, the new platform makes it possible to design an individualised career development plan for each employee to help that person improve the key skills for effective performance of their job.

Employees who receive a performance assessment.
Breakdown by gender



Performance assessment in the CLH Group	2010		2011		2012	
	Men	Women	Men	Women	Men	Women
Average Active Workforce (a)	1,498	206	1,470	208	1,363	200
Number of employees who receive a formal assessment of performance and review during the period (b)	521	65	485	71	428	72
Percentage of employees who receive a formal assessment of performance and review during the period (b/a)	35%	32%	33%	34%	31%	36%



Internal communication

In 2012, the CLH Group continued fostering communication with its employees through different tools, such as the internal communication meeting, at which the Chairman of the Group announced the investment plan forecast by the company and other future goals to those that attended. The contents of this meeting are shared with the other employees through meetings held with their superiors and through the corporate portal.

Apart from the applications that are aimed at management of the company, the corporate portal contains sections specifically devoted to internal communication, such as current news items, bulletins, advice on prevention and a video channel. During 2012, this portal attracted more than 183,000 visitors, the current news section attracting almost 52,600 visits and the video channel more than 10,700.

“Acerca”, the corporate in-house magazine, is published on a quarterly basis and is a platform for the regular reporting of new developments in the sector and the company, which actively fosters employee participation and includes practical advice for the employees in relation to their personal and working lives.

In addition, the “Breakfasts with the Chairman” programme gives those attending the

opportunity of gaining first-hand news about the company’s strategy and targets and of putting forward proposals and suggestions, and was attended by 91 people during this last year. Any employee may ask to be included in these meetings.

On the other hand, three “Executive encounters” were held throughout 2012, at which executives from the company had the opportunity of exchanging views with prominent representatives of Spanish business society.



A notable case

Cooperation with vocational training and university centres

The CLH Group helps in various initiatives related to younger workers’ access to the labour market.

In 2012, the company strengthened its relationship with vocational training and university teaching centres, continuing with the 70 and 32 collaboration agreements, respectively. These agreements have made it possible for students to explore the practical side of their training in CLH Group facilities and gain valuable professional experience.

The company also participates in the Erasmus Recruiting Project, which has enabled 40 university students from different study areas, who have taken part in some kind of international study programme, to obtain a scholarship for training in the company during their final year.

In 2012, 26% of all new recruits to the CLH Group had previously held scholarships or been trainee students in CLH.

Another noteworthy initiative is the company’s participation in various career fairs, the aim being to make its activity known and to attract talented young professionals. Examples of this are: INDUFORUM 2012 (career fair organised by the Polytechnic University of Madrid’s School of Mining Engineering) and the 7th Career and Vocational Training Fair, organised by the Autonomous Community of Madrid (Board of Employment, Women’s Affairs and Immigration).



8. Commitment and closeness to local communities

Our approach

The CLH Group's commitment to society becomes a reality through solidarity initiatives in which the company's employees participate, and various projects for collaborating in the sphere of society and the environment in the areas where it is present.



Accomplished













In progress



Not yet started

¿What progress have we achieved in 2012 in the CSR 2012-2016 Master Plan programmes related to our commitment to the community?







Programmes	Degree of compliance
1. Definition of a social action policy in the CLH Group	 The policy has been approved.
2. To design a protocol for social action activities.	 The protocol has been designed.
3. Definition of a methodology for assessing the impact of the company's social commitment activities.	 A measurement system as well as a specific form for data collection among the organisations with which projects are carried out have been defined.
4. To foster relations with the company's stakeholders.	 Contacts with stakeholders have been increased.
5. To establish key indicators for measuring the impact of activities directed at relations with stakeholders and social action.	 A reputation monitoring survey has been conducted among the company's main stakeholders.
6. To design a CLH Group corporate voluntary work programme.	 The programme has already been designed. There is also a timetable for its implementation.
7. To determine strategic lines for corporate voluntary work that are aligned with the company's commitment to society.	 The volunteer work programme is based on these strategic lines.
8. To integrate and align the present initiatives with the new corporate volunteer work model.	 The design of the volunteer work programme has provided for including the initiatives that are already being carried out.
9. Development of a pilot project for corporate volunteer work.	 It will be developed in 2013.
10. To carry out a programme for internal communication and awareness-raising regarding corporate volunteer work.	 The campaign and materials have been designed and will be publicised in 2013.

Continued on next page 



8. Commitment and closeness to local communities (continuation)

Continued
from previous page

Programmes	Degree of compliance
11. To analyse the social action projects involving stakeholders in order to identify the ones that are best adapted to the company's culture.	 A methodology has been designed and a form has been created for collecting the necessary information.
12. To select social action projects that are priority for the stakeholders.	 19 projects were selected in 2012.
13. Creation of alliances with stakeholders in order to carry out these projects.	 An agreement has been signed with Alfonso X el Sabio University.
14. To develop a project action and monitoring plan.	 A monitoring indicator system is now ready.
15. To continue with the project known as "Together, we move our most valued energy". Collaboration with more than 10 associations ⁽¹¹⁾ .	 Collaboration work has been carried out with 19 associations.
16. To conduct the second stakeholder satisfaction study ⁽¹¹⁾ .	 The study was carried out and the analysis of its results have been presented to the Management Committee.



What do we want to achieve in 2013?

- Continue moving ahead with implementation of the Corporate Social Responsibility 2012-2016 Master Plan programmes that are still pending
- Develop the new corporate volunteer work plan known as "Voluntarily", establishing its strategic lines, incorporating current initiatives into it and implementing an internal communication and awareness-raising programme among our employees.
- Analyse the social action projects for stakeholders in order to identify the ones that are best adapted to the company's culture.
- Select social action projects that are priority for the stakeholders.
- Launch and perform monitoring on mapping of the social action project impact indicators.



Accomplished



In progress



Not yet started

⁽¹¹⁾Although this programme was not included in the Corporate Responsibility Master Plan 2012-2016, it was decided to include it as it was a challenge that the CLH Group had set itself in the area of relations and commitment to the community.



Dialogue with our Stakeholders

Understanding stakeholder expectations is a basic element for defining and managing Corporate Social Responsibility.

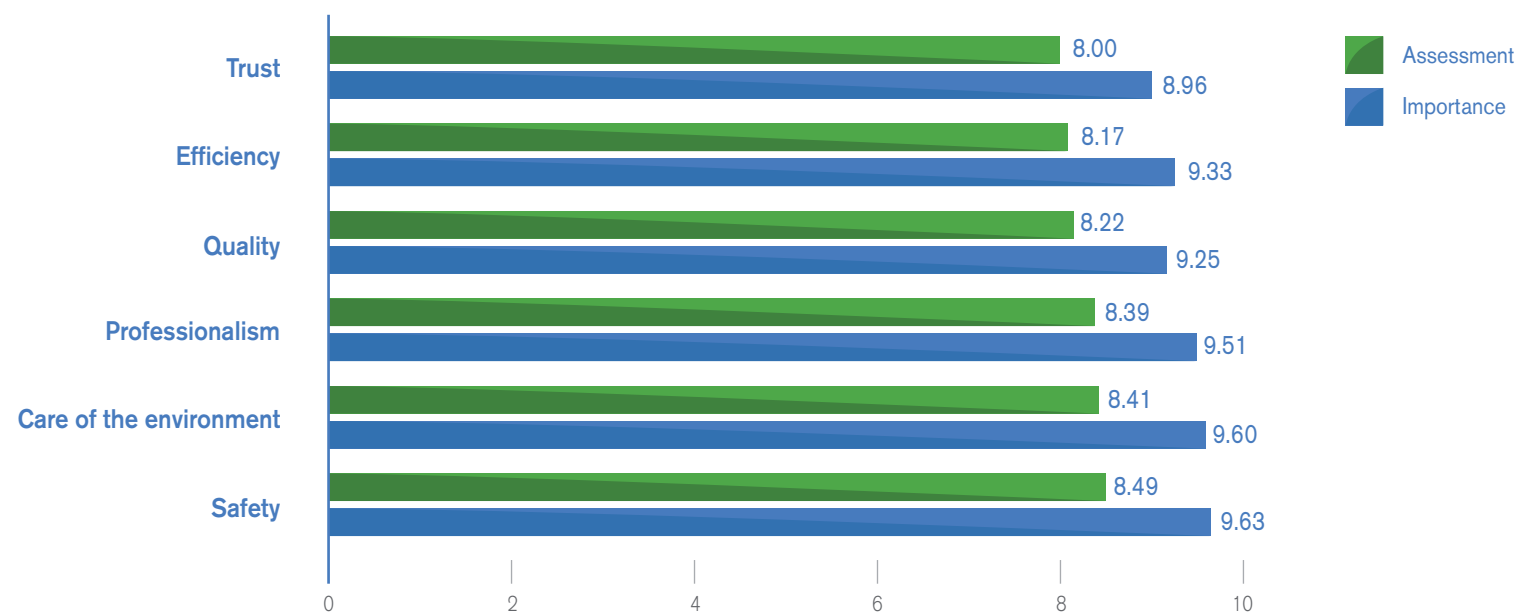
The CLH Group engages in various dialogue processes with these groups to be able to identify which aspects interest them, as well as their assessment of the company's performance. These processes vary in nature and are conducted through the meetings held and contacts made with them regularly in the context of their activities. They are consulted directly in relation to certain specific aspects, and the company participates in congresses and associations in the sector, in addition to preparing specific studies or receiving these groups and their representatives at the company's facilities.

In 2012, the company conducted a satisfaction survey on its stakeholders, enabling it to obtain an updated analysis of the assessment made by these kinds of public regarding the company's performance.

The survey results show an improvement in the rating given by these groups in some of the primary spheres of management of the Group. Performance on safety, caring for the environment and the professionalism of the company were the aspects given the best rating. The survey also highlighted collaboration with society, the aspect that most interested communities in the immediate vicinity of CLH, and economic efficiency, which was highly rated by the public administrations consulted, as areas to be strengthened.

The survey also detected that the level of demand in the different groups had risen since the previous edition, which was conducted in 2011. This means that the company must continue reinforcing its efforts to provide an answer to existing expectations.

Importance that stakeholders attach to the company's reputation values and their assessment of them





Relations with the community

The CLH Group combines the performance of its storage and transportation activities with having smooth and comfortable communication with the municipalities in which it operates, with a view to learning more about their needs and expectations and fostering a better knowledge of the company.

For handling these communication processes, CLH has developed a specific manual that offers the company's local managers advice and practical guidelines. Not only does this make it possible to improve the effectiveness of relations with communities, but it also helps towards other key aims such as improving management of the company's risks and reputation; learning about the contributions made by stakeholders; creating trust among these groups and fostering a better understanding of the business context, market development and the identification of new strategic opportunities. During 2012, more than 500 meetings were held with different local stakeholders.

At operational level, the CLH Group encourages local players to participate in the initial processes for developing new infrastructures.

For example, before any building or improvement project is executed the company opens a consultation period with the local communities that might be affected, in order to learn more about their opinion and any suggestions they may have for improvement.

In this connection, the company pays particular attention to the possible impact that its operations may have on the environment, as this is a very sensitive subject for the local community. CLH therefore establishes the corrective and mitigating measures that are necessary for each project.

Also under this heading, the CLH Group has addressed the relocation of some of its storage facilities that were situated close to urban areas, so that the land they occupied could be put to other urban uses. Among the latest actions carried out in this respect, the company has dismantled the plants it used to operate in the Hospital del Rey district of Burgos, and in Cala Figuera (Mahón). It has also carried out landscaping of the plot formerly occupied by the old facility in Muskiz (Biscay), making it possible to recover an area of marshland at the mouth of the Barbadún River, next to the beach known as "La Arena".

Participation in congresses and meetings

The CLH Group was a regular participant in various forums and congresses during 2012.

The chairman of the company, José Luis López de Silanes, spoke at a number of national and international meetings, among which we can mention the Conference on Infrastructures that ICON Infrastructure organised in London and the Multilingualism in Europe Conference, organised by the European Commission and held in Cyprus, in addition to the 20th Annual Forum of the Spanish Club for Excellence in Management and the 25 Years of Erasmus seminar that was organised by the University of La Rioja.

Besides this, CLH representatives participated in other forums in the sector, such as the 9th International Pipeline Conference, held in Calgary; the 1st Kenya-Spain Universities Meeting; the Corporate Social Responsibility seminar, organised by KPMG; the conference entitled "Towards a New Energy Model: The Energy Generation Mix", organised by Unidad Editorial; the Conference on Safety organised by the Castile and León Civil Protection Agency; the "Junior Entrepreneurship" Forum organised by the Regional Government of Extremadura; and the 1st Campus for Entrepreneurs, held in San Fernando de Henares.



Participation in associations

The CLH Group is a member of various bodies and associations in the sector, such as the Spanish Energy Club (Enerclub), the Spanish Association for Energy Economics (AEEE) and the Autonomous Community of Madrid's Energy Foundation.

In the business field, the company is also active in a number of different organisations, including the Economy Circle (Círculo de Economía), the Association for Progress in Management (APD), the IE Business School and the Spanish Businessmen's Circle, among others.

CLH is also a founder member of the "Pro Rebus Academiae" Foundation, which is attached to the Spanish Royal Academy of Engineering, and is on the board of trustees of the Catalonia Institute for Energy Research (IREC), a benchmark centre in research on energy efficiency and renewable energies.

Contacts with the media and visits to facilities

Among the important personalities to visit the CLH Group in 2012 were the Secretary of State for Research, Development and Innovation and the Director General of Innovation and Competitiveness; the Chief of Defence Staff; the Regional Minister of Economy and Finance of the Autonomous Community of Madrid; the Director General for the Interior, Emergencies and Justice of the Balearic Island Regional Government; the Mayor of Burgos; and the Vice-Chancellor of the University of La Rioja, who was accompanied by the Dean of the Faculty of Legal and Social Sciences.

At an international level, the company was visited by several shareholders: The chairman and chief executive officer of Oman Oil had a close look at the Torrejón de Ardoz-San Fernando de Henares facility and the Pipeline Dispatching Centre. Besides this, representatives from AMP Capital Investors were shown around several of the company's infrastructures in the Autonomous Community of Madrid.

A delegation of senior officials from the Bosnia and Herzegovina Ministry of Communications and Transport, accompanied by representatives from the Spanish Ministry of Public Works, visited the storage facility in Villaverde (Madrid).

CLH also received visits from representatives of various companies, such as the general manager of Air Europa and the chairman of the construction company San José. A delegation from Repsol also visited the Algeciras storage facility and representatives from Iberdoex were shown around the plant in Mérida.

The company hosted three meetings with executives that were attended by the chairman of Microsoft Ibérica, María Garaña; the former minister, businessman and author, Manuel Pimentel; and the president of the Businessmen's Circle, Claudio Boada. CLH also organised a conference at its head offices for students from the Spanish Centre for Advanced National Defence Studies (CESEDEN).

On the other hand, the new storage plant in Burgos received a visit from several of the city council's fire brigades to familiarise them with its equipment and systems. A group of senior Civil Guard officers visited the Pipeline Control Centre, and the facility in Son Banya hosted a visit from the Palma City Council Firefighter Training Academy.



During 2012, the CLH Group attended to more than one hundred journalists who had contacted the company to ask for information about its activities and future projects, while press conferences and other meetings with the media were also organised, such as those held at the time of the General Meeting of Shareholders, to present the economic results for the year, and also when the new facility in Burgos was inaugurated.

Visits to the corporate website

The company also has a corporate website, which is one of the Group's main communication tools, and according to data furnished by Google Analytics it attracted more than 160,000 visits during 2012.

Contribution to the wellbeing and development of our communities

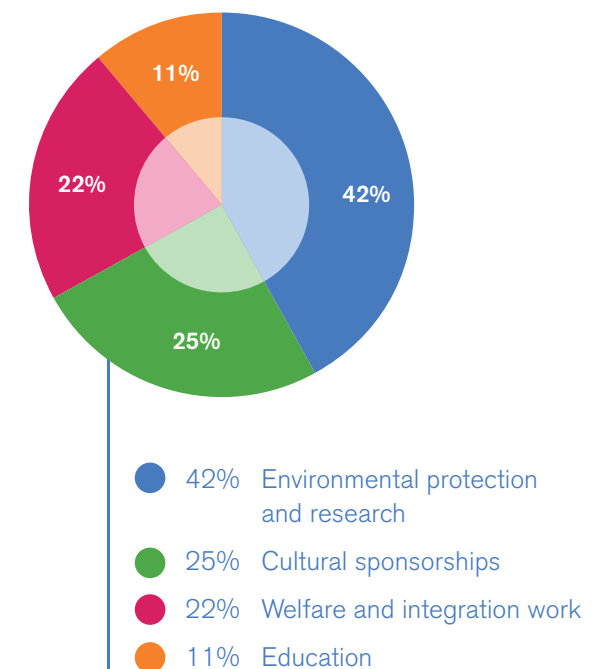
In 2012, the CLH Group approved a new Social Action Policy for developing one of the main areas of its Corporate Social Responsibility Policy: to contribute to the wellbeing and development of the communities in which it is present, by collaborating in projects that help to improve their quality of life.

To achieve this goal, and in addition to engaging in flexible, ongoing dialogue with the communities in which it operates, the company supports various initiatives of social interest in its area of influence that are connected with education, social welfare and integration and environmental protection.

CLH also collaborates in other areas that are relevant for society, for example in promoting art and culture, developing new energy sources, research for the prevention of disease and its work in association with academic institutions for promoting job opportunities for young people.

During 2012, 42% of the company's social action budget was devoted to activities related to environmental protection and research, 25% went to cultural sponsorships, 22% to welfare and integration work and 11% to education.

Distribution of expenditure on social action in 2012 in the CLH Group





The CLH Group monitors the activities in which it participates and has started up a system of specific indicators for this, so that at any given moment it is able to know how these projects are progressing, the opinion of the other collaborating parties involved, and the true impact of their contribution to society. These indicators also act as a guide for the development of new projects and for company communications regarding its performance in this area.

Together, we move our most valued energy

In the sponsorship and social action plan known as “Together, we move our most valued energy”, each year the CLH Group supports different projects initiated by associations and non-government organisations in which its employees participate as voluntary workers.

Among the main activities undertaken in 2012, the company collected close to 8,000 euros for projects to alleviate child malnutrition in a campaign involving the donation of meal vouchers, that was promoted jointly with Action Against Hunger. The CLH Group helps this NGO on a regular basis in other initiatives, such as the Inter-Company Tournament. The money raised in this competition through the registration fees paid by the participating companies is spent on projects for restoring standards of nutrition in more than 45 countries.

In the area of initiatives related to sport as a tool for fostering solidarity and training, the company and the Realmadrid Foundation joined forces with San Fernando de Henares town council to create a school for social integration in this municipality. The centre benefits around 100 girls and boys between 6 and 14 years of age, half of whom are immigrants or at risk of social exclusion, who do not pay any registration or monthly fees.

CLH also works in association with the female junior categories in the Haro Volleyball Club, in La Rioja, with the aim of using sports as a vehicle for conveying essential values such as discipline, self-esteem and personal growth.

Besides this, the company helped in sponsoring the charity padel tennis tournament organised by Prodis Foundation, a non-profit institution that works to improve the quality of life of people with intellectual disabilities. This NGO used the money raised to grant scholarships to children and young people with a disability at the Occupational Centre in Madrid, where they are trained to develop their autonomy and are given job training.

Another example of CLH Group collaboration was with the Mano a Mano NGO, to which the company made a donation of disused work clothes and footwear that was delivered to firemen in western Santo Domingo, in the Dominican Republic, to increase the safety of their activities. The company has supported this organisation on a number of occasions. It was founded at the initiative of a group of Iberia employees with the aim of taking advantage of this airline's commercial flights to get humanitarian aid through to countries affected by natural disasters or war, and make direct delivery of this aid.



On a similar line, the company promoted the first food collection campaign organised by companies belonging to the Valle de Escombreras Association, that made it possible for 3 tons of food and essential items to be collected and delivered to the Murcia Food Bank.

Besides this, CLH launched a campaign for donating computer equipment that is no longer used in the company to non-profit organisations for them to benefit from. The computers that have been donated have made daily management easier in NGOs, enabling them to set up computer classrooms or contribute to the education of people with special needs.

In 2012, CLH also supported the ASPACE Seville Association, which works to improve the quality of life of people with cerebral palsy, in fitting out a comprehensive care centre in Dos Hermanas (Seville). The resources provided were applied specifically in the areas of physiotherapy and multi-sensory stimulation.

The company also collaborated with one of its main shareholders, Oman Oil, through the Arab Diplomatic Ladies Association, a non-profit organisation formed by the wives of Arab ambassadors in Madrid, which CLH supported when they organised a charity fair at which traditional products from 17 countries were on sale. The profit it made was given to the Josep Carreras Foundation, a leukaemia research centre, and the NEN Association for children suffering from neuroblastoma, a type of cancer that forms in the nervous system and affects children.

In addition to this help, CLH also cooperated with the NEN Association in the purchase of medical equipment for the San Juan de Dios Foundation in Barcelona, which will be used for the advancement of research into children's cancer.

The company also donated to this NGO a number of corporate objects that were put in a raffle held during the charity bike rally organised by the Association in Las Rozas (Madrid) under the slogan "Pedales de ilusión" (Pedals of Hope), which managed to raise more than 18,000 euros.

Main contributions made by the CLH Group in the context of the "Together, we move our most caring energy" plan

- Action Against Hunger
- Arab Diplomatic Ladies Association
- "Barrio de Cortes" Residents' Association
- NEN Association
- ASPACE Seville
- "Abriendo Puertas" Association
- Port Authority of Algeciras Bay
- Lleida firemen
- "Colegio Teresiano Sanjuanista" school in Ávila
- Spanish Red Cross
- Alumbres Football School
- ALAS Foundation, Moratalaz
- ANDE Foundation
- NEN Foundation
- PRODIS Foundation
- Real Madrid Foundation
- "Serra d'Espadà" Secondary Education Institute
- "Jovenes y Desarrollo" organisation
- "Menorca Basquet" basketball team
- Solidarity International





“Voluntarily”, our new corporate volunteer work programme

In 2012, the company designed its new corporate volunteer work programme known as “Voluntarily”, which seeks to spread among the people of the company the spirit of responsibility and solidarity that CLH feels for its community.

The programme will be launched throughout 2013 and will be driven and channelled through the activities carried out by CLH Group employees on a voluntary basis, either through the company itself or in collaboration with charitable organisations. The programme will give priority to initiatives whose aim is to help disabled and disadvantaged people, educate to encourage social harmony, and care for and protect the environment.

“Voluntarily” will be the driving force behind the help given by certain people in the company who will work as “solidarity drivers”, their primary task being to promote the possibilities of collaboration offered by the programme and involve those who are already engaged in voluntary work, in addition to achieving the greatest amount of participation for future projects.

Collaboration with cultural institutions

The CLH Group collaborates as a benefactor member in various cultural institutions, such as the Teatro Real Foundation, the Friends of the Prado Museum Foundation, the Royal Association of Friends of the Reina Sofia National Museum and Art Centre and the San Millán de la Cogolla Foundation.

Another of the company’s most fruitful collaborations is the one held with the Albéniz Foundation for providing support in training promising young musicians. The terms of the agreement include a scholarship granted by CLH each year for studying at the Reina Sofía School of Music to enable students to perfect their technique.

True to its commitment to culture, and following the tradition established in recent years, CLH has sponsored publication of a new book on the environment. This year’s volume, entitled “Semillas. La vida en cápsulas de tiempo” (Seeds - Time Capsules of Life), shows spectacular photographs taken through a microscope to unveil unusual and hidden aspects of nature.

Investing in Education

The CLH Group is one of the companies participating in the “Erasmus Recruiting” programme, a project that opens up possibilities for university students who have studied outside Spain, either through an Erasmus scholarship or another similar kind of international programme, to enter the world of professional work. Thanks to this initiative, each year young graduates are able to undergo supervised practical training in different Group centres, which gives them the opportunity of improving their education and enjoying experience in the job market.

In the academic sphere, in 2012 CLH also collaborated with Alfonso X el Sabio University. This was done through a collaboration agreement signed with this institution for promoting joint research, technological development and innovation in the field of science. The agreement also provides for granting scholarships to undergo supervised training at the company’s facilities.

In addition, the CLH Group holds agreements with the Regional Government of La Rioja’s Board of Education, Culture and Sport and with various vocational training institutes, to enable their students to enjoy scholarships for training at the Group’s facilities.



Besides this, the company is a regular participant in employment and training fairs, at which it offers information and collects curriculum vitae, for helping vocational training students and university graduates find their way into the labour market.

The company also sponsors the CLH Chair in Hydrocarbon Metrology in association with the Polytechnic University of Madrid (UPM). Its classes are delivered at the School of Mining Engineering and include the possibility of undergoing supervised practical training, as well as receiving scholarships to work on final year projects. In addition to this and with the aim of supporting technological research, the company finances final year projects related to microrobotics that are developed by vocational training students.

During 2012, CLH was visited by students from various university faculties and education centres who were told about how the Group's infrastructures operate. These centres included: the School of Mining Engineering, which operates at the Polytechnic University of Madrid; the master's degree course on Safety, Prevention and the Environment, which is run

by the University of Valladolid; the master's degree in Energy Law and the Advanced Course on the Energy Business, both of which are delivered by the Spanish Energy Club (Club Español de la Energía); and the secondary education institutes in Sáenz de Buruaga (Mérida), Pasqual Calbó i Caldés (Mahón, Minorca) and Pau Casesnoves (Inca, Majorca).



A notable case

Collaboration to help alleviate child malnutrition

The help received from people in the CLH Group made it possible to raise almost €8,000 euros for projects to combat child malnutrition, in a campaign called "Join the Challenge against Hunger" that the company launched to celebrate World Food Day.

The aim of the project was to encourage employees to donate part of their meal vouchers to Action Against Hunger with a view to devoting their value to providing nutritional treatment in the 45+ countries in which this NGO works.

The campaign was given a huge response by the workforce, and spurred on by the purpose of the initiative CLH also decided to join in the project, matching the value of the contributions made by the company's employees.

The money raised made it possible for the equivalent of more than 200 treatments to be given to children with malnutrition problems. The NGO itself thanked CLH for its involvement, remarking that it was the highest amount of money raised in a collaboration of this kind.



9. Efficiency in activities and environmental protection

Our approach

The CLH Group is a company that is committed to caring for the environment, aligning itself in this way with the concerns of society and its other stakeholders. It therefore encourages solutions to reduce the use of natural resources and minimise its emissions, and strives to use resources, technologies and processes in a way that is respectful and responsible towards the natural and social environment, thereby bestowing sustainable value on all its activities.



Accomplished



In progress



Not yet started

What progress have we achieved in the CSR Master Plan 2012-2016 programmes related to the environment?






Programmes	Degree of compliance
1. To review and update the priority environmental indicators.	The existing indicators have been reviewed and the frequency of reporting has been adapted.
2. To improve protocols for collecting information for the priority environmental indicators.	A computer application has been created for recording the information necessary for obtaining the indicators.
3. Review of the greenhouse gas emission inventory and identification of aspects to be improved.	The first report on carbon footprint in the CLH Group has been made using information from 2011.
4. To assess the advisability of calculating the Group's carbon footprint and establish a programme for offsetting emissions.	As already stated, this calculation has been made using information from 2011 and there is a methodology for its use in forthcoming annual reports.
5. To extend the inventory of greenhouse gas emissions (most relevant emissions in scope 3).	Calculation of emissions has been extended to scope 3, including sources such as: paper and water consumption, water discharges, waste produced, work-related travel and journeys made by employees for getting to their place of work.
6. To foster energy efficiency in operations and offices.	A comprehensive study has been made to find out the real situation of energy consumption in the CLH Group. This will make it possible to know where the effort must be made in order to optimise the use of natural resources. Environmental contacts and awareness-raising campaigns regarding savings in consumption have been carried out with the employees.

Continued on next page



9. Efficiency in activities and environmental protection (continuation)

Continued
from previous page

Programmes	Degree of compliance
7. To improve efficiency in water consumption.	 The audit programme has been carried out with the identification of 10 facilities that have the highest water consumption. The data will be analysed and monitored during 2013. Specific actions have also been carried out at several facilities (e.g. the Bilbao Airport Facility that has this environmental objective reflected in the EMAS declaration. Environmental contacts and awareness-raising campaigns regarding savings in consumption have been carried out with the employees.
8. To foster efficiency in waste management.	 A study of the type of waste that each facility generates has been made in order to analyse which ones can possibly be minimised. The computer application for data related to waste has been adapted and placed in service. The waste management PM 991 procedure has been reviewed. The hydrocarbon-polluted water networks and sources of flows into the system have been analysed and identified at most of the facilities with a view to cancelling and avoiding the flow of concentrations into the network. Measures to avoid small drops reaching the wastewater drainage systems are also implemented continuously.
9. To analyse the risks of the company's processes/operations that have a relevant impact on high consequence areas from the point of view of biodiversity.	 An integrity plan has been designed and work has started on developing a computer tool to permit its use. Also, a collaboration agreement has been signed with the Grefa NGO to verify the Plan for Identifying High Consequence Areas that is included in the company's Pipeline Integrity Plan.
10. To design the biodiversity policy of the CLH Group.	 Information is being compiled in order to develop the policy in the next few years.
11. Adaptation of building operation processes to the new policy.	 Information is being compiled in order to make the adaptation in the next few years.



Accomplished



In progress









Not yet started

Continued on next page



9. Efficiency in activities and environmental protection (continuation)

Continued
from previous page

Programmes	Degree of compliance
12. To enlarge the Plan for Identifying High Consequence Areas: to obtain information relating to the indicators in GRI EN11 and EN15.	 An inventory has been made of infrastructures that are either adjacent to or inside protected natural spaces.
13. To establish rules for activity in High Consequence Areas in accordance with the following requirements: <ul style="list-style-type: none"> • Based on the new biodiversity policy. • More far-reaching than environmental impact statements. • Involvement of local communities. 	 Information is being compiled for development in the next few years.
14. To be one step ahead in meeting the requirements of new legal regulations in order to turn new obligations into advantages through excellence.	 Environmental regulations continue to be reviewed and new environmental legislation is reported on to the CSR Committee through the Review Report made by the Environmental Management System Management.
15. To study opportunities for tax benefits and for securing funds for environmental investments.	 The programme of deductions for environmental investments as established by law continues to be followed.
16. To continue developing the EMAS certification programme.	 EMAS certification was obtained in 2012 for the Huelva and Tarragona facilities, and the Santurce facility has now been reviewed by the administration. Two new facilities will be applying in 2013: Barcelona and the airport facility in Bilbao.
17. To make a study to find out what the sustainability requirements are in the target markets for CLH.	 The requirements related to biofuels have been met.



Accomplished



In progress







Not yet started

Continued on next page



9. Efficiency in activities and environmental protection (continuation)

Continued
from previous page

Programmes	Degree of compliance
18. Integration of social and environmental criteria as part of the processes for developing new projects and markets.	 All new projects have been coordinated with the Sub-department for Risk Prevention, Environment and Safety to find out its opinion on environmental issues.
19. To identify relevant key indicators associated with each project in terms of sustainability, so that their evolution over time can be measured, and implement improvement measures if necessary.	 A series of improvements in sustainability have been established for each new project.
20. Completion and assessment of the R&D&i project on "New techniques for environmental recovery of soils" ⁽¹²⁾ .	 The project has ended with satisfactory results being obtained. These results have been put forward at various open conferences held in Barcelona on the topic of bioremediation.
21. To begin work on soil characterisation and recovery at the decommissioned facilities in Mahón and Burgos ⁽¹²⁾ .	 Detailed characterisations have been carried out at both sites. Also, the soil recovery plan for the storage facility in Mahón has been submitted to the administration holding authority for this and has been approved. Bids have been called for the recovery work and the pertinent contract awarded; the permit for commencing work has been applied for.

⁽¹²⁾Although these two programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are both challenges that the Group set itself last year regarding environmental matters.



Accomplished



In progress



Not yet started

Continued on next page



9. Efficiency in activities and environmental protection (continuation)



Continued
from previous page



What do we want to achieve in 2013?

- Move ahead with execution of the applicable programmes in the Corporate Social Responsibility Master plan that are still being developed.
- Calculate the 2012 carbon footprint for the Group and identify measures for minimising, reducing and offsetting greenhouse gas emissions.
- Complete environmental recovery work on the land formerly occupied by the storage facility in Mahón and begin the process for recovery of the land formerly occupied by the storage facility in Burgos.
- Prepare and publish a report on the inventory of trees on CLH Group property.
- Begin operation of the new modules for obtaining environmental data that have been created in the Environmental Management application.
- Obtain EMAS certification for the storage facility in Barcelona and the airport facility in Bilbao.



Commitment to the environment

The activities of the CLH Group have little environmental impact, as the transportation of oil products is largely carried out through pipelines, which is the safest and most environmentally friendly method of transport.

The CLH Group has an environmental policy that is part of its sustainable development strategy and has an extensive sphere of application. This policy is applied from the outset of any project through the Environmental Impact Studies that influence the entire development and decision-making process. The company studies different alternatives before starting on any new project and selects the one that is best adapted to the environment, in order to avoid any present or future environmental impact.

The CLH Group also carries out full environmental monitoring, through the contractors' internal monitoring procedures, while building works are being executed. This makes it possible to identify and implement corrective measures for minimising their impact. In the case of pipeline building, the company restores the land to its original state when work has been completed and local species are planted in the area.

Lastly, controls are carried out subsequently in order to verify and guarantee that the measures adopted are working properly.

The company combines these activities with measures designed to improve the efficiency of its infrastructures after they have been placed in service, as explained in the following section of this report (See section 9.2 Environmental Management Policy).

Environmental expenditure and investments

During 2012, the CLH Group invested €10.4 million in different projects of an environmental nature. The main initiatives carried out include:

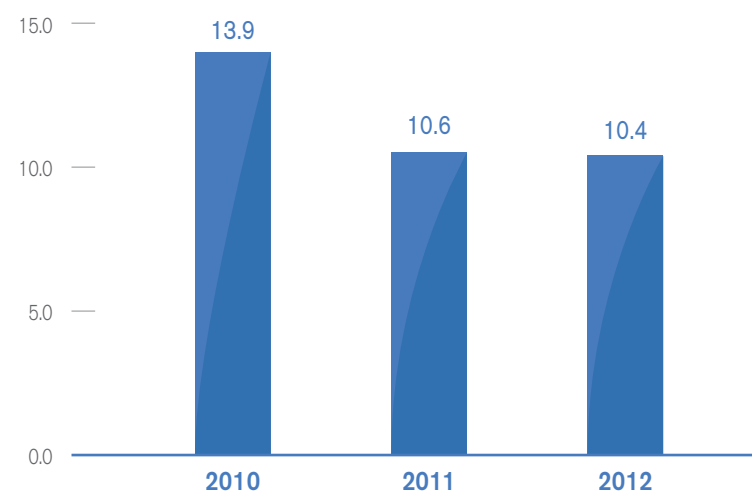
- Improvements to integrity in the pipelines.
- New casing and renewal of pipes in various sections of the pipeline.
- Environmental protection of the storage and airport facilities.
- Adjustment of water networks and treatment systems.
- Environmental quality control of effluent from the facilities.
- Soil contamination prevention at the storage facilities.
- Improvements to dike integrity.



The CLH Group current expenditure on groundwater and soil remediation activities amounted to €2.36 million, and was mainly spent on completing soil recovery work on the land formerly occupied by the facility in Santurce.

The company also devoted €699,810 to other expenses associated with environmental issues and the prevention of soil contamination and groundwater pollution.

Evolution of environmental investments in the CLH Group (millions of euros)

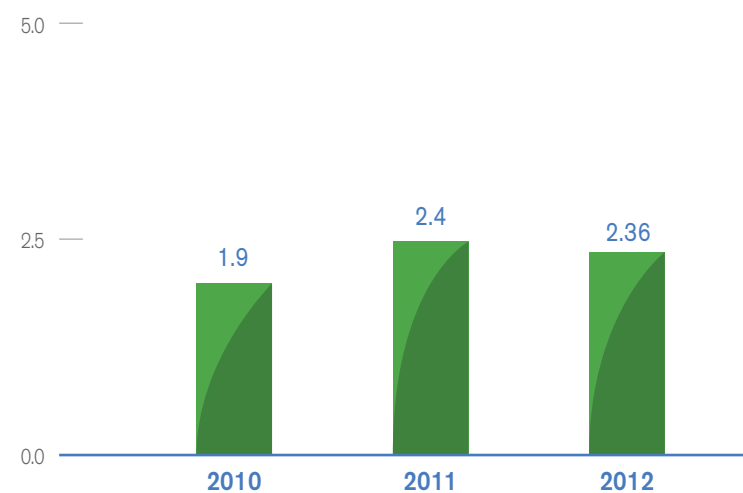


Environmental Management Policy

The CLH Group has an Environmental Management System whose aim is to guarantee the sustainable performance of all its activities.

The company applies environmental criteria throughout the entire life cycle of its activities. It therefore takes into account strict measures that try to minimise any impact on the environment.

Evolution of environmental expenditure in the CLH Group (millions of euros)*



* Includes expenditure for groundwater and soil remediation

This commitment is reflected in the 11 principles that are included in the company's environmental policy and also forms part of its Environmental Management System. This system establishes the rules and procedures that implement the CLH environmental management policy, in accordance with the legislation in force and the company's corporate objectives.

In 2012, the CLH Group successfully passed the follow-up audit for UNE-EN ISO 14001⁽¹³⁾ certification, thereby reaffirming its commitment to the best environmental practices. The company's Environmental Management System has been certified in accordance with this standard since 2008, and with this it aims to reinforce the efficiency and sustainability of its activities.

⁽¹³⁾ UNE-EN ISO 14001: Environmental management systems. Requirements with guidance for their use with corporate areas



This year, CLH has also certified the storage facilities in Huelva and Tarragona in accordance with the demanding EMAS regulations (Community Eco-management and Audit Scheme), and is awaiting receipt of this certification for the plant in Santurce. Its goal is to obtain this recognition for the centres in Barcelona and Bilbao airport in 2013.

The CLH Group was awarded the following accreditations in recognition of the environmental management carried out in 2012:

- Renewal of the “Madrid Excelente” certification, in which the CLH Group’s environmental management in its facilities located in Madrid was highlighted.
- A special mention was obtained in the “4th Environmental Conduct in Companies Contest” held by Madrid-Barajas airport. The company is the only organisation to have received diplomas and special mentions in the four editions of this contest, after winning first prize in 2009.

- The conclusions reached in the independent eco-audit conducted by the Mediterranean Institute for Sustainable Development (IMEDES), which is attached to the University of Valencia, highlights the environmental commitment of the CLH Group.

Environmental Management in CLH

In accordance with its commitment to transparency with its stakeholders, the CLH Group holds an historical record of environmental parameters that it publishes on the relevant platforms. One of them is this Corporate Social Responsibility Report, in which the most important indicators are published.

These indicators were reviewed in 2012 and those that are not relevant in the company’s operations have been eliminated. In addition, a computer tool that facilitates and guarantees receipt of the main environmental data in the Group has been placed in service.

Activities included in the Environmental Management System

- Organisation for storage and transportation through the pipeline network.
- Tanker discharge operations in ports.
- Dispatch of fuels.
- Fuel supply to ships in ports.
- Storage, transportation and supply of aviation fuels and packaged lubricants to aircraft.





A notable case

EMAS certification is obtained at the facilities in Huelva and Tarragona



The CLH Group has obtained environmental certification from EMAS (Community Eco-Management and Audit Scheme) for the storage facilities in Huelva and Tarragona, in recognition of the effort made to increase the sustainability of their activities, in accordance with a demanding Environmental Management System and its commitment to continuous improvement.

Through its adherence to the EMAS regulations, the company also undertakes to provide information on the environmental conduct of these plants on a regular basis, through a public environmental declaration that has been written clearly and concisely, with information verified by independent bodies.

EMAS is a European set of voluntary regulations that enable the companies that sign up for them to manage their environmental policy effectively, reinforce their commitment to sustainability, define their objectives and verify their degree of compliance.

Subscribing to EMAS is one of the aims included in the CLH Group Corporate Social Responsibility policy. The company plans to have a further six centres verified between now and 2016.

Control of emissions to the atmosphere

The CLH Group generates a very limited amount of emissions to the atmosphere, as the company does not carry out any manufacturing process and does not generate energy.

In specific terms, the main origin of emissions of SO_x, NO_x and particles in suspension lies in stationary internal combustion engines and in the vehicle fleet. Account is also taken of the emissions resulting from fuel consumption of the tankers chartered by CLH and the steam boilers for heating the fuel oil stored at the facilities in Barcelona, Cartagena, Huelva, Algeciras, Tarragona, Porto-Pí, La Coruña and Gijón.

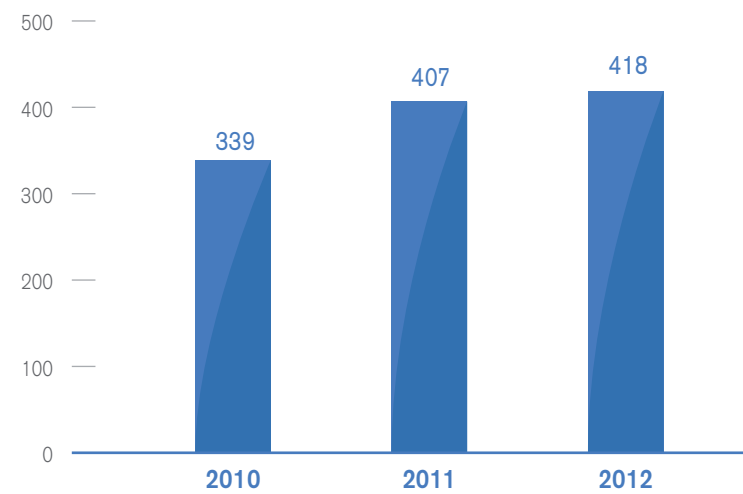
An increase in emissions of SO_x, NO_x, COVs and particles was recorded in 2012, mainly due to increased fuel consumption in the tankers as a result of the increase in product movement using this means of transportation.



Regarding the emissions of volatile organic compounds (VOCs) that are basically generated in gasoline loading processes, the company follows different courses of action designed to minimise and control them, like the use of the vapour recovery units in product loading processes, that guarantees a reduction in the emissions of these compounds that is below the 10mg/m³ limit established by the regulations in force.

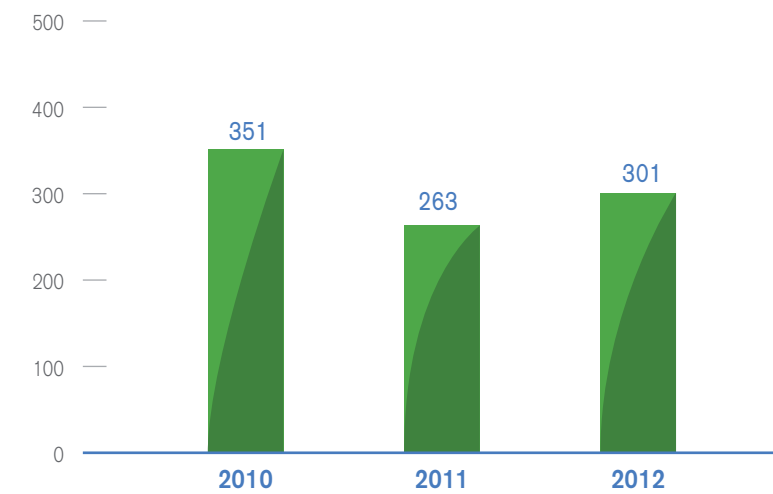
NOx emissions

(tons)



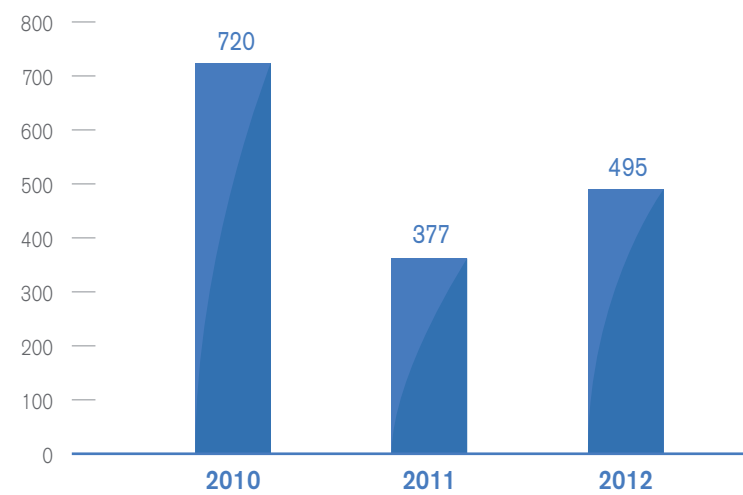
SOx emissions

(tons)



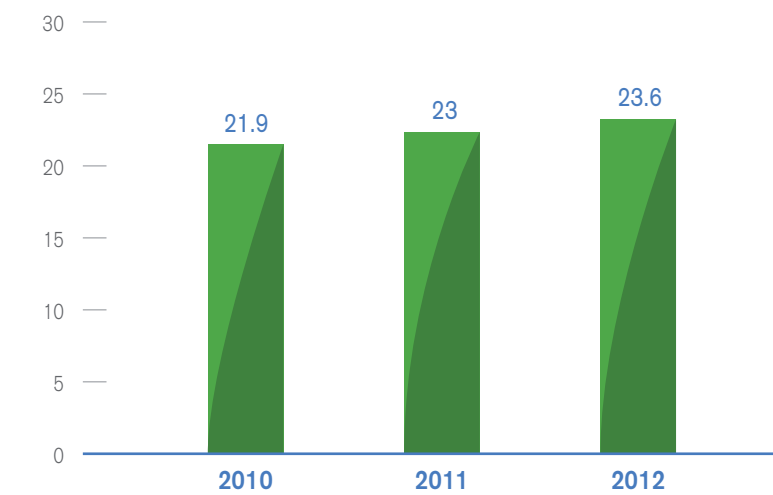
Volatile organic compound-VOC emissions

(tons)



Particle emissions

(tons)





Water consumption

The CLH Group uses water in its operations for sanitary purposes, for generating steam and in testing fire defence systems, this latter activity being the one that makes the heaviest use of this resource.

Water consumption during 2012 amounted to 173,846 m³, representing a 24.2% increase on the previous year due to the hydraulic tests carried out during the construction of new facilities and, in particular, the works carried out at the facility in Torrejón de Ardoz.

The company also harnesses groundwater, but only at facilities that are not covered by municipal water supply networks. The use of this kind of collection is limited exclusively to water for sanitary purposes, meaning it is a very small amount that does not affect local hydrodynamics in any significant way.

In 2012, CLH completed a study aimed at identifying the ten facilities that use the most water, with a view to establishing new measures for analysing and controlling their consumption in forthcoming years.

Waste management

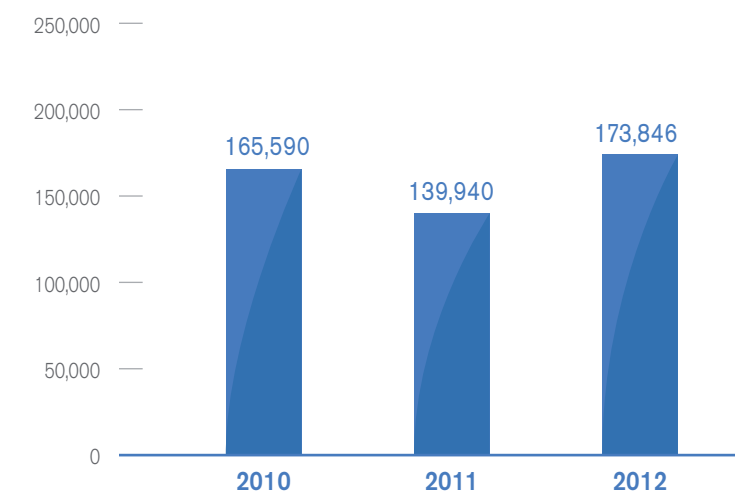
The CLH Group produces practically no hazardous waste as it does not carry out any manufacturing or materials transformation processes. To be specific, the waste that is generated is mainly the result of periodic cleaning of the storage tanks and hydrocarbon-polluted water treatment systems.

Each facility and work centre classifies and segregates the waste it generates according to its nature, storing it in areas specially prepared for the purpose until it is delivered to an authorised manager.

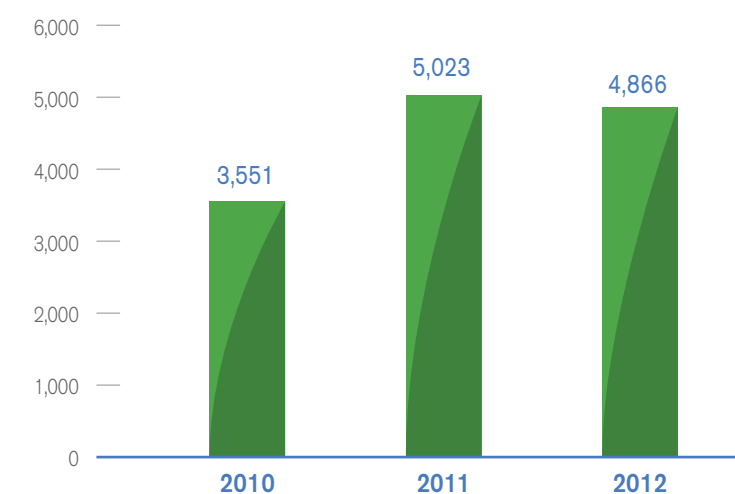
In addition to documenting each type of waste that is delivered to an authorised manager, the facilities submit an Annual Hazardous Waste Producer Statement to the Environment Board of the autonomous regional government in question. This statement specifies the amount of hazardous waste produced, its nature, the final destination and the name of the authorised manager.

In 2012, the CLH Group managed 4,426 tons of hazardous waste and 440 tons of non-hazardous waste⁽¹⁴⁾, making a total of 4,866 tons of waste which represents a reduction of 3% compared with 2011.

Water consumed
(m³)



Waste generation
(tons)



⁽¹⁴⁾ Only non-hazardous waste whose treatment is handled by the CLH facilities through an authorised manager is reported on.



Management of water discharges and protection of soils and groundwater

It is CLH Group policy to report all relevant environmental incidents. When an event of this kind occurs, the necessary steps are taken immediately to lessen the effects it could have on the environment and the immediate vicinity. If a spill occurs, a study is made of the type of terrain and its characteristics and the most suitable system is established for cleaning it up and restoring the area to its original state in the shortest possible time.

Because of the characteristics of the company's operations, any water discharges that are generated are very limited. In this connection, the main cause of discharge is the rainwater collected in the various drainage networks of the facilities, depending on zonal sensitivity.

These networks are suitably segregated according to the type of water that circulates through them (rainwater, sanitary water and water that is likely to contain traces of hydrocarbons). The facilities also have a control system for taking continuous measurements of dissolved hydrocarbons, which redirects the analysed water back again to the treatment system if it does not comply with the stipulated criteria.

Spills with environmental consequences*	2010	2011	2012
Spills with environmental consequences	1	1	3

* In keeping with the practices that are most common in the sector, the company calculates as spills those that exceed 0.2 tons of product and which affect the environment. In any case, none of the spills that occurred in 2012 caused any significant incident.

On the other hand, the closed circuit purge systems that are installed considerably minimise the pollutant load that is sent to the treatment systems. The company guarantees in this way that wastewater is suitably treated in order to comply at all times with the parameters indicated in the discharge permit held by each facility.

Most of the water discharges from CLH facilities are made into the sewers of the municipal drainage networks. The administration itself carries out joint studies with the company regarding feasibility and the consequences that water discharge from these facilities might have.

When these studies reveal that there are no risks or that they are acceptable for the ecosystems in the area, the administration grants CLH the appropriate discharge permits, specifying a series of conditions and analyses to be performed. CLH takes samples and carries out the corresponding analyses in accordance with the discharge permit that has been obtained.

Regarding protection of soils, the company has been carrying out an investigation plan since 2003 in order to obtain detailed knowledge about the environmental situation of the land occupied by each of its facilities.



As a result of this plan, the CLH Group has carried out environmental recovery projects, whenever this proved necessary, on land where its activities have been carried out or any that might have been affected by spills. The following initiatives were implemented in 2012:

- Mahón. Environmental recovery work on the plot, in the third quarter of 2012.
- Burgos. Environmental recovery work on the plot, in the third quarter of 2012.

Besides this, in 2013 the company will finish the dismantling process and recovery work at new centres, such as the airport facility in Seville, the storage facility in Salamanca and the Madrid-Barajas airport facility.

Energy efficiency and climate change

A clear aim in the CLH Group's environmental management is the continuous improvement of energy efficiency in its activities.

An example of this is that the company adds state-of-the-art additives for oil product transportation via pipeline, thereby reducing friction as far as possible. The effect of this is to increase the pipeline's transportation capacity and reduce the energy consumed in pumping the product as well as the emissions related to this.

The information on energy consumption, both direct and indirect, in 2012 is shown below.

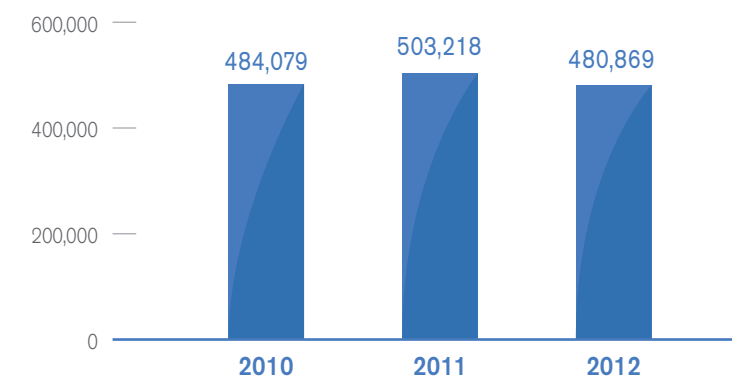
• Primary energy consumption

In 2012, CLH consumed 480,869 gigajoules of primary energy, which represents a reduction of 4.39% compared with 2011. This consumption is mainly due to transportation activities and to heating the steam boilers used for operating with fuel oils.

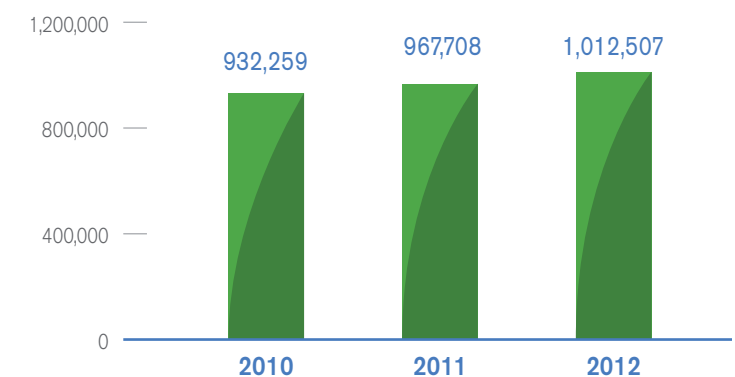
• Electricity consumption

Electricity consumption in 2012 amounted to 1,012,507 gigajoules, which represents 4.6% more than in 2011. This increase was due to increased pipeline activity compared with the previous year.

Primary energy consumption (Gj)



Electricity consumption (Gj)





The company continues carrying out energy savings studies for optimising the use of natural resources and encouraging the use of more environmentally friendly technologies and processes.

In this connection, in 2012 CLH completed a study for boosting rationalisation in the use of energy, with a view to characterising the use of energy and implementing improvement actions that make efficiency possible.

Another very important project is the construction of a new feed system to meet the requirements of Madrid-Barajas airport from the storage facility in Torrejón de Ardoz (Madrid). This work will make it possible to eliminate the storage tanks that stand in the airport precinct and reduce the route currently taken by the fuel until it reaches Barajas.

In addition, CLH continues with the process for installing higher-performance motors and pumps at the pipeline pumping stations and in the loading area pumping systems. The company has also installed frequency converters in the tank truck loading area feed systems. These devices make it possible for the power of the pumps to be adjusted to product flow requirements, rather than pumping at fixed power, which means energy consumption savings in these pieces of equipment in addition to which the corresponding emissions are reduced.

Other measures for energy savings and efficiency refer to the improvement of lighting efficiency in the storage plants. In this respect, the replacement of the present light fittings with others that are more efficient is being analysed.

The CLH Group also continues with its effort to renew the vapour generation equipment by installing new boilers that are simpler, more efficient, consume less and are less pollutant.

Climate change

The CLH Group assumes the responsibility of making a continuous effort to reduce emissions of greenhouse gases (GHGs). As part of this commitment, the company first calculated its carbon footprint in 2012. This study will be used as the basis for calculating the carbon footprint in future years, with the aim of using improvement actions that make it possible to increase the sustainability of its activity, measure the effectiveness of the projects implemented, and assess the progress made by the company.

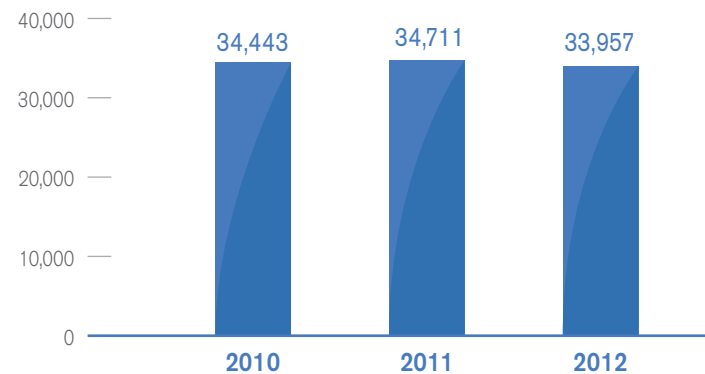
The primary emissions of GHGs correspond to CO₂, N₂O (nitrous oxide) and CH₄ (methane), whose origin lies in the use of fossil fuels in the various internal combustion engines.

During 2012, direct emissions of GHGs in the CLH Group amounted to 33,957 tons, which represents a reduction of 2.17% compared with 2011. The variations in CO₂ emissions are mainly due to variations in the annual deliveries of product and the different categories of operation, depending on refinery delivery plans and imports.



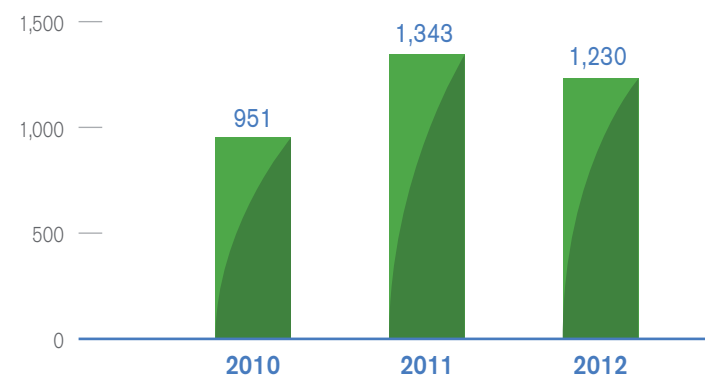
Direct emissions of greenhouse gases

(tCO₂eq)



Emissions associated with product transportation*

(tCO₂eq)



* The emission factor used for the calculation is the one offered by the regional government of Catalonia in its inventory of emissions.

In addition, the CO₂ emissions resulting from transportation by road in the CLH Group amounted to 1,230 tons in 2012, representing a reduction of 8.4% compared with the previous year. This reduction is due to less movement in the activity of the vehicles used in CLH Aviación.

At the same time, it must be pointed out that use of the pipeline network for transporting fuel avoids 356,000 tons of CO₂ per year being released to the atmosphere, as that amount would be equivalent to the emissions caused if other means of transport were used.

Protection of biodiversity

The CLH Group carries out environmental impact studies in all its projects and construction work, assessing different layout routes and alternatives so that all building work has the least possible impact on the environment and biodiversity.

In the company's Pipeline Integrity Plan, the chapter entitled "Plan for identifying high consequence areas" includes the definition of environmentally sensitive areas⁽¹⁵⁾ and high consequence areas (those in which an incident in the pipeline would have the greatest consequences for people and/or the environment). The CLH Group therefore uses specific geographical analysis software in order to determine the affected area that is associated with possible spills.

The types of high consequence area impact and the assessments to be performed are as follows:

- Identification of direct impact areas: pipeline sections that are physically located inside a high consequence area.
- Identification of indirect impact areas: Pipeline sections that are located inside the safety margin established by CLH⁽¹⁶⁾ (200 metres on either side of the pipeline) and do not affect the high consequence area directly.

⁽¹⁵⁾ When defining environmentally sensitive areas and priority areas in the conservation of biodiversity, the Group takes into account the provisions of Law 42/2007 on Natural Heritage and Biodiversity (article 9; point 4.2) which include the Spanish inventory areas regarding protected natural spaces, those in Red Natura 2000 and the areas that are protected through international instruments.

⁽¹⁶⁾ It is established that the pipeline safety margin is 200 metres on either side of it, in accordance with the American "49 CFR DOT 192.5" regulations. These regulations introduce the term "Location class unit", defined as "an area that extends 200m on either side of the pipeline and has a length of 1.6 km".



In addition to protected natural spaces, highly populated areas (more than 50,000 inhabitants or a population density of over 390 inhabitants/Km²), other populated areas (such as isolated buildings, schools, stadiums, etc.), infrastructures (motorways, dual carriageways, railway lines, etc.) and water courses or water in dams (permanent rivers, reservoirs, lakes, etc.) are carefully considered to be high consequence areas.

All this information is managed through latest generation geographical information systems. These are highly reliable and efficient tools for interpreting and visualising the way the pipeline layout interacts with the high consequence areas defined.

During 2012 and with the help of geographical systems, the CLH Group made a fresh calculation of the protected natural spaces in which the pipeline route is located. The new cartography provided by the Ministry of Agriculture, Food and Environment, updated to December 2011, was used. A total of 196.6 kilometres of area affected by the pipeline route were identified.

Protected natural spaces (PNS) in which the pipeline route is located

Pipeline	Section	Diameter (m)	Name of the PNS	Protection category	Km. affected
AGROTA	Algeciras-Rota	12	Los Alcornocales	Natural park	27.9
ALMERA	Almodóvar-Mérida	8	Alcudia and Sierra Madrona Valley	Natural park	24.4
ARALMO	Adamuz-Almodovar	12	Alcudia and Sierra Madrona Valley	Natural park	17.1
ARALMO	Adamuz-Almodovar	12	Guadálmez River	Waterway reserve	0.1
BILVA	Muskiz-Miranda	14	Gorbeia	Natural park	0.5
BILVA	Miranda-Burgos	14	Obrarenes - Sierra de Cantabria	Designations for "Natura"	3.4
CARALI	Cartagena-Alicante	10	Les Salines de Santa Pola	Natural park	10.6
CARALI	Cartagena-Alicante	10	Els Carrissars d'Elx	Wetlands	0.8
CASVA	Castellón-Valencia	10	Millars river mouth	Protected landscape	1.4
CASVA	Castellón-Valencia	10	Marjal de Rafalell y Vistabella	Wetlands	0.8
COVIGO	A Coruña-Vigo	10	Tambre River	Area with special protection of natural values	0.1
COVIGO	A Coruña-Vigo	10	Ulla - Deza river system	Area with special protection of natural values	0.1
HUCOSE	Huelva-Coria	10	Guadamar River green corridor	Protected landscape	0.5
HUCOSE	Huelva-Coria	10	Guadamar River green corridor	Protected landscape	1.0
HUCOSE	Huelva-Coria	10	Doñana	Natural park	4.2
HUCOSE	Huelva-Coria	10	Estero de Domingo Rubio	Natural beauty spot	0.1



Pipeline	Section	Diameter (m)	Name of the PNS	Protection category	Km. affected
LOEBAR	Loeches-Barajas	10	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park	0.1
LOETOR	Loeches-Torrejón	12	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park	0.1
LOEVIL	Loeches-Villaverde	10	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park	3.9
MIPAZA	Monzalbarba-San Adrián	12	Bardenas Reales	Natural park	3.6
MIPAZA	San Adrián-Miranda	12	Obrarenes - Sierra de Cantabria	Designations for "Natura"	2.1
PUALLO	Almodóvar-Loeches	12	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park	27.9
PUALLO	Almodóvar-Loeches	12	Salobral de Ocaña	Micro-reserve	1.3
ROTAZA	Poblete-Loeches	10	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park	27.9
ROTAZA	Poblete-Loeches	10	Salobral de Ocaña	Micro-reserve	1.3
ROTAZA	Adamuz-Poblete	10	Valle de Alcudia y Sierra Madrona	Natural park	17.0
ROTAZA	Adamuz-Poblete	10	Río Guadalmez	Waterway reserve	0.1
TABAGE	Palleja-Santa Perpetua	12	Serra de Collserola	PEIN (Plan for Spaces of Natural Interest)	1.4
TABAGE	Santa Perpetua-Gerona	8	Estany de Sils	PEIN (Plan for Spaces of Natural Interest)	0.1
TABAGE	Santa Perpetua-Gerona	8	Gallecs	PEIN (Plan for Spaces of Natural Interest)	1.9
TABAGE	Mafumet-Barcelona	10	Riu Gaià- Alberreda de Santes Creus	PEIN (Plan for Spaces of Natural Interest)	6.2
TALEZA	Mafumet-Lerida	10	Mas de Melons - Alfés	PEIN (Plan for Spaces of Natural Interest)	3.0
TALEZA	Mafumet-Lerida	10	Tossals de Torregrossa	PEIN (Plan for Spaces of Natural Interest)	0.4
TALEZA	Mafumet-Lerida	10	Vall la Vinaixa	PEIN (Plan for Spaces of Natural Interest)	4.6
TORLO	Torrejon-Loeches	10	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park	0.1
ZARATO	Ariza-Torrejón	14	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park	0.2
Total					196.6



Also, and using the same geographical analysis tool, the location of the company's storage and pipeline facilities has been verified with respect to protected natural spaces, as shown in the following table:

Other activities for protecting the environment

The CLH Group carried out other actions of interest in relation to environmental protection in 2012, including the following:

- Different native species of trees and shrubs were planted around the perimeter of the storage facility in Burgos to help improve its integration into the surrounding area. Also in the same city, the company was one of the sponsors of the second "Sponsor a tree" planting event, which made it possible for 350 trees to be planted thanks to the voluntary involvement of residents ("Asociación de Vecinos del Barrio de Cortes Siglo XXI", a residents' association) and primary level schoolchildren ("Colegio Fuentes Blancas" school) in the area.
- Activities for circulating information about biological wealth and protection of biodiversity. For several years now, CLH has been publishing a series of books on topics related to the environment, that help raise awareness regarding the importance and value of nature.

Facility	Type of PNS	Name	Protection category
Torrejón de Ardoz	Parks	Around the hubs of the lower courses of the Manzanares and Jarama rivers	Regional park
Huelva	Other Protected Natural Spaces	Estero de Domingo Rubio	Natural beauty spot



A notable case

Assessment of risks regarding biodiversity in the South-West Regional Park (Madrid) and the area surrounding the hubs of the lower courses of the Manzanares and Jarama rivers

During November and December, a study was made of the impact of the pipeline in a high consequence area (HCA) as a project for verifying HCAs according to the Pipeline Integrity Management Plan.

The stretches that were analysed corresponded to the Poblete-Loeches and Almodóvar-Loeches sections over a length of 10 kilometres in the South-West Regional Park in the Autonomous Community of Madrid. The cartography held by the Operational Unit for Integrity was analysed and the following work was carried out:

- A sampling of vertebrates was conducted.
- Inventory of flora and fauna.
- Identification and assessment of positive impacts of the pipeline network.
- On-the-spot identification of relevant areas for biodiversity.
- Proposals for improvements to habitats located in the areas worked on.

The assessment of risks regarding biodiversity that was made in this project covered 28.4% of the protected natural spaces that the pipeline route was calculated to run through. The assessment concluded that it does not have any impact on the biodiversity of the area.



External verification report



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

**Independent Assurance Report to the
Management of Compañía Logística de Hidrocarburos CLH, S.A.**

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Compañía Logística de Hidrocarburos CLH, S.A. (hereinafter CLH) Corporate Social Responsibility Report for the year ended 31 December 2012 (hereinafter “the Report”).

CLH management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) and the Oil and Gas Sector Supplement of the Global Reporting Initiative as described in the section entitled “Process for preparing the report”. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and, based on the work performed, to issue a report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “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) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with ethical requirements, including those of independence that form part of the International Ethics Standards Board for Accountants Code of Ethics.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. This report should by no means be considered as an audit report.

Our limited assurance engagement work has consisted of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying the following analytical and other evidence gathering procedures:

- Interviews with relevant CLH staff concerning the application of sustainability strategy and policies.
- Interviews with relevant CLH staff responsible for providing the information contained in the Report.
- Visit to Albuixech Storage Facility, Santurce Storage Facility, Valencia Airport Facility and Bilbao Airport Facility selected based on a risk analysis considering quantitative and qualitative criteria.

KPMG Asesores S.L., a limited liability Spanish company,
is a subsidiary of KPMG Europe LLP and a member firm of
the KPMG network of independent member firms affiliated
with KPMG International Cooperative (“KPMG International”),
a Swiss entity.

Reg. Mer Madrid, T. 14.972, F. 53,
Sec. 8. H. M. 249.480, Inscrp. 1.ª
N.I.F. B-82498650

2

- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of CLH.
- Verifying that the financial information reflected in the Report was taken from the annual accounts of CLH, which were audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Social Responsibility Report of Compañía Logística de Hidrocarburos CLH, S.A. for the year ended 31 December 2012 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) and the Oil and Gas Sector Supplement of the Global Reporting Initiative as described in the Report section “Process for preparing the report”.

Under separate cover, we will provide CLH management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

(Signed on original in Spanish)

José Luis Blasco Vázquez

27 March 2013



Process for preparing the report



Process for preparing the report

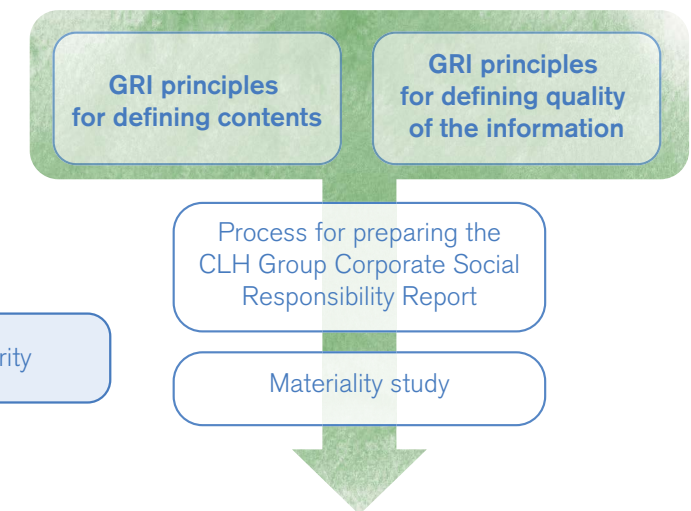
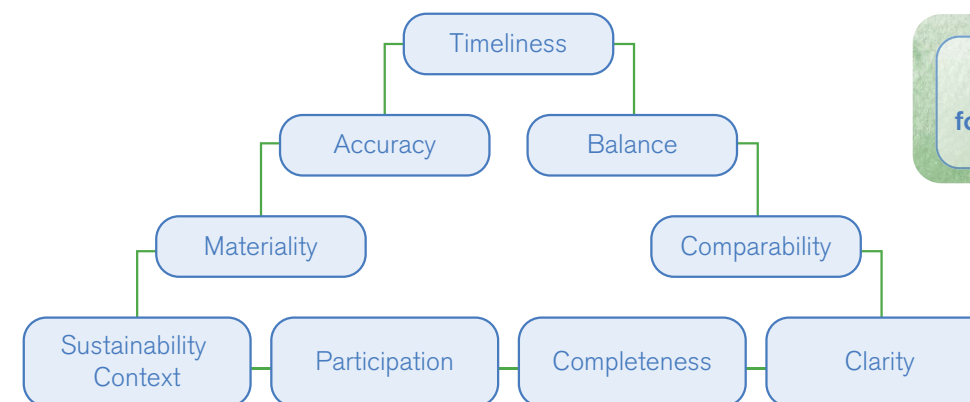
The sixth CLH Group Corporate Responsibility Report was coordinated by the Communication and Institutional Relations Management, and the main areas of the company took part in its preparation.

This report was prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines, giving details of the profile of the organization, the management approach in each chapter and the performance indicators that are considered relevant, applying the criterion of materiality to the special features of the CLH Group. In addition, the information it contains provides a response to the requests for information indicated in the GRI Sector Supplement for companies in the oil and gas sector.

The CLH Group has also started to report on the new requirements that will be established in the next version of the GRI G4 Guidelines as regards information. To do this, the CLH Group has included in this report various specific indicators and sections for providing an answer to the main aspects proposed in the latest draft that is available for this new guide.

The CLH Group and GRI have given this Corporate Social Responsibility Report an A+ rating. Besides this, the company decided to obtain, through the consultancy firm KPMG, an external verification of this self-declaration on the application of the standard and to submit it for review by the GRI.

The principles applicable to the preparation of this Report were:



	C	C+	B	B+	A	A+
Self-declaration	└──────────┘				──────────▶	✓
Verification	└──────────┘				──────────▶	✓
GRI review	└──────────┘				──────────▶	✓





Principle of materiality

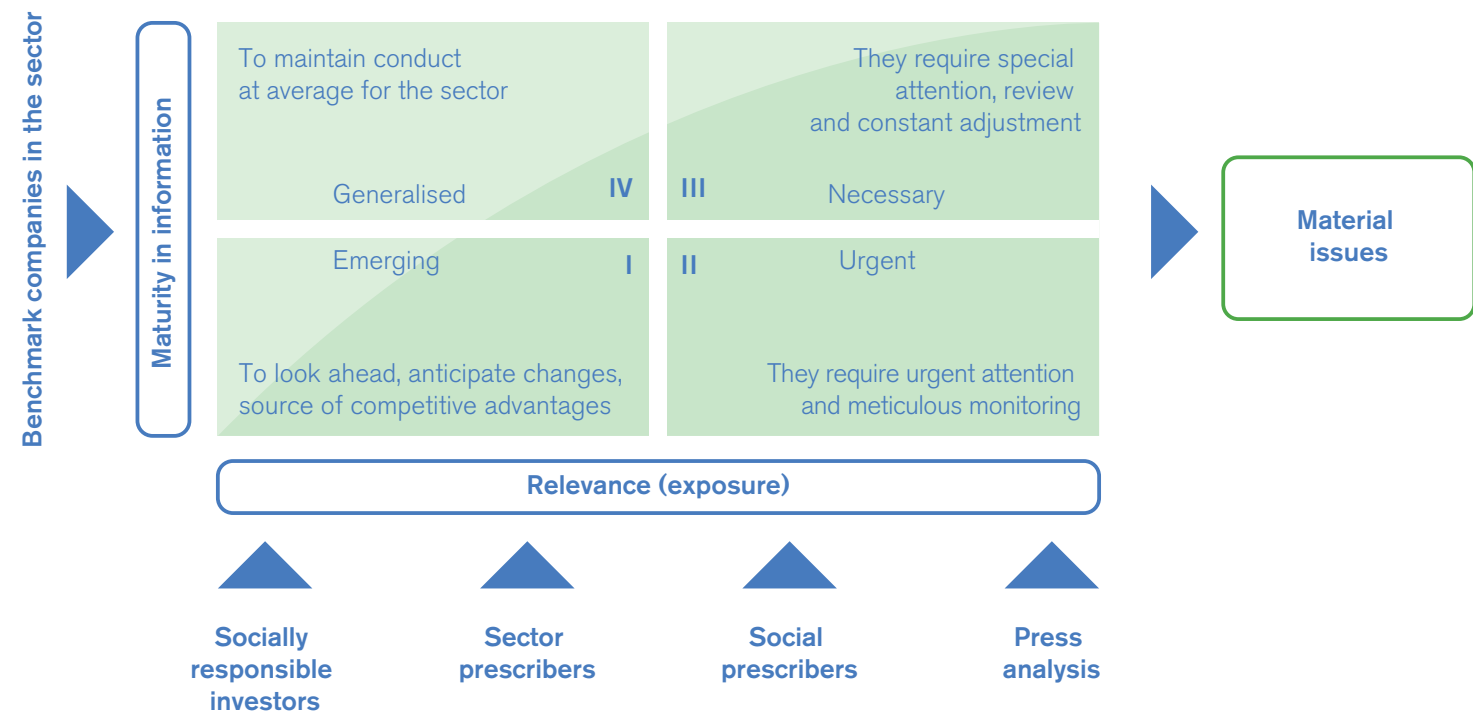
“Information is considered material if its omission or distortion in a Report can influence the decisions or actions of the interest groups of the reporting organization. Materiality refers to the importance or relevance that the various aspects related to sustainability have for the business”

The CLH Group carried out a materiality study in order to identify relevant issues in the sphere of Corporate Social Responsibility. This was done by categorizing them according to their age and risk. The following specific aspects were analysed:

- The importance that institutional investors attach to aspects related to Corporate Social Responsibility.
- The age of the issues, determined by the attention paid by companies in the sector in which the CLH Group operates. This was done by comparing the Corporate Social Responsibility reports of several companies in the sector that were representative for reasons of their size and presence in sustainability indexes.

- The attention paid to the various aspects of Corporate Social Responsibility by sector associations that are considered significant.
- The Corporate Social Responsibility issues in the energy sector that are most valued by the media and social organisations.

Analysis of materiality





The following relevant issues were identified as a result of this study:

Grouping of material issues in CLH

- **Management of intangibles**
 - CSR management
 - Brand management
- **Corporate governance, ethics and relations with governments**
 - Relations with governments/public policy/Lobby
 - Ethics and integrity
 - Corporate governance
 - Risk management
- **Creation of value**
 - Financial matters
 - Shareholders
 - Suppliers
- **Quality and customer service**
 - Innovation
 - Management of relations with customers
 - Operations/Transport and logistics
- **Management of our impact on the environment and our emissions**
 - Environmental management systems
 - Other emissions
 - Climate change
 - Use of resources/Efficiency
- **Safety and impact on biodiversity**
 - Safety/Transport and logistics
 - Waste/leaks/spills
 - Biodiversity/land occupation
- **Caring for people**
 - Attracting and retaining talent
 - Developing human capital
 - Working practices
 - Safety and health
- **Relations with the community**
 - Impact on communities
 - Relations with stakeholders





Sustainability context

“The reporting organisation should present its performance in the broadest context of sustainability.”

This report includes the performance of the CLH Group in the economic, social and environmental spheres. Among its aims, the company has assumed the commitment to generate value responsibly with the environment and society, and therefore this document includes the main challenges that affect the company in relation to sustainable development.

Principle of completeness

“Coverage of material indicators and aspects and the definition of coverage of the report must be sufficient for reflecting significant social, economic and environmental impact and for enabling the stakeholders to assess the performance of the reporting organisation during the period covered by the report.”

The coverage and scope of the information included in this report have been clearly defined, priority has been given to the facts that are considered relevant, and all significant events occurring during 2012 have been included, without omitting any information that is useful for the company's stakeholders. As for coverage, the relevant information regarding CLH and its subsidiary CLH Aviación is included.

Principle of comparability

“All aspects and information should be selected, compiled and disclosed in a consistent manner so that the stakeholders are able to analyse the changes experienced by the organization over time and also with respect to other organizations.”

The information has been included in a way that allows the stakeholders to interpret the changes experienced by the organisation over time. The evolution of data in respect of the previous year has been included for most of the indicators.

Principle of balance

“The report should reflect both positive and negative aspects of the organisation's performance in order to permit a reasonable assessment of its general performance.”

In order to enable the stakeholders to make a reasonable assessment, both positive and negative aspects are included, while at the same time presenting an unbiased picture of each of the issues included in the document.



Principle of accuracy and clarity

“The information contained in the report should be accurate and sufficiently detailed in order to enable the different stakeholders to assess the performance of the reporting organisation.”

“The information should be stated in a comprehensible and accessible way for the stakeholders who are to use the report.”

Tables, charts and diagrams that help to understand the information contained in the Report have been included. Similarly, an attempt has been made to refrain from using technical terms that may prove unfamiliar to its stakeholders.

Principle of timeliness

“The information shall be presented on time and following a periodic calendar so that the stakeholders may adopt decisions with the correct information.”

The CLH Group adheres to a formal commitment to report annually to its stakeholders on the company’s economic, social and environmental performance.

Principle of reliability

“The information and procedures followed in preparing the Report must be gathered, recorded, compiled, analysed and presented so they may be subjected to examination and the quality and materiality of the information established.”

The reliability of the information included in this Report has been reviewed by KPMG.



Index of GRI contents



Index of GRI contents

Standard Disclosures Part I: Profile Disclosures

Profile disclosure	Description	Reported	Location of disclosure
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization.	Fully	5,6
1.2	Description of key impacts, risks, and opportunities.	Fully	Opportunities: 19; Key aspects with regard to sustainability: 25-27. Impacts on society and local communities: 31-32, 101-102. Risks: 43-44, 71-72. Environmental impacts: 114-121.
2. Organization Profile			
2.1	Name of the organization.	Fully	2
2.2	Primary brands, products, and/or services.	Fully	17-20
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	17
2.4	Location of organization's headquarters.	Fully	2
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	The CLH Group carries out its activity exclusively in Spain.
2.6	Nature of ownership and legal form.	Fully	16
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	17-20
2.8	Scale of the reporting organization.	Fully	7
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	No significant changes have occurred during the period covered by the report.
2.10	Awards received in the reporting period.	Fully	Awards with regard to quality: 10, 57; Safety: 11, 71; CLH as an employer: 12; Environmental management: 112-113.



Profile disclosure	Description	Reported	Location of disclosure
3. Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	The information contained in the report refers to the 2010-2012 period.
3.2	Date of most recent previous report (if any).	Fully	2011
3.3	Reporting cycle (annual, biennial, etc.)	Fully	CLH presents Corporate Social Responsibility reports on an annual basis.
3.4	Contact point for questions regarding the report or its contents.	Fully	2
3.5	Process for defining report content.	Fully	127-131
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	The report refers to the activities of the Group in Spain.
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	If there is any limitation on the scope stated in indicator 3.6 it is stated specifically in the text of the report.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	The information stated corresponds to the whole of the Group unless specifically stated otherwise.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	The techniques and assumptions used have been included together with the indicator to which they refer.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No change has been made in this respect.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	No significant change has been made.
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	132
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	127



Profile disclosure	Description	Reported	Location of disclosure
4. Governance, Commitments and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	38-39
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	39
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	39
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	38
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	The Remuneration Policies are included in the Annual Report on Directors' Remuneration which can be accessed through the CLH website www.clh.es .
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Any possible conflicts of interest that might arise in the highest governance body are regulated in the internal regulations for conduct in matters relating to the securities market and through the Board of Directors' Regulations.
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Page 13 of the Board of Directors' Regulations can be accessed through www.clh.es .
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	The Corporate Mission, Vision and Values are published on the company's website: www.clh.es .
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	22-23
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	23



Profile disclosure	Description	Reported	Location of disclosure
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	130-131
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	CSR: 23; Quality and innovation: 54, 57, 61; Safety: 71; Management of labour aspects: 86, 89. Environment: 112-114.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	41, 58, 100
4.14	List of stakeholder groups engaged by the organization.	Fully	22
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	98. In addition to its investors, customers, suppliers and employees, the company defines and selects its main stakeholders through tools such as the Plan for Relations with local communities.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Shareholders: 38; Suppliers: 47-49; Customers: 63-67; Employees: 91, 95; Local community: 99; Stakeholders in general: 98.
4.17	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.	Fully	Customers: 64-67; Employees: 91, 95; Local community: 99; Stakeholders in general: 98.



Standard Disclosure Part II: Disclosures on Management Approach (DMAs)

Management approach	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation
Economic					
Economic performance	Fully	29-30			
Market presence	Fully	15, 17-20			
Indirect economic impacts	Fully	31-32			
Reserves	Not			Not applicable	The CLH Group only carries out basic logistics activities and therefore does not have any reserves.
Environment					
Materials	Not			Not applicable	The CLH Group is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve any use of raw materials or packaging materials.
Energy	Fully	118-119			
Water	Fully	116			
Biodiversity	Fully	120-123			
Emissions, effluents and waste	Fully	114-115, 117-118			
Products and services	Fully	31-32, 53			
Compliance	Fully	111-112			
Transport	Fully	120			
Overall	Fully	111-112			
Labour Practices					
Employment	Fully	General Approach: 83; Equality: 85. Stability, negotiation and reconciliation: 87-90.			
Labor/management relations	Fully	88			



Management approach	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation
Occupational Health and Safety	Fully	74			
Training and education	Fully	92			
Diversity and equal opportunity	Fully	85			
Equal remuneration for women and men	Fully	85			
Human Rights					
Investment and procurement practices	Fully	46-47			
Non-discrimination	Fully	85			
Freedom of association and collective bargaining	Fully	88			
Child labor	Not			Not applicable	The CLH Group carries out its activities in Spain where risks of this type are not generally identified.
Prevention of forced and compulsory labor	Not			Not applicable	The CLH Group carries out its activities in Spain where risks of this type are not generally identified.
Security Practices	Not			Not applicable	The CLH Group does not recruit security staff directly.
Indigenous rights	Not			Not applicable	The CLH Group carries out its activities in Spain where risks of this type are not generally identified.
Assessment	Fully	Through its control and auditing processes, the CLH Group assesses compliance with the applicable legislation, Spanish in this case, which provides for respect for Human Rights.			
Remediation	Fully	If any infringement of the law is detected, it is Group policy to establish the necessary remedy mechanisms for correcting this situation.			



Management approach	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation
Social					
Local communities	Fully	99			
Corruption	Fully	42			
Public policy	Fully	42			
Anti-competitive behavior	Fully	42			
Compliance	Fully	42			
Emergency preparedness	Fully	72-73			
Involuntary resettlement	Not			Not applicable	The CLH activities do not involve any involuntary resettlement of populations.
Asset integrity and process safety	Fully	72-73			
Products					
Customer health and safety	Fully	71			
Product and service labelling	Fully	20			
Marketing communications	Fully	42			
Customer privacy	Fully	67			
Compliance	Fully	42			
Fossil fuel substitutes	Fully	53			



Standard Disclosure Part III: Performance Indicators

Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Economic performance indicators							
Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	29-30				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	118-119	Physical risks associated with climate change.	Not available	The company is redefining these risks in the framework of its risk management policy.	2014
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	86	Total amount assigned to payment of pensions.	Not available	This information is not available at the time of drawing up the report.	2014
EC4	Significant financial assistance received from government.	Fully	The CLH Group has not received significant financial assistance from the Government.				
Market presence							
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	85				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	46				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	87				
Indirect economic impacts							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	The CLH Group has not developed infrastructures of this nature.				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	31-32				
OG1	Volume and type of estimated proved reserves and production.	Not			Not applicable	The CLH Group only carries out fuel distribution tasks. Therefore, this indicator is not applicable.	
Environmental performance indicators							
Materials							
EN1	Materials used by weight or volume.	Not			Not material	The CLH Group is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve any use of raw materials or packaging materials.	
EN2	Percentage of materials used that are recycled input materials.	Not			Not material	See explanation for the above indicator.	
Energy							
EN3	Direct energy consumption by primary energy source.	Fully	118-119				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
EN4	Indirect energy consumption by primary source.	Fully	118				
OG2	Total amount invested in renewable energy.	Fully	The CLH Group has not made any investment for producing renewable energy.				
OG3	Total amount of renewable energy generated by source.	Not			Not applicable	The CLH Group does not carry out energy production activities. Therefore, this indicator is not applicable.	
EN5	Energy saved due to conservation and efficiency improvements.	Partially	118	Estimated saving achieved.	Not available	The company has recently developed a 2014 plan for energy efficiency in its facilities. However, an estimate has not yet been made of the amount of energy saved.	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	19				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	118-119	Estimated saving achieved.	Not available	The company has recently developed a 2014 plan for energy efficiency in its facilities. However, an estimate has not yet been made of the amount of energy saved.	
Water							
EN8	Total water withdrawal by source.	Fully	116	Breakdown by source.	Not material	The company obtains most of the water it uses from municipal supply networks. It also extracts groundwater for some facilities that are outside the area covered by these networks. This extraction is minimal in any case, and is not considered material.	



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
EN9	Water sources significantly affected by withdrawal of water.	Fully	116				
EN10	Percentage and total volume of water recycled and reused.	Fully	The CLH Group does not use recycled water at its facilities.				
Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	120-123				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	120-123				
EN13	Habitats protected or restored.	Fully	99, 112				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	120-123				
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	Fully	120-123				
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not			Not available	No specific mechanisms are available for measuring this indicator at the time of preparing the report, although factors such as biodiversity are taken into account in the identification of high consequence areas explained on pages 113-116.	2015
Emissions, effluents and waste							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	119-120				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not			Not available	The CLH Group has recently concluded a carbon footprint project that includes all direct and indirect emissions from the company's activities. Information regarding this indicator will be included in forthcoming editions of the sustainability report.	2014
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	118-119	Reductions achieved	Not available	The company has recently developed an energy efficiency plan in its facilities that will bring about a reduction in emissions, among other consequences. However, the amount that could be saved has not yet been estimated.	2014
EN19	Emissions of ozone-depleting substances by weight.	Not			Not material	The CLH Group does not have systems for measuring these substances, although they are not considered to represent any significant amount.	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Partially	114-115	Emissions of persistent pollutants and air pollutants	Not material	The CLH Group only provides the parameters of emissions that are relevant for its oil product storage and transportation activity.	
EN21	Total water discharge by quality and destination.	Fully	117				
EN22	Total weight of waste by type and disposal method.	Fully	116				
OG5	Volume of formation or produced water.	No			Not applicable	CLH does not perform oil extraction activities.	
EN23	Total number and volume of significant spills.	Fully	117				
OG6	Volume of flared and vented hydrocarbon.	No			Not applicable	The CLH Group does not engage in these types of activity.	



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.	No			Not applicable	The CLH Group does not engage in these types of activity.	
EN24	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.	Fully	The CLH Group does not transport hazardous waste. Hazardous waste generated in its facilities is delivered to an authorised manager.				
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	117. The CLH Group is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve production processes, and therefore it does not discharge significant quantities of water.				
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Environmental policy: 112-113; Atmospheric pollution: 114; Waste and water: 116; Discharges of water: 117-118; Energy consumption and climate change: 118-119; Biodiversity: 120-123.				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not applicable	The CLH Group's activity does not make intensive use of packaging materials.	



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
OG8	Benzene, Lead and Sulfur content in fuels.	Not			Not applicable	The CLH Group does not manufacture fuels. It only performs work for their basic logistics. In any case, the adaptation that the Group has made to some infrastructures for controlling sulphur content has facilitated the introduction of more environmentally friendly products with low content of this element.	
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully				The CLH Group paid €50,000 in fines in 2012, this amount being lower than the 300,000 euros that are considered to be the significance threshold.	
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully				120	
Overall							
EN30	Total environmental protection expenditures and investments by type.	Fully				112-113	



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Performance indicators for labour practices and decent work							
Employment							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	83-84				
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	83, 87				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	86				
LA15	Return to work and retention rates after parental leave, by gender.	Fully	89-90	The corporate policies guarantee return to work after paternity and maternity leave.			
Labor/management relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	88				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	88. According to what is stated in the collective agreements that have been signed, the CLH Group undertakes to inform its employees, or their representatives, of the introduction of any organisational changes that might affect them. The notice periods vary depending on the relevance of the measure.				
Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	74-75				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	75-76. No work-related fatality occurred in 2012.				
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	77-78				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	75				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Training and education							
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	93				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	93-94				
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	94				
Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	40, 84				
Equal remuneration for women and men							
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	85				
Human Rights performance indicators							
Investment and procurement practices							
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	47-48				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	47-48				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	There is no training module at present. However, the CLH Group is currently developing a course on Corporate Social Responsibility which could include this issue, among others. On the other hand, CLH conducts its activity in Spain, where the risk of violation of human rights is not significant.				
Non-discrimination							
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	43				
Freedom of association and collective bargaining							
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	47, 48				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Child labor							
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Not			Not applicable	The CLH Group carries out its activities in Spain where risks of this type are not generally identified.	
Prevention of forced and compulsory labor							
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Not			Not applicable	The CLH Group carries out its activities in Spain where risks of this type are not generally identified.	
Security practices							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not			Not applicable	The CLH Group does not recruit security staff directly.	
Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not			Not applicable	The CLH Group carries out its activities in Spain where risks of this type are not generally identified.	



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Assessment							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	47, 48. Assessments of human rights are considered to form part of the usual assessment processes. It is not considered that there is any significant risk of human rights violation in the activities currently carried out by the company.				
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	Not			Not applicable	The CLH Group only carries out storage, transportation and distribution activities in Spain.	
Remediation							
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	No grievance has been recorded.				
Performance indicators for Society							
Local communities							
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	99				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	99. The CLH Group only carries out activities in Spain. Therefore, the main potential negative impacts of its operations refer to effects on the environment. All projects may have an impact in this connection. In any case, the company assesses this beforehand in order to be able to minimise it.				
SO10	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	99. Before tackling any project, the company identifies the specific measures required for limiting its impact. These are specific for each project.				
OG10	Operations with significant potential or actual negative impacts on local communities.	Fully	No significant conflict has occurred.				
OG11	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	99				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	None. The CLH Group has approved its Code of Conduct which is applicable to members of the administrative and management bodies of the company, and to all employees in the Group.				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	The Code of Conduct has been distributed among all employees.				
SO4	Actions taken in response to incidents of corruption.	Fully	No incident was recorded during 2012.				
Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	41				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	No contributions of a political nature are made.				
Anti-competitive behavior							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	The CLH Group has not been involved in any of these legal actions during 2012.				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	In 2012, CLH paid €50,000 in fines for environmental offences, this amount being lower than the 300,000 euros that are considered to be the significance threshold.				
Involuntary resettlement							
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.	Fully	None				
Asset Integrity and Process Safety							
OG13	Number of process safety events, by business activity.	Not			Not available	The CLH management systems do not allow the collection of information regarding this indicator according to the nomenclature used.	2015
Product responsibility performance indicators							
Customer health and safety							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	54-58				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	No incidents of this type were recorded in 2012.				
Product and service labelling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	55				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	No incidents of this type were recorded in 2012.				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	63-66				
Marketing communications							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	The CLH Group has not signed up for any of these programmes.				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	No incidents of this type were recorded in 2012.				



Indicator	Description	Reported	Location of disclosure	Part not reported	Reason for omission	Explanation	To be reported in
Customer privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	No incidents of this type were recorded in 2012.				
Compliance							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	No fine has been recorded in this respect in 2012.				
Biofuels							
OG14	Volume of biofuels produced and purchased meeting sustainability criteria.	Fully	19				



G4 indicators reported on

This year, the CLH Corporate Responsibility Report includes new indicators and contents with which to provide an answer to some of the new indicators included in version G4 of the GRI Guidelines.

This version is still in process of development and so the aim of inserting these indicators into the report is to prepare the CLH reporting systems for the new requirements that this standard may demand when it has been approved.

Indicator	Description	Page
DI 12	Describe the organisation's supply chain.	46
DI 32	Describe the role played by the highest governance body of the organisation in the inclusion of economic, social and environmental aspects in the organisation's aim and its mission and values.	22-23
DI 33	Describe the role played by the highest governance body of the organisation and by its senior management in the development, updating and approval of strategies, policies and objectives related to economic, social and environmental aspects.	22-23
DI 35	Describe the process through which the highest governance body delegates authority in relation to the management of environmental, social and economic aspects.	22-23
DI 37	Specific consultation processes between representatives of the organisation's stakeholders and the highest governance body as regards economic, environmental and social aspects.	The Board of Directors holds authority to represent the company and, through its Chairman-Chief Executive Officer, it interacts with all the stakeholders, the Board Meeting being duly and promptly informed of the outcome of these relations.
DI 38	Composition of each governing body of the organisation.	40
DI 39	Representation of the organisation's stakeholders within its highest governance body.	There is no representation.
DI 40	Committees responsible for decision-making on environmental, social and economic matters.	22
DI 46	Processes through which the highest governance body assesses the organisation's performance with regard to governance, codes of conduct and economic, environmental and social aspects.	22
DI 48	Monitoring by the highest governance body of identification and management of environmental, social and economic risks and opportunities.	22-23



Indicator	Description	Page
DI 58	Policies followed on remuneration of the organisation's highest governance body.	The criteria regarding remuneration of the Board directors are established in article 27 of the Company's Articles of Association. Also, details of these policies are given in the 2012 Annual Report on Directors' Remuneration and in the 2012 Annual Report on Corporate Governance for listed Companies. They can both be accessed through www.clh.es
DI 59	Processes for determining the remuneration of members of the Board.	These processes are described in article 28 of the Board of Directors' Regulations.
Di 61	Composition, degree of independence and selection process of the Remuneration Committee (if the company has one).	40
DI 66	Ratio between the earnings received by the best paid person in the organisation and the median earnings received by the other employees.	86
DI 67	Ratio between the total earnings received by the best paid person in the organisation and the earnings received by the lowest paid person.	86
DI 68	Ratio between the percentage of salary increase for the best paid person in the organisation and the percentage of median salary increase for all employees.	86
EC 6	Expenditure on local suppliers and breakdown of mechanisms followed for their economic inclusion.	46
CORE G4.1	Expenditure on suppliers with whom there is a long-term agreement.	46
CORE G4.2	Percentage of suppliers with whom the company has worked for the first time.	46
CORE G4.3	Average time for paying suppliers.	46
CORE G4.4	Percentage of expenditure on materials, products and services that have been certified with widely recognised environmental, social and economic standards.	46



Global Compact Principles

Principles	GRI Indicators	Page in the CLH CSR 2012 report
Human Rights		
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	HR1-HR10, LA4, LA13, LA14, SO1	40, 43, 47-48, 84-85, 88, 99
Principle 2. Businesses should make sure that they are not complicit in human rights abuses.	HR1-HR2, HR8	47-48
Labour		
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA4, LA5	47-48, 88
Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR1-HR3, HR7	47-48
Principle 5. Businesses should uphold the effective abolition of child labour.	HR1-HR3, HR6	47-48
Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR1-HR2, HR4, LA2, LA3, LA13, LA14, EC5, EC7	40, 43, 47-48, 83-87
Environment		
Principle 7. Businesses should support a precautionary approach to environmental challenges.	4.11, EC2	118-119, 130-131
Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN2-EN30, EC2, PR3-PR4	19, 99, 112-123
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-EN7, EN10, EN18, EN26-27	112-123
Anti-Corruption		
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-SO6	41



Glossary of terms



AA1000: International standard whose aim is to guarantee quality in the assessment and dissemination of social and ethical aspects of business management as well as accountability (<http://www.accountability.org/about-us/publications/aa1000-1.html>).

Additive: A substance that modifies the physical or chemical characteristics of the product to which it is added.

Airport facility: A plant where aviation fuel is stored and from which its distribution to the aircraft operating at that airport is carried out.

Aquifer: A geological formation in which underground water is stored and circulates by using the porosity and configuration of the rock containing it.

Biodiesel: Ester obtained through the reaction of an alcohol with the fatty acids resulting from the hydrolysis of triglycerides, vegetable oils or animal fats in the presence of a catalyst.

Biofuel: Fuel made from organic material or biomass. It includes primary energy sources such as wood, and also by-product fuels such as methanol, ethanol and biogas which come from primary elements after undergoing biological conversion processes, i.e. anaerobic fermentation or digestion.

Bunker: A variable proportion blend of diesel and fuel oil used as fuel in marine diesel engines.

Central Dispatching: Centralised control post in CLH from which the company controls many of its product transportation and storage operations.

CO: Carbon monoxide.

CO₂: Carbon dioxide.

CO₂eq: CO₂ equivalent. Unit for measuring the amount of greenhouse gas emissions made. Because the different existing greenhouse gases (CO₂, NO_x, methane, others) have different potentials for affecting global warming, it is customary in specialist literature to translate the quantity of each of them into a common unit (CO₂eq).

Dispenser: Mobile unit designed especially for supplying fuel to aircraft at the airports where there are hydrant networks.

Diversity Charter: A letter of commitment signed voluntarily by companies and institutions of any size in order to further their commitment to equality, respect towards the right to inclusion of all people and groups and the implementation of other policies for fostering a prejudice-free work environment.

Double-hulled vessel: A tanker in which the bottom and sides of the cargo tanks are separated from the bottom and sides of the hull by spaces varying between 1 and 3 metres wide or deep. These spaces remain empty when the tanker carries cargo, but are filled up with sea water on ballast voyages.

European Foundation for Quality

Management (EFQM): An international foundation based in Belgium that works towards increasing the effectiveness and efficiency of European organisations through strengthening and improving quality. At the present time, its membership includes over 600 organisations, from multinationals and important national companies to universities and research institutions.



Gigajoule: Unit of energy equivalent to 10^9 joules. The joule is the unit used in the International System of Units (IS). Its symbol is J and it is equivalent to the product of one newton per metre.

Global Reporting Initiative (GRI): An international initiative aiming to provide a standard methodology for drawing up sustainability reports (<https://www.globalreporting.org/Pages/default.aspx>).

Greenhouse gases (GHGs): These are mainly CO_2 , N_2O and methane. When present in the atmosphere in increased concentrations, this raises the temperature of the earth's surface because the escape of the infrared radiation emitted by this surface is hindered.

Hydrant: Fuel distribution network situated beneath the aircraft parking area at airports.

Hydrobiodiesel or HVO: Fuel for diesel engines produced by hydro-treatment of vegetable or animal oil.

Hydrocarbon: Organic compound formed by carbon and hydrogen atoms that comprises the main component of petroleum.

ISO: International Organization for Standardization.

ISO 9001: Certification standard for quality management.

ISO 14001: Certification standard for environmental management.

MARPOL (Marine Pollution): Name of the 1973 International Convention for the Prevention of Pollution from Ships, modified by the Protocol of 1978. It is an international treaty signed by most countries that are related to the sea, Spain among them, and its rules are applied to oil-carrying operations carried out at sea.

NOx: Nitrogen oxides.

OHSAS: (Occupational Health and Safety Advisory Services). Standard for the implementation and certification of occupational health and safety systems.

(Oil) pipeline: A pipe for transporting oil or oil by-products.

Refuelling unit: A tank truck designed especially for transporting and supplying fuel to aircraft at airports.

SAM: (Sustainable Asset Management) assessment agency responsible for rating companies wishing to form part of the Dow Jones Sustainability Index.

SO₂: Sulphur dioxide.

SOx: Sulphur oxides.

Storage facility: A plant where oil products are stored in tanks designed for this purpose and where tank trucks collect oil products for distribution to the end consumers.

Tracer: A substance with some kind of special feature (colouring matter, for example) that makes it easy to detect and which, when added to another, allows the latter to be identified and monitored.

United Nations World Compact: An initiative that was launched in 1999 with the aim of making commitments of an environmental, labour and anti-corruption nature and the protection of human rights widespread in the private business field.

Volatile Organic Compounds (VOCs): Each of the chemical compounds (alcohols and light ethers, benzene) that are present in gasolines and which evaporate on coming into contact with the air.




Statement GRI Application Level Check

GRI hereby states that **Compañía Logística de Hidrocarburos CLH, S.A.** has presented its report “Corporate Responsibility Report 2012” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 March 2013


Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because Compañía Logística de Hidrocarburos CLH, S.A. has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



Compañía Logística
de Hidrocarburos CLH, S.A.

Titán, 13
28045 Madrid (Spain)

Tel.: 91 774 60 00
Fax: 91 774 60 01

www.clh.es

Communication and Institutional
Relations Management
infoclh@clh.es

