

experience, profitability, commitment and trust



About this report

This is the first report of the ACS Group on Corporate Social Responsibility. The aim of the report is to describe ACS Group's contribution to society's development through its activities and its relationship with its different stakeholders.

In this sense, relevant information has been selected to provide direct knowledge of the ACS Group's management in 2004 from an economic, social and environmental point of view.

The format of this document is based on the principles and indications of the 2002 guide "Global Reporting Initiative" (GRI), adapted to the characteristics of a construction and services company.

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Letter from the Chairman

A theme commonly heard in engineering schools is that of creating soundly constructed projects. The idea is to impress upon students the principle of excellence as a guarantee of continuity and future; in another words, of "sustainability." This principle has been the cornerstone of the approach of the ACS Group since its foundation, and has been applied rigorously and professionally in all the activities that we develop. The ACS Group strives to be a leading project and is committed to contributing to the dynamism, competitiveness and solidarity of society.

Society entrusts corporations with human and natural resources that are fundamental to their development, and corporations should respond with efficiency. This process determines short-term corporate results and future viability of business.

Being aware of this responsibility, not only in relation to our customers, shareholders and employees, but also in relation to society as a whole, our management policies and systems in regard to economic matters, human resources, and social and environmental initiatives are based on the following principles:

- We are committed to achieving sustainable growth in the societies in which the ACS Group serves in an efficient and ethically responsible manner, while continuously applying the values of the Group's quest for excellence and respect for Human Rights.
- The ACS Group's initiatives aim to improve social well-being through the creation of fairly compensated, respectable employment, while abiding by internationally recognized rights and labour laws.
- All of the Group's activities are designed to respect culture and the environment through the application of appropriate measures and technology.
- To this end, the ACS Group reports all its policies and activities in a rigorous, transparent way so that accurate, reliable and accessible information is available to all the agents with whom we have relations.

This is not merely a question of mottos or slogans. The aforementioned principles are an integral part of the ACS Group's everyday activities; in its strategic design and in our culture, the Group's workers. Our aim is to contribute value and well-being to today's society and future generations and for society to be aware of this contribution and to consider the ACS Group as an ally in the construction of ambitious collective objectives.

In 2004, we made a special effort to improve three basic elements of our Group's commitment:

- Job Safety for the employees and collaborators of the ACS Group. We are aware that there is always work to be done in this area and therefore, all of us are required to ensure that there is a continuous improvement. Over 35,000 employees received special training in accident-prevention programs.
- Improved management of resources, particularly of the waste produced by the Group's activities, and the development of the implantation of Environmental Management Systems, with 80% of production taking place under certified conditions.



- Transparency, ethics and sound corporate governance of the Group and its companies as an integral part of the culture defining our everyday actions. In this sense, this report deserves a special mention as it contains the main initiatives and indicators of the Group's activities and the specific targets established for the coming year.

This report was prepared in accordance with the 2002 Global Reporting Initiative, which offers a balanced and reasonable portrayal of the performance of the ACS Group in economic, environmental and social terms, and gathers the most relevant information of our relationship with the different stakeholders that interact with the ACS Group.

We hope that in coming years we will be able to take to new heights our commitment to integrating the principles of sustainable development in the Group's corporate management. We believe that the business sector can be a valuable ally in achieving our society's goal.

We participate in rising to this challenge and in assuming the responsibility involved, and we offer our vision and modest contribution through this first report, which we hope to improve with your help in the coming years.

March 31, 2005

A handwritten signature in blue ink, reading "Florentino Pérez Rodríguez". The signature is written in a cursive style with a prominent initial "F".

Florentino Pérez Rodríguez

The **ACS** Group



ACS
SERVICIOS DE CONSTRUCCIÓN Y MANTENIMIENTO



ACS

The ACS Group



International presence

Countries in which the ACS Group is present

| | | |
|--------------------|-----------|----------------|
| Abu-Dhabi | Germany | Morocco |
| Algeria | Greece | Nicaragua |
| Argentina | Guatemala | Norway |
| Belgium | Holland | Panama |
| Bolivia | Honduras | Peru |
| Brazil | India | Portugal |
| Canada | Iran | South Africa |
| Chile | Ireland | Spain |
| China | Israel | Switzerland |
| Colombia | Italy | Uganda |
| Dominican Republic | Kuwait | United Kingdom |
| Egypt | Libya | Venezuela |
| France | Mexico | |

Millions of Euros

2004 International turnover by country

| | | |
|----------------|-----|-------|
| Portugal | 504 | 28.0% |
| Mexico | 266 | 14.7% |
| Chile | 222 | 12.3% |
| Norway | 162 | 9.0% |
| Argentina | 92 | 5.1% |
| United Kingdom | 91 | 5.0% |
| Venezuela | 87 | 4.9% |
| Brazil | 84 | 4.7% |
| France | 56 | 3.1% |
| Peru | 35 | 1.9% |
| Others | 202 | 11.3% |

Millions of Euros

| Results | 2003 pf | 2004 | Var. 04/03pf |
|-------------------------|----------|----------|-----------------|
| Turnover | 10,733.6 | 10,960.7 | +2.1% |
| Operating profit | 649.0 | 711.0 | +9.6% |
| Profit before tax | 498.8 | 623.5 | +25.0% |
| Attributable net profit | 380.3 | 460.4 | +21.1% |

Millions of Euros

| Balance sheet | 2003 pf | 2004 | Var. 04/03pf |
|--------------------|----------|----------|-----------------|
| Total assets | 11,226.3 | 12,609.4 | +12.3% |
| Equity | 1,796.4 | 2,103.9 | +17.1% |
| Net corporate debt | 914.4 | 958.0 | +4.8% |
| Project financing | 316.2 | 465.9 | +47.3% |

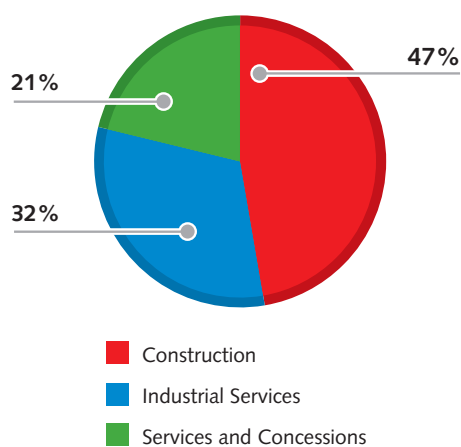
| Other indicators | 2003 pf | 2004 | Var. 04/03pf |
|---------------------|---------|---------|-----------------|
| Order book (€mn) | 22,538 | 23,928 | +6.2% |
| Number of employees | 97,112 | 107,748 | +10.9% |
| Earnings per share | 1.07 € | 1.30 € | +22.0% |
| Dividend per share | 0.27 € | 0.39 € | +42.7% |

| Management ratios | 2003 pf | 2004 | Var. 04/03pf |
|-------------------|---------|-------|-----------------|
| Operating margin | 6.05% | 6.49% | +44 p. b. |
| Net margin | 3.54% | 4.29% | +75 p. b. |
| Leverage | 48.2% | 43.1% | -514 p. b. |
| ROE | 21.1% | 23.3% | +220 p. b. |

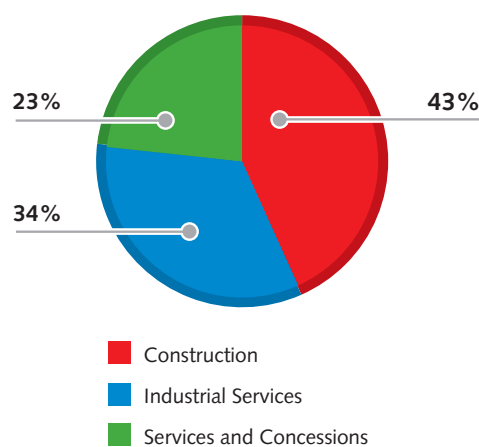
*Millions of Euros

| 2004 Results by business area | Turnover* | Operating profit* | Net profit* | Order book* | Number of employees |
|-------------------------------|-----------------|-------------------|--------------|---------------|---------------------|
| Construction | 5,230.3 | 318.9 | 217.3 | 8,525 | 17,263 |
| Industrial Services | 3,490.5 | 246.7 | 149.0 | 3,415 | 28,561 |
| Services and Concessions | 2,344.6 | 169.4 | 149.9 | 11,988 | 61,842 |
| Corporation and others | (104.7) | (24.0) | (55.8) | | 82 |
| Total | 10,960.7 | 711.0 | 460.4 | 23,928 | 107,748 |

Breakdown of turnover by business area



Breakdown of operating profit by business area



Activities of the ACS Group

Construction

This division includes the activities of construction of important highways, motorways, roads, railways, marine projects, hydraulic projects, metropolitan infrastructures, airports and any other type of civil works.

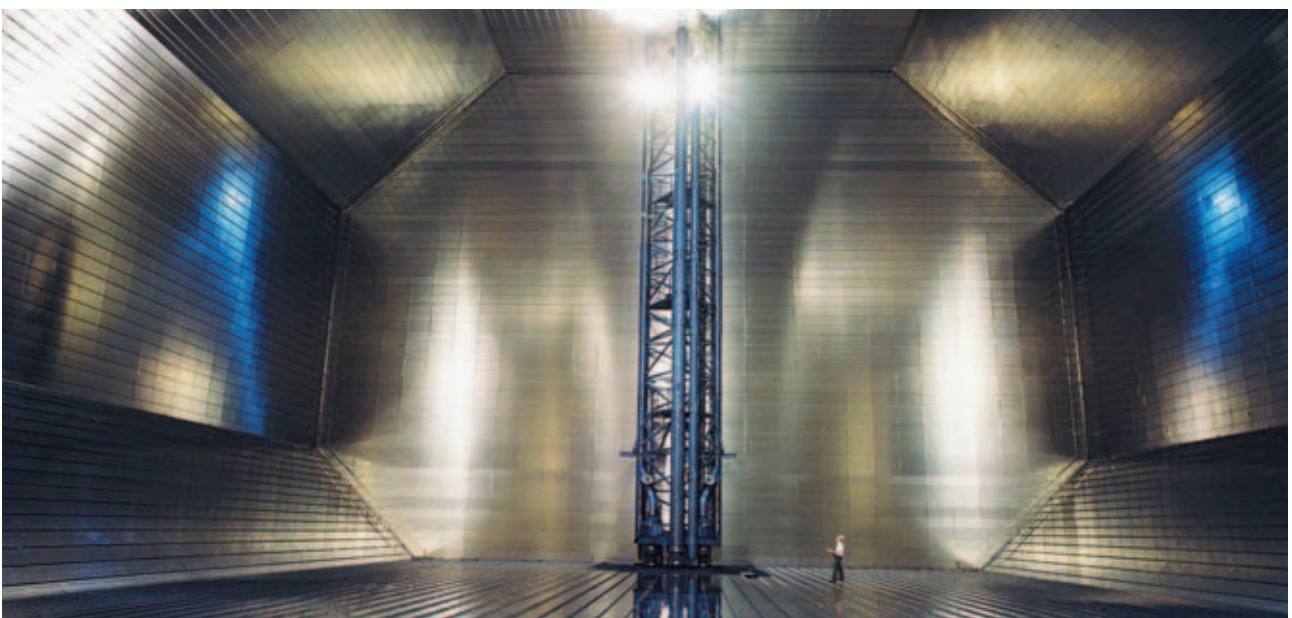
The division is also involved in building projects for commerce, hospitals, education, administration, cultural and sports events. It is also active in the renovation of unique buildings and the construction of residential housing throughout Spain, particularly in its main cities and tourist destinations.

Industrial Services

The activities of this division are related to the development of applied-engineering services, installation

and maintenance of industrial infrastructures in the sectors of energy, communications and control systems in Spain, Portugal and Latin America, including:

- Development and maintenance of generation and distribution installations of water, gas and electricity utilities, and of specialized industrial installations such as thermodynamic, mechanical, electric, railway and telecommunications installations.
- Development of integrated projects such as combined-cycle power plants, oil and gas extraction platforms, installations for regassification plants, renewable energies and high-speed railway installations.
- Development and maintenance of technological systems in relation to telecommunications, rail and air traffic, public lighting and industrial control.



Services and Concessions

The activities of this division are related to environmental conservation and improvement services, facility management, logistics and transport services, and the promotion, development, financing and operation of transport infrastructures. The services of this division are grouped as follows:

- Environment, active in street cleaning, collection and treatment of urban solid waste, construction and operation of treatment plants and dumps, integral management of special waste (industrial and hospital), treatment and regeneration of used oils, and management of renewable energies, cogeneration, and the water cycle management.
- Facility Management, which includes indoor cleaning, management and operation of installations and

building services, airport services, gardening services, reforestation and landscaping, restoration services to large collectives, social awareness of underprivileged collectives and those facing social risk, and the management of advertising spaces in large installations and means of transport.

- Port services and logistics, including port management and handling, maritime agency and transit activities, dry-dock management, combined transport and specialized logistics.
- Passenger transport, in the form of regular passenger transportation by road covering large distances, interurban and urban; and the operation of stations and interchanges.



The Challenge of
Sustainable Development for **ACS**





One characteristic of the sectors in which the ACS Group is active is the phenomenon of the multiplication of the economic effects. This element is fundamental to the development of any country.

The ACS Group's employees are aware of the effects of their work on the design of the society they serve, the valuable resources they manage and their commitment to the efficient use of them.

The basic strategy of sustainability of the ACS Group consists of applying and strengthening the best practices for development of infrastructures, respecting the environment, contributing to the development of society and generating economic profits that promotes lasting competitive advantages in increasingly demanding markets.

Vision and values of the ACS Group

Our vision

ACS Group intends to lead the sector of promotion, construction and management of infrastructures and services through:

- The development of infrastructures, covering a wide range of activities such as civil works, industrial installations, power plants, telecommunications systems, and waste treatment and purification plants.
- The providing of services in the fields of integral management of urban, logistic and industrial infrastructures.



Our values

Experience

Gained over more than 60 years in which the companies of the ACS Group have developed and incorporated the capacity necessary for maintaining and increasing competitive advantages, in order to offer customers quality service incorporating new technical breakthroughs.

Trust

Earned with customers through long-term relationships based on mutual knowledge, enabling us to adapt quickly and flexibly to their needs and requirements.

Profitability

Achieved through the efficient management of resources and an active risk control policy. This guarantees the future of our Group and forms a part of our corporate culture, helping to maintain strategic coherence in all the Group's initiatives.

Commitment

Demonstrated by the Group's efficient and ethically responsible serving of society; by its track record in the creation of value for customers, suppliers and shareholders; and through the professional development of staff and the improvement of the society in which we live.



The challenge of sustainable development in the ACS Group

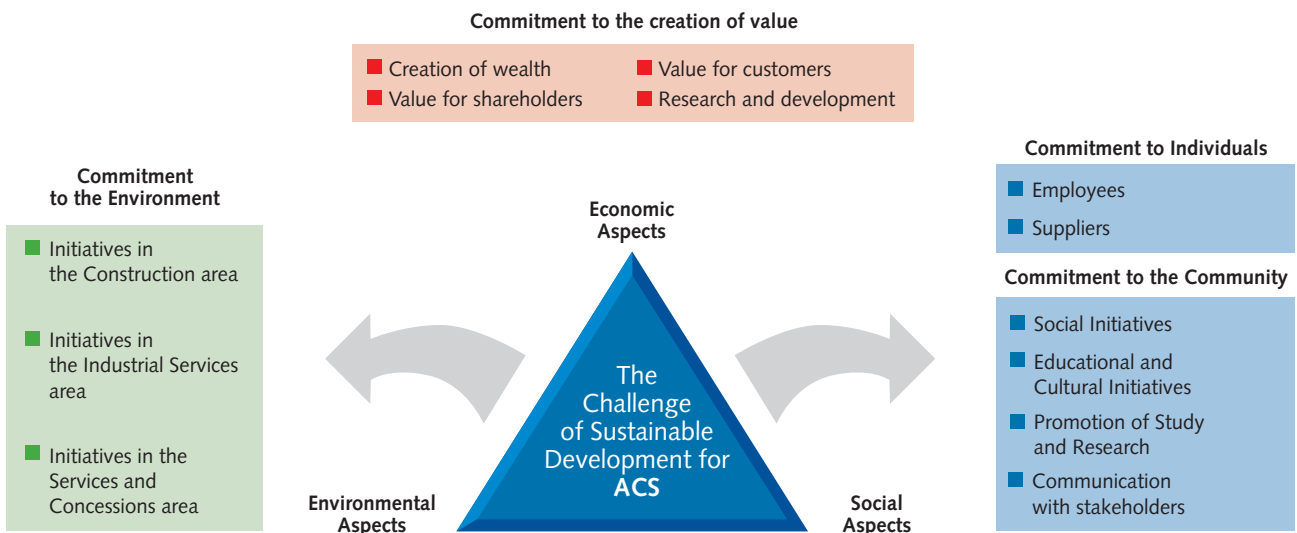
In the ACS Group we believe that balanced growth, in harmony with the expectations of society, is a fundamental part of our strategy. Consequently, we strive to practically apply the concept of sustainable development, adapting it to the Group's different activities and identifying the specific challenges that we must face and the opportunities that arise.

The Group's different activities are in keeping with this posture through the commitments that serve to guide the work performed by the ACS staff in order to make this everyday activity a reality.

Commitment to the creation of value

Regarding the economical aspects, the challenge lies in the creation of lasting economic advantages that allow the Group to create value now and in the future. Hence, in the ACS Group we aim to bring value, firstly by designing and constructing infrastructures and offering services that promote better quality of life, and secondly through its constant effort to efficiently carry out its actions, creating wealth to be distributed among the different stakeholders.

One relevant characteristic of the creation of value for society is the Group's efforts in the field of Research and Development. Knowledge and technical progress directly result in improvements for ACS customers in particular, for the entire sector in general, and indirectly throughout society.



Our Group's commitment to these values has led us to assume the principles of self-regulation in Corporate Governance, to improve constantly, to publicly report its performance and progress, and to heighten the participation of shareholders in corporate decision-making process in order to enhance the confidence of the different stakeholders.

Commitment to individuals

The staff and collaborators of ACS share the same corporate objective. The main commitment of the Group towards them is the ongoing improvement of working and safety conditions.

This day-to-day challenge, along with the creation of employment and the development of the individuals of

the ACS Group, form the basis of the Group's efforts to maintain and manage one of its most valuable assets: the talent of its staff. An appealing corporate project that generates personal and professional benefit is the best way for the Group to attract the brightest talent and to continue creating maximum value.

The Group's goal regarding suppliers and subcontractors is the establishment of fair and lasting relationships, based on mutual trust, following an approach of quality and reliability as essential to appropriately satisfy the expectations of our customers.



Commitment to the environment

The ACS Group is aware that the well-being of different collectives depends on the use of natural resources and on the quality of its services. Hence, the Group maintains a commitment to innovation which allows us to develop new ideas that lead to the minimization of the environmental impact of our activities and the improvement of the quality of our products and services.

The ACS Group places particular importance on this commitment in order to adapt to a changing environment and to be able to meet the present and future demands of our customers. This commitment carries with it the start-up of specific plans of innovation and quality, as well as valuation of the Group's performance.

This environmental commitment implies a challenge to continuously improve the Group's management in order

to minimize the environmental impact of our activities. To this end, the Group applies specific initiatives to each of its activities, considering that ecoefficiency principles improve results, diminish risks and orient the Group toward conservation and reuse of resources, correct lifecycle management and reduction of energy used.

Commitment to communities

The ACS Group endeavors to maintain active channels of dialogue with society that are mutually beneficial. Its main contribution to society is largely channeled through its activities, but it also collaborates in certain initiatives that improve integration, cultural promotion and the stimulation of socioeconomic development through studies and research.





ACS Group adheres to Global Compact Initiative of the United Nations

Since September 2002, the ACS Group has formed a part of the companies adhering to the Global Compact initiative led by the Secretary-General of the United Nations. The initiative is aimed at promoting responsible corporate citizenship and basic principles for the sound functioning of society and institutions.



Principles of the Global Compact

1. Companies should support and respect the protection of internationally proclaimed human rights through their influence scope.
2. Companies should make sure that they are not complicit in human rights abuses.
3. Companies should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Companies should eliminate all forms of forced and compulsory labour.
5. Companies should effectively eradicate child labour.
6. Companies should eliminate discrimination in respect of employment and occupation.
7. Companies should support a precautionary approach to environmental challenges.
8. Companies should undertake initiatives to promote greater environmental responsibility.
9. Companies should encourage the development and diffusion of environmentally friendly technologies.
10. Companies should work against all forms of corruption, including extortion and bribery.

More information about the Global Compact:
www.pactmundial.org

Our Commitment to the Creation of Value

| | | |
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4.1

Creation of Wealth

The ACS Group seeks the continued growth of the value of the company. This objective allows the company to increase profit for shareholders while, at the same time, the diverse stakeholders with whom we interact, benefit from our operations.

In order to maintain this objective in the long term, the Group works with controlled risks, putting into practice principles of transparency and financial prudence, seeking an optimum level of leverage and a strategy aimed at sustainable development. The ACS Group takes an efficient and competitive approach toward its activities in order to generate profit for all parties that have put their trust in us.

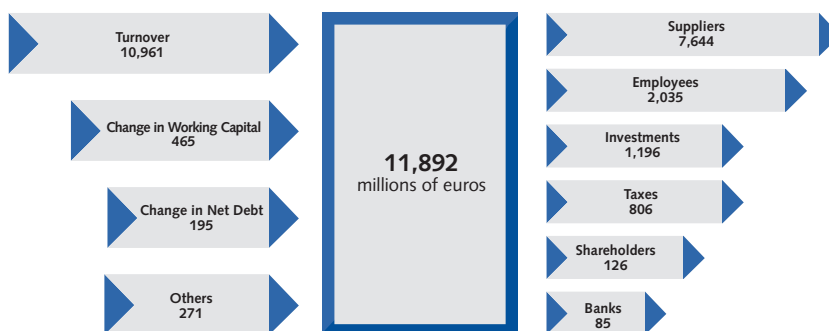
The following chart summarizes the breakdown of financial flows among the different stakeholders that benefit from the Group's activities.

In 2004, the first full year since the merger with the Dragados Group, we have managed a total of 11.892

billion euros, 64.3% of which corresponded to our suppliers and subcontractors for services, and 17.1% to employees, through wages and social benefits. Additionally, we dedicated 10% of said funds to the Group's investments to ensure its future and profitability. Through the payment of taxes, the Group contributes to public administrations, which receive 6.8% of said funds. The suppliers of capital received the rest: 1% in the case of shareholders, in the form of dividends and share buybacks, and 0.7% for the different financial entities for debt servicing.

Our track record as a creator of value motivates us to continue achieving growth and improving profitability. At the same time, we fulfill our commitments regarding sustainability. In the ACS Group we are preparing to rise to the challenges of the new millennium. Despite the many changes constantly appearing in our sector, we are able to continue dealing successfully with the different momentums of the market in order to meet our objectives of maximizing value.

ACS Group Breakdown of Managed Funds



4.2

Value for Customers

All the activities of the ACS Group are aimed at achieving a high degree of customer satisfaction with our services and products. To this end, the Group maintains close contact with customers during the execution of contracts. Customer feedback provides the Group with opinions of the work carried out and insight on potential improvement. Particular emphasis is placed on the quality of processes, and resources are dedicated to the development of activities that allow the Group to take advantage of the most suitable and highly developed technology in all areas of activity.

Quality in ACS

Social progress brings on the constant transformation of the general conditions of life. The growing complexity surrounding production processes requires the constant adaptation of working methods.

The contribution of companies necessarily involves the meeting of challenges of great responsibility and high standards of quality, which makes it necessary to rely on the best professionals and technology available. In order to deal with this reality and to satisfy the expectations of our customers, the ACS Group considers it necessary to base the development of its activity on the following principles:

- Achieving a more thorough understanding of customers in order to better identify their needs.
- Promoting the development of the professional capacities of the organization.
- Stimulating innovation.
- Taking advantage of external collaborators that are wholly in line with Group objectives.
- Responding to incidents quickly and efficiently.



Due to the diverse characteristics of our activities, each business line has its own internal quality-management system, which is adapted to the corporate policy on quality. The internal systems are a basic tool in assuring that products meet different standards, such as contractual terms, legal requirements, and any other additional criteria determined by the organization in order to achieve maximum customer satisfaction.

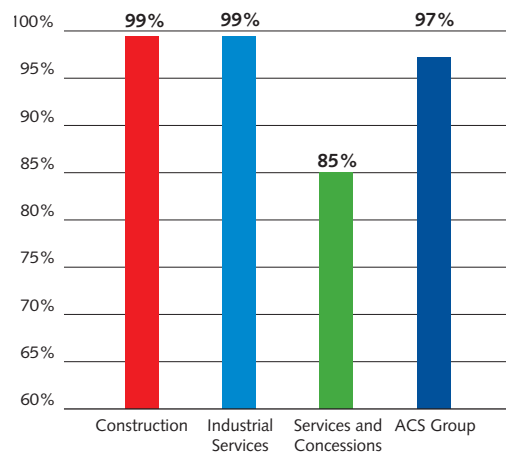
Of the production of the ACS Group in 2004, 97% took place under quality systems based on ISO 9001 standards and certified by acknowledged external organizations.

The quality-management systems of the ACS Group are mainly directed at the creation of value in the Group's activities and at the ongoing improvement of products and services. To this end, procedures have been established for the monitoring of customer satisfaction and the determination of objectives and initiatives of improvement in order to meet the commitments assumed.

The management of each company of the Group is fully involved in the process of ongoing improvement through the Quality Committee, which periodically revises the system in order to evaluate its efficiency and its adaptation to the overall policy of the Group.

Since its foundation in 1991, the ACS Group has been a member of the Club de Gestión de la Calidad (quality-management association), which exclusively represents in Spain the European Foundation for Quality Management (EFQM). This is just one of the many examples of the commitment of the ACS Group to quality.

Quality-certified production



Increased competitiveness and the new demands of customers make it necessary to constantly improve the quality of products and the efficiency of initiatives. This commitment means that all the companies of the Group must dedicate different resources to the promotion of the culture of excellence in their employees in order to reinforce the idea that ensuring quality is one of the duties of each of them.

To this end, the Group designates over €25 million a year and around 500 staff members to planning appropriate procedures to achieve the improvement of the Group's products and services, to supervise and correct the initiatives needed to meet said objectives, and to train staff in accordance with present and future requirements.

4.3

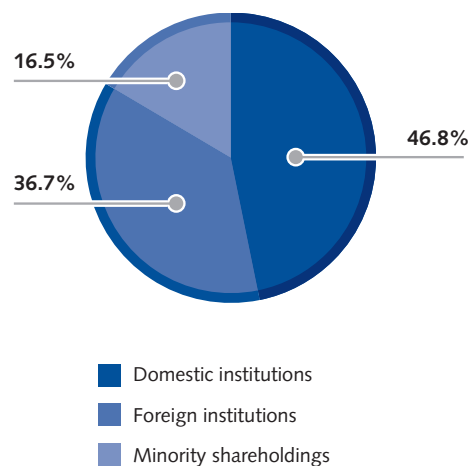
Value for Shareholders

Shareholder base

As of December 31, 2004, the share capital of the ACS Group amounted to €176,436,567, represented by 352,873,134 ordinary shares with a face value of €0.50, all of the same class and series. ACS stock is listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

As ACS stock is in the form of bearer shares, there is no register of company shareholders. The most recent data available were obtained from Iberclear for the Ordinary General Shareholders' Meeting of May 20, 2004. According to said data, the number of ACS shareholders amounted to approximately 47,500 investors. The average holding per shareholder was 7,427 shares, which, based on the 2004 year-end share price, represents an average of €124,774. Free-float capital surpasses 67%.

Breakdown of capital by number of shares



Source: Iberclear, May 2004

| Breakdown of capital by number of shares | Shareholders | Shares | % Capital | % Accumulated Capital |
|--|---------------|-------------|-------------|-----------------------|
| Up to 600 | 30,248 | 7,115,364 | 2.0% | 2.0% |
| 600 to 3,000 | 13,154 | 17,578,359 | 5.0% | 7.0% |
| 3,000 to 15,000 | 3,355 | 20,033,376 | 5.7% | 12.7% |
| 15,000 to 300,000 | 661 | 37,717,266 | 10.7% | 23.4% |
| 300,000 onward | 94 | 270,428,769 | 76.6% | 100.0% |
| Total | 47,512 | | 100% | |

Source: Iberclear, May 2004 (Number of shares adjusted to the 3 x 1 Split of June 10, 2004 and the redemption of treasury stock)

Note: Banks in custody of funds of foreign institutional investors appear as a single shareholder as no breakdown is available on ACS shares in custody.

| Direct owner of the stake | Number of shares held directly | Number of shares held indirectly | % of total share capital |
|------------------------------------|--------------------------------|----------------------------------|--------------------------|
| Corporación Financiera Alba, S.A. | - | 54,879,558 | 15.552% |
| Corporación Financiera Alcor, S.A. | 932,880 | 31,866,981 | 9.295% |
| Inversiones Vesan, S.A. | 21,091,301 | - | 5.977% |
| Rest Board of Directors | 1,362,481 | 1,844,550 | 0.909% |
| Total Board of Directors | 23,386,662 | 88,591,089 | 31.733% |
| Treasury Stock | 1,726,969 | - | 0.498% |
| Tied up capital | 25,113,631 | 88,591,089 | 32.223% |
| Free-float capital | | | 67.777% |
| Total | | | 100% |

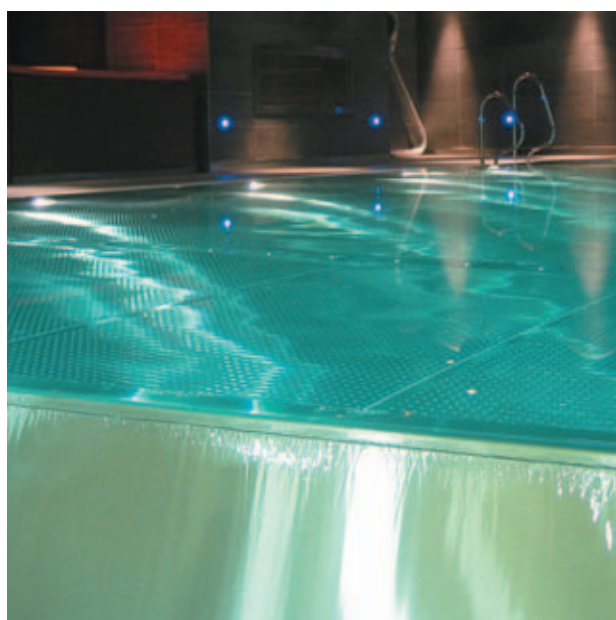
In accordance with the public information available upon the release of this report, the three main shareholders have increased their stakes to 33.06%, as seen below:

- Corporación financiera Alba, S.A.: 16.05%
- Corporación Financiera Alcor, S.A.: 10.17%
- Inversiones Vesan, S.A.: 6.84%

Transparency

Shareholders' right to information is detailed in several parts of the Shareholders' General Meeting By-laws. Hence, in order for the Shareholders' Meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each Shareholders' Meeting, all information to which shareholders are entitled or that to which they are not entitled but should be made available to them given the nature of said information and the desire of shareholders to develop criteria. In this sense, the Group will make every effort to duly respond to the requests formulated by shareholders for said information, whether said requests are formulated before or after Shareholders' Meetings, provided that the interests of the Group are not jeopardized.

In line with the firm commitment of the ACS Group to transparently, fairly and symmetrically report the information



needed to evaluate the performance of the Group, more efficient and flexible channels of reporting have been established in order for said information to reach shareholders, potential investors and the general public in a consistent, immediate and fluent manner.

Information reported to the Market

The main channel used by the ACS Group to provide the market with data on its performance and principal undertakings are the reports filed with the Spanish Stock Market Commission (CNMV).

Throughout 2004, 19 reports were filed, of which 14 were "Relevant Facts" and the rest "Other Communications". Of the total number of reports, 8 correspond to results and corporate presentations.

Additionally, 7 corporate presentations took place throughout the year at specialised events held in Europe and the USA, featuring the presentation of the company results for 2003, on February 25, 2004, at the Madrid Stock Exchange, and the Industrial Services Investor's Day, held on September 29, 2004, during which the management team of this activity of the ACS Group provided a detailed explanation of the business and its prospects. These presentations triggered much interest and were very well attended. Numerous meetings were also held with institutional investors, and requests for information from our shareholders were processed.

Financial information

Aside from the standard information that the ACS Group makes available in the form of annual, half-yearly or quarterly reports, the Group promotes meetings with the analysts of market intermediaries, in order to make this information available to investors. The purpose of these

measures is to maintain permanent channels of communication with shareholders that are complementary to their right to question at the General Shareholders' Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time.

Corporate website

The Group progressively updates all the contents of its corporate website (<http://www.grupoacs.com>). Special emphasis is placed on the web pages of Investor Relations, in which timely information was provided on the performance of the ACS shares, its general economic and financial performance, corporate development, and the financial calendar. ACS shareholders are also provided with all pertinent reports and documents in order to facilitate access and queries.

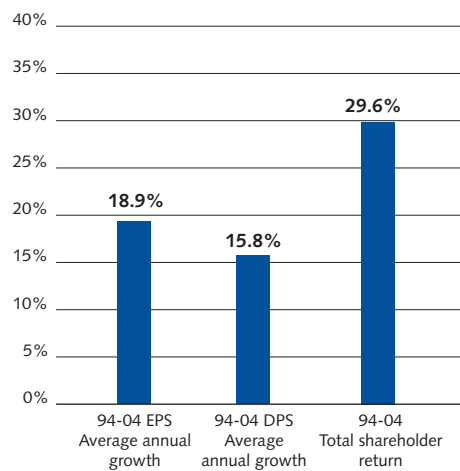


ACS stock

Over the last 10 years, ACS stock has revaluated by 897%, which amounts to an average annual increase of 25.9%, versus 194% of the Ibex35 (11.4% annual average). This solid performance reflects the Group's sound results, with average annual growth in earnings per share of 18.9%, and is also indicative of the support of financial markets to the successive corporate development carried out by the Group since 1995, which have confirmed the consistent creation of value for shareholders.

Specifically, total shareholder return over the last 10 years amounts to 29.6%, which includes the re-rating of the share during this period and the dividends paid, the annual average growth of which is 15.8%. Dividend yield to the 2004 year-end share price stood at 2.32%.

Consistent value creation for shareholders



Note: Shareholder return is calculated as the internal rate of return for shareholders, taking into account the re-rating of the share and the dividends paid over the period 1995-2004.



4.4

Research, Development and Technological Innovation

Society is under the impression that the construction sector has been more reluctant than other sectors to adopt innovative technology and new work methods. This is often attributed to the conservative nature of the sector, which has resulted in scant investment in research and technological innovation. However, in recent years, this impression has changed significantly due to the clear initiatives of investment in research, development and innovation that seek to achieve improvements in efficiency, productivity and job-safety in the sector. In particular, this investment is put toward the search for alternatives allowing better use to be made of natural resources.

In recent years, ACS has developed R&D&I policies to promote innovation in all its activities. These policies are designed to strengthen certain strategic areas, described below, that unite the efforts of the Group's researchers.

R&D&I policies

Innovation is key to productivity and competitiveness. The ACS Group has carried out initiatives in the fields of scientific research, development, technological innovation and in the application of the results of these activities in the obtaining of new materials and products, as well as in the design of production processes or systems that allow for improvement not only of the Group's technical capacity but of the services it offers to society.

The Group's activity in innovation, particularly in research and technological development, is directed at the following strategic areas:

- Structural behavior, durability and safety of construction projects.
- New building materials and processes.

- New processes of design, projection and development of software.
- Environmental development and quality of life: services for citizens.
- New emerging technologies.
- Development and management of transport.

These areas group together the technical endeavors of ACS with the goals of maintaining and consolidating the Group's leadership in the fields of technology and innovation, of providing better service to society and improving the quality of life of citizens.

For each area of activity, the Group has established a Technological Development Committee to analyze and promote the Group's initiatives of technical development and innovation in the field of new technology, machinery and equipment, and in the improvement of procedures.



R&D&I activities

In this line of action, the Group invested in 2004 over €29.5 million in projects related to research, including the following:

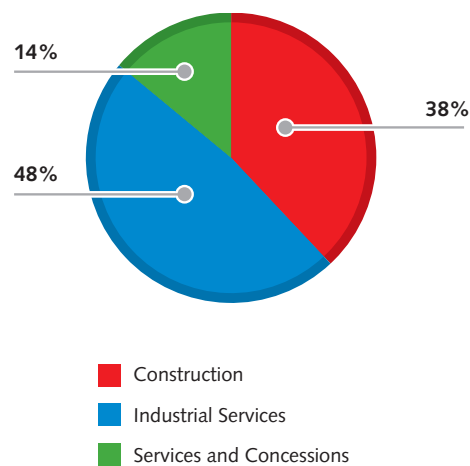
Construction

- TECNOSEGUR project for improvement of safety and health at work in the construction sector.
- TECNOTUNEL project designed to develop new technologies in the construction of tunnels and underground work.
- MANUBUILD (Open Building Manufacturing), and TUNCONSTRUCT (Technology Innovation in Underground Construction) projects. Both programs are to be carried out within the next 4 years, backed by the European Union as part of its 7th Framework Program.
- Implantation of a new system of manufacturing railway ties of prestressed concrete.
- Automation of manufacturing modular elements for construction.
- Drilled caissons with central shaft.

Industrial Services

- In Collaboration with Instituto de Investigación Tecnológica of the Universidad Pontificia de Comillas for the development of a project on "Design of advanced configurations of high-speed catenary systems".

R&D&I investment breakdown by business area



- Research and development of miniaturization techniques for radio broadcasting filters, in collaboration with Instituto Técnico Eléctrico.
- Research and development of a new system of echo cancellation for single-frequency terrestrial digital television networks, in collaboration with Universidad Politécnica de Madrid.
- Information and early-warning system for networks of monitoring air quality, in collaboration with Fraunhofer Institute for Applied Information Technology (Germany), Aristóteles University of Thessaloniki (Greece) and Norwegian Institute for Air Research (Norway).

- Research and development of new dielectric materials for the reduction of visual impact of antennas, in collaboration with Universidad Politécnica de Madrid.
- Project of installation using solar and wind energy for low-consumption wireless telephony stations.
- DUPLO project for the design, development, manufacturing and implementation of a smart application for passenger-transport systems.
- Research and full-scale testing of the use of pure B-100 biofuels under actual working conditions.
- Study of characterization of urban solid waste in Hebei (China).
- Study on viability of transporting urban solid waste using subway infrastructures.
- Pitesi project: pilot plant using techniques of treatment of silicon derivatives from urban solid waste.

Services and Concessions

- Research, development and full-scale testing of wet biomethanization applied to urban solid waste.
- Development and innovation in underground containers and industrial-scale testing.

These initiatives and dedication to innovation of the Group have led not only to its leadership in its activities but also in the improvement of its competitiveness and of Spanish industry in general.





Practical case R&D projects in ETRA

Electronic Traffic S.A. (ETRA) is a subsidiary of ACS Servicios Industriales specialized in the development and operation of systems and applications for traffic management. In 2004, ETRA actively participated in 8 projects forming part of the 7th Framework Program of the European Union:

e-EPOCH: Project constituting a European standard on interoperability of identification, verification and digital-signature systems (electronic Spanish identity cards).

SIRTAKI: Project in which an expert system has been developed for real-time management of tunnel safety.

EMIRES: Project in which a portal has been developed that serves as a single access point for regional information on public transport and general mobility.

BIOSEC: Project designed for the automation of identification of individuals through the combination of smart cards and biometrics while maintaining high standards of security, reliability and adherence to current legislation on confidentiality of personal data.

CONNECT: Study on different forms of public transport to analyze different business models.

SAFE-T: The strategic objective of the project is to develop a series of guidelines on road and railway tunnel safety by

researching, identifying, evaluating and proposing the best solutions to prevent incidents and/or accidents in existing tunnels and to mitigate the effects on individuals and goods in order to attain a high level of safety in European tunnels.

SENSOR: Efficient obtaining and management of traffic data for secondary-road networks. The principal objective of the project is the preparation of a manual for the efficient planning, execution and management of the process of collecting traffic data (including vehicle detection and communication), accompanied by an advanced decision-backup system (DSS).

DEDISYS: The main objective of this innovative method for error management in hubs and links in distributed systems is the optimization of reliability by temporarily or partially relaxing the integrity of specific IT systems for the integration of metric components and systems of evaluation.

R&D&I in the environment

The Group's policy on R&D&I in projects for the reduction of environmental impact is largely directed at the optimization of the resources it uses in its activities. The main areas to which the policies of R&D&I are applied are the following:

- Increasing productivity through technification, as applied to the following areas:
 - Industrialization, for more sensible use of resources.
 - Prefabrication, for the production of project elements within a pre-planned industrial context with less waste.
 - Previous simulation of work to be performed, which optimizes resources to be used, avoids errors that can be corrected previously, and adjusts production means to the actual needs of each project.
 - Analysis of the life cycle, to avoid repetitive maintenance, increase investment value, and analyze in each circumstance the viability of recycling or renovating the constructed assets.
- Research and development of technology applied to the reduction of environmental impact of activities, including the following:
 - Microfiltration and ultrafiltration technologies in the reuse of outflows from urban sewage treatment plants.
 - Antennea project to reduce radioelectric impact through smart antennas for wireless telephony networks.
 - Protection from electrocution for birds in official parks.

- Use of biogas in melted carbonate fuel cells.
- Elimination of heavy metals in the process of composting urban solid waste.

In 2004, the Group continued to actively participate in leading environmental forums, including the following:

- Advisory board for the certification of construction companies of AENOR. This year, the Group developed environmental projects related to the management of construction and demolition waste and the identification of representative environmental indicators for the construction sector.
- 7th Annual National Congress on the Environment (CONAMA) held in Madrid and with the motto "Sustainable Development Summit". The Group actively participated in conclusions, work groups and technical workshops.

Our Commitment to Individuals

| | | |
|------------|-----------------|----|
| 5.1 | Employees | 34 |
| 5.2 | Suppliers | 44 |





5.1

Employees

At the end of 2004, the ACS Group had 107,748 employees, which represents around 0.7% of the working population of Spain. This makes it one of the greatest creators of employment in the country. In 2004, the ACS Group created a total of 10,636 net jobs.

Services and Concessions is the division providing the greatest number of jobs, amounting to 57% of total employees for 2004, followed by Industrial Services, with 27%, and Construction, with 16%.

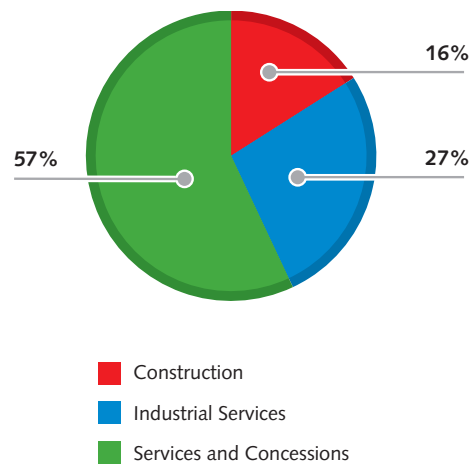
Of the 107,748 employees of the ACS Group at the end of 2004, 19,361 (18%) worked for the Group in its international undertakings.

Excluding the 88,387 employees working in Spain, 2,528 worked in other European countries, 13,449 in America, 3,153 in Africa and 231 in the rest of the world, in countries like India and China, among others.

The workforce of the ACS Group may be considered relatively young, as the average employee age is 40.6 years of age, and the average length of employment with the Group is 7.5 years. Of the total number of employees, 92% forms part of a collective labour agreement and 81% is represented by trade unions.

The management of this collective is based on the Group's Human Resources policies, which are defined by its corporate values, having each area of activity a Human Resources manager that is responsible for implementing a common personnel policy among the different companies of the division, and for coordinating the management of the heads of Human Resources in each company.

2004 employees breakdown by business area



Employees breakdown

| | |
|-------------------------------|---------------|
| Spain | 88,387 |
| Madrid | 24,079 |
| Andalusia | 15,081 |
| Catalonia | 10,748 |
| Canary Islands | 7,069 |
| Autonomous Region of Valencia | 6,783 |
| Castilla - León | 5,730 |
| Galicia | 4,518 |
| Rest of Spain | 14,379 |
| International | 19,361 |
| Rest of Europe | 2,528 |
| America | 13,449 |
| Africa | 3,153 |
| Rest of the world | 231 |



ACS general human resources policy

The ACS Group is aware that its leadership is made possible by the quality of its human resources and by the enterprising attitude of each manager. Maintaining this position requires teams of committed individuals, with considerable knowledge and specialization, able to offer the best service to customers and to generate and manage business opportunities in a rigorous and efficient manner. To this end, the ACS Group has developed a Human Resources policy based on five main points:

- Attracting, conserving and motivating talented individuals.
- Promoting teamwork and quality control as tools to reinforce the concept of excellence through soundly performed work.
- Acting quickly, with decision-making capacity, minimizing bureaucracy and promoting the assumption of responsibilities.

- Supporting and increasing training and learning.
- Innovating with ideas that allow for the improvement of processes, products and services.

In this way, the ACS Group is particularly sensitive to innovation in human resources management, promoting the generation of opportunities for its staff while detecting and enhancing the skills of each employee in order to retain the best professionals.

As a result of the application of appropriate policies in three areas of importance such as hiring, training and development of staff, and job safety, the ACS Group benefits from a vast workforce that identifies with and is committed to its strategic approach.

Recruitment policies

Of the 107,748 employees of the ACS Group at the end of 2004, 8,587 were management and qualified professionals, 12,729 were technical and clerical staff, and 86,432 were specialists and operatives.

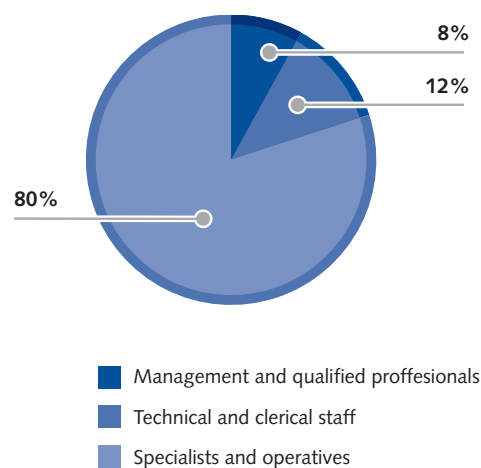
ACS Group endeavors to provide staff with a context and prospects in which professionals can develop their talent and reap the rewards of their work as something valuable and desirable. A fundamental part of this strategy is the attraction of young technicians that are able to progress and develop an enriching professional career.

In this regard, the ACS Group has applied a recruitment program in the different companies of the Group based on a rigorous hiring process that allows it to benefit from the best professionals from each sector.

Consequently, the Group has offered a program of grants for students amid their final year of university studies in Spain, as well as grants channeled through other educational institutions, such as Fundación Universidad Empresa.

Recruitment policies are established in each of the divisions and are based on the annual workforce planning, which takes place in accordance with the strategic objectives of each organization. Regarding university graduates, the company is chiefly interested in young students that have just finished their studies, in order to favor their training and career development within the organization. In order to respond to the needs arising in the countries in which each company is present or is expected to be present in the medium term, graduates from the corresponding country are hired.

Employees breakdown by qualification



ACS prefers internal promotion to external hiring, and only taps the job market when it is not able to find a professional with the desired characteristics within the organization. Periodic performance evaluations guide employees' career development and offer opportunities of promotion.

Increasing female presence

At the end of 2004, 30% of the staff of the ACS Group were female, which maintains the Group's tendency to hire female employees. The Group follows an equal-opportunities policy that prohibits all types of discrimination of individuals in hiring or assuming of positions.



Practical case Integration of foreign employees in Grupo Clece

In 2004, the companies of Grupo Clece hired 886 foreign workers from over 40 countries, all with legal working and residential status. Among the most numerous collectives are those of Ecuador, with 187 workers; Morocco, with 168; and Colombia, with 123.

The greater part of these workers were hired for the first time on a stable basis in Spain. Hence, this company of the Services and Concessions area of the Group, consisting of corporations like Clece, Integra and Talher, has become an important generator of employment for this collective.

The main difficulties in the management of this diverse collective are related to language skills, particularly in the case of Sub-Saharan workers. Nonetheless, the fact that most of them speak french, or can express themselves in english, offsets their initial lack of knowledge of spanish when communicating with superiors and acquiring the knowledge necessary to carry out their duties in a satisfactory manner.

These workers receive prior training to carry out the tasks that best suit their characteristics or previous professional experience, mainly in the sectors of cleaning, gardening and social services. In order to overcome potential difficulties in language comprehension, which the workers normally offset with

their willingness to learn, abundant graphic and audiovisual material is used, and the workers are normally introduced to their functions in the company of other workers of their same nationality that have more experience and can help them. Through these initiatives, and along with the supervision of a direct superior, the difficulties that these workers may face in assuming their new duties are easily remedied.

All foreign workers hired by Grupo Clece have legal working and residential status. In the event that their duties include the operation of machinery, they are required to be in possession of a driver's license that is valid in Spain, to speak spanish, and to have studied a specific course on the operation of said machinery.

Nationality of the main groups of workers

| | |
|--------------------|-----|
| Ecuador | 187 |
| Morocco | 168 |
| Colombia | 123 |
| Peru | 91 |
| Nigeria | 44 |
| Poland | 27 |
| Rumania | 27 |
| Argentina | 26 |
| Dominican Republic | 25 |



Retaining policies

Staff loyalty is favored by the policy of hiring recently graduated students from technical schools and faculties and the practical training that they receive upon being hired by the company. The companies of the Group have also adopted measures aimed at retaining and motivating the greatest possible number of employees in general, and all employees displaying great potential, in particular.

As an example, all the employees of the Construction area, including on-site staff, receive payment that surpasses the minimum established by provincial collective agreements, and 30% of said employees receive performance-related pay. For the whole of the Group, 16% of total staff received last year this type of complementary payment.

Another form of incentive offered to employees is the possibility of promotion. The turnover of the ACS Group and the continuous development of the company generate a significant number of annual promotions among the employees that, due to their efforts and efficiency, are nominated for positions of greater responsibility.

Initiatives for the reconciliation of family life and employment

The Group monitors developments in Spanish legislation so that its staff may reconcile employment and family life. Although contracts are awarded throughout Spain and the rest of the world, with the consequently inevitable transfers and travel of staff, the Group makes every effort to form work groups for jobs and projects involving employees that live relatively nearby, in order to avoid the displacement of families.

Training and career development policies

Another of the principal challenges of the ACS Group is to make full use of and integrate the personal and professional diversity of its work groups in order to improve its capacity of response to the growing needs of its customers. In this sense, the Group seeks to continuously involve its entire staff in corporate objectives and strategies, allowing employees to simultaneously develop their professional potential and skills.

To this end, the Group's strategy involves an overall approach of ongoing training in the workplace, in classes or by correspondence. The Group's annual training plan sets forth over half a million hours of study in courses and seminars throughout the range of activities of the Group and, specifically, in areas associated with:

- Training of management.
- Technological specialization in management and production systems.
- Knowledge of products and services developed.
- Policies regarding quality and the environment.
- Job safety.

Due to the characteristics of the Group's business, job safety training is the subject of the greater part of efforts made in time, dedication and resources. This allows the

Group to obtain rates of job-related accidents that are much lower than the sector average.

In all cases, training procedures are internally and externally audited every year, thus guaranteeing the optimum level and an ongoing process of improvement of programs.

| Training Initiatives in 2004 | Study hours | Number of courses | Participants | Investment (*) |
|------------------------------|----------------|-------------------|---------------|----------------|
| Construction | 198,400 | 2,126 | 28,512 | 3.9 |
| Industrial Services | 195,835 | 1,159 | 8,654 | 2.3 |
| Services and Concessions | 150,501 | 1,033 | 17,306 | 1.8 |
| Total | 544,736 | 4,318 | 54,472 | 8.0 |

(*) Millions of Euros

| Training initiatives by type of content | Production | Job safety | Quality and the environment |
|---|--------------|--------------|-----------------------------|
| Construction | 390 | 1,675 | 61 |
| Industrial Services | 606 | 505 | 48 |
| Services and Concessions | 254 | 739 | 39 |
| Total | 1,250 | 2,919 | 148 |

Policies on job safety and prevention

The efforts of the ACS Group to obtain high levels of job safety for its staff results in considerable improvement of the safety conditions present in the workplaces where the Group's activities take place. These efforts are based on the Group's job safety policy, which is based on the following principles:

- Compliance with current legislation on labour risks prevention and other requirements that the organization voluntarily observes.
- Integration of accident prevention in the initiatives of the Group and at all levels, implemented through correct planning and practices.
- Adoption of any measures necessary to ensure the protection and well-being of staff.

- Development of human potential through appropriate training and information regarding accident prevention, by promoting initiative and participation in order to achieve ongoing improvement of the system.
- Ensuring the correct control and quality of the monitoring of the health of staff.
- Qualification of staff and application of technological innovations.

Aside from the implantation of the accident-prevention management systems of each line of business, the Group takes measures and conducts specific campaigns in each area of activity in order to reduce job-related accidents. In this way, it manages to optimize working conditions and to reduce job-related accident rates with regard to the sector average.





In 2004, this maximum orientation toward the creation of an inherent approach to avoiding job-related accidents resulted in the completion of nearly 3,000 general and specific courses on the prevention of job-related risks by over 35,000 on-site workers, in addition to the courses directed at technical and clerical staff and middle-level management.

As a result of these initiatives, the Group continues to obtain job-related accident rates that are significantly lower than the sector average, as seen in the following chart.

The ACS Group actively participates in the most important conferences, symposiums and organized events in general on labour risks prevention taking place in Spain and abroad, contributing its experience in this area.

| Job-related accidents in 2004 | Construction | Industrial services | Services and concessions | ACS Group | Average for construction sector |
|------------------------------------|--------------|---------------------|--------------------------|-----------|---------------------------------|
| Degree of frequency ⁽¹⁾ | 35.5 | 40.0 | 62.0 | 49.7 | 97.4 |
| Degree of severity ⁽²⁾ | 1.04 | 0.81 | 1.12 | 1.00 | 2.2 |
| Degree of incidence ⁽³⁾ | 62.0 | 72.0 | 111.6 | 88.9 | 173.1 |

⁽¹⁾ Represents the number of accidents occurring at work per million hours worked.

⁽²⁾ Represents the number of working days missed due to accidents per 1,000 hours worked.

⁽³⁾ Represents the number of accidents resulting in medical leave per 1,000 employees.



Practical case Training for on-site employees of DRAGADOS

As training is an essential part of avoiding job-related accidents, and taking into consideration the critical nature of this factor in the construction sector, DRAGADOS has opted to intensify training of all its on-site employees. To this end, it has been proposed that all employees and collaborators receive, prior to their on-site activity, specific information on the prevention of accidents and a course on the basic aspects of labour risks.

Additionally, specific courses have been designed for specialized staff regarding safety criteria.

Specific information upon arrival at site

Preparation and distribution to all workers of a series of safety tips designed to provide necessary information prior to the actual work.

General training on Labour Risks Prevention

Preparation of an interactive training course on basic safety factors in building and civil works, which provides training to all on-site workers. The texts and narration have been translated to four languages, thus favoring the integration and training in safety of any foreign workers involved in the company's activities. Said course

is provided for individuals or groups of up to three workers and uses an interactive format. When this is not possible due to an elevated number of workers present, the courses are provided using specialized monitors.





Specific training for specialized staff

Distribution to the workers, according to their specialty and through the corresponding specific course, of the following training manuals:

1. Training in risks and general preventive measures to be applied on site.
2. Risk prevention in shuttering and steel bending.
3. Risk prevention in bricklaying.
4. Training on risks and preventive measures to be applied by operators of civil works machinery and trucks.
5. Prevention of electrical risk.

6. Training on risks and preventive measures to be applied by forklift operators.
7. Training on material handling.
8. Training on first aid.
9. Risk prevention in offices.

Training courses

In 2004, nearly 1,600 general and specific courses were provided in relation to projects of DRAGADOS to over 19,000 employees, taking into consideration company staff and collaborators, for over 38,000 study hours.



5.2

Suppliers

Due to the nature of its business, the ACS Group must ensure that its suppliers are highly competent and capable. Hence, the Group seeks to establish with said suppliers a firm and lasting commitment and a relationship based on mutual trust and respect that results in completion of projects with high standards of quality and satisfaction demanded by customers.

Given this mutual trust and the meeting of said objectives, the ACS Group is considered one of the most reliable and professional organizations in the sector. This distinction is the result of the Group's proven ability to quickly and efficiently arrange and organize all internal and external resources needed to take on any kind of project.

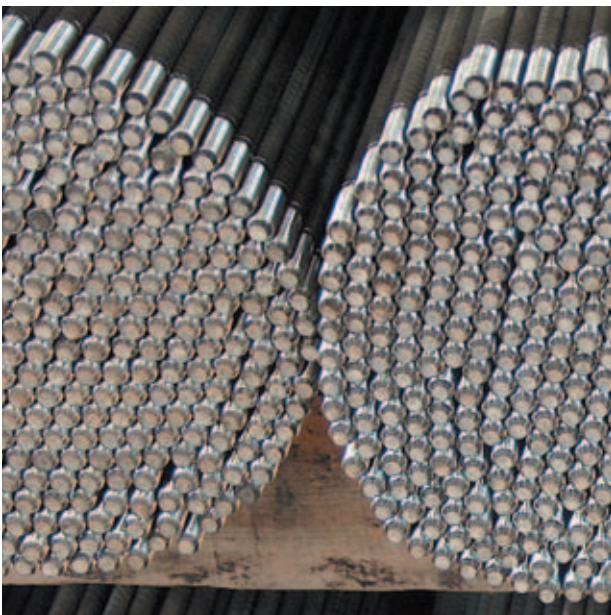
The Group's policy toward its suppliers has tended increasingly toward decentralization. Not only each

company, but each business unit or project considered as such, has the capacity to manage its own purchases using systems created by the Group, assuming responsibility for performance and results.

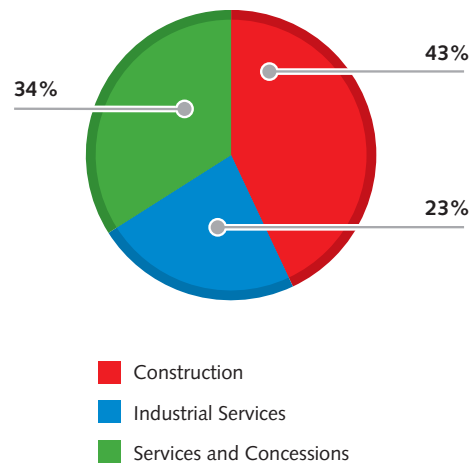
Importance of suppliers

Of the funds managed by the ACS Group in 2004, €7.644 billion correspond to its suppliers and subcontractors, of which there are over 45,000, and all purchases were paid in accordance with their terms.

Suppliers and subcontractors are key to the success of the ACS Group and to the ideal completion of any given project. The relations with both collectives are governed by corporate procedures, normally included in the Quality Management System of each company.



Suppliers breakdown by business area



Involvement of suppliers

A fundamental part of the Group's activities is the involvement of all collaborators in policies and initiatives. This refers not only to quality, but all matters concerning social and environmental commitment as well as efforts made in safety and prevention at work.

In this sense, the ACS Group has adopted environmental criteria to the evaluation and selection of its suppliers, and has added to its contracts a section specifically addressing the obligations of suppliers in this regard. Said obligations appear under the heading "Supplier Requirements" which details stipulations regarding waste management, storage conditions of hazardous products, management of licenses and authorization, within others.

The evaluation of expired contracts also includes suppliers' environmental performance, taking into account the practices established by the Group and the requirements of the customer.

Regarding safety and prevention at work, a key part of the Group's corporate strategy, ACS includes staff of suppliers and ancillary companies in its Job Safety training programs, and, at the same time, enforces and oversees the compliance of these companies with legislation on job safety and the start-up of their own prevention programs.



Our Commitment to the Environment

| | | |
|------------|--------------------------------|----|
| 6.1 | Construction | 50 |
| 6.2 | Industrial Services | 54 |
| 6.3 | Services and Concessions | 59 |







The construction of infrastructures inevitably involves several different types of environmental impact, including the use of materials deriving from natural resources, the use of energy during the construction stage and subsequently throughout the life of the infrastructure, the generation of waste, and visual and landscape impact.

ACS has demonstrated its commitment to improving the environmental impact of its processes and services based on the ongoing improvement of its form of operation. This is handled in such a way that the Group is constantly reducing the amount of natural resources consumed through reuse, recycling and renewable resources, thus promoting more efficient use of resources.

The ACS Group researches and applies ecoefficient criteria in the design of its infrastructures in an attempt to increase their functionality and useful life and the efficient use of energy and water, among others.

On a daily basis, the Group strives to minimize the impact of its activities. In this sense, quality and innovation are key to the ACS Group in its quest for ongoing improvement.

Environmental policy

*All individuals are entitled to an environment that is appropriate for their development and also have the obligation of conserving it.**

This idea forms a part of the initiatives of the ACS Group. To this end, the following environmental criteria were established. They are known, shared and put into practice by all companies of the Group:

- a) To evaluate the environmental impact of the Group's activities and to determine the initiatives that avoids or minimizes said impact.
- b) To propose to customers alternatives that favors the environment.
- c) To report, train and heighten awareness regarding environmental issues for the staff of the Group as well as that of collaborators.
- d) To efficiently use natural resources.
- e) To appropriately manage waste, reducing its production, increasing its reuse and promoting its recycling.

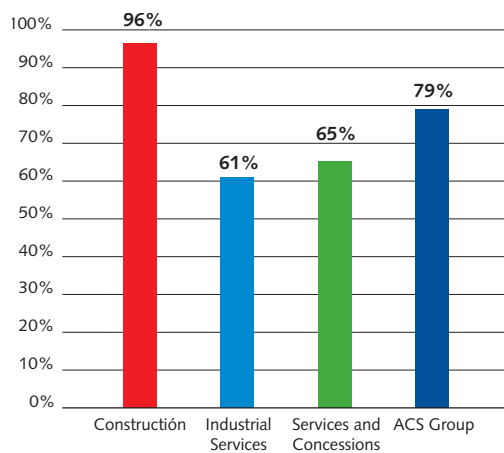
* Article 45 of the Spanish Constitution (1978).

Environmental Management System

The Environmental Management System established in the companies of the Group requires the preparation of an Environmental Plan in each work center. Annually, each company of the Group, in management's annual revision of the Environmental Management System, establishes the objectives of the environmental policy of the ACS Group. Said objectives are determined by taking into account the most significant environmental aspects of the Group's activities and any changes in environmental legislation, among other factors.

These targets are established in the different work centers through an Environmental Management Program that includes the objectives to be met, the initiatives required, the means necessary, and responsible parties and deadlines. At this time, 79% of the Group's production takes place in companies that are environmentally certified in accordance with ISO 14001 standards.

Environmentally certified production



| Construction Area | ISO 14001 | Industrial Services Area | ISO 14001 | Services and Concessions Area | ISO 14001 |
|-----------------------|-----------|--------------------------|-----------|------------------------------------|-----------|
| DRAGADOS | ■ | COBRA | ■ | URBASER | ■ |
| SOPOL | ■ | MONCOBRA | ■ | VERTRESA | ■ |
| GEOCISA | ■ | ATIL COBRA | ■ | ORTO PARQUES Y JARDINES | ■ |
| TECSA | ■ | CME | ■ | SOCAMEX | ■ |
| DRACE | ■ | EYRA | ■ | CETRANSA | ■ |
| VÍAS Y CONSTRUCCIONES | ■ | GRUPO ETRA | ■ | CONSEUR | ■ |
| DRAVO | ■ | SEMI | ■ | GESTIÓN DE PROTECCIÓN AMBIENTAL | ■ |
| | | MAESSA | ■ | VALENCIANA DE PROTECCIÓN AMBIENTAL | ■ |
| | | API | ■ | CLECE | ■ |
| | | IMES | ■ | MULTISERVICIOS AEROPORTUARIOS | ■ |
| | | DRAGADOS INDUSTRIAL | ■ | TALHER | ■ |
| | | CYMI | ■ | INTEGRA, MGSI | ■ |
| | | MAKIBER | ■ | PUBLIMEDIA | ■ |
| | | INTECSA-UHDE | ■ | SINTAX LOGÍSTICA | ■ |
| | | INITEC | ■ | CONTINENTAL AUTO | ■ |
| | | MASA | ■ | | |
| | | DRAGADOS OFFSHORE | ■ | | |

| |
|-------------------------|
| ■ Total certification |
| ■ Partial certification |
| ■ In progress |
| ■ Under study |

6.1

Construction

The main types of environmental impact produced in Construction include the production of inert waste, mainly construction and demolition waste, and excavated soil.

The greater part of construction and demolition waste is generated by the dismantling of infrastructures, although its composition depends on the specific type of waste. Excavated soil is produced when construction entails such work.

Both types of waste are closely associated with the Group's activity. Hence, the Group's focus on the minimization of this kind of impact is aimed at reduction in origin, reuse and recycling, as well as the reduction of amounts disposed of at dumpsites. The Group's main technical challenge lies in the efficiency of treatments due to the heterogeneous nature of this type of waste.



Main impacts

| Generation of inert wastes |
|-------------------------------------|
| • Excavated soil |
| • Construction and demolition waste |

Noteworthy initiatives in 2004

- Continuation of environmental-awareness campaign involving the Group's main collaborators. Specifically, 9 awareness meetings were held with 99 companies collaborating with the Group in activities that may generate potential environmental impact.
- Preparation of a Manual on Sound Environmental Practice, in order to heighten awareness of environmental issues. This is made available to the Group's employees as well as those of its collaborators. The Group has also undertaken initiatives in the providing of information in this regard, thus complementing the awareness of staff of environmental issues. One example of this is an informative bulletin available through the corporate intranet.
- Campaign promoting the recycling of construction and demolition waste and reuse of land accompanied by the establishment of associated Environmental Management indicators. The results obtained are detailed in the section on indicators.

Main environmental indicators

The construction sector involves a series of characteristics that condition the application of consumption indicators, because the heterogeneous nature of the activities complicates the comparison of data obtained and performance.

The aforementioned circumstances greatly condition consumption and generation of waste. For this reason, consumption indicators are not reflected in this report.

Due to the nature of its activities, the most significant impact of Dragados on waste management is that related to inert waste; specifically to the two main types, the results of which in 2004 are as follows:

Excavated soil

| | |
|---------------------------------------|---------------|
| Reduction of projected amounts | 5.65% |
| Reuse to total produced | 79.55% |
| at own site | 91.51% |
| at other sites | 2.50% |
| restoration of degraded areas | 6.00% |
| Disposal at dumpsite | 20.45% |

Construction and demolition waste

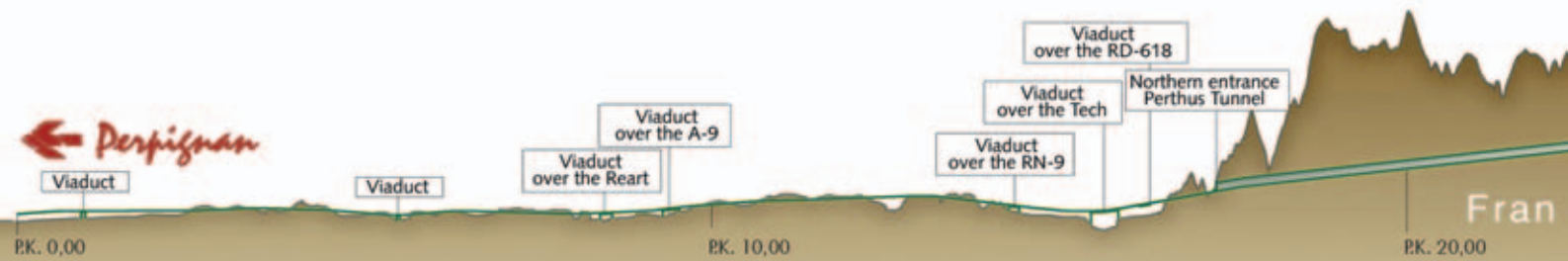
| | |
|-----------------------------|--------|
| Reuse to total produced | 3.56% |
| Recycling to total produced | 5.84% |
| Disposal at dumpsite | 90.60% |



As a result of the aforementioned separation, hazardous waste generated in different work centers must be managed in a manner complying with legislation. In 2004, 91,869 kilos of hazardous waste were managed.

Objectives for 2005

- Creation of an application in intranet including all external reports, complaints and claims regarding environmental issues received, as well as environmental indicators (consumption, waste, etc.)
- Greater recycling of construction and demolition waste in order to achieve 20% recycling of total in 2006.
- Campaign promoting training and awareness of environmental issues for on-site management.



Practical case
Environmental management in a large-scale project such as TP Ferro, the international section between Figueras and Perpignan of a new high-speed railway line

Characteristics of the project:

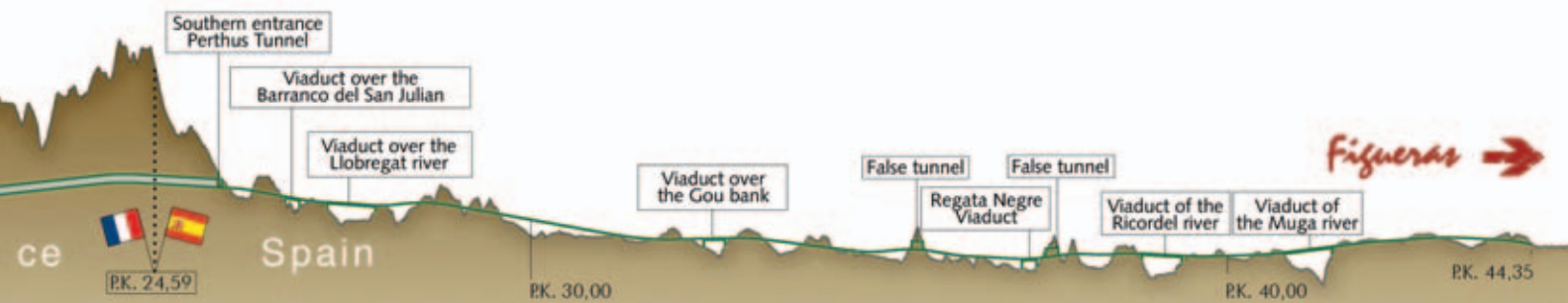
- Concessionaire's contract of a 50-year duration, jointly awarded by the Kingdom of Spain and the French Republic.
- Mixed financing through a combination of funds from shareholders, public subsidization from France, Spain and the EU, and bank financing with limited recourse.
- Recovery of investment made through tolls for trains using the infrastructure.
- Double railway line of 44.4 km, 19.8 km in Spain and 24.6 km in France, with a double tunnel of 8.3 Km in length.

TP Ferro has formally committed to the conservation of the environment affected by the high-speed line Figueras-Perpignan, and has promised to limit to the greatest possible extent all impacts associated with work performed and subsequent operation of the infrastructure.

In this sense, TP Ferro has considered all environmental commitments of each of the grantor states, due to the involvement in the projects of two different countries.

- In Spain, innovative measures are taken into consideration to put into effect the prescriptions of the declaration of environmental impact and project studies.
- In France, having conducted the survey prior to the declaration of public utility and, in particular, its study on impact, strict stipulations have been added to the reports of the investigating commission and project studies.

TP Ferro plans to complement these initiatives with new measures associated with the different project studies, including them in the total environmental prescriptions that range from new hydro geological studies to avoid damages, the transplanting of the oldest trees when possible, the broadening of the habitat of certain fowl through the installation of artificial nests or the use of false tunnels to avoid leveling.



| | | Affected areas | | Measures | |
|---------------|-----------------------|---|--|--|--|
| Prescriptions | | Spain | France | Spain | France |
| Physical | Hydrogeology | In cross-border tunnel, risk of contamination of aquifers due to excavation work. | In municipality of Ponteilla, line crosses aquifer on right shore of "Têt." | Detailed hydrological study and approval of appropriate measures to avoid significant impact on seepage that could affect supply wells. | Excavation of ditches to limit seepage and favor runoff in the existing hydraulic system. |
| | Hydrology | In municipality La Jonquera, risk of contamination of waters of "Torrent del Forn del Vidre" by pollution from tunnel. Existence of courses of water like "el Llobregat", "el Gou", "el Ricardell", and "el Muga". | Existence of courses of water like "La Basse", "Les Bassettes", "La Canterrane", "Le Réart" and "le Tech". Due to presence of definitive construction work, risk of dam effect for flows of water. | Creation of runoff basin for treatment of waters from tunnel entrance. New viaduct design avoids placement of supporting columns in course of rivers crossed. | Hydraulic study based on mathematical model. Reestablishment through drainage and deviations of "La Basse" and some tributaries. |
| Biological | Flora | Risk of deterioration of ecologically significant plantlife, particularly of oaks and soils of agricultural interest, due to site access roads. | Occupation of wetlands by the line in an area known as "Pla de Nidolères". | Transplant of oldest trees when possible. Hydraulic sowing for restoration of embankments with grasses and bushes. | Search for new wetland, preparation of technical-scientific study on the area, adaptation of wetland, monitoring of fauna, flora and waters. |
| | Fauna | In the rivers Llobregat and Muga, potential presence of otters. Throughout projected lines, presence of bird of importance in EU (Aguilucho Cenizo). | In municipality of Toulouges, presence of protected species of insect: "Le Grand Capricorne". Throughout the projected lines, presence of vulnerable species of fowl in Europe and in decline in France: "L' Oedicnème Criard". | Studies on census and displacement. Broadening of habitat of "Aguilucho Cenizo" through installation of artificial nests. | Preparation of report to request transfer to other habitat. Financing of ornithological study on whole of "La Plaine du Roussillon." |
| | Landscape integration | In municipality of Darnius, high-altitude leveling must be eliminated. | Municipalities of Perpignán and Toulouges, due to proximity of Parque Ducup castle and housing. | Two false tunnels created in order to avoid leveling. | Creation of screens of hedges through planting of autochthonous species and noise-reduction barriers adapted to the landscape. |
| Human | Agriculture | Topsoil affected. | Restructuring of land for operations. | Withdrawal of topsoil from all areas affected by construction work, and redistribution in areas to be restored, conserving land until use for restoration. | Reorganization of territory following studies on ordering of property of soil. |
| | Infrastructures | Presence of two important roads: A-7 expressway and N-II national highway. | Cutoff of several communal and departmental lines. | Parallel projected line studied to pass as close as possible to existing infrastructures A-7 expressway and N-II national highway, thus reducing barrier effect. | Reestablishment by structure. |
| | Habitat-Noise | Town of Pont de Molins affected, on shore of River Muga. | Agricultural housing and buildings near high-speed line. | Modification of length of viaduct and reduction of height of abutments in order to reduce height of adjacent leveling in Muga valley. | Acoustic studies and, depending on the case, landscape ridges or noise-reduction screens. |
| | Cultural heritage | Presence of several potential archaeological sites close to projected lines. | | Archaeological reconnaissance campaign. Private security measures at sites. | |

6.2

Industrial Services

Mindful of the expectations of society and of its customers in this activity, the ACS Group has made a special effort to mitigate the main impact of Industrial Services: the management of the different types of waste of the activity.

Although the potential risk of the waste generated by Industrial Services, in regard to health and the environment, is similar to that of other commercial activities, citizen awareness is greater. Hence, ACS has taken on the challenge of enhancing its performance in this area by responding to the expectations of its customers and other stakeholders.

The main types of waste generated in Industrial Services are classified as follows:

- Urban waste or similar: Because of their characteristics, they may be managed together with urban solid waste. Chiefly, they are garbage, plastic containers and organic remains.
- Inert waste: Characterized by their harmlessness, they consist of tires, wood, granulated metal, paper, cardboard, and remain of insulation that may be reused.
- Toxic and hazardous waste: The types of waste making up this group are defined under environmental legislation. Due to the physical and chemical characteristics of this group of waste, specific processes of treatment, recovery or elimination must be used. The main types of waste included in this group are used oil, stripping agents, aerosols, drainpipe cleaning water, waxes and mineral oils, containers contaminated with hydrocarbons, contaminated silica sand, containers of paint and solvent, batteries and others.

Main Impacts

| |
|---------------------------------|
| Generation of waste: |
| • Urban or similar |
| • Inert |
| • Hazardous |
| Energy Consumption |
| Water Consumption |
| CO₂ emissions |

Additionally, the consumption of energy and water and the emission of CO₂ gases constitute significant environmental impact. Dragados Offshore is mainly responsible for the environmental impact of the Industrial Services division.

Noteworthy initiatives in 2004

- Certification of the Environmental Management System for MAESSA in the maintenance and installation of thermal power plants and in the naval industry (LRQA).
- Implantation and certification of Environmental Management Systems in CME (Portugal), ETRA, and in the Mexican subsidiaries of CYMI, in accordance with ISO 14001 standards.
- Initial stage of introduction of an Environmental Indicator in Projects to measure the contribution of companies to environmental issues in the process of project design.
- Development of solutions to improve the visual impact of wireless telephony antennas.
- Implantation of selective waste collection in Intecsa-Uhde.

- Development of the Contingency Plan for Accidental Marine Contamination in Dragados Offshore, submitted for approval to the Port Authority.
- Design and construction of 6 new workshops for spraying and painting in the Cadiz plant of Dragados Offshore to reduce the contamination generated by these open-air activities.

Main environmental indicators

All the companies of the ACS Group have an Integral Waste Management System, although the greatest impact of the Group's Environmental Management takes place in the company's own installations. For this reason, Dragados Offshore represents over 85% of energy consumption, CO₂ emissions and generation of waste of the Industrial Services area of the ACS Group. Its main environmental performance indicators in 2004 were:



Main environmental performance indicators

| | Unit | 2003 | | 2004 | |
|--------------------------------|------------------|----------------|-----------------|----------------|-----------------|
| | | Absolute value | Relative value* | Absolute value | Relative value* |
| Generation of waste | | | | | |
| Urban or similar | Tn | 621 | 0.27 | 1,918 | 0.40 |
| Inert | Tn | 1,010 | 0.44 | 7,589 | 1.57 |
| Hazardous | Tn | 886 | 0.39 | 253 | 0.05 |
| Energy consumption | | | | | |
| Electricity | MWh | 6,119 | 2.67 | 11,207 | 2.32 |
| Fuels | L | 224,690 | 98.08 | 475,088 | 98.47 |
| Water consumption | m ³ | 42,223 | 18.43 | 75,624 | 15.67 |
| CO₂ emission | g/m ³ | na | na | 9,434 | 1.96 |
| Production hours | | 2,290,829 | | 4,824,623 | |

* Absolute unit per 1,000 production hours

In regard to the diverse types of waste generated as a result of the activities of manufacturing and assembly in the installations of Dragados Offshore, only 2% are

considered hazardous and chiefly correspond to containers of paint, as seen in the following table:

| Category | Waste | Amount managed (kg) | Manager | |
|--|---|---------------------|--------------------------------------|--|
| Urban or similar | Garbage | 1,917,620 | CESPA EMURSA PUSAMA URBASER | |
| | Plastic containers | | | |
| | Organic remains | | | |
| Inert | Tires | 3,560 | BEFESA | |
| | Wood | 808,925 | EMURSA | |
| | Granulated metal | 6,695,460 | COASA EMURSA VERLICOA | |
| | Paper and cardboard | 32,220 | CARTÓN JEREZ | |
| | Remains of insulation | 51,880 | EMURSA VERINSUR | |
| Total non-hazardous waste: 9,507 Tn | | | | |
| Hazardous waste | Used oil | 2,100 | RETRAOIL | |
| | Stripping agent | 2,844 | BEFESA GEMASUR | |
| | Aerosols | 628 | BEFESA ECONATURA GEMASUR | |
| | Drainpipe cleaning water | 15,680 | TRACEL | |
| | Sand with hydrocarbons | 2,130 | ECONATURA EMURSA GEMASUR | |
| | Batteries | 876 | BEFESA GEMASUR | |
| | Biosanitary | 116 | BIOCLEAN | |
| | Waxes and mineral oils | 9,739 | EMURSA | |
| | Metal containers contaminated with hydrocarbons | 2,040 | EMURSA | |
| | Plastic containers of stripping agent | 23 | GEMASUR | |
| | Oil filters | 555 | BEFESA GEMASUR | |
| | Granulated metal / contaminated silica sand | 63,220 | VERINSUR | |
| | Containers of paint and solvent | 144,454 | EMURSA | |
| | Developer liquid | 25 | ECONATURA | |
| | Textile contaminated with hydrocarbons | 552 | BEFESA EMURSA GEMASUR | |
| | Batteries | 83 | BEFESA GEMASUR | |
| | Toner | 485 | MADRE CORAJE | |
| | Fluorescent tubes | 115 | BEFESA GEMASUR | |
| | Total hazardous waste managed: 253 Tn | | | |

The responsibility for waste management does not lie entirely on Dragados Offshore. Any hazardous waste generated as a direct consequence of a certain activity is to be dealt with by the subcontracted company in charge of said activity. Dragados Offshore verifies that the management of these types of waste is carried out in accordance with applicable legislation and with the procedures and instructions regarding plant operation, and also performs periodical audits and inspections of internally subcontracted operations.

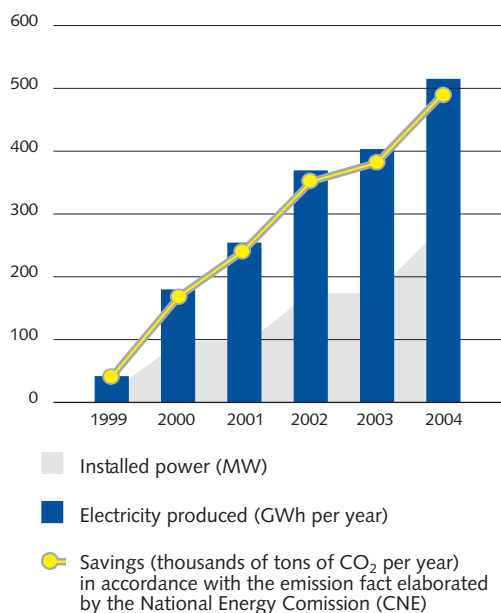
Construction and operation of wind farms

Additionally, the Group contributes to sustainable development through the promotion and operation of renewable sources of energy. Specifically, in 2004, EYRA, the subsidiary specialized in the construction and operation of wind farms, had 10 farms in operation generating over 527 GWh, which prevented the release into the atmosphere of nearly half a million tons of CO₂.

Objectives for 2005

- Establishment of an environmental target in each project designed to reduce a specific type of impact or to establish a preventive measure.
- Improvement of 5% in Environmental Project Indicator in companies that have implanted said indicator.
- Adaptation of Environmental Management Systems to 2004 version of the ISO 14001 standards.
- Revision and publication of general subcontracting terms, including environmental requirements.
- Reduction of consumption of electricity and water by 5% in Dragados Offshore.

Summarized performance of operation of the ACS Group. 1999-2004 Windpower





Practical case

Protection of birds in official parks. Solution to problem of electrocution of birds in high-tension towers

In order to mitigate the problems brought on by birds and power lines, particularly in the nesting habits of certain birds in high-tension towers, a series of corrective measures were adopted to reduce the consequent mortality of these animals:

- Placement of an auxiliary structure for nesting.
- Placement of spirals on conductors to improve visibility and prevent birds from colliding with them in flight.
- Broadening distances between components.
- Correction of existing supports for adaptation to current specifications.

The greater part of the efforts of the ACS Group were directed at this last matter, as it involves existing power lines not in compliance with legislation insofar as official parks or protected spaces. In this context, the electrocution of birds was increasing in frequency, particularly of those with large wingspans, such as storks.

Following several studies, it was determined that birds were being electrocuted as they launched into flight. Upon beating their wings, they would come into contact with electrified components, as the wingspan of these birds can easily surpass one meter. These types of birds do not normally initiate flight vertically, as their weight causes them to launch into flight horizontally or even downwardly; hence, the beating of wings can cause electrocution.

As a solution to this type of accident involving existing power lines, it was decided to insulate certain components. With this measure, birds are now able to initiate flight from certain points of support without touching any of the electrified components.

The first project of installation of this corrective measure took place in 1997 in protected spaces in the north of the province of Córdoba, part of the Doñana Park and a protected space of the Sierra Norte range of Seville.

Subsequently, corrective measures have been adopted in the following official parks and protected spaces:

- Area of El Cabril (Fuenteovejuna in Córdoba)
- Hornachuelos in Córdoba
- Los Villares in Córdoba
- Andújar (Jaén)
- Arroyo la Marota in Córdoba
- Protected spaces in the province of Cádiz
- Subética in Córdoba.
- Las Piletas in Cádiz, with breeding grounds of eagles throughout the year.

There have been no reports of new electrocutions in the areas that have adopted these measures. To date, corrective measures have been adopted in around 6,000 points of support for the birds, with another 1,000 planned.

6.3

Services and Concessions

The main types of impact produced in the course of this activity are of a differing nature. On the one hand, the ACS Group manages environmental impact related to the emission of greenhouse gases produced by the fleet of vehicles used for different services, as well as the emission of methane from dumps. On the other, the nature of the activity leads us to promote efficient operation and safe disposal.

The Group's focus on minimization of environmental impact comprehends this duality. On the one hand, it includes reduced fuel consumption and the use of biodiesel fuel in transport and emission reduction, treating urban solid waste rather than dumping it. On the other, it includes waste treatment management that is safe for individuals and the environment.



Main Impacts

| |
|-----------------------------|
| Consumption of fuel |
| Emission of CO ₂ |

Noteworthy initiatives in 2004

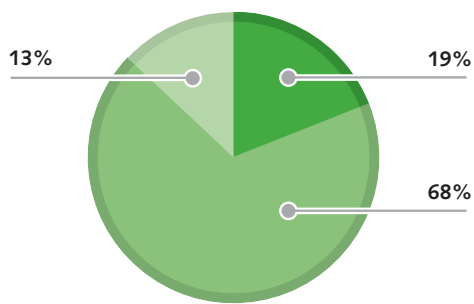
- Prevention of the emission of nearly 3 million tons of CO₂, owing to the management of 63 waste treatment and recycling plants.
- Participation in the EFFECTIVE project to promote making full use of biogas in melted carbonate fuel cells.
- Development of the VILEDA project in hospital sanitation, introducing new products to achieve higher standards of quality, longer useful-life cycles of products, significant reduction in water consumption and in generation of hazardous waste.
- Creation of a waste-treatment center in the Valencia Port enabling the collection, evaluation and management of waste generated by port installations for subsequent transport to appropriate treatment centers.
- Study on rainfall and quality of water for the Valencia Port to determine the impact of port activities on the marine ecosystem.
- Implantation and certification of Environmental Management system in Continental Auto, in accordance with UNE-EN-ISO 14001/2004 standards.
- Implantation and certification of Environmental Management System in Autoterminal, in accordance with EU regulation 1836/93/EMAS-Eco-Management and Auditing Scheme.

Main environmental indicators

The main types of environmental impact related to the direct activity of the Services area are the result of the fuel consumed by company and subcontracted fleets of vehicles in the collection of urban solid waste, street cleaning, passenger transport and integral logistics services.

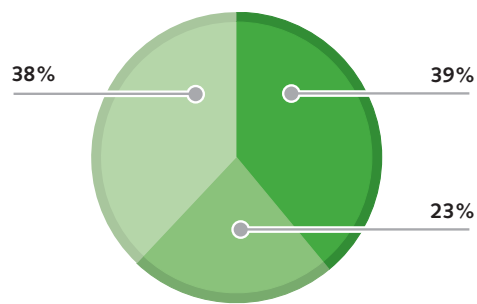
| | |
|--|--------------|
| Vehicles managed | 5,270 |
| Diesel fuel consumed (millions of liters) | 85.5 |

Fleet of vehicles breakdown



- Continental Auto
- Urbaser
- Dragados SPL

Fuel consumption breakdown



- Continental Auto
- Urbaser
- Dragados SPL

Urbaser manages 63 waste treatment and recycling plants with an installed capacity of 8.24 million tons. In 2004, over 5.7 million tons were treated, the equivalent of the use of 69% of installed capacity.

The following chart indicates consumption and generated waste, and the reduction in CO₂ emission achieved upon treating waste instead of dumping it.

Consumption and waste generation

| | |
|---|-------|
| Consumption | |
| Electricity (GWh) | 109 |
| Water (Mn. m ³) | 1.03 |
| Diesel fuel (Mn. liters) | 7.44 |
| Natural gas (Mn. m ³) | 11.63 |
| <hr/> | |
| Generation of waste (Mn. Tm) | 0.56 |
| <hr/> | |
| Emission of CO₂ (Mn. Tm) | 7.90 |
| <hr/> | |
| Reduction in emission of CO₂ (Mn. Tm) | 2.97 |

Consumption and waste generation

| | |
|--|--------|
| Consumption | |
| Consumption of electricity per treated ton (kWh/Tn) | 19.08 |
| Consumption of water per treated ton (l/Tn) | 180.28 |
| Consumption of diesel fuel per treated ton (l/Tn) | 1.3 |
| Consumption of natural gas per treated ton (m ³ /Tn) | 2.04 |
| <hr/> | |
| Tons of emission of CO₂ per ton of treated waste | 1.38 |
| <hr/> | |
| Reduction of emission of CO₂ upon treatment of urban solid waste rather than dumping (%) | 27.3 |
| <hr/> | |
| Generation of waste per treated ton (Tn) | 0.1 |

Objectives for 2005

- Increase to 30% the reduction of emission of CO₂ when treating urban solid waste instead of dumping.
 - Reduce consumption of fuels by 5% through reuse and revaluation of same.
 - Increase the number of vehicles driven by motors that use biofuel.
 - Integrate the environmental considerations in planning, organization, management and conservation of port concessions.
- Adapt Environmental Management Systems to 2004 version of ISO 14001 standards in Urbaser, Clece and several subsidiaries.
 - Obtain the EMAS registration (Regulation 761/2001 of the European Parliament) for certain activities of Urbaser.





Practical case Making full use of biogas in melted carbonate fuel cells

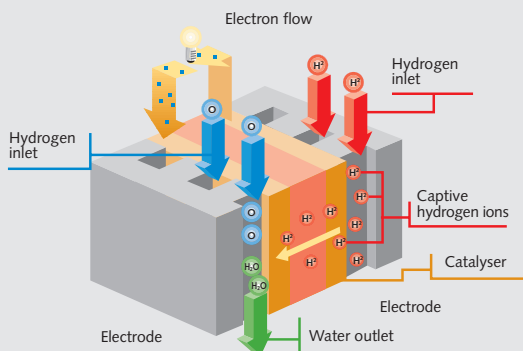
Melted carbonate fuel cells, whether they use methane gasoline, liquid petroleum gases, methanol or ethanol, directly convert chemical energy to electric energy through a reactive process inverse to electrolysis. This process consists of a clean reaction in which hydrogen and oxygen are combined to produce water and electricity, the efficiency of which, between 45 and 65%, is not dictated by the efficiency of the Carnot Cycle.

This type of fuel cells are characterized by their environmental advantages, which include:

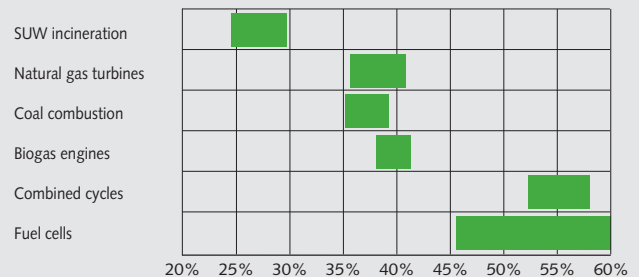
- Reduction of CO₂ emission per unit of energy due to higher rate of efficiency.
- Elimination of SO₂ and NO_x emission due to lack of combustion.
- Low level of acoustic emission due to lack of moving parts.

Urbaser has been conducting research for years in the application of this technology in making full use of biogas emitted by dumps and treatment plants. Worth a special mention is the EFFECTIVE project, with a budget of over €3.5 million, in collaboration with other European countries as part of the 5th Framework Program of the EU. This project is designed to achieve making full use of biogas in 0.3 kiwi melted carbonate fuel cells. To date, testing has been performed with two fuel cells: a fixed cell in Slovak Republic and another itinerant cell in Germany, Austria and Spain.

Functioning scheme



Energy efficiency



Our Commitment to Society

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The main commitment of the ACS Group to society is taking a responsible and efficient approach to business. We promote improvements as members of the communities in which we are present, generating value for society and contributing to socioeconomic development through the projects in which we participate.

The Group constructs motorways, airports, railways, ports and industrial installations that improve the quality of the life of citizens. It creates structures that serve as housing for thousands of families or workplaces for thousands of people. It cleans, collects and treats the urban waste of thousands of homes. Its strategy focuses on sustainable development by starting up new alternative-energy projects and, of particular importance, it creates employment through more than 3,000 projects that are carried out each year by the Group's 300 companies.

As part of our commitment to society, the ACS Group promotes initiatives in education, culture, infrastructure and development. The Group assumes its responsibilities by developing activities that help to meet the social needs of local communities in which we are present. This is the origin of the Group's programs of awareness and integration of the handicapped, collaboration with educational institutions, sponsorship of cultural and educational activities and promotion of research projects, among other initiatives.



7.1

Social Initiatives

Awareness and integration of the physically or mentally challenged

The ACS Group, directly, or through its companies and the ACS Foundation, promotes and supports certain initiatives related to the improvement of the living conditions of individuals.

In this regard, different companies of the ACS Group carried out social projects in 2004, mainly in the area of employment access, and maintain agreements with organizations such as ONCE Foundation, National Deaf Association, Integral Action with Immigrants Association (Cepain), Integra Foundation and Cáritas in relation to employment access of the physically or mentally challenged, immigrants and individuals facing difficulties in the reentry of the labour market, such as abused women.

The ACS Foundation continued with its campaign to heighten awareness of improving accessibility and the elimination of physical and architectural barriers for those who are physically or mentally challenged. To this end, the following initiatives were undertaken:

- Granting of awards for the best solutions carried out by municipal governments in the elimination of physical and architectural barriers for the physically or mentally challenged.
 - The municipal government of Toledo, for its study on accessibility. This study includes a proposal of institutional development regarding the taking of measures to develop existing and future accessibility, as well as the creation of several official departments responsible for accessibility.
 - The municipal government of Guecho, in Vizcaya, for its track record in the improvement of



accessibility since 1990. Key projects include programs dealing with such issues as traffic, parking and general accessibility.

- The municipal government of Vegadeo, in Asturias, for its awareness regarding accessibility and for measures taken in the municipal area eliminating physical and architectural barriers for the physically or mentally challenged.
 - The municipal government of Pozorrubielos de la Mancha, in Cuenca, for its elimination of architectural barriers in the new city hall, local medical offices, social center, library, cemetery, church and elementary school. It is particularly worth noting that the town has only 200 inhabitants.
 - The Tajo-Salor association of municipal areas, in Cáceres, for its collective effort in starting up a plan of action for the elimination of physical barriers for the handicapped. The first measures have already been taken in such diverse areas as public roads, construction, transport, road signaling, leisure and tourism.
- Collaboration with institutions and NGOs
 - Agreement with ONCE to foster accessibility of the handicapped to national parks, by promoting the preparation and execution of an accessibility plan in two such parks as a pilot project.
 - Sponsorship of the I International Conference on Tourism "Turismo para todos" (Tourism for all), which included the participation of institutions such as National Representation Platform of the Physically Challenged (PREDIF), World Tourism Organization (WTO), European Institute for Design and Disability (EIDD), Spanish Association of Hotels and Tourism Accommodations (CEHAT), Spanish Deaf Association (CNSE) and National Association in favor of

Intellectually Challenged Individuals (FEAPS). The conference set out to address the difficulties faced by the physically or mentally challenged in leisure-time activities and the measures that are being adopted.

- Agreement Regarding Training for the Disabled, such as courses on accessibility held in 9 capitals of the province and in collaboration with universities and ministries of different autonomous communities such as those of Valencia, Castilla-León and Cantabria.
- Sponsorship for the integration in sports activities of the physically or mentally challenged.
 - Agreement of collaboration with Special Olympics España in relation to the 5th National Special Olympic Games in Seville in 2004, in which 1,500 athletes participated from all parts of Spain, 13 European countries and Morocco.
 - Agreement of collaboration with Club Deportivo Básico Hercesa in relation to the sponsorship of basketball and rugby tournaments for the physically and intellectually challenged.

Other initiatives

Aside from the initiatives designed for the physically or mentally challenged, last year, the ACS Foundation also sponsored Iberoamérica Europa Foundation in regard to the first Forum on Democracy and Development in Latin America and Spain, in Cartagena de Indias (Colombia).

7.2

Educational and Cultural Initiatives

Grants

The Group also carries out through its companies important educational initiatives. In 2004 alone, nearly 200 Spanish and foreign students received grants through the agreements of collaboration that the Group has signed with over 50 educational institutions.

Collaboration with organizations

Through ACS Foundation, the Group collaborates with and provides mutual support for a wide range of official and private institutions and organizations in several programs related to the objectives of the Foundation. The following are some of the institutions with which it maintained contact and collaboration in the development of specific projects in 2004:

- Universidad Complutense
 - Sponsorship of the seminar “Retos e Impactos: Desarrollos Turísticos, Arquitecturas y Urbanismo” held in the summer courses of El Escorial through Fundación General de la Universidad Complutense de Madrid.
 - Sponsorship of the course “Dirección y Gestión Inmobiliaria” with Escuela de Economía y Finanzas of the Universidad Complutense de Madrid.
 - Sponsorship of the course “Tasaciones Inmobiliarias: Urbanas, Rústicas y Catastrales”, with Escuela de Economía y Finanzas of Universidad Complutense de Madrid. Grant program.
- Universidad Antonio de Nebrija: Sponsorship of the II Award “Turismo y Desarrollo Sostenible”, for the study by Juan Carlos Muñoz Flores “Planificando el turismo sostenible en los espacios protegidos y los planes de desarrollo sostenible”.
- Universidad Autónoma de Madrid: Sponsorship of the III annual award ceremony CIADE al Emprendedor Universitario, together with the Fundación General of the University.
- Federación Española de Municipios y Provincias (FEMP): Agreement of collaboration in the preparation of the activities commemorating the “XXV Aniversario de los Ayuntamientos Democráticos”, held in Vitoria (Álava) on November 8-25, 2004.
- Other foundations and institutions in which the Group acted as a sponsor:
 - Centro Nacional de Arte Reina Sofía
 - Amigos del Museo del Prado Foundation
 - Carolina Foundation
 - COTEC Foundation
 - Empresa y Crecimiento Foundation
 - Juan XXIII Foundation
 - Príncipe de Asturias Foundation
 - Reina Sofía – Alzheimer Project Foundation
 - Teatro Real Foundation
 - Terrorism Victims Foundation
 - Universidad Complutense de Madrid
 - Universidad Autónoma de Madrid Foundation
 - Universidad Rey Juan Carlos I Foundation
 - Universidad Antonio de Nebrija de Madrid
 - San Pablo – CEU University Foundation
 - Universidad Pablo de Olavide
 - Institut Alexandre Cirici

Sponsorship of cultural activities

In addition to the contribution of the companies of the ACS Group to the development of society in different areas, the Group is involved in different projects aimed at contributing to the enrichment of cultural activities.

These initiatives are largely channeled through the ACS Foundation, whose objectives include the promotion, conservation and restoration of Spanish cultural and artistic heritage. The Group collaborates in the public awareness of these activities. Last year, the Group undertook the following initiatives:

- Publication of books on construction, renovation and civil works in general:
 - "Al Abrigo de los Puertos Españoles", the second book of a series on civil works projects published by the ACS Group to offer to the public essential information on Spanish infrastructures in society.
 - Books on renovation on the building housing the Andalusian Parliament, "Hospital de las Cinco Llagas", on the buildings of Confederación Hidrográfica del Tajo and on the installations of Canal de Isabel II located in Plaza de Castilla, in Madrid. With these publications, the ACS Foundation adds to the series of books on renovation that it has offered in recent years. At this time, the series totals 24 monographic volumes that detail 54 renovation projects involving the most important buildings and artistic and historical heritage of Spain.
- Sponsorship of cultural and educational activities:
 - Summer course "Patrimonio Histórico: Recuperar el pasado para construir el futuro", jointly organized with Fundación Universitaria San Pablo CEU in Burgo de Osma (Soria).
 - "XXXI Ciclo de Grandes Autores e Intérpretes de la Música" of Universidad Autónoma de Madrid; specifically, the concerts of Orfeón Donostiarra and Orquesta Sinfónica de la Región de Murcia, held in the Auditorio Nacional de Música.
 - "Festival Jardins de Cap Roig", promoted by Caixa de Girona Foundation and held in the Jardín Botánico of Calella de Palafrugell, from June to August.
 - Orquesta Sinfónica de Galicia.
 - Fundación Patrimonio Paleontológico de la Rioja for the maintenance and conservation of archaeological sites in La Rioja.
 - Course held in Valladolid on accessibility and heritage, organized by Dirección General de Patrimonio y Bienes Culturales of the regional government of Castilla y León.

Supporting Spanish Art

Additionally, the ACS Group continues with its efforts to promote Spanish modern art. This initiative began with the Group's collection of contemporary art, which it has expanded in recent years. The Group owns a good number of works of art of over 100 Spanish artists and continues to add to this collection.

The Group is also a member of the "Colección de Arte Contemporáneo", with headquarters in the Museo Patio Herreriano of Valladolid, which offers a collection of 851 sculptures, paintings and drawings, including works of the greater part of Spanish artists from the 20th and 21st centuries.

7.3

Promotion of Study and Research

The Group is active in research and innovation through its ample collaboration with research and academic organizations, the result of which are many of the research projects in progress in recent years. In this context, the following collaborations deserve a special mention:

- Industrial Engineering School of the University Carlos III of Madrid.
- Industrial Engineering School of the University of Valladolid.
- Civil Engineering Schools of Madrid, Santander, Valencia, Barcelona, La Coruña and Ciudad Real.
- Architectural schools of Universities of Madrid and Seville.
- Laboratories of Centro de Estudios y Experimentación (CEDEX).
- Instituto Eduardo Torroja of the Consejo Superior de Investigaciones Científicas (CSIC).
- Centro de Automatización, Robótica y Tecnologías de la Información y de la Fabricación (CARTIF) of the University of Valladolid.
- Center of the technological network of the autonomous government of the Basque Country (EUVE).
- Collaboration with the CIEMAT and the Universidad Autónoma of Madrid in a project for the use of the biofuel B-100 at actual scale.

Additionally, the ACS Group maintains an active presence in different scientific and technical forums, as seen in its initiatives and collaboration in:

- Normalization committees of AENOR and the groups involved in the preparation of European legislation or Eurocodes.



- Associations related to quality management, such as the Quality Management Club or the Spanish Quality Association.
- Government research organizations, Universities, technological centers, and municipal and regional governments in Spain and other European countries.
- Associations heavily involved in the fields of technology and innovation, such as European Association of Research in Construction Companies (ENCORD) and COTEC Foundation for the Innovation.
- Several European seminars on advanced technological issues in which the technicians of the Group's companies were invited to actively participate.

7.4

Communication

The external communication policy of the ACS Group is based on the criteria of transparency in reporting, which form a part of the Group's strategic objectives. This transparency respects the interest of the Group's customers and the rest of its social representatives, particularly the media.

The Group's policy on communication seeks to achieve the following:

- Projection of the current situation of the companies of the ACS Group.
- Promotion of the image of the Group in order to assist in the development of its commercial activity.
- Coherent reporting of corporate strategy and the specific strategies of each line of business.
- Maintenance of a fluent relationship with external agents, particularly with media representatives.

Insofar as the Group's relationship with the media, ACS remains closely associated with representatives and maintains several channels of communication for the fluent reporting of corporate information.

Public acknowledgement

In 2004, ACS Group was cited over a hundred times in different forms of domestic and international media, including the following examples:

- One of the five most respected and valued Spanish companies and the leader in this sense in the construction sector, according to a 2004 survey conducted by PWC and Financial Times.

- Florentino Pérez was considered in 2004 to be one of the five most highly valued Spanish chairmen insofar as capacity of leadership, management and prestige, according the report "Merco 2004" on the 100 most reputable executives in Spain.
- One of the three listed companies that have created the most value for shareholders between 1997 and 2003, according to a survey conducted by the magazine "Actualidad Económica" in March 2004.
- One of the fifteen biggest companies in Spain by turnover, according to a 2004 survey conducted by the weekly publication "Inversión".
- One of the ten leading contractors worldwide and the leader in Spain by turnover, according to a 2004 survey of the prestigious U.S. magazine "Engineering News-Record" (ENR).
- Worldwide leader in the promotion and development of infrastructure-concession projects, according to a 2004 survey of the U.S. magazine "Public Works Financing".
- Leader in construction in Spain and one of the few companies in Spain that was included in the list of the top 400 companies, according to the 2004 survey of the U.S. magazine "Forbes".
- One of the twenty leading port operators worldwide, according to the 2004 annual report of the port-logistics consultant Drewry.

ACS website

One of the most important channels of external communication of the ACS Group is its website (www.grupoacs.com). The Group has established the following targets in regard to the development and maintenance of its website:

- Maintaining a permanent channel of communication with the Group's priority collectives and with any individual or company seeking any type of information on the Group.
- Openly offering all economic and financial information on the Group, its systems of governance and management, and its activities.
- Allowing the search for historical information on the Group for more thorough analysis of its performance.
- Maintaining up-to-date information on the performance of the Group and the criteria behind its management.
- Opening a window to society through which the company may be analyzed with greater transparency and ease.

The Group's website is currently visited by nearly 1,000 users a day, with over 15,000 pages viewed. Hence, shareholders, analysts, journalists and any other party interested in monitoring the company's performance through data has access to the contents of the website, updated on a regular basis, which are organized in six main sections:

- **About ACS:** Information on the history, corporate strategy, organization and international presence of the Group, as well as basic data on sales, profit, assets and the number of employees, among other items.

- **Activities:** Information on the activities, companies, objectives and projects of the Group's three divisions: Construction, Industrial Services and Services and Concessions.
- **Investor Relations:** Information on share performance, economic and financial information released by the Group, Relevant Facts, General Shareholders' Meetings and corporate presentations. It is also possible to obtain historical information, consult the financial calendar, and contact the investor relations department.
- **Corporate Governance:** This section includes the Company By-laws, the General Shareholders' Meeting By-laws, the most recent annual reports on corporate governance, the constitution of the board of directors and the commissions established by the board, shareholders' agreements, and the Rules of Conduct in the Stock Market.
- **Social Responsibility:** This section offers information on the policies, programs and initiatives of the Group in its management of human resources, quality, the environment, risk, and the activities of the ACS Foundation.
- **News:** Past and present press releases of the Group. This section also includes a gallery of photos available for downloading that are representative of the different activities of the Group.

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AR*: The Annual Report is available at www.grupoacs.com

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Participate in the Sustainable Initiatives of the **ACS** Group

We would like to hear your opinion

The furthering of our Corporate Social Responsibility is a matter involving all elements of society, in general, and all individuals, specifically. This report is designed to function as a dual channel of communication, and we would appreciate any suggestion or opinion on the whole of the document or any areas that might be improved in regard to sustainability.

You can send us your comments by post, telephone, e-mail or through our website, by contacting the to the companies indicated on the following page. You need not indicate personal data such as your name, address or e-mail if you should prefer not to do so. However, it would be of great help to us to know your relationship with our Group, and we would appreciate your identification as a customer, shareholder, employee, supplier, etc.

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