

Compañía Logística de Hidrocarburos



CORPORATE SOCIAL RESPONSIBILITY REPORT





## **CORPORATE SOCIAL RESPONSIBILITY REPORT**

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Letter from the Chairman 5		2. Corporate Governance in CLH	34	4. Creation of value for the Company	
Preparing the report 8		Corporate governance model	36	and our stakeholders	
Corporate Social Responsibility		Corporate culture and integrity	42	Economic value created	6
Scorecard	15	Preventive approach to Risk		Economic value distributed	
Important milestones in 2013	16	Management	44	Value brought to Society	65
1. The CLH Group	25	3. Corporate Responsibility in CLH	50	Petroleum and future energy	67
Profile	25	Corporate Responsibility		scenarios	
Shareholding structure	26	management in CLH	51	5. Responsible procurement model	
Areas of activity	27	Corporate Responsibility Master		in the CLH Group	69
CLH, value chain and trends		Plan 2012-2016	53	Responsible procurement model	
in the sector	32 Architecture of the Corporate Responsibility Master Plan		54	in the CLH Group	70
		Dialogue with our Stakeholders	56		























6.	Quality and innovation for our customers	74	8. An attractive work environment for our employees	107	10. Efficiency in activities and environmental protection	135
	Quality policy and management		Responsible management of		Commitment to the environment	137
	systems	78	our people	110	Environmental Management Policy	139
	Improved commercial portfolio	81	Satisfactory working conditions	113	Environmental Management in CLH	140
	Innovation for diversification	88	Commitment to a flexible work		Energy efficiency and climate	
	Relations with our customers	92	environment	117	change	145
7	Safety in our operations	95	Training and career development	120	Protection of biodiversity	149
•	Facility safety and integrity		Internal communication	125	External verification report	154
	management	98	9. Commitment and closeness		Index of GRI contents	156
	Pipeline and facility integrity plan	100	to local communities	127	Glossary of terms	170
	Occupational health and safety	102	Relations with the community	129		
	Zero is possible	105	Contribution to the wellbeing and development of our communities	130		

















## ETTER FROM THE CHAIRMAN



Another year, I am pleased to present to you the CLH Group Corporate Responsibility Report. This report portrays the Company's determination to operate with integrity and transparency in the performance of our activities, to offer an attractive and secure working environment to our employees, and to guarantee customer satisfaction and the generation of value to share with the community. We intend this document to show how we operate, as it is not only what we do that is important, but also how and why we perform our activities. This report will try to respond to these questions.

This document has been prepared following the Global Reporting Initiative Guidelines version G4. For the first time in 2013, and in the framework of G4, we have performed a materiality analysis to update those matters that are significant for our stakeholders and for the business. This has enabled us to include specific new indicators and sections in this report, improving its relevance and depth.

As part of our commitment to policies of corporate social responsibility and good corporate governance, the General Meeting of Shareholders of the CLH Group approved a modification of the Company's Articles of Association to include an independent Director who will also be part of the Audit Committee, thus strengthening the representation of minority shareholders and other stakeholders in the decisions of the Board of Directors. Also, in compliance with best practices in corporate governance, CLH created the position of a General Manager to reinforce its organisational structure and segregate the duties of the Chairman and those of the Executive Body.

















I would also like to highlight the role played by the Strategic Plan 2012-2016 as the Company's roadmap for the next few years, with the objective of consolidating the excellent results achieved, fostering innovation and promoting sustainable investment within our country and abroad.

One of the fundamental commitments included in this Plan relates to the Group's international development. Among other actions, in February the company signed an agreement with the Omani company ORPIC for consultancy services to develop new logistics infrastructures. In September, this agreement was consolidated as the Board of Directors approved the incorporation of a joint company for the construction of a new oil transportation network in Oman. An agreement was signed in January 2014. This will be CLH's first international development.

During the year, despite the complex economic environment, the CLH Group has made a major effort to improve management, which has contributed to better results while maintaining the price levels of our services. This produces benefits for our customers and improves the country's competitiveness.

The commissioning of new facilities and the on-going commitment to quality and continuous improvement in the CLH Group have been contributing factors in the improved efficiency achieved. We have materialised our pledge to quality in the renewal of the European Seal of Excellence 500+, the top distinction awarded by the Club for Excellence in Management. The evaluators specifically mentioned the "evident improvement" due to the effort, commitment and dedication of the Company's team.

Along these lines, together with Excellence in Management, CLH Group was recognised by the reputable MERCO index for its commitment to people. The CLH Group achieved 44th place in the 2013 "Merco People" Report in the ranking of the 100 best companies to work for in Spain, with improved scoring compared to 2012.

As regards commitment to the environment, the Group continued obtaining certifications for its main facilities. The facilities in Santurce and at Bilbao airport obtained EMAS environmental

certification in recognition of the effort made to increase the sustainability of their activities and their commitment to continuous improvement. The Company has already obtained EMAS certification for two other plants in Huelva and Tarragona and plans to have a further four centres verified between now and 2016.

















The association for the study and conservation of nature known as GREFA (Native Fauna and its Habitat Rehabilitation Group) verified the sustainability of CLH's pipelines as a means of transportation for oil products and acknowledged their integrity. After analysing different sections of the network running through protected areas in Madrid, Castile-La Mancha and Andalusia, the organisation recognised that these pipelines integrate into their surroundings.

Commitment to the community is a distinguishing feature of the CLH Group, and we work for the Company to be perceived as a contributor to local development and a guarantor of a fundamental commodity, which is energy.

The company launched the 2nd edition of the travelling exhibition "We move the energy that moves the world" which was organised by CLH to make its activities known and describe the route taken by fuels until they reach the end consumers. This exhibition has already visited over thirty cities mainly located in the north of Spain.

In line with our commitment to the community, we continued our cooperation with various organisations on projects related to education, social integration and environmental protection, as well as other areas of interest such as new energy sources, research for the prevention of disease and the promotion of employment opportunities for young people.

The CLH Group's commitment to Corporate Social Responsibility is based on communication with our stakeholders, an understanding of their expectations and our desire to continue playing our part in the development of an energy system that is safe, efficient and sustainable. I encourage you to study it in depth and find out more about our performance by reading this report.

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José Luis López de Silanes

Chairman























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

The main new feature of this Report is that it has been adapted to the criteria, principles and contents of the new framework G4 of the Global Reporting Initiative (GRI) for the preparation of sustainability reports. This new version of the GRI guide requires the Company to undertake a materiality analysis to identify social, environmental and ethical issues that are relevant to stakeholders and that should, therefore, be taken into account as they may potentially impact the Company.

In addition, the information it contains provides a response to the requests for information indicated in the Oil and Gas Sector Disclosures for companies in the oil and gas sector.

The purpose of the materiality analysis undertaken in 2013 was to identify sustainability issues that are relevant to CLH's business and stakeholders, so that the main units involved in the process of preparing the Corporate Responsibility Report 2013 were able to prioritise such issues and focus on those reflecting the social, economic and environmental impacts on CLH's value chain.

Furthermore, the company has decided to have the report reviewed by an independent external firm. For this task KPMG has been selected.























#### Identifying material aspects

Material aspects have been identified based on the 46 basic aspects defined by the Guidelines for Sustainability Reports version G4 of the Global Reporting Initiative. This information has been supplemented by current social, environmental and governance issues according to the following sources:

- To identify the expectations of the different stakeholders with respect to sustainability, one of the reference papers on the issue prepared by the Global Reporting Initiative was used: Sustainability Topics for Sectors: What do stakeholders want to know?
- International organisations: The Organisation for Economic Co-operation and Development (OECD) and the United Nations Global Compact (UNGC); World Bank, International Energy Agency, American Petroleum Institute (API), IPIECA, etc.

(G4-18)



Identify relevant matters for stakeholders that may have an impact on CLH activities over the whole value chain.

**Prioritisation** 

The next, step is prioritisation of the matters bearing in mind the business best practices and the importance attributed by stakeholders.

Validation

An in-depth analysis and internal validation performed by CLH Group top Management.

Matrix definition

The Materiality matrix shows matters relevant to stakeholders that represent a potential opportunity or risk for the Company.

- The Dow Jones Sustainability Index questionnaire and FTSE4Good enabled us to know investors' new expectations and priorities referred to sustainability.
- The analysis of press reports ensures the inclusion of those issues that are relevant to the media.

#### Prioritisation of material issues

During the analysis of these sources, each issue is assigned a weight. Priorities in terms of materiality are then assigned, following the degree of relevance placed by the stakeholder groups as per the sources analysed. This result is also checked against the maturity of the issues, defined as the existence of good practices in the sector, with regards to environmental, social and ethical matters.

#### Preparing the report 3/7



















Once priorities have been assigned to issues the following analysis has been carried out:

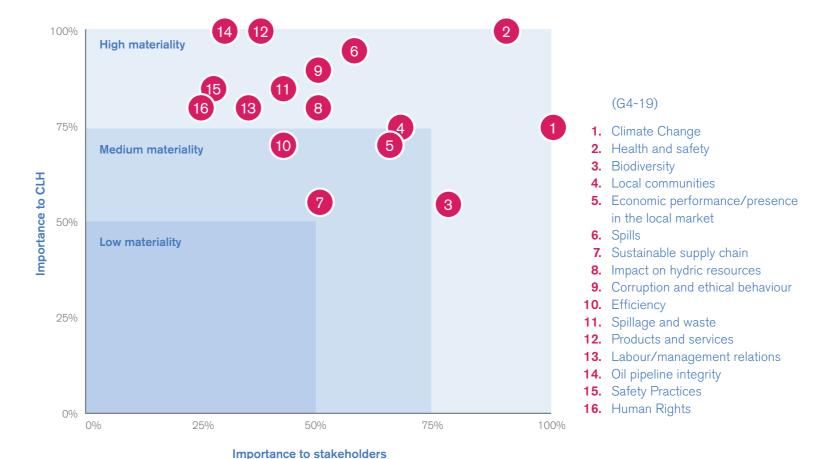
- · Identification of the value chain step where each issue may have a significant impact, either negative or positive.
- Identification of long term trends for each material issue.

#### Validation of material issues (G4-20, G4-21)

To internally evaluate and validate the identified material issues, several top management meetings were held, to provide the internal perspective of the Company.

These, together with the analysis of relevance for stakeholder groups, make it possible to develop a matrix with issues organised in three levels of materiality as follows:

According to the Global Reporting Initiative criteria, the presentation of the organisation performance requires the application of certain principles to determine the contents of the public information prepared on the issue and to assure its quality.























#### Material issues map (G4-20, G4-21)

To identify material issues, CLH establishes materiality according to two reference points:

- Point, in the value chain, where the issue is material.
- Impact coverage, i.e. the impact of the issue inside or outside the company and therefore, the affected stakeholder group.

		Value chain				Impact inside and/or outside the organisation
GRI aspects		Reception	Transport	Storage	Final delivery	by stakeholder group
Climate change	EN	•	•	•	•	Society
Health and safety	LA	•	•	•	•	Employees Suppliers
Biodiversity	EN		•	•		Society
Local communities	SO		•	•		Society
Economic performance/ presence in local market	EC	•	•	•	•	Society
Spillage	EN	•		•	•	Society
Sustainable supply chain	EN LA HR	•	•	•	•	Suppliers
Impact on water resources	EN	•	•	•		Society
Corruption and ethical behaviour	SO	•	•	•	•	Employees Society
Efficiency	EN	•	•	•	•	Society
Spills and waste	EN	•	•	•	•	Society
Products and services	PR	•	•	•	•	Society Customers
Company-employees relationship	LA	•	•	•	•	Employees
Pipeline integrity						Society
Safety practice	HR	•	•	•	•	Society Employees
Human rights	HR	•	•	•	•	Society Employees

Preparing the report



















5/7

The application of the principles shown in the following schedule assures that the information furnished by CLH fulfils the principles set by GRI:

(G.4-18)

#### Stakeholder inclusiveness

"The organization should identify its more relevant stakeholders, and explain how it has responded to their expectations."

This report includes the definition of the main stakeholders of the Company and describes the main communications channels with them. The Company has also implemented actions to establish a bi-directional engagement with them.

#### **Sustainability Context**

"The report should present the organization's performance in the wider context of sustainability."

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

















#### **Principle of materiality**

"The report should cover Aspects that reflect the organisation's significant economic, environmental and social impacts and may substantively influence the assessments and decisions of stakeholders."

For the 2013 report, those matters identified as material in the materiality analysis completed during the year have been included in this Corporate Responsibility Report 2013.

#### **Completeness**

"Coverage of material Aspects and their Boundaries, must be sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period."

The coverage and scope of the information included in this report have been clearly defined, priority has been given to the facts that are considered relevant, and all significant events occurring during 2013 have been included, without omitting any information useful for the company's stakeholders. As for coverage, the relevant information regarding CLH and its subsidiary CLH Aviación is included.

#### Balance

"The report should reflect positive and negative aspects of the organisation's performance to enable a reasoned assessment of overall performance."

The report clearly lays out positive and negative aspects of the organisation's performance, enabling a reasoned assessment.



















## Comparability

"The organization should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyse changes in the organization's performance over time, and that could support analysis relative to other organizations."

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

#### **Accuracy and clarity**

The information should allow stakeholders to assess the organisation's performance.

The organisation should present the information so that stakeholders can adequately access and understand it.

All the information described in the report is necessary and sufficiently detailed for the stakeholders to assess the Company's performance. Tables, charts and diagrams that help to understand the information contained in the Report have been included. Similarly, efforts have been made to refrain from using technical terms that may prove unfamiliar to stakeholders.

#### **Principle of timeliness**

The information shall be presented on time and on a regular schedule so that the stakeholders make informed decisions.

The CLH Group adheres to a formal commitment to provide stakeholders, on an annual basis, with information on the company's economic, social and environmental performance.

#### Principle of reliability

The information and processes used in preparing the Report must be gathered, recorded, compiled, analysed and presented so they can be subject to examination and the quality and materiality of the information established.

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





















Corporate Social Responsibility Scorecard

# CORPORATE SOCIAL RESPONSIBILITY SCORECARD

	2011	2012	2013
Generation of Wealth			
Operating profit (m Euro)	231.9	222.0	225.6
Net profit (m Euro)	162.8	147.9	164.2
Operating income (m Euro)	615.7	589.6	574.5
Economic value distributed (m Euro)	511.7	488.7	473.7
Operating expenditure (m Euro)	383.9	367.5	348.9
Investment (m Euro)	108.9	79.2	46.8
Dividends (m Euro)	152.5	147.7	152.9
Total Assets (m Euro)	1,952.0	1,887.7	1,998.5
Activity Data			
Deliveries from facilities (thousand tons)	35,397	33,972	32,912
Operator withdrawals, land sector (thousand tons)	29,041	27,633	27,279
Operator withdrawals, aviation sector (thousand tons)	4,468	4,195	4,032
Operator withdrawals, marine sector (thousand tons)	1,818	1,947	1,500
Transport Assets Activity			
Tankers (thousand tons)	2,581	2,296	2,533
Oil pipelines (thousand tons)	21,365	20,791	20,859
Material Resources			
Number of storage facilities	38	39	39
Number of airport facilities	28	28	28
Pipeline Network	4,006	4,027	4,019
Number tankers including chartered vessels	2	2	2
Customers and Quality			
Number of CLH customers	44	40	30
Number of CLH Aviación customers	10	10	10
Average assessment CLH customers (Max. 4)	3.1	3.1 (2011)	3.2
Average assessment CLH Aviación customers (Max. 4)	3.23	3.43	3.43 (2012)

	2011	2012	2013
Human dimension			
Number of employees	1,635	1,461	1,405
Average age of employees (years)	44.9	44.0	44.9
Average length of service (years)	18	18	19
Turnover (undesired resignations) (%)	0.7	0.4	0.2
Investment in training (thousand Euro)	1,025.7	1,050.2	806.2
Training hours average	36 (male) and 50 (female)	33 (male) and 50 (female)	32 (male) and 42 (female)
Percentage of employees receiving a formal performance assessment and review	33 (male) and 34 (female)	30 (male) and 40 (female)	45 (male) and 90 (female)
Percentage of employees covered by collective agreements	87	85	84
Total Accident Frequency Rate (TFR CLH Group)	7.65 (male) and 5.04 (female)	4.47 (male) y 2.57 (female)	2.9 (male) and 0 (female)
Safety training (hours)	14,129	13,095	13,085
Employee satisfaction survey	3.18 (2010)	3.44	3.44 (2012)
Environmental dimension			
Environmental investments (million Euro)	10.6	10.4	10.4
Direct energy consumption (Gigajoules/year)	503,218	480,869	506,763
Indirect energy consumption (Gigajoules/year)	967,708	1,012,507	898,311
Water consumption (m³)	139,940	173,846	157,701
SOx emissions (tons)	263	301	371
Volatile organic compounds emissions (tons)	375	486	355
Particle emissions (tons)	23	23,6	23.1
NOx emissions (tons)	407	418	395
Waste generation (tons)	5,023	4,864	5,119
CO <sub>2</sub> emissions (tons)	99,027	104,204	84,203
Spills with environmental impact	1	3	0





















Strive and commitment to sustainability as well as fulfilment of our pledges to stakeholders are shown in milestones and achievements in several areas

## New independent director

The CLH Group approved the modification of the Articles of Association to increase the number of Board members and include an independent director thus reinforcing representation of minority shareholders in compliance with best practices in governance. The General Meeting of Shareholders appointed Mr Nicolás Villén for this position; he has broad experience in business and financial management and has also joined the Audit Committee.

#### Reinforcement of the organisational structure

The Company created the position of General Manager, reinforcing its organisational structure and segregating the duties of the Chairman and those of the Executive Body. For this new position, the Board of Directors appointed Mr Salvador Guillén, who was Commercial General Manager and has over 30 years' experience in CLH.

#### The Oman project: First international development.

In September 2013, the CLH Board of Directors approved the incorporation of a joint company with ORPIC to develop logistics infrastructures in Oman; this will be CLH's first international development.

#### **New Strategic Plan**

The Board of Directors approved the new Strategic Plan of the Company, which forecasts investments of over 300 million Euro until 2016, focused on maintaining and improving infrastructures and maximising service efficiency. CLH plans to increase storage capacity in its facilities in Algeciras and Barcelona, as well as the construction of a new plant in the port of Bilbao.



















Galp sold its 5% shareholding in CLH to the Canadian company British Columbia Investment Management Corporation. The Portuguese oil company reinforced its confidence in the Company and declared that it will continue to be a key client of CLH. Cepsa also sold its 5% shareholding to Ardian, formerly Axa Private Equity. As a result of this transaction, Ardian became CLH's main shareholder as it held a 10% holding since 2011, whereas Cepsa continues to hold 9.15%.

### Actualidad Económica prize for the top 100 financial experts

The CLH Group's General Finance Manager, Mr Jesús Alba, was recognised as one of the 'top 100 financial managers in Spain' for the fifth year running, according to 'Actualidad Económica' magazine. The award recognises the work and performance of professionals in finance, as well as their contribution to the smooth operation of their companies.

#### Infrastructure improvement

CLH commissioned new storage facilities in Castellanos de Moriscos (Salamanca) and Almódovar del Campo (Ciudad Real). These two centres, with state-of-the-art safety and environmental protection systems, will improve supply service in their area of influence. Also, the Company has reinforced its tanker discharge facilities in the port of Motril by building three new unloading arms.

### **Authorised Economic Operator (AEO)**

The Spanish Ministry of Finance and Public Administrations has certified CLH as an Authorised Economic Operator (AEO) for the Customs Simplification and Security and Safety category. This certification confirms that the Company is a trusted economic operator for customs transactions within the EU.

#### New corporate website

In 2013 CLH launched its new website offering a more up-to-date and dynamic site. The new design is clean and enables easy access to information. Also, its contents were updated and new sections included, with new information on the Company's activities, relevant to stakeholders.

#### Implementation of Act 16/2012 on Balance restatement

After a suitable financial and tax analysis, the General Meeting of Shareholders held on 4 June 2013, agreed to implement the provisions of Act 16/2012 (27 December). Accordingly, the Economic-Financial area of the CLH Group implemented a tailored development to perform the balance restatement and subsequent monitoring of updated assets.

















## Consolidation of CLH Group certified management systems

Certified management systems (quality, safety and prevention, environment, innovation) were consolidated into an Integrated Management System. This improvement enables better control and efficiency of CLH's certified systems.

#### **CLH** continues promoting innovation

Certified investment in R&D&i exceeded 7 m Euro. Supporting innovation enabled the following innovative projects:

- Analysis of the influence of biodiesel in diesel fuel.
- Analysis of water tolerance of fuels.
- Analysis and identification of acid origin waste.
- Use of near infrared for fuel characterisation.
- · Paper on microbial contamination of fuels.

#### **ITAKA** project "Initiative Towards sustainable Kerosene for Aviation".

The ITAKA project promotes the development of biofuels for aviation from an economic, social and environmental perspective. The scope of this first cooperative European project includes the whole fuel value chain, from production of raw material, to biofuel supply to aircraft. This project relies on existing infrastructures in various European locations, including CLH's logistics network.

#### **Jet A1 Filtrability**

One of the critical aspects of aviation fuels quality is the particle content. Several measurement methods exist, although there are no global studies relating these methods to allow comparing results.

CLH started in 2013 a project to assess particle content in aviation fuels, and the different measurement methods.



















#### New edition of the campaign "We move the energy that moves the world"

The company launched the 2nd edition of the travelling exhibition "We move the energy that moves the world" which makes its activities known and explains the route taken by fuels until they reach the end consumers. Between late 2013 and early 2014 the exhibition visited around thirty locations where the Company has infrastructures, in Galicia, Asturias, the Basque Country, Navarra, La Rioja, Castile y León, Catalonia, Valencia and the Balearic Islands.

#### "Ejecutivos Castilla y León" Prize

The CLH Group was awarded the 'Ejecutivos Castilla y León' Prize for the Environment category as a recognition of the Company's work, commitment and dedication. CLH invested more than 58 million Euro in the Autonomous Community of Castile y León in recent financial years.

#### Visits to CLH's facilities

In 2013, the CLH Group continued promoting Institutional Relations and welcomed several representatives and organisations, including the Minister of Defence, Pedro Morenés, and the Ministry of Industry, Energy and Tourism, José Manuel Soria, who visited the Pipeline Control Centre in order to have a better understanding of the Company's activities.

CLH's facilities were also visited by Vicente Tejedo, General Manager of **Environmental Quality of Generalitat** Valenciana, Maite Masià, manager of the Energy Institute of Catalonia, or Miguel Córdoba, General Manager of Industrial Organisation and Commerce of Extremadura.

With regard to international visits, CLH welcomed two NATO delegations, with members of the Russian Council and the Fuel Efficiency Adviser, in the Company's head office.

#### Meetings with presidents from **Autonomous Communities**

Throughout 2013, the Chairman of CLH Group has held meetings with the presidents of Galicia (Alberto Núñez Feijóo), the Balearic Islands (José Ramón Bauzá), and Castile y León (Juan Vicente Herrera). In these meetings, José Luis López de Silanes described the Company's activities and investments carried out in their respective regions.

Important milestones in 2013 5/9





















#### CLH presence at Energy Fairs and Conferences

The CLH Group has kept up an active presence at fairs and conferences during 2013. José Luis López de Silanes participated in various events, such as the conference "Spain: current situation and future energy scenarios", within the 8th Congress of Applied Industrial Engineering Ingenia'13, the "Course on energy for media", promoted by the Spanish Energy Club, the congress "New growth models for creating business and employment opportunities", organised by Expansión and IBM, or the session "Society searching for referents" by the University of La Rioja.

The Chairman also opened the 24th Congress CONAIF "Back to the future" and participated in the presentation of the book "University rankings: myths and facts"

Likewise, CLH attended the International Symposium on Social Corporate Responsibility, organised by Funseam at the Parc Científic in Barcelona, the Second Forum on "Energy Infrastructures in the Madrid Region for the 21st Century", the 10th Enterprise Excellence Forum of La Rioja government, the lecture "Brands Made by all of us" organised by the Human Resources Forum, the 13th Technical Conference on Maintenance in the Energy Sector, the 24th Congress of the Asociación Española de Gerencia de Riesgos y Seguros (AGERS), the 18th Conference on Internal Audit, or the First Conference on Excellence of the European University of Madrid.

On an international level, CLH was present at the 10th CONCAWE Symposium in Brussels or the fourth edition of the conference "Tanks and Terminals: Integrated Operations and Management", organised by the firm Marcus Evans in Dubai.

Important milestones in 2013 6/9





















The association for the study and conservation of nature known as GREFA (Native Fauna and its Habitat Rehabilitation Group) verified CLH's pipeline sustainability as a means of transportation for oil products. After analysing different sections in the network running through protected areas in Madrid, Castile La Mancha and Andalusia, the organisation recognised that these pipelines integrate into their surroundings.



CLH started environmental recovery works in the land previously occupied by the storage facilities of Cala Figuera (Mahón) after their dismantlement. This project is carried out in an area of 1,600 square metres which will be recovered for other urban development plans.

**Environmental collaboration** agreement between CLH and the Port **Authority of Algeciras Bay** 

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

#### The storage facility in Salamanca is dismantled

CLH started dismantling the former storage facility in Salamanca, which ceased operating when the new facility situated in Castellanos de Moriscos came into operation. Work on environmental recovery is expected to be carried out once the tanks and equipment have been fully dismantled.

### **Quality Certification by the Port Authority of the Balearic Islands**

The storage facilities in Porto Pí (Palma de Mallorca) were awarded the quality certification of the Port Authority of Palma after successfully passing a thorough audit conducted by AENOR. This recognition confirms that the plant performs its activities in accordance with the most demanding requirements for safety, quality and the environment.









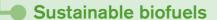












CLH continued the comprehensive analysis of various sustainability frameworks for biofuels, in order to design a system that meets the statutory requirements and the stakeholders' expectations.



The CLH Group calculated and verified the carbon footprint resulting from its activities, with the aim of accounting for the company's emissions and developing initiatives to bring them down. AENOR recognised that the information provided by the company is "essentially correct and a true representation of the activity the company engages in".

#### **EMAS** Certification for the facilities in Santurce and Bilbao

The facilities in Santurce and at the Bilbao airport obtained EMAS environmental certification in recognition of the effort made to increase the sustainability of their activities and their commitment to continuous improvement. The Company obtained EMAS certification at two other plants in Huelva and Tarragona and plans to have a further four centres verified between now and 2016.

## **Recognition for CLH Aviación** environmental policy

The CLH Aviación commitment to the environment was given recognition with the 2nd prize in Madrid-Barajas airport's "5th Environmental Conduct in Companies Contest". The Company is the only organisation to have received diplomas and special mentions in all editions of this contest, after winning first prize in 2009.

Also, the Airport Málaga-Costa del Sol recognised for the second time the sustainable behaviour of the airport facilities in Malaga with the "Environmental Management Award". Important milestones in 2013 8/9



















### CEX 2013 prize for the initiative "People, driving change"

In 2013 the CLH Group was awarded the CEX Prize in recognition of its human resources policy. The jury awarded the prize to CLH for the good practice "People, driving change: growing together", dealing with the renewal of the performance assessment system.

#### **CLH** supports entrepreneurship

The CLH Group's policy to support entrepreneurship is aimed at contributing to innovation and the generation of jobs by providing specific support to entrepreneurs. Following this policy, the CLH Group cooperates with various organisations to carry out programmes designed to facilitate innovative projects and to foster a new entrepreneurial spirit.

### **Participation in the Responsible** Hiring Forum - CON R

CLH cooperates with the Responsible Hiring Forum to create and maintain jobs for people with disabilities and to universal accessibility through public procurement.

### Preparation and approval of the **Facilities Integrity Plan**

The Facilities Integrity Plan provides the groundwork and makes available the tools for an effective management of facilities. This Plan is based on the sector's international best practices and implements a management model to optimise the use of resources.

#### Commitment to health and safety

The CLH Group achieved a reduction of 23.4% in the Total Accident Frequency Rate (TFR) compared with 2012.

#### **Audit of Risk Prevention Systems**

In 2013 the audit firm INERMAP performed the compulsory audit of the Labour Risk Prevention System of CLH and CLH Aviación. The audit results show that the CLH system is effective and robust.



















#### "Zero Accidents" Prize awarded to **FCC Industrial**

FCC Industrial, a subsidiary company of FCC Construcción, was awarded the "Zero Accidents" 2013 prize, which is given by CLH each year in recognition of the best conduct in occupational health and safety among partner companies.

#### Renewal of the European Seal of Excellence 500+

CLH renewed the European Seal of Excellence 500+, the highest distinction awarded by the Club for Excellence in Management after successfully passing the external evaluation carried out by AENOR. Apart from improving on the marks, the evaluators expressly mentioned the "obvious improvement" achieved by the company since the previous evaluation, thanks to the motivation and effort made by the staff.

#### CLH among the best companies to work for

The CLH Group achieved 44th place in the 2013 Merco People Report in the ranking of the best 100 companies to work for in Spain, with improved scoring compared to 2012. Also, CLH was ranked 53rd in the "Merco Companies" Report, seven positions higher than last year, and José Luis López de Silanes was ranked 83rd of the most prestigious top executives in the Merco Leaders index.





















# THE CLH GROUP



The CLH Group, which is formed by Compañía Logística de Hidrocarburos and its subsidiary CLH Aviación, is the leading company in the Spanish market for the transportation and storage of oil products.

The CLH Group management model seeks continuing improvement of efficiency, quality, safety and excellence. These have been the Company's signs of identity throughout 85 years of history, during which it has adapted to market conditions in order to guarantee fuel supply to the community, offer employees a satisfactory work environment, adequate return on investment to shareholders and excellent service to customers.

To bring this energy to the community ensuring continuing, safe and sustainable supply, the Group has one of the largest and most efficient integrated oil product transportation and storage networks in the world, which is made up of more than 4,000 kilometres of pipeline, 39 storage facilities and 28 airport facilities.

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



















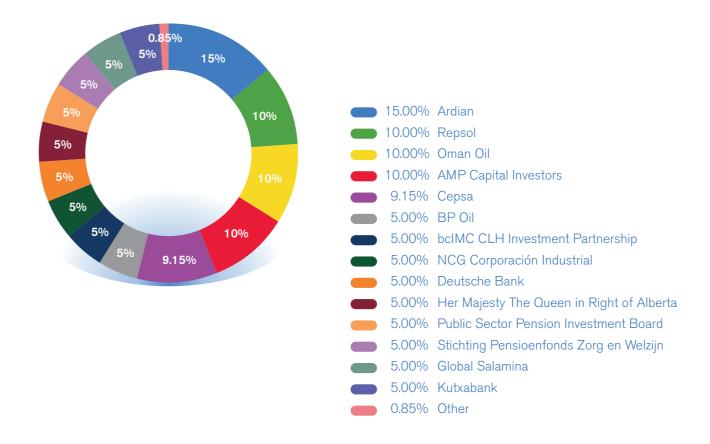


The shareholding structure of the CLH Group seeks to perform management in accordance with two basic principles:

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

To achieve both of these goals it is essential to guarantee independence in decision-making. It is for this reason that the shareholding structure is limited. In accordance with the general regulation of the hydrocarbon fuels sector and Royal Decree-Law 6/2000, operators with refining capabilities shall not exceed a shareholding of 45%.

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



<sup>(1)</sup> Only 24.15% of the shareholders are operators with refining capabilities in Spain (Cepsa, Repsol and BP Oil). The remainder is distributed among various financial investors.



















## **AREAS OF ACTIVITY**

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

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

#### We describe our activity in YouTube

CLH wants to make its activity known in an easily accessible manner to all related groups. With this purpose, the Company's YouTube channel includes several videos presenting how the facilities work, and including graphical depictions of the activities performed.

For further information, go to www. youtube.com/grupoclh





















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

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

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

The CLH Group also has 39 storage facilities distributed across the Spanish territory of the Iberian Peninsula and the Balearic Islands, with a fuel capacity of 8 million cubic metres. Most of them operate around the clock for 365 days of the year.

During 2013, deliveries of products from the company's facilities totalled 33 million tons of oil products, most of them gasolines, diesel fuels, fuel oils and aviation kerosene.

In addition to basic logistics activities, the company offers instant product accreditation. This allows its customers to have their products available at different destinations immediately after they have been delivered at a source facility located far away from the destination facility.

Among the value-added basic logistics services offered by the Company, is the incorporation of the additives and markers required by applicable legislation, and also those developed by the various operators for improving or differentiating the quality of their oil products.



















#### Logistics network infrastructures























#### New business areas

The CLH Group commitment to adapt to new market conditions in order to guarantee fuel supply to the community implies the continuous development of new business areas.

In this respect, strategic storage, biofuel logistics and various initiatives to expand the activity of the CLH Group in the international context represent new business areas for the company:

#### International expansion

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

#### Strategic and security storage

The CLH Group makes available part of its storage capacity to the oil product strategic reserve management bodies and the operators themselves, to enable them to maintain the security stocks required by law.

With this purpose the company has storage agreements with CORES, the Spanish Corporation of Strategic Reserves of Petroleum Products, as well as with various operators and with NORA, the agency that manages the Irish strategic reserves, for storing part of its strategic and security reserves at CLH facilities, which totalled 3.5 million cubic metres in 2013.

#### Biofuels

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

During 2013, CLH distributed more than 1 million cubic metres of biofuel, of which 0.7 million cubic metres were biodiesel and 0.3 million cubic metres bioethanol.

It should be mentioned that more than 0.1 million cubic metres of the biodiesel was hydrobiodiesel (HVO), a second generation biofuel whose use became much more widespread during last year.



















#### Other activities carried out by the Group

#### Storage and into-plane aircraft fuelling

CLH Aviación has 28 airport facilities that are located at the main Spanish airports and offers services for the storage, distribution and intoplane supply of aviation fuels and lubricants. During 2013, the company performed more than 230,000 aircraft supply operations and provided direct into-plane supply of more than 1.5 million cubic metres of aviation fuel.

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

#### Metrology

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

This work is carried out at the Metrological Verification laboratory in Loeches (Madrid), which is accredited in the area of calibration by ENAC, the Spanish National Accreditation Body, and is one of the most complete and complex in Europe. This metrology laboratory, which is an international benchmark in its sector, designs and manufactures most of the systems it uses for carrying out these controls. During 2013, this Unit performed more than 3.800 calibrations.

#### Laboratory

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

Its main activities focus on the quality control analyses established in fuel and biofuel specifications, and on the research into incidents that take place in logistics and in the market. It also carries out environmental tests, analyses of characterisation and behaviour of materials and additives, using instrument-based analytical techniques.

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

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

In 2013, almost 32,000 samples were received, and more than 132,000 tests carried out.









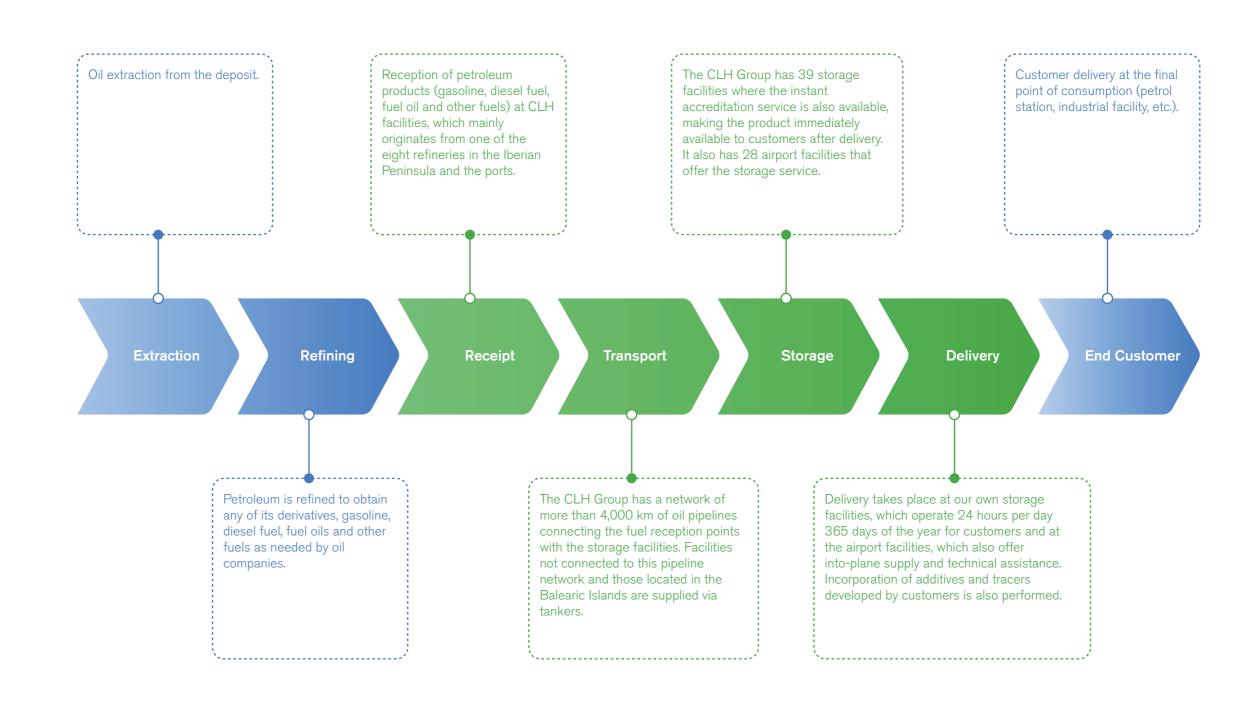








# CLH, VALUE CHAIN AND TRENDS IN THE SECTOR



The CLH Group 9/9



















CLH designed its Strategic Plan 2012-2016 to respond to global trends shaping the evolution of the hydrocarbon fuels sector over the next few years, and to guarantee long-term sustainability of the Company's competitive position.

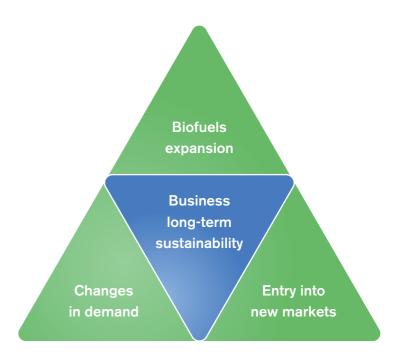
The Plan's strategic guidelines are accompanied by targets to modify the Company's processes in search of more flexibility and efficiency, and adapting the organisational model to new market demands, competition and new business, implementing a culture of leadership.

Adapting the business model requires the implementation of new services and gaining new customers, as well as assessing then feasibility of new business opportunities different from those already performed by CLH, within a stringent investment framework.

The main guidelines of the Strategic Plan are as follows:

- Changes in demand. Several factors, such as economic recovery, the arrival of fuel substitutes in the market or improved efficiency in their use, will keep the demand of petroleum fuels relatively stable in the medium term. To deal with these changes in demand, CLH will adapt services to new customers' needs, will maximise infrastructure efficiency and will develop an innovation programme to identify long-term business opportunities.
- Entry into new markets. CLH's management model is acknowledged and valued internationally. Leveraging this international reputation, CLH provides technical advisory and consultancy services abroad. Performance of these services, building on CLH's competitive advantage, enables identifying investment opportunities in other countries and maximising the value of knowhow acquired by CLH over 85 years of experience.

• Biofuels expansion. CLH, as leader in transportation and storage of petroleum products in the Spanish market, still plays a key role in the development of the market for biofuels and other environmentally friendly fuels. Therefore, the Company shall continue to increase the storage capacity for biofuels, in line with forecasted consumption growth in Spain.





















# CORPORATE GOVERNANCE IN CLH

#### OUR APPROACH

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

#### WHAT PROGRESS HAVE WE ACHIEVED IN 2013 IN THE CSR MASTER PLAN 2012-2016 PROGRAMMES IN RELATION TO INTEGRITY?

#### **Programme** Degree of compliance 1. Review of the CLH Group framework for Risks of criminal charges have been identified; Policies and Action Protocols have been prepared as well as procedures to be integrity to ensure it complies with the requirements of the reform of the Spanish implemented in the Group for their effective prevention. Criminal Code. 2. Design of a CLH Group anti-corruption and Policies and action protocols were presented in 2013 to the Management Committee and the Audit Committee, and include bribery policy. provisions against corruption and bribery. 3. Design of a formal Corporate Governance In 2013, the Company adopted significant good governance policy for the CLH Group. initiatives: Appointment of an independent director who has joined the Audit Committee and has knowledge and expertise in Accounting and · Segregation of duties of the Chairman of the Board of Directors and the top executive body by appointing a General Manager 4. Design of a system for the progressive The CLH Group implemented good governance best practices. implementation of corporate governance initiatives that are identified as priorities. 5. Promotion of adherence to the Spanish Tax In 2012 CLH formalised adherence to the Spanish Tax Administration Administration Authority's Code of Best Authority's Code of Best Tax Practices. Practices. Biennial analysis of the best Corporate In 2014 governance performance will be analysed in accordance with the requirements and standards of the Global Principles of the Governance practices as understood by the International Corporate Governance Network. Global Principles of the International Corporate Governance Network.



Accomplished



n process



Not yet started



















# CORPORATE GOVERNANCE IN CLH (CONTINUED)



#### Degree of compliance Programme

7. Review of the degree of compliance with the recommendations for good corporate governance, in order to take measures that make it possible to comply with best practices in this



Corporate governance good practices were implemented in 2013.

8. Implementation of the criminal liability prevention programme and internal controls for cataloguing identified risks.



Risks of criminal charges have been identified; Policies and Action Protocols have been prepared as well as procedures to be implemented in the Group for their effective prevention.

9. Systematic monitoring of the CLH Group risk map and the established prevention and contingency plans.



In 2013, the Risk Map was revised as planned. Risk management materialised during the year prevented identified risks from having a significant impact in the Company's results.

10. Implementation of an Integrated Risk Management software (ERM: "Enterprise Risk Management") to provide the best support to the maintenance and updating of the Risk Map.



Selection of the best-fitting tool for the Company's needs in progress.



Accomplished



n process



Not yet started

#### WHAT DO WE WANT TO ACHIEVE IN 2014?

- Approval by the Board of Directors of the Criminal Responsibility Prevention Programme (risk identification and implementation of policies and action protocols).
- Training of Group employees in the prevention of criminal risks.
- Review of the General Risks Map and its orientation, for deployment in the facilities.
- Complete implementation of an integrated risk management software to provide better support for Risk Map maintenance and updating.





















#### Implementation of Good Governance policies

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

In 2013, the particularities deriving from the ownership structure and management of the Company notwithstanding, CLH adapted its governing bodies to the corporate governance recommendations included in the Unified Code of Good Governance approved by the Spanish Securities and Exchange Commission (CNMV), and to the provisions of the Securities Market Act.

In this respect, the Annual General Meeting of 4 June 2013 unanimously approved the modification of the Articles of Association to allow the incorporation of an independent director to the Board and the Audit Committee. Specifically, at said Meeting, a modification was approved of articles 24 and 35 bis of the Articles of Association, establishing the number of Board Directors at twenty-one and appointing an independent external director with knowledge and expertise on accounting and auditing, who is now part of the Audit Committee.

The appointment of an independent director reinforced the representation of the stakeholders on the Board of Directors, maintaining at the same time the balance in this body, where practically all shareholders (99%) were represented. As per the Articles of Incorporation, these shall be one member of the Board of Directors for each 5% of the share capital.

#### Internal regulations for good governance in the CLH Group

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

For further information see www.clh.es

Additionally, at its meeting held on 25 June 2013 the Board of Directors approved the modification of articles 8 and 15 of the Board of Directors' Regulations in order to bring them in line with the changes made to the Articles of Association after the resolutions adopted by the Ordinary General Meeting of Shareholders on 4 June 2013.



















Likewise, at its meeting held on 24 September 2013, the Board of Directors agreed, also in accordance with the best practices of corporate governance, to separate the duties of the Chairman of the Board of Directors and the top representative of the Ordinary Executive Body of the Company, via the creation of the position of General Manager of the Company through modification of article 13 of the Board of Directors' Regulations.

The company's management structure is regulated in the Articles of Association of the Group which, together with the Regulations of the General Meeting and the Board of Directors' Regulations, were amended in 2011 to adapt them to the provisions of the new Company Law and to bring regulation of the Audit Committee in line with the reform of the Securities Market Act, the recommendations of good corporate governance and the functioning, in practice, of this Committee.

As disseminating corporate governance-related information is one on CLH's priorities in this area, the company has encouraged the use of its website (www.clh.es) as a platform for accessing these contents.

In compliance with legal requirements since 2011, the Board of Directors prepares an annual report on the remuneration of external and executive Directors which is put to the vote, on a consultative basis, of the Ordinary General Meeting of Shareholders.

The report, which is publicly available through the Spanish Securities and Exchange Commission (CNMV) website, contains details on the remuneration policies that exist in the company for directors. As stated in the report, these policies have practically not undergone any changes in the past year.

A specific section called "Information for Shareholders and Investors" has been made available on the CLH website (www.clh.es) to shareholders and investors, where detailed information can be accessed regarding the following areas:

- Share capital structure and company shareholders.
- Functioning of the General Meeting of Shareholders.
- Composition and functions of governing bodies.
- Corporate governance regulations.
- Other relevant information on the CLH Group.







Corporate Governance in CLH

5/16

The General Meeting of Shareholders is the top governing body of the company and holds authority for deciding on matters that affect the company and which are not attributed, either by law or by the Articles of Association, to the authority of any other body in the company.

The General Meeting of Shareholders shall be held, of necessity, within the first six months of each calendar year in order to assess company management, approve the annual accounts and decide on the allocation of the results. The organisation and conduct of the General Meeting and the exercise of shareholder rights when the Meeting is convened and held are regulated in the Regulations of the General Meeting of Shareholders, thereby completing legal and statutory provisions.

# The Board of Directors

The Board of Directors is the top decisionmaking body of CLH except in matters that are reserved to the General Meeting, and holds authority over matters related to the management of the company.

The Articles of Association set the term of office of its members at 5 years.

The principle that governs all its actions is maximisation of the Company's value, both in the long and the short term, supervising the performance of business and securing its future viability.

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

## Internal regulations for good governance in the CLH Group

### **Audit Committee**

To establish relations with the external auditors and supervise:

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

### **Appointments and Remuneration** Committee

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

- Board Members
- Members of the Board Committee
- Company managers

### **Corporate Governance in CLH** 6/16

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

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

The report concluded that the functioning and performance of duties both by the Board of Directors and its Committees and by the Chairman and the Secretary of the Board, were satisfactory. Aspects of the Board and its Committees, particularly their composition, organisation and functioning and duties, were assessed.

The Board is composed of 21 members: the chairman, nineteen proprietary members and one independent member. As at 31 December 2013, the composition of the Board of Directors was as follows:





















## **Composition of the Board of Directors** as at 31 December 2013

### Chairman

Mr José Luis López de Silanes Busto

### **Members**

Mr Daniel Micheal Agostino

Mr Hamed Sloom Mubarak Al Athobi

Mr Ahmed Hassan Al-Dheeb

Mr José Eulogio Aranguren Escobar

Mr Mario Armero Montes

Mr Richard Dinneny

Mr Pedro Fernández Frial

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

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

Global Winche, S.L. (represented by Mr Guillermo Briones Godino)

Kartera 1, S.L. (represented by Mr Carlos María Olazábal Estecha)

Mr Jorge Lanza Perea

Mr Stanislav Michael Kolenc

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

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

Mr Pedro Miró Roig

Mr Carlos Morán Moya

NCG Banco, S.A. (represented by Mr Fernando Vázquez de Lapuerta)

Mr Robert Edward Verrion

Mr Nicolás Villén Jiménez

### Secretary

Mr Luis Valero Quirós





















The Audit Committee consists of five directors, all of them non-executive external directors and one independent director.

As at 31 December 2013, the following members of the Board of Directors made up the Audit Committee:

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

As at 31 December 2013, the composition of the Appointments and Remuneration Committee was as follows:

## **Management Committee**

The Management Committee is an internal governance and control body that integrates other lower-ranking committees that are vested with certain powers and functions.

## **Audit Committee**

### Chairman

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

### **Members**

Mr Daniel Micheal Agostino Mr José Eulogio Aranguren Escobar Mr Carlos María Olazábal Estecha, como representante del consejero Kartera 1, S.L. Mr Nicolás Villén Jiménez

### Secretary:

Mr Luis Valero Quirós

## **Appointments and Remuneration Committee**

### Chairman

Mr Pedro Miró Roig

### **Members**

Mr Hamed Sloom Mubarak Al Athobi Mr Mario Armero Montes Mr Pedro Fernández Frial

### Secretary:

Mr Luis Valero Quirós

## **Management Committee**

- Strategy Committee. Monitors the implementation of the current Strategic Plan.
- Human Resources and Safety Committee. Monitors the Human Resources Policy of the company as well as the Safety Policy.
- Operations Committee. Supervises and controls the operations and services of the company.
- Corporate Responsibility Committee. Monitors the orientation and implementation of the CSR Master Plan and promotes related action plans, and approves the Social Responsibility Report ensuring that it reflects key sustainability issues.
- Ethics Committee. Promotes awareness of the company's Code of Conduct and assesses and decides upon actions to be taken in each case depending on the nature of the matters revealed.
- Quality Committee. Monitors and supervises the company's quality policy.

**Corporate Governance in CLH** 8/16



















## **CLH** participation in the development of public policies

The CLH Group structures its position on matters of public interest by actively participating in various prominent organisations in the oil sector.

CLH cooperates with the Hydrocarbons Advisory Council of the National Markets and Competition Committee (agency of the Ministry of Economy and Competitiveness, the relationship with other Ministries with authority notwithstanding), where the General Secretary of CLH participates as a member.

Through this participation, the interests of liquid hydrocarbon storage and logistics companies are represented. These companies also defend their common interests through Asterquigas, the Spanish Association of Bulk Receiver Terminals for Chemicals, Liquids and Gases, to which CLH also belongs.

The CLH Group also holds membership of CEOE, the Spanish Confederation of Business Organisations, and is a member of various committees in this body, such as the Committee for Social Responsibility in Business, the Environment Committee and the National Markets and Competition Committee.

The CLH Group is a member of the Spanish Energy Club and the Spanish Committee of the World Energy Council.

In this framework, the Company deals with issues like:

- Projects for regulating the legal specifications of products.
- Biofuels
- Minimum security reserves.

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

Lastly, CLH Aviación is a member of IATA, an association created in 1945 to promote and control services related to airlines. Its mission is to represent the industry to benefit from the advantages of today's global economy, providing its members with professional support.



















The CLH Group promotes a behaviour based on firm ethical and transparency principles, and the fulfilment of commitments, and strives to act in accordance with stringent criteria of good corporate governance.

These commitments shape the Ethical Code approved on 27 July 2010 by the Board of Directors and notified to the Spanish Securities and Exchange Commission. Since then, the Code is displayed on the www.clh.es website and also on the corporate portal of the Group.

The Code has been in force since it was approved and is applicable to the members of the administrative and management bodies of the company, and to all the employees of the companies of the CLH Group. CLH also promotes the Code among suppliers, contractors and partners, in order to create a link and provide guidelines for conduct that conform to the principles and values it contains.

The Code of Conduct is aimed at setting patterns for conduct, integrity and ethical behaviour of the CLH Group before the communities where it operates, mainly with two objectives:

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

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

In addition, the Code of Conduct Mailbox has been made available to all company stakeholders through a specific area of the website and on the Corporate Portal.



















10/16

This confidential channel is the platform established for sending queries and clarifying any doubts on ethics and integrity, and also for reporting directly and safely on any alleged breach of the principles it contains including, where appropriate, conduct involving workplace harassment or any other irregularity noticed.

These communications are received by the Ethics Committee, which is responsible for assessing each case and deciding on the required action depending on the nature of the facts that have been notified.

In 2013 a communication was received in the Code of Conduct Mailbox about an alleged breach of equal opportunities in relationship with employee training and development. After appropriate investigation of the facts, the Committee did not observe, either in the training and development procedures of the Company, or in the specific selection process referred to in the communication, the existence of situations of discrimination or inequality that may constitute a breach of the Code of Conduct of the CLH Group.

## Functions and composition of the **CLH Group Ethics Committee**

### **Functions**

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

### Composition

- Corporate Human Resources Manager.
- Corporate Communication and Institutional Relations Manager.
- Deputy Audit Manager.
- Deputy Manager of the Legal Departament.





















The CLH Group has implemented an integrated Risk Control and Management System based on the COSO II (Committee of Sponsoring Organizations of the Treadway Commission) methodology. This system enables adequate management of risks incurred in the activities performed by the Group, and covers all relevant areas and processes within each of the Organisational Units.

The company pursues the following objectives through COSO II methodology:

- To identify and assess key risks in each line of business.
- To know risks that must be taken and risks that must be avoided in the course of business.
- To draw up the plans of action necessary for reducing the main risks.

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

In this way, the Company assesses:

- Inherent risks (risk present for CLH in the absence of any action taken by Management for changing the probability of the risk occurring or its impact).
- Residual risks (risk that remains even after Management has implemented a response to that risk.) In this group, the most significant risks are related to product storage and transportation, staff and environmental safety, solvency and liquidity, the response to crisis situations (e.g. pandemic diseases) and also risks related to compliance with the targets established in the Group's Strategic Plan.

## **CLH Group risks**

### Strategic risks

Those that are considered to be key and unavoidable for the CLH Group and must be managed proactively and as a priority (e.g. decisions on investments, entering new business, generation changeover process, etc.).

### **Operational risks**

Risks that affect operations management, and may eventually have a significant impact on Group operations (e.g. system failures, occupational and environmental accidents, process breakdown, etc.).

### Reporting/Financial risks

Risks that directly affect aspects of information reported to the company and/ or third parties (erroneous information given to investors and the shareholders, etc.). This category also includes financial risks (e.g. credit, market, liquidity, etc.).

### **Compliance Risks**

Risks that affect compliance with internal or external regulations in respect of third parties (compliance with safety and environmental rules, tax returns and their payment, compliance with the law on protection of personal data, etc.).





















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

The CLH Group bodies responsible for the supervision, maintenance and implementation of the Risk Management System are:

### Audit Committee

Supervises the control and internal audit systems, risk management and regulated financial information, establishing an appropriate relationship with the external auditors.

The Audit Committee also reports on and submits the appropriate proposals to the Board of Directors for approval.

## Management Committee

The Management Committee's main responsibility is to propose to the Board of Directors, through the Audit Committee, the risk profile assumed by the CLH Group, as well as to monitor the risks, taking the steps to ensure appropriate control and management.

- · Other committees with responsibility for the control of certain specific functions are:
  - Strategy committee.
  - Human resources committee.
  - Operations committee.
  - Quality committee.
  - Corporate Responsibility Committee.
  - Ethics Committee.

## Technical Secretariat for the Risk Map

The main task of the Technical Secretariat for the Risk Map is to support the organisational units in their monitoring and control of corporate risks, ensuring compliance. Also, working closely with the Internal Audit department, it monitors the plans of action on risks, to bring them to acceptable levels.

The Technical Secretariat for the Risk Map is also responsible for:

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

Lastly, it should be noted that the Technical Secretariat takes responsibility for the integration of risks that comprise the Map through a sensitivity analysis for certain risks of financial nature.

















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

## Most relevant control systems in the CLH Group:

### **Combined Prevention System**

Consists of an in-house prevention service that operates jointly for CLH and CLH Aviación, it handles the areas of Safety in the Workplace, Industrial Hygiene and Industrial Ergonomics and Psychology.

There are "designated workers" for eventual assistance on prevention matters.

Arrangement with an external prevention service (Sociedad de Prevención de Fraternidad Muprespa) for technical activities and health monitoring, with a medical coordinator provided by CLH (Head of the Medical Service).

## **Occupational Health and Safety Management** System

Comprises both the prevention of occupational risks and industrial safety, with the aim of "zero accidents". This system holds OHSAS 18001:2007 certification from AENOR.

### **Environmental Management System**

Environmental Management System with environmental criteria of sustainability and energy efficiency at the forefront in all its activities and during their entire life cycle, in accordance with the AENOR ISO 14001 standard. During 2013 the EMAS Declaration of the CLH Aviación facility at the Airport of Bilbao was certified. Together with the Santurce, Tarragona and Huelva facilities, add up to four EMAS certified Facilities in the CLH Group.

## **Infrastructure Integrity Management Plan**

The Pipeline Integrity Plan and the Facilities Integrity Plan have been prepared following the API 1160 (American Petroleum Institute) standard focused on oil pipelines and the API 353 publication focused on storage facilities.

Their compliance and monitoring helps us to operate more efficiently and safely, thus ensuring safety in all CLH facilities and maximum importance is given to upholding demanding standards in all our processes.

These two plans, aligned with the corporate responsibility policy of the CLH group, also enable us to ensure protection of the environment by taking environmental responsibility criteria into

consideration during the whole life cycle of our activities and respecting biodiversity and the social environment.

### **Succession and Training Plan**

The Company continues preparing its future managers through different training programmes, to enable them to acquire the competencies and skills required for taking on the new responsibilities assigned to them when they take over from those who are to retire.

### **Management of Excise Duty**

Management of excise duty aimed at avoiding errors in the application of the regulations and when preparing the tax return. Management of financial risks, such as market, credit and liquidity risks, is handled through policies that conform to the objectives of the company.

















The CLH Group has a large number of processes and Organisational Units that are related to compliance with the regulations that

affect the Company operations, such as:

Corporate Governance in CLH

14/16

- The Legal Sub-Department, together with the operational managers, regularly monitor the correct application of applicable legislation, as well as the immediate implementation of new regulations when necessary.
- The Safety and Environment Unit supervises compliance with applicable regulations in these areas.

- The Quality Management Sub-department has procedures for supervising compliance with regulations related to product quality throughout the storage and transportation process, as well as quantity, which is managed through the Metrology Unit.
- The Audit Committee supervises the internal control and risk management systems of the Company, the internal audit and regulated financial information, establishing appropriate relationships with the external auditors.

## Ethical, environmental and social risks with potential impact on the business

The CLH Group performs regular analysis and assessment of the main ethical, social and environmental risks affecting the achievement of business objectives. These risks are adequately identified and included in the Company's Risk Map (subject to approval by the Audit Committee), and are specifically monitored.

Among such risks are:

## Ethical, environmental and social risks

### Market risks

Are linked to changes in the national demand for fuels, which drives the level of activity of the company, as well as the position of the competition.

### **Operational risks**

In the performance of its ordinary activities, the CLH Group may be affected by various events, among which it is appropriate to highlight those which may have an impact on the assurance of the quality of products stored and transported, events related to the spillage of products which may have environmental consequences and damages to third parties, and those related to employee safety.

### Regulatory risks

The CLH Group is required to comply with wide-ranging legislation and regulations that make up its regulatory framework. Certain legislative changes or imprecise compliance may have an impact on the achievement of the strategic objectives of the Group.

### **Corporate Governance in CLH** 15/16



















Exposure to these risks, critical for the evolution and development of the CLH Group is managed and mitigated via action plans especially aimed at reducing their occurrence and impact. The risks that have materialised during the year have not had a significant impact on the results of the company.

To manage ethical, environmental and social risks, the Company has the Ethics Committee, entrusted with managing and coordinating efforts to avoid the risk of "unethical actions". It takes responsibility from identification to assessment and implementing mitigating actions.

The activities carried out by this Committee include:

- · Dissemination of the Code of Conduct among the Company workforce and stakeholders.
- · Management of the designated Mailbox, a specific communication channel to handle information on eventual breaches in the performance standards, as well as queries and suggestions.

Likewise, the CLH Group, in the performance of activities, may be subject to potential environmental and social risks (spills, personal health and safety, reputation-related, etc.). The main control systems implemented in the organisation, already referred to above, aimed at mitigating these risks and reaching the Group objectives are:

- Combined Prevention System.
- Occupational Health and Safety Management System.
- Environmental Management System.
- · Succession and Training Plan.

Additionally, the risk management system of the CLH Group defines the risk profile assumed, in line with Company strategy. This allows the company to identify the extent to which it is assuming a differential risk level in its objective to create value over time, without endangering the continuity of the business. An essential part of this process is an adequate measurement of the "appetite for risk" and its tolerance.

Within this framework, the CLH Group has identified the main risks of each of its organisational units, which have each been assigned a dedicated manager with responsibility for defining the specific action plans and mitigating measures, with the aim of keeping them within the accepted risk profile of CLH.

The key indicators associated with each risk provide information as to the degree of effectiveness of the mitigating measures and, where applicable, they support the taking of decisions to act, in view of deviations in the framework of a cost-benefit analysis.





















## Positive assessment of facilities from the viewpoint of risk of damage and loss of profit

One of the projects undertaken in 2013 by the Insurance and Risk unit of the Financial-Economic area was the inspection of three of the main facilities of the Company, to assess the risk of damages and loss of profit. The assessment was performed by a reputable independent international insurance company with extensive experience in the Oil & Gas sector. CLH obtained excellent results. The final qualifications as per the final score are:

Score by facility	Facility I		Facility II		Facility III	
	As Is	To Be	As Is	To Be	As Is	To Be
Material damages Fire	72	22	99	53	58	31
	(Good)	(Excellent)	(Good)	(Good)	(Good)	(Excellent)
Material damages LP (Loss of Profit)	30	18	37	25	37	25
	(Excellent)	(Excellent)	(Excellent)	(Excellent)	(Excellent)	(Excellent)

<sup>\*</sup> Score "As Is" is the one currently obtained by the facility, and "To Be" would be obtained after implementing all recommended actions.

<sup>\*\*</sup> Excellent <51; Good 51-100; Reasonable 101-150; Poor >150.



















# CORPORATE RESPONSIBILITY IN CLH

### OUR APPROACH

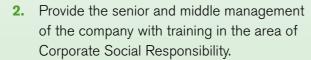
With more than 85 years of history, the CLH Group wishes to be recognised not only as the leading company in transportation and storage of oil products, but also for excellence in processes and services and its contribution to the welfare of the societies it services.

## What progress have we achieved in 2013 in our challenges for MOVING FORWARD IN CORPORATE RESPONSIBILITY?

### Challenge

### 1. Publish and verify our sixth Corporate Responsibility report.

Plan 2012-2016.



3. Foster relations and establish alliances with the company's stakeholders.

**4.** Move ahead in executing the programmes provided for in our Corporate Responsibility Master

### Degree of compliance

The report was published and verified, and was awarded an A+ rating by the Global Reporting Initiative.

Training was completed in 2013 both in classroom and online versions.

More than 1,000 meetings with local stakeholders were held, and also 30 visits and institutional activities were organised.

The second edition of the travelling exhibition "We move the energy that moves the world" was launched.

Implementation of the Corporate Social Responsibility 2012-2016 Master Plan progressed in all the areas.



Accomplished



In Progress



Not started

## WHAT DO WE WANT TO ACHIEVE IN 2014?

- Publish and verify our seventh Corporate Responsibility report.
- Complete the travelling exhibition "We move the energy that moves the world".
- Continue promoting relationships and alliances with the Company's stakeholders.
- Continue implementation the Corporate Social Responsibility 2012-2016 Master Plan programmes.





















## **CORPORATE RESPONSIBILITY** MANAGEMENT IN CLH

The Board of Directors of CLH approved the Group's Strategic Plan 2012-2016 which stresses the Company's commitment to Corporate Social Responsibility. The current Strategic Plan, which defines the strategy for Corporate Social Responsibility, includes several lines of work. Improvement of efficiency and competitiveness to adapt to an increasingly competitive environment, development of new business opportunities in Spain and abroad and continuance of our commitment to stakeholders are especially remarkable.

**CR Strategy** Corporate Responsibility **Policy Corporate Responsibility** Master Plan 2012-2016

The CLH Group Corporate Responsibility policy, approved by the Board of Directors as top governing body of the organisation, is fully integrated with the Group strategy and is based on the guidelines laid down in its Mission, Vision and Values, and also in the ten principles of the United Nations Global Compact, which CLH became a signatory of in 2007.

The CLH Group defined its Corporate Responsibility policy taking into account the opinion of the different stakeholders of the company (customers, shareholders, employees, suppliers, the community), and assigning high priority to environmental management and protection, control and safety of the facilities, occupational health and safety, relations with the community and the stakeholders themselves, ethics and integrity, and attracting and retaining talent.

The CLH Group's Corporate Responsibility commitment materialises through the Corporate Social Responsibility Master Plan 2012-2016. This Master Plan, based on the priority aspects of the Corporate Responsibility strategy, is implemented alongside the current Strategic Plan, which shows the full integration of Corporate Social Responsibility with the global strategy of the Company.

Development of the Corporate Responsibility Master Plan also rests on the Values of the Company and its Vision: to contribute to economic, environmental and social progress, to provide customers with an excellent service, to guarantee profitability to shareholders, and to foster employees' promotion and work-life balance.

















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

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

This monitoring work enables the Board to integrate environmental and social criteria into its decision-making processes. It also pays attention to the expectations that the company's main stakeholders have regarding its operation.

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

## **Corporate Responsibility Committee**

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





















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

During 2013 the Group revised the Plan to improve the approach of several projects and include new ones, such as the definition of an assistance policy for entrepreneurs, aimed at contributing to innovation and the generation of jobs by providing specific support to entrepreneurs.

The Corporate Responsibility Master Plan aims at:

- Establishing the strategic lines and main goals in the area of Corporate Responsibility in the CLH Group for this period.
- Identifying the socially responsible actions that provide an answer to the company's strategic challenges.

· Consolidating the organisational structure already established in the previous Master Plan, from which both the CLH Group strategy and its socially responsible actions take their structure and are launched.

Logical framework in the development of the CLH Corporate Responsibility Master Plan

Challenges and opportunities

- New markets
- Supply diversification
- Climate Change

## Our perspective. Values

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

**CLH Group Strategic Plan** 

**Corporate Responsibility Master Plan** 2012-2016

**Challenges and** opportunities

Our perspective. Values

Supply New markets diversification Climate Change Safety Excellence Efficiency Commitment Trust Integrity Responsibility CLH Group Strategic Plan Corporate Responsibility Master Plan 2012-2016























The architecture of the Master Plan 2012-2016 is organised around the following structure:

> Integrity and transparency

Equip the company with a framework for exemplary action regarding integrity and corporate governance.

**ACTION** 

**PROGRAMMES** 

**Efficiency and** environmental protection

Have specific objectives and programmes to reinforce the company's commitment to efficiency and environmental protection.

Safety

Ensure that the Company continues to be a benchmark in the sector because of its practices where occupational and industrial health and safety are concerned.

**Strategic** 

priorities

**ACTION PROGRAMMES** 

**ACTION PROGRAMMES**  **Actions and** objectives

People

Customers

Support programmes

Relations with the community

Booster tools

The Master Plan sets action programmes for each of the three strategic priorities, with the participation of all the managers of the Company, aimed at improving the management of the CHL Group in key areas, in Corporate Responsibility matters.

In relation to the support programmes included in the Plan, these appear to furnish the company with systems that strengthen its relationship with some of the key stakeholders.

The first one, "People", aims at providing the company with management systems that offer its employees satisfactory working conditions and an attractive, stimulating professional career that contributes towards achievement of the company's objectives.

The second of the Master Plan programmes, "Customers", has been designed to provide the CLH Group with the systems necessary to adapt to their requirements and to changes in the environment.





The third of the programmes, "Relations with the community", focuses on making the CLH Group valued as a company that is close to the community and committed to the needs and concerns of the communities in which it operates.

The booster tools, finally, refer to crosscut mechanisms that allow achieving the goals established in the above-mentioned areas and programmes.

- "Information and data collection", seeks to strengthen the existing system of Corporate Responsibility indicators by improving the automation of data collection and increasing the reliability of the information.
- "Leadership and visibility", designed to bring value to the business based on the company's participation in key initiatives in Corporate Responsibility.
- "Training and awareness-raising", for spreading Corporate Responsibility among CLH senior and middle management.

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





















## Training sessions on Corporate Social Responsibility

In 2013 the CLH Group organised an edition of the "Course in Corporate Social Responsibility". This project, included in the CSR Master Plan, was sponsored by the Corporate Human Resources and Corporate Communication and Institutional Relations Managers to increase the employees' awareness on the importance of CSR in the CLH Group.

As a first step, specific content and an online platform were developed, to allow the participants to complete their training at their convenience. The course made it possible for a good number of people within the Group to acquaint themselves with the Company Policy of Corporate Social Responsibility, and how they can personally contribute to the Company's achievements in this field from their work positions. During 2013, almost 400 CLH employees followed this

course either in the classroom or online, with a global satisfaction rating of 3.13 out of 4.

In 2014, the CLH Group will continue increasing the organisational levels and facilities where this Corporate Social Responsibility training is to be made available. Specifically the target is to extend training to 28 people in the classroom and up to 600 online.























## DIALOGUE WITH OUR STAKEHOLDERS

A key element of the CLH Group strategy with regard to Corporate Responsibility is dialogue with stakeholders. In this respect, the CLH Group seeks recognition as a Company that builds trust among stakeholders and, therefore assigns priority to establishing channels to keep an honest, open and transparent dialogue. (G4-25)

Understanding stakeholder expectations is a basic element for defining and managing Corporate Social Responsibility. The CLH Group engages in various dialogue processes with these groups in order to identify which aspects are of interest to them, as well as their assessment of the company's performance. These processes vary in nature and are conducted through meetings held and contacts made regularly in the context of their activities. They are consulted directly in relation to certain specific aspects, and the company participates in congresses and associations in the sector, in addition to preparing specific studies or meeting these groups and their representatives at the company's facilities.

Also, to understand and identify the opinions and needs of the public, CLH performs a biennial stakeholders' satisfaction analysis. This work uses surveys to analyse not only the stakeholders' opinion on CLH, but also how it evolves, and is a valuable evaluation tool for the Company.

This analysis is performed to reinforce exchanges with these groups, and offers on the one hand the possibility of identifying their expectations with precision showing them in context, and on the other, provides the Group with essential information to design actions aimed at satisfying them.

CLH, in its endeavour to continuous improvement, is preparing an analysis of the main elements that configure the framework of relationship with stakeholders. The Company is also working to design and implement a system to identify and classify stakeholder groups. The end result will be a stakeholders' map organised by their importance for the CLH Group, and their assessment of CLH. (G4-26)

## Communications channels with stakeholders

The CLH Group makes available to stakeholders several communications channels to report on activities, and to learn of their concerns and opinions.

During the last few years, communication channels like the corporate website and social networks have consolidated as the most used channel to disseminate information addressed to CLH stakeholders.

Alongside the website, the Group is in permanent communication with stakeholders through consulting sessions, email, bulletins and magazines, sector-specific publications and surveys and personal contact, among others.

Corporate Responsibility in CLH 8/10























Periodic meetings

Acerca magazine

Satisfaction survey

Fairs, forums and lectures

Code of Conduct mailbox

Website

Annual report

Periodic meetings

Associations

Acerca magazine

Website

Annual report

Fairs, forums and lectures

Travelling exhibition "We move the energy that moves the world"

Meetings with shareholders

Website

Annual report

Fairs, forums and lectures

Acerca magazine

Code of Conduct mailbox

Intranet

Corporate Human Resources

Management

Acerca magazine

Employee satisfaction survey

Code of Conduct mailbox

Website

Annual report

Annual report

Fairs, forums and lectures

Press releases

Social networks

Guided tours of the facilities

Code of Conduct mailbox

Website

Travelling exhibition "We move the energy that moves the world"

Website

Social networks Annual report

Press releases

Guided tours of the facilities

Acerca magazine

Code of Conduct mailbox

Travelling exhibition "We move the energy that moves the world"

Press releases

Website

Social networks

Annual report

Fairs, forums and lectures

Periodic meetings

Acerca magazine

Travelling exhibition "We move the energy that moves the world"

Fairs, forums and lectures

Periodic meetings

Website

Social networks

Annual report





















## Relations with the community

From a few years back, the CLH Group has a specific Relations with Local Communities Plan, to strengthen ties with this stakeholder, and to get to know concerns and expectations created by the Company in the community and the immediate facilities surroundings. During 2013, more than 1,000 meetings were held with different local stakeholders.

## Participation in congresses and meetings

In 2013 the CLH Group attended forums and lectures dedicated to matters aligned with the Group strategy and with stakeholder-related commitments.

The Chairman of the CLH Group attended several events, like the lecture entitled "Spain, situation and future energy scenarios" within the 8th Congress on Applied Industrial Engineering (Ingenia'13), the "Energy Course for Mass Media" launched by the Spanish Energy Club, the conference "New growth models to foster business or employment opportunities" organised by newspaper Expansión and IBM, or the cycle "Society in search of referents", of the University of La Rioja. Mr López de Silanes also opened the 24th CONAIF Congress "Back to the Future" and attended the presentation of the book "University rankings, myths and facts".

## Participation in associations

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

## **CLH** representatives at industry meetings

### **Domestic meetings:**

- International symposium on Corporate Social Responsibility organised by Funseam at the Parc Científic in Barcelona.
- Second forum on "Energy Infrastructures in the Autonomous Community of Madrid for the 21st Century"
- 10th Enterprise Excellence Forum of the Government of La Rioja
- Conference "Brands Made by All of Us", promoted by the Human Resources Forum
- 13th Technical Congress on Maintenance in the Energy Sector
- 24th Congress of the Asociación Española de Gerencia de Riesgos y Seguros (AGERS)
- 13th Conference on Internal Audit
- First Congress on Excellence of the European University of Madrid.

### International meetings:

- 10th CONCAWE Symposium in Brussels
- Conference on "Tanks and Terminals: Operability and Integrity Management", organised by the firm Marcus Evans in Dubai.



















With regard to business, CLH is a cooperating member of several entities and associations, for example, Círculo de Economía (Spanish Economy Circle), Círculo de Empresarios (Spanish Businessmen's Circle), APD (Spanish Association for Managerial Progress), Asociación Española de Directivos (Spanish Association of Executives), AEE (Spanish Association for Energy Economics), Instituto Empresa, IC-A (Spanish Association of Directors), Dircom (Spanish Association of Communication Managers) or Panel Cívico de los Cien, amongst others.

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

### **Institutional Relations**

Throughout 2013, the Chairman of the CLH Group held meetings with the presidents of Galicia (Alberto Núñez Feijóo), the Balearic Islands (José Ramón Bauzá), and Castile y León, (Juan Vicente Herrera). In these

meetings, José Luis López de Silanes described the Company's activities and investments carried out in their respective regions.

In 2013, the CLH Group welcomed many different representatives and organisations, including the Minister of Defence, Pedro Morenés, and the Ministry of Industry, Energy and Tourism, José Manuel Soria, who visited the Pipeline Control Centre in order to have a better knowledge of the Company's activities.

CLH's facilities were also visited by Vicente Tejedo, General Manager of Environmental Quality of Generalitat Valenciana, Maite Masià, manager of the Energy Institute of Catalonia, or Miguel Córdoba, General Manager of Industrial Organisation and Commerce of Extremadura.

With regards to international visits, CLH welcomed two NATO delegations, with members of the Russian Council and the Fuel Efficiency Adviser, at the Company's head office.

CLH hosted four executives meetings attended by Rafael Villaseca, Chairman of Gas Natural Fenosa and president of the Spanish Energy Club, Mariano Marzo, professor of stratigraphy and associate professor of Energy Resources and Petroleum Geology at the University of Barcelona, Rosa García, Chairwoman of Siemens Spain, José Luis Martínez, General

Manager of the ONCE foundation, and Mar Medeiros, Manager of the Inserta programme.

The Company also organised a conference for students of CESEDEN (Advanced Centre for National Defence) held at the head office, and hosted a meeting of the Barcelona commission for COASHIQ (Autonomous Commission for Health and Safety in the Chemical and related industries) at the storage facility in Barcelona.

## Relations with the media and corporate website

Following the policy of transparency, the Company met more than one hundred journalists who requested information on CLH activities and projects. The Company also organised press conferences and meetings with the media, such as the one held on the occasion of the General Meeting of Shareholders.

The company also has a corporate website, which is one of the Group's main communication tools, and according to data furnished by Google Analytics it attracted more than 150,000 visits during 2013.























## CREATION OF VALUE FOR THE COMPANY AND OUR STAKEHOLDERS

### OUR APPROACH

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

### CHALLENGES 2013

### Challenge

- 1. Optimisation of processes for the management and processing of invoices.
- 2. Implement an integrated risk management software to provide better cover for Risk Map maintenance and updating.
- 3. Implementation of a new management system for customer debt recovery and monitoring.
- 4. Implementation of a new corporate management control system, that makes it possible to have the use of greater capacity for analysing information and to reduce the time devoted to its processing.
- 5. Approval of a new Strategic Plan for the 2012-2016 period.
- 6. Internationalisation through the provision of services to companies in other countries.

### Degree of compliance



All invoices received by the Company are managed through an automated system due to the implementation of a new software.



Selection in process of the best-fitting tool for integrated risk management.



Complete analysis of the system for the implementation in the Company's ERP software. Final design is pending approval.



Tool has been successfully updated, adapting work and reporting systems to the new capacities it offers.





In February 2013 the Board of Directors approved the Company's Strategic Plan 2012-2016.



In September 2013 the Board of Directors approved CLH's participation in the international project "MSPP" in Oman which will represent an investment of nearly 200 million dollars, with CLH contributing 40% of the capital.

Execution of the "Addendum to the MOU" entered into together with ORPIC to extend collaboration services.



Accomplished



n process



Not yet started

## WHAT DO WE WANT TO ACHIEVE IN 2014?

- Complete the implementation of a new management system for customer debt recovery and monitoring.
- Review the Strategic Plan 2012-2016.
- Incorporate a joint company with ORPIC for the construction and operation of new logistic infrastructures in Oman.
- Submit new proposals for international investment to the Board of Directors.























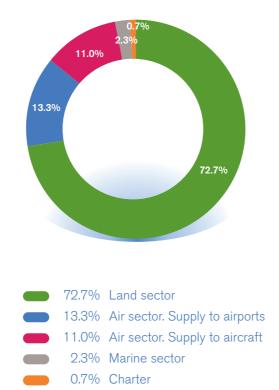
In 2013 the CLH Group faced the decline in demand for oil products that has resulted from the current economic situation through reinforcing the efficiency of its activities and adapting its services to meet new needs. The results for 2013 are a reflection of the CLH Group's commitment to keeping up return on investment and the creation of value despite the difficult economic circumstances our country has been experiencing during the year.

The main key economic figures for the CLH Group in 2013 were as follows:

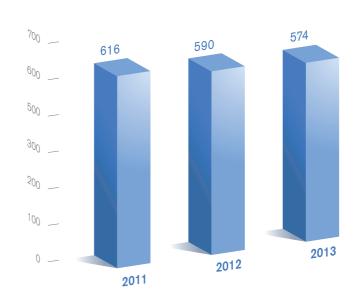
- Operating income totalled €574.5 million.
- Investments for expanding and improving the storage facilities, new pipelines and other operational improvements accounted for a total of **€46.8 million**.

- Operating profit amounted to €225.6 million.
- The Company recorded a net profit of €164.2 million.
- The share list price at year-end was €26.10.

# Source of earnings for the Group



### **Evolution of CLH Group operating income** (million €)























An adequate capital management represents the commitment of the Company to the creation of value in the long term and is reflected in the Strategic Plan 2012-2016 of the CLH Group, aiming at maintaining its competitive position on a long-term basis.

Therefore, CLH considers that the economic result generated reflects the quality of the capitals that underpin it. Through their management the Company creates value:

### **HUMAN ASSETS**

## 1,405 professionals are

members of CLH workforce

**806,211** € invested during 2013

# 95% of the employees

hold permanent contracts

in training

In 2013 the CLH Group was awarded the CEX Prize in recognition of its Human Resources policy. CLH is also undertaking a career development plan (PDI) aiming at improving the professional skills of its employees. In order to have a better knowledge of the competencies of all professional employees, the Company has initiated a comprehensive assessment plan for establishing in detail the employees' profiles.

## **FINANCIAL ASSETS**

## 574.5 million Euro

operating income

**Investments** 46.8 million Euro

**Net profit** 164.2 million Euro

The Company's proven solvency is a guarantee for financial institutions. As a result, the Company has received several offers to every funding request from different financial institutions, with the lowest financial costs available in the market.

















### **INFRASTRUCTURES**

More than 4,000 kilometres of oil pipelines 39 storage facilities 28 airport facilities

The Company has continuously kept to the objective of guaranteeing the supply of oil products in the peninsular territory and the Balearic Islands. Therefore, it develops a pipeline network that brings the product closer to the consumption point. In addition, the development of new storage facilities makes it possible to provide services to customers and guarantee product availability in case of any contingencies.

## **ENVIRONMENTAL SSETS**

Reduction in 332,000 tons of  $CO_2$  in 2013 due to the use of the pipeline system

When providing its services, CLH carries out activities seeking to minimise the use of natural resources and impact on the environment.

### INNOVATION

## More than 7.5 million **EUIO** invested in R&D&i

**Certification according to standard UNE 166002** 

Through its Innovation and Technology General Management, CLH encourages continuous process improvement by disseminating methodological tools and innovation systems for an optimised use of resources and new service development to face new market challenges and meet the expectations of stakeholders and society.

Creation of value for the Company and our stakeholders 5/9























2011

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

### **Economic value distributed** (thousand Euro)

	2011	2012	2013
Staff costs	116,711	120,288	106,766
Supplies	173,129	156,483	163,786
Returns on capital (dividends)	152,517	147,676	152,966 <sup>(1)</sup>
Payments to Governments (include breakdown)	69,380	64,233	50,236
Taxes on profit	65,330	59,653	45,799 <sup>(2)</sup>
Other significant payments to Governments	4,050	4,580	4,437
Added Value	511,737	488,683	473,754 <sup>(1)</sup>
Results for the year	162,763	147,875	164,164

- (1) Note: Dividends for the year 2013 includes 39,471 K Euro corresponding to additional dividends that will be proposed to the General Meeting of Shareholders for approval.
- (2) Reduced by 15.5 million Euro as a consequence of the tax effect of the Balance Restatement, for the higher future reduction in depreciation.



### Wealth flows (percentage)

	2011	2012	2013
Supplies	34	32	35
Returns on capital (dividends)	30	30	32
Staff costs	23	25	22
Payments to Governments (tax + penalties)	13	13	11





















In addition to creating direct economic value, the CLH Group helps create shared value in the communities where it operates.

The creation of value brought to the community focuses on specific basic areas of the Company's activities:

## • Guarantee a continuous, safe, efficient and sustainable supply

The integrated system of pipeline network and storage facilities has enabled CLH to supply oil products to practically any area in the peninsula and the Balearic Islands, thus benefiting society as a whole.

In recent years, the activities performed by the Company have made it possible to have technologically advanced infrastructures that will guarantee the provision of services over the next ten years. Furthermore, the commissioning of the Torrejón de Ardoz-Barajas pipeline will allow the dismantlement of tanks located in the city of Barajas, which will result in greater social wellbeing.

## Cost efficiency

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

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

Service price update below CPI is the result of efficiency improvements made by the Company, which also allows to undertake new activities and increase supply from CLH's facilities to neighbouring countries.

An analysis carried out by the National Energy Commission (CNE) in 2012, which compares oil product logistics in Spain with

those of France, evidences the lower price of the CLH services compared with its French counterpart, thereby illustrating the efficiency achieved by the company in its activities.

## CLH, a key player in the sustainable transport of energy products

The CLH Group uses pipelines as the main method for transporting oil products. An important amount of road tankers and vessels transiting is eliminated in this way, giving rise to a reduction in pollutant emissions. The Company estimates that the use of these pipelines avoided the emission of 332,000 tons of CO<sub>2</sub> in 2013.

Creation of value for the Company and our stakeholders 7/9





















Also, the adaptation process carried out by the CLH Group to enable it to receive, store and dispatch biofuels is allowing the use of these products on a national scale. In 2013, the Company distributed more than 1 million m<sup>3</sup> of biofuel. Besides this, the adaptation of infrastructures for controlling sulphur content has facilitated the introduction of low sulphur content products that are more environmentally friendly.

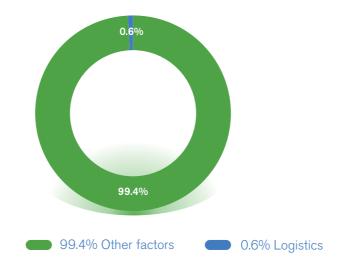
## Collaboration in collecting the tax on hydrocarbons

It should be noted the CLH Group's role in collecting the Tax on Hydrocarbons in collaboration with the Public Authorities. The Company is the main taxpayer of this tax, which is accrued when oil products leave the storage facilities, all of which determines that up to 80% of the State's tax revenues for this item are collected through CLH.

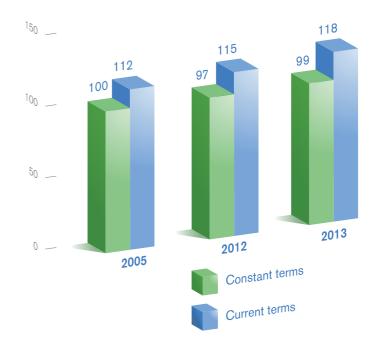
With a view to reaffirming the Company's commitment to the best corporate governance practices and working more closely with the Public Authorities in the detection of fraudulent practices, in 2012 the CLH Group subscribed to the Code of Best Tax Practices which was developed by the Spanish Tax Administration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

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

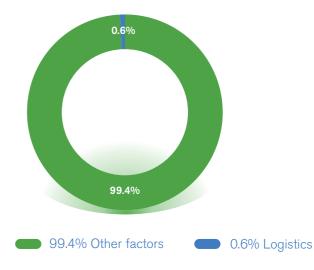
Weight of logistics on end prices of automotive diesel (GOA) in Spain (Eurocents/I)



### Index of CLH service prices for its customers, Index 2005=100



Weight of logistics on end prices of 95 octane gasoline in Spain (Eurocents/I)



Creation of value for the Company and our stakeholders 8/9

















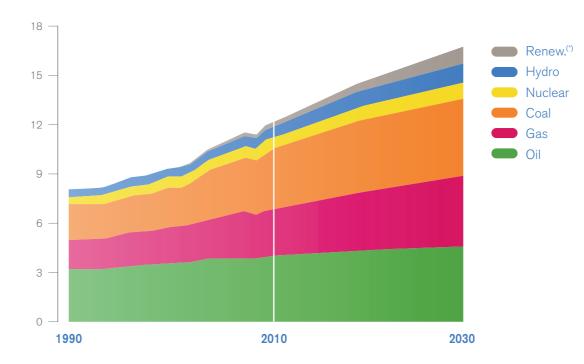


## PETROLEUM AND FUTURE ENERGY SCENARIOS

The emergence of new mobility technologies (electric cars, natural gas vehicles) and new fuels (shale gas), driven by regulatory and social requirements, will lead to important changes in the energy sector in the medium and long term. These changes will have an effect on the design of the international energy map, giving rise to a new scenario where sustainability and efficiency will be critical challenges.

According to the "World Energy Outlook 2013" published by the International Energy Agency (IEA), in the next few decades there will be more demand for all energy sources, from petroleum down to renewables. In this connection, world demand for energy, particularly for petroleum and gas, will continue increasing in both the short and the long term and, together with that, so will oil product prices. According to the conclusions reached by the IEA, oil will continue to be the dominant fuel, at least until 2035, although its weight will decrease as other energy sources and more efficient technologies applied to the energy system gradually gain prominence.

### Evolution of global demand for primary energy (Btep)



(\*) Source: BP Energy Outlook 2030 and IEA Report "World Energy Outlook 2013"

















In any case, it is estimated that oil will continue to be key and its price will continue to increase. World demand for crude will increase in 2014 until it reaches 92.5 million barrels of crude per day. This rise will continue in the next few decades until 99 million barrels per day will be exceeded by 2035, this representing a 14% increase compared with 2011. China, India and the Middle East will concentrate more than 60% of this increase, in a scenario where the OECD countries, including Spain, will hardly increase their consumption at all.

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

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



## The first international investment of the Company in its 85 years of history

Since 2012 the Company has been considering the possibility of developing a logistic infrastructure in Oman.

In order to achieve this, a MOU was entered into in October 2012 with ORPIC (Oman Oil Refineries and Petroleum Industries Company SAOC) for the purpose of looking into the possibility of creating a joint venture between both companies for the development of logistic infrastructures in Oman.

As a result, the Board of Directors of CLH resolved in September 2013 to incorporate a joint venture for the purposes of building a pipeline to connect the Sohar and Muscat refineries, as well as new storage facilities connected to the pipeline and, through a different branch, to the new Muscat airport in Oman.





















### OUR APPROACH

The CLH Group works to extend the commitments acquired in corporate responsibility to its supply chain.

## WHAT PROGRESS HAVE WE ACHIEVED IN 2013 IN THE CSR MASTER PLAN PROGRAMMES IN RELATION TO INTEGRITY?

### Degree of compliance Programme **1.** Review of the CLH Group responsible The Procurement and Warehouse Manager has been certified as purchasing auditor according to the CWA 15896 standard. procurement model. 2. Definition of a self-assessment questionnaire A pilot self-assessment questionnaire has been designed and delivered to for suppliers regarding monitoring of the some suppliers. Strategic companies complete a questionnaire including the most relevant aspects on CSR as part of the certification process. principles and requirements established in the code. 3. Improvement of the procedure for The materials receipt system is under review in order to improve management of "non-compliance" by measurements. suppliers. 4. Internal review and control of the practices Once self-assessment is completed, the review process will start. used by main suppliers. **5.** More public information on the Company Once the model is defined, it will be published in CLH's website. regarding the way the CLH Group responsible procurement model operates. **6.** Definition of a methodology for identifying During 2014 risks will be identified and a code of ethics for the risks in ethics and integrity (internal and in procurement process will be prepared. procurement processes). 7. Promoting acceptance from significant suppliers In 2014 companies representing 50% of registered purchases in the suppliers management programme will be requested to accept the code of the CLH Group Code of Conduct. of conduct.



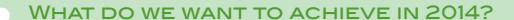
Accomplished



n process



Not yet started



• Evaluate the situation of the Company prior to the adaptation of the procurement system to the CWA 15896 standard.





















# RESPONSIBLE PROCUREMENT MODEL IN THE CLH GROUP

The CLH has a responsible procurement model that extends the commitments of the code of ethics and sustainability criteria to all its value chain.

Within the framework of the CSR Master Plan and in order to achieve the objectives in this area, the CLH Group has developed a series of initiatives that complement the system for management and approval of suppliers and guarantee that its suppliers comply with standards of performance.

## The supply chain in the CLH Group

The Company's supply chain is formed by more than 2,900 supplier companies that provide the CLH Group with the products and services necessary for it to operate. More than 50% of these companies supply CLH with purchases of over €3,000.

The companies that are most prominent, because of the importance of their supplies or services, are the electricity and communications suppliers, as well as the companies that provide CLH with essential materials for its activity, such as instrumentation, tanks, pipes, valves, and also additives for oil products.

The CLH Group has a commitment to working with local suppliers, and therefore contributes to the development of the communities where it operates, engaging the majority of contracts in the areas where it is present. In this respect, during 2013 the CLH Group purchased 95.77% of its supplies in Spain.

## The supply chain in the CLH Group **during 2013:**

- Comprised by **1,396 companies** which supplied over €3,000.
- More than **94%** of the expenditure is undertaken with suppliers that have a long-term contract with the company.
- The average period for effecting payment to suppliers is less than 60 days.
- The award of purchases of materials and contracting services amounts to 69 million euros, representing 33% and 67%, respectively.
- CLH's **109** strategic partners, **76** have an environmental management system in place and are therefore subject to audits.
- **86** companies are audited for compliance with labour and safety requirements.
- 3 suppliers have a Corporate Social Responsibility System.

Responsible procurement model in the CLH Group 3/5











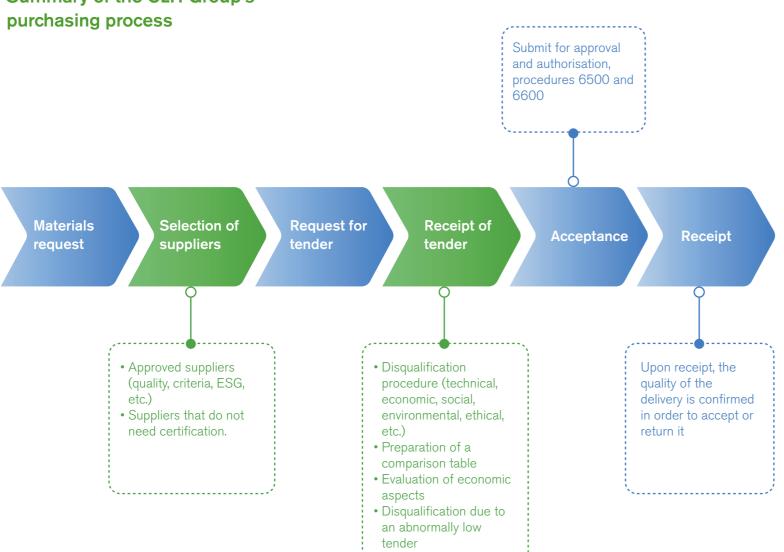












## Supply chain management

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

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

The CLH Group's Procurement and Warehouse Unit is responsible for the centralised management of purchases at corporate level. In addition to centralised purchases, other decentralised or local purchases are also made for the purpose of acquiring goods or consumables for a lower value and which are charged against the expense budget.

## **Centralised purchases: Characteristics**

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



















The RePro system gathers generic information on suppliers and initial requirements for certification. CLH uses this system belonging to the Achilles Group, which specialises in supplier information management and is leader in supplier evaluation according to sustainability criteria. 109 companies qualified as strategic are included in the RePro system.

The RePro system was agreed by some of the major Spanish and Portuguese companies that operate in sectors such as electricity, gas, petroleum and water, besides the naval sector, in order to be able to have the use of a tool that enables them to register their suppliers and contractors in a way that is efficient, permanently updated, objective and non-discriminatory.

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

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

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

Those partner companies that are considered strategic have to conduct a self-assessment prior to their certification where the most significant aspects of the Corporate Social Responsibility are covered (the Company's objective is to extend it to the suppliers of materials that provide 50% of purchases made). The result of this assessment is the basis of the risk analysis of the Group's supply chain.

The most important CLH contractors were assessed on aspects related to Social Responsibility during 2013:

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







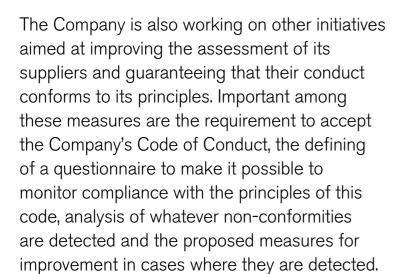












It should be noted that the CLH Group works with its suppliers within a framework of maximum transparency. Suppliers are informed of the rating obtained in the evaluation processes, and CLH cooperates with them in the implementation of improvements aiming at increasing their competitiveness and performance.

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

# Communication with suppliers for streamlining processes

A system for streamlining communications with the supplier and users was consolidated during 2013. This has contributed to a greater accuracy and speed of the circuit for authorising orders in the Company.

The system allows orders to be sent simultaneously to the supplier and to the centres requesting materials and equipment through email and in PDF format, meaning that they remain accessible for subsequent consultations.

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



The implementation of a new materials reception system is planned for 2014, as some areas for improvement have been identified in the process of receipt of materials after assessments have been made to suppliers and subsequent interviews held with each of them.

In order to streamline the process and obtain better results in assessments, the Company has designed and put in place a process that guarantees timely receipt of orders, guaranteeing accuracy in service quality indicators and, therefore, a correct assessment of the service received.





















# QUALITY AND INNOVATION FOR OUR CUSTOMERS

#### OUR APPROACH

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



Accomplished



n process



Not yet started

## WHAT PROGRESS HAVE WE ACHIEVED IN 2013 IN THE CSR MASTER PLAN 2012-2016 PROGRAMMES RELATING TO CUSTOMERS?

#### **Programme**

### 1. To develop a systematic model for relations with customers that makes it possible to document and suitably monitor all interactions with them.



#### Degree of compliance

CLH manages the information about customer requests as well as the commercial actions derived from them and detected by the Organisation in a database.

The Company is currently developing a proprietary CRM system to integrate available information for an overview of the customers' real and potential activity.

2. To review and update customer satisfaction surveys (CLH Group).



- Improvements have been made in methodology, including the importance given by the customer to every aspect of the service.
- 3. To formalise processes for identifying new developments in tax regulations as a source of customer loyalty.



- The Company is currently engaging expert advice on customer loyalty regarding new tax regulations (advice on management of excise duties and customs, implementation of the Excise Movement Control System (EMCS), special features of the bonded warehouse, tax authorisation requests, etc.).
- 4. To complete the design of the new biofuel sustainability management system in CLH.



- An analysis of the new model for biofuel management has been carried out according to legislation in force and our customers' needs. Currently under development.
- 5. To continue analysing and developing a customer relations model that makes it possible to document and suitably monitor their interactions with CLH.



- The Company is currently developing a proprietary CRM system to integrate available information for an overview of the customers' real and potential activity.
- **6.** To establish quantitative objectives for long-term sustainable innovation strategy.



Benchmarking of the innovation management system. Collaboration with leading consultancy firms.





















# QUALITY AND INNOVATION FOR OUR CUSTOMERS (CONTINUED)



Programme	Degree of compliance

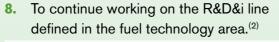
To increase collaboration with the most
prominent players in the sector on
developing innovation projects applicable
to customers.



ITAKA and NARA Projects for the promotion of bio kerosenes. Joined the Spanish Maritime Cluster.

CLH Chair of metrology.

Eligible for appointment as collaborator of the Spanish Centre of Metrology.



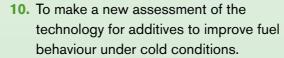


R&D&i project submitted for third-party certification.

9. To introduce a new quality control and assurance system for the fuels handled by the Company.



All re-defined processes have been implemented. A new computer application to manage information on product quality (LIMS) in the Company was implemented.



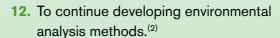


In November 2013 the Company started using the new additive.

11. To implement new methods for fuel testing and characterisation.



Methods for determining the number of cetane CID and the Company's proprietary method for determining saturate monoglycerides in biofuels have been defined.





An environmental analysis laboratory has been implemented.

13. To develop a systematic model for relations with customers that makes it possible to document and suitably monitor all interactions with them.



Work has been performed to create a database to manage meetings, commercial actions, visits, etc. with customers to follow up on them.



Accomplished



n process



Not yet started

(2) Although these programmes do not correspond to the Corporate Responsibility Master Plan, they have been included as they are challenges set by the CLH Group in quality and innovation.























# QUALITY AND INNOVATION FOR OUR CUSTOMERS (CONTINUED)



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#### Degree of compliance

14. To involve airline companies in improving operating processes.



Airline companies have been consulted on their operational, invoicing and other needs. An analysis is currently in progress of system compatibilities for the integration of operating processes. In particular, a new invoicing system (IATA) has been developed having airline companies in mind, and a prototype of the new management system for supply to aircraft has been launched.

15. To implement the project for technological evolution in the into-plane supply service, evolution, pilot project and deployment throughout 2013.



The pilot project has been carried out in three vehicles and new functionalities have been added. These are planned to be included in the deployment, which is expected to start shortly.

16. To implement the PROA (Planning of Operating Resources in Aviation) system at all the airport facilities.



Implemented and the resource planning management engine is undergoing improvements.

17. To expand and commission various facilities (Hydrant network at Malaga airport; service stations at Alicante, Bilbao and Seville airports; facilities at Murcia Region International Airport; hydrant network at Son San Joan Airport (Palma de Mallorca).



The expansion of the hydrant network at Malaga Airport was commissioned. Permits obtained and tests completed in the service stations at Alicante, Bilbao and Seville airports. The expansion of the hydrant network at Son San Joan Airport was also commissioned. Commissioning of the facility at Murcia Region International Airport is pending.

18. To complete the construction of a pipeline for supplying aviation fuel to Madrid-Barajas Airport from the CLH facilities in Torrejón de Ardoz.



Works in the pipeline were completed and commissioning is in progress.

19. To start up the improvements made to the

invoicing system.



Format and breakdown of invoices were modified and e-invoicing system implemented. An invoicing system following the IATA format has been developed and another project for changes in the invoicing system is in progress.



Accomplished



n process



Not yet started

















4/21

# QUALITY AND INNOVATION FOR OUR CUSTOMERS (CONTINUED)



Quality and innovation for our customers

#### WHAT DO WE WANT TO ACHIEVE IN 2014?

- Undertake an analysis and development of customs and tax categories that best fit customer requirements in every service and location.
- Implement new services to meet the customers' needs to take advantage of our logistics facilities for creating added value in manipulated products.
- Develop content for the CLH website to maximise the information available to customers and public in general and to improve visibility of the Company.
- Obtain AENOR certification for the Company's integrated management system (SIG).
- Renew +500 certification within the excellence model EFQM after evaluation by the Club for Excellence in Management aiming to obtain a rating higher than 600 points.
- Maintain the ISO 166002 certification and continue the implementation of the CLH model for R&D&i management that covers all aspects of innovation, from processes to services and R&D&i.
- Continue developing activities in R&D and their certification by third parties.
- In 2014 improvements will be made in traceability of stored and distributed products so that access to information on product quality can be guaranteed through manufacturing to delivery to the end user.

- Continue working on the R&D&i line defined in the fuel and additive technology area. This is one of the strategic lines of the Company's innovation system. Therefore, it will continue in the next years in complete management cycles, including technological supervision, development of proprietary methodologies (especially in chemical testing) and operation of developed and/or implemented technologies.
- Conduct an evaluation project on the latest developments in additive technologies for diesel fuels in order to incorporate them in the additives offered by CLH.
- Introduce the new environmental analysis laboratory to obtain the ENAC certification.
- Commissioning of the first phase of the supply project at Barajas Airport from the storage facilities at San Fernando de Henares -Torrejón de Ardoz.
- Start the dismantling phase of the tanks located at the Barajas airport facility
- Commissioning of the extension of the hydrant pumping station and loading point at Palma Airport.
- Commissioning of the new fuel facility at the Murcia Region International Airport and commissioning of the service stations at the Alicante, Seville and Bilbao airports.
- Deploy the prototype of technological evolution for into-plane fuelling at the rest of airports and implementation of improvements in the functional design of the system.























The CLH Group is committed to quality and has a global approach that covers all its activities: from guaranteeing product quality to meeting the requirements and expectations of stakeholders.

To this end, apart from the quality functions mentioned above, the following areas are covered:

- Use of the most innovative management models, tools, techniques and initiatives.
- · Competitive intelligence: comparison of the Group's practices, results and situation with other leader companies with a view to becoming a point of reference.
- Promotion of continuous improvement and innovation activities.
- Give priority to the commitment to the environment, safety and prevention and contribution to improving the social environment.
- · Dialogue with stakeholders.

#### Quality

The CLH quality policy is based on a Quality Management System that is developed in two areas: on the one hand, quality and efficiency of logistic, storage and transport services, and on the other, quarantee of maintenance of product quality during the transportation process.

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

CLH holds the quality certification ISO 9001 in all its activities: basic logistics, supply to aircraft, supply to ships and physiochemical analysis of petrochemical products; it also holds certification ISO 166002 for its Innovation Management System. Additionally, CLH has specific quality certifications in port facilities at Barcelona, Palma de Mallorca, Motril, Algeciras and Bilbao, according to the quality standards applicable to each of them.

The CLH Group maintains its commitment to the continuous improvement of all processes and activities. In order to achieve this objective, the Company bases its quality strategy on three pillars:

- 1. Product quality.
- 2. Management systems.
- 3. Implementation of the EFQM model (European Foundation for Quality Management).





















# **Management Systems**

Management systems represent the second pillar of the quality system. CLH has accredited in accordance with ISO/IEC 17025, three systems accredited according to ISO 9001 and two accredited according to UNE 166002. All the certificates and accreditations it holds were maintained in 2013.

CLH considers that certified quality systems endorse its commitment to management quality and represent an extremely valuable tool in generating trust among its present and potential customers. Furthermore, in 2013 5 national ports obtained quality certification according to official standards and their R&D&i management systems renewed certification according to the UNE 166002 standard.

In coordination with the quality systems, certifications for environmental management systems (according to ISO 14001), the Health and Safety management system (according to OHSAS 18001) and Family Responsible Company (according to the 'efr 1000' series) were renewed.

Alongside the certification of the different individual management systems, in 2013 CLH carried out a determined project to consolidate all its certified management systems into an Integrated Management System (SIG) that allows keeping the certification under all previously referred international standards, while grouped in a management unit which will increase efficiency and simplify management, assessment and improvement of all systems. The Integrated Management System will be submitted for certification by AENOR in 2014.

#### **EFQM**

Thirdly, and as a tool for managing excellence, in 2006 the CLH Group introduced the EFQM model that has made it possible to develop various projects and initiatives for gaining in effectiveness, in efficiency and in giving satisfaction to external and internal customers. In 2013, the Company renewed its European Seal of Excellence 500+ recognition awarded by AENOR and the Club for Excellence in Management.





















Also in 2013, the Company renewed its use of the "Madrid Excelente" quality mark for its facilities and activities in the Autonomous Community of Madrid and obtained the prize for the best practice awarded by the National Association of Centres Promoting Excellence (CEX).

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

In order to meet the objective of continuous improvement and reengineering of all its tasks, functions and processes, CLH continued throughout 2013 to develop a series of initiatives in which members of different managements in the company participated, as shown in the table below:

# **EFQM** model for **Excellence in Management**

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

# Management of quality and continuous improvement

#### Suggestion system

- APORTA initiative
- Recognitions and prizes.

#### Improvement action systems

Kaizen initiative.

#### Improvement groups

Stable and ad hoc.

#### Innovation project system

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

#### Management through processes

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

### Lines of management

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





















The CLH Group provides logistic services to the main players in the liquid fuels market, both hydrocarbons and biofuels, as well as intoplane fuelling to the main airline companies in the country. Customers are an essential stakeholder of CLH's business and, therefore, of its growth and expansion. The CLH Group offers its customers a wide range of services related to fuel storage and transportation, as well as the supply of fuels for aviation. Furthermore, the Company provides a series of additional services that are adapted to its customers' requirements.

The main services offered to CLH's customers are as follows:

#### Additivation

The CLH Group offers its customers the possibility of adding the additives of their choice to the products dispatched from its facilities. Such additives are automatically included in the loading arm. The Company evaluates and selects additives to improve product quality. In this way, it is guaranteed that the products offered incorporate the latest technologies available.

In 2013, CLH selected a new additive to improve the cold performance of diesel fuels. Also, improvements were made in order to optimise additivation, facilitate this activity and improve accuracy.

# **Delivery supervision**

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

CLH performs analysis on 100% of the products that enter its system, which ensures that all of them comply with the quality standards established by contract.

In 2013 the Company implemented new procedures for product quality control and assurance, which resulted in full quality guarantee while optimising necessary resources.

Besides this, accuracy in the measurement of the quantities received and delivered is backed up by an assurance system that is also supported by a metrology laboratory accredited in accordance with the ISO/IEC 17025 standard. This accreditation was renewed in 2013.

# **Analysis laboratory services**

CLH manages a network of laboratories with over 60 years of experience and international recognition for carrying out comprehensive analysis of oil products aiming at supplying excellent quality products to its customers.

Quality and innovation for our customers 9/21





















This network of laboratories for product analysis and characterisation is formed by seven laboratories that are coordinated from the Central Laboratory in Madrid. Besides this, it holds accreditation according to the ISO/ IEC 17025 standard and has one of the most complete analysis services portfolios in the sector.

During 2013, the Company participated in European fuel technology and standardisation groups (CEN WG 21 Specification for unleaded petrol; WG 24 Specification for diesel fuel), and also in different specific groups created for dealing with quality topics.

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

Also in 2013, work continued in the process for improving the analysis service offer through the incorporation of cutting-edge technology equipment, the implementation of new standard test methods and the development of the Company's proprietary methods that are able to meet the demand for analyses that are not covered by standard methods.

#### **Biofuel services**

In order to meet customer's needs for biodiesel and bioethanol in transportation, the CLH Group provides logistic blending services in the loading arm (for example, blending fatty acid methyl esters (FAME) with diesel).

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

## **Fuel specifications**

During 2013, CLH actively contributed to AENOR, agency responsible for updating the specification of biodiesel quality (FAME), and implemented in its system the new version of the specification EN 14214, on quality of these products.

Also in 2013, CLH collaborated with the Ministry of Industry, Energy and Tourism and other industry players in order to obtain the vapour pressure waiver for the gasoline marketed in Spain during summer months.

## Metrology and calibration services

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

In 2013, the Company renewed its ENAC accreditation for these services in accordance with the ISO/IEC 17025 standard and continued contributing towards what is known in this area through the research projects carried out at the CLH Chair in Metrology (Polytechnic University of Madrid's School of Mining and Energy Engineering), and through dissemination activities in specific technical forums.



















#### Services of CLH Aviación

CLH Aviación is the only independent company in the Spanish market for fuel services at airports that offers a wide range of services related to aviation fuel. The Company reports on the customers' classification system from satisfaction data, based on different criteria, such as sales history, acquired products/ services, geographic segmentation, benefits generated to customers, etc.

The distribution of customers and stakeholders is done according to the services received: fuel suppliers, airline companies, into-plane fuelling agents and airport managers.

The main services offered by CLH are the storage, distribution and into-plane supply of aviation fuels and lubricants.

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

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

During 2013, a number of improvements and expansions were made at facilities operated by CLH Aviación, and work has progressed on other projects that will be completed in 2014.

These improvements will make it possible to carry out the Company's activities in accordance with the latest international standards and adapt the facilities to the evolution experienced at the airports where the company operates. On the other hand, supply services through the hydrant network experienced a significant increase, a relevant aspect for airline companies and airport authorities.

It should also be noted that in 2013 CLH Aviación obtained the EMAS (Community Eco-Management and Audit Scheme) environmental certification for the airport facility at Bilbao. This certification recognises the effort made to increase the sustainability of their activities, in accordance with a demanding Environmental Management System and its commitment to continuous improvement.

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

Furthermore, CLH Aviación works together with airport authorities and customers to create procedures for covering special services:

- Emergency supplies without intervention of the airport fire-fighting services,
- Supplies to helicopters with running rotors,
- Support for reviewing the regulation on platform safety.

CLH Aviación collaborates with its customers in different ways. These procedures are developed in the performance of services provided at airports and take into account the special needs of each customer.





















For this purpose, local meetings are held in airports with station managers and meetings are coordinated by the head office as frequently as required according to the customers' needs.

# Other improvements in the **CLH Group services**

Another year, the CLH Group committed to the improvement and expansion of its logistic services focused on offering products and services with more added value:

- In 2013 CLH defined and started the development of the new management system for fuel certification pursuant to Circular 1/2013 (9 May) published by the Spanish National Energy Committee (CNE), which regulates the management of promoting the use of Biofuels and other renewable fuels for use in transportation. In addition to meeting the requirements of the new regulations, the new system will be more closely adapted to present-day operator and market requirements, and will be geared towards achieving maximum simplicity and flexibility. When delivering this service, requirements about biofuels sustainability and compliance with biodiesel production allocations are taken into account to compute compliance with compulsory biofuel targets. Both aspects are not yet regulated.
- Certificate of Authorised Economic Operator (AEO) In March 2013 the Authorised Economic Operator certificate (AEO) was obtained, which means CLH is a trusted operator before the customs authorities. This certificate is proof of CLH's willingness to cooperate with the authorities at the highest possible degree in accordance with the values of the Company and understanding that these initiatives are appreciated by our customers and generate competitive advantage.

- En route sales to provision vessels. CLH developed a procedure to perform en route sales to supply fuel to vessels pursuant to section 27 of the Tax Excise Duties Regulations, which has been approved by the management agency. Implementing this procedure in our facilities increases the opportunities to perform supplies to customers, thus increasing competitiveness. The first supplies with this system were performed towards the end of 2013.
- Internal EMCS. In 2013, CLH has made the necessary modifications to processes and systems for the implementation of the Control System for Tax Excise Duties Movements (EMCS) applicable to the circulation of products subject to Tax Excise Duty under suspension arrangement, some exemption or reduced rate with origin and destination within the territory of compulsory compliance starting on 1 January 2014. The modifications have been carried out in close cooperation with the Tax Excise Duties Department and the oil products operators seeking maximum efficiency and process simplification.





















- Product deliveries with differentiated **specifications**. CLH started the delivery by road tankers of products with nonstandard specifications, having performed the necessary modifications in infrastructures and processes. This enables our customers to access certain market niches which so far were not catered for from the CLH facilities.
- Improvements in information systems. Following the principle of continuous improvement in the services it provides, during 2013 CLH developed various improvements to the information systems offered to its customers to enable them to perform operations more efficiently and independently. Particularly relevant are improvements to planned loads files, to report to those responsible for the freight agreements, modifications in the accompanying documents, and in output files.
- Modifications resulting from the new **Excise Tax regulations.** The changes made in the regulations governing excise tax on hydrocarbons (ETH) with the Energy Sustainability Act 15/2012 (27 December) which came into force on 1 January 2013, were far-reaching and had a considerable impact on the oil product market. The removal of zero rate for biofuels, the new tax rates applicable to fuel oil and diesel fuel used in the production of electricity, the cancellation of the retail tax to certain hydrocarbon products (IVMDH) and its integration with the hydrocarbon fuels excise tax both state-wide and regionally, have compelled CLH to modify the ETH management system, to enable preparing tax returns in accordance with the new requirements, and in cooperation with its customers.
- · Commissioning of the new facility in **Salamanca.** Around mid-2013 the new storage Salamanca facility located at Castellanos de Moriscos was commissioned. This will replace the CLH facility located in the centre of Salamanca, freeing up the

- land for urban planning. The new facility is connected to the Valladolid - Salamanca oil pipeline, has state-of-the-art control and safety systems and is designed to minimise environmental impact.
- Customer service invoicing system. During 2013, improvements related to invoicing services performed by CLH were commissioned: better formats and details breakdown, option to issue the invoice in different languages, and a new service to make available to customers to receive invoices through the web, in digitally signed PDF format, speeding up reception and management. These improvements contribute to the CLH commitment to the environment by reducing the consumption of paper. This new service has been warmly received and is being used by the majority of customers.
- Biofuel services. As in previous years, in 2013 biofuel services offered by CLH have enabled customers to fulfil their consumption obligations pursuant to Royal Decree-Act 4/2013 (22 February) of Entrepreneurship Promotion.



















# Working in association with other players on quality matters

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

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

Another CLH concern is to guarantee the perfect condition of the oil products it handles and distributes. The Company achieves this aim with a stringent Quality Management System that is completed with ISO/IEC 17025 accreditation, awarded by ENAC, for fuel analysis at its central laboratory, which was renewed in 2013.

The Company also maintained the same accreditation for the performance of environmental tests and for carrying out calibrations and tests on its oil product volume metering systems, this being a recognition that guarantees accuracy in the quantities of oil products received and delivered by the Company.

The CLH Group works to improve efficiency in its processes and services, so that they offer customers and society maximum value with the minimum consumption of resources. In 2013 the Company continued implementing the management through processes and intensifying the commitment to continuous improvement and innovation. Likewise, a target of identification and definition of specific plans for improvement was set for 34 corporate processes. This target was achieved during the year.

During 2013, CLH continued working in association with the university in the area of the CLH Chair of Hydrocarbon Metrology. The Company participated in projects for improvement to systems, procedures and metering equipment.

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

Also in 2013, CLH has become a member of the international consortium in the NARA project for the promotion of the use of bio kerosene in the American market.

During 2013, the CLH Group continued participating in European (Task Force of WG 24) and Spanish (CTN51/SC3) groups to establish specifications for FAME (diesel biofuels specification). CLH has contributed to the international group led by the Energy Institute for evaluating the maximum limit of FAME in aviation fuel, the results of which may simplify the logistics of this fuel, with improvements in efficiency that may prove significant for customers.

Quality and innovation for our customers 14/21





















# Quality management in CLH Aviación

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

The work carried out by the "JET A-1 Filtrability Equipment" improvement group has made it possible to place two pieces of equipment in service at the Barcelona airport facility, for detection of water and particles in suspension. This system controls the purity of the fuel, and allows it to be linked to other operating parameters. In this case, CLH Aviación is using these pieces of equipment to monitor the passage of fuel through the fixed facility at that airport. The data obtained are being analysed by the Sub-department for Quality and Innovation, through the Central Laboratory, seeking a correlation between the results and the quality levels of the fuel receive.

#### "Hydrant management" improvement group

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

#### **CLH Aviación knowledge base**

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

## "JET A-1 Filtrability Equipment" improvement group

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

### "Into-plane supply service provision process" improvement group

• Formed by CLH Aviación, the Information Systems Management and the Subdepartment for Quality and Innovation.

### "Mobile equipment maintenance" improvement group

• Through this group, a thorough review of the Mobile Equipment Maintenance Manual of CLH Aviación has been undertaken. This group is comprised of Airport Services Managers and Contractors that perform preventive and corrective maintenance activities in some airports.

#### Single database

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



















Regarding the "Into-plane supply service provision process" improvement group, considerable progress has been made on the project, as the prototype has been tested in three vehicles and deployment in the rest of vehicles and airports will start soon. Additionally, improvements to the system are in progress so that new devices include new functionalities to enhance safety and efficiency in operations.

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

Also, in 2013 the review of most part of the general processes in CLH Aviación has continued, by identifying and analysing each of them.



Innovation in the Company's services is a basic tool for continuing to make an indepth examination of their diversification. The CLH Group has an Innovation Management System that includes the requirements of the most demanding standards, the conduct of benchmark companies with the best practices.

During 2013, with regards to innovation, activities continued in R&D&i, thereby improving the global process for managing ideas and initiatives. Also, improvements were made in the management system of implementation projects.

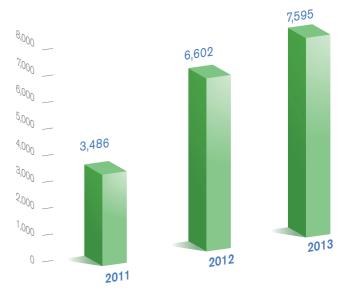
This system, which has its own specific policy in addition to concrete processes and objectives, is certified in accordance with the UNE 166002 standard, renewed in 2013. Additionally, with regards to quality, 5 new certifications have been obtained for 5 port facilities according to the quality standards applicable to each of them.

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

# Technological lines in the CLH innovation system

- LT1. Transportation by pipeline
- LT2. Liquid bulk storage and dispatch
- LT3. Information and communication technologies
- LT4. Quality of products and additives
- LT5. Measurement of liquid bulk
- LT6. Environmental Technologies
- LT7. Safety Technologies
- LT8. Energy efficiency.

#### **Investment in innovation** (thousand Euro)



Figures for investment in innovation for 2011 and 2012 are definitive, as these fiscal years are now closed, hence the change with respect to prior years' reports. However, the figure for 2013 correlates with the estimates on projects carried out and will only be taken as definitive upon closing the 2013 fiscal year, by mid-2014.



















The increase in investment in R&D&i projects during 2013 is due to the promotion of projects aimed at improving the efficiency in all areas, operations, processes, as well as improving the innovation management, enabling a better identification of the initiatives to be taken.

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

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

#### **TRACEABILITY**

Creation of a new concept and system for the control and management of both traceability and quality of hydrocarbons throughout their logistics cycle.

#### **Objectives:**

- Design of a new system for the control and management of both traceability and quality of hydrocarbons throughout their logistics cycle.
- Guarantee the traceability chain of all fuels supplied to customers.
- Development of a new product identification process for verifying composition and position.

#### INTO-PLANE FUELLING

Development of new control and supervision technologies in fuel supply operations to aircrafts.

#### **Objectives:**

- Creation of a new supervision system based on monitoring signals throughout the intoplane fuelling process.
- Increase safety in operations and improve quality in into-plane fuelling services.
- Reduction of costs in the process and maintenance of mobile equipment.
- Improvement of accident investigation.
- Information on the vehicle's position and improvement on response to platform emergencies.





















Studies and inquiries in measurement, analysis and treatment techniques for the development and optimisation of new processes and improvement of hydrocarbon properties.

#### **Objectives:**

- Development of analysis methods for quality control of oil products.
- Development of methods and systems to research market events.
- Simplified research of operations for the improvement of critical aspects of fuel quality.

#### **ASSET MANAGEMENT**

Design and development of a new asset management system in hydrocarbon logistics with a high level of integration.

#### **Objectives:**

- Development of a flexible asset management tool that enables the integration of all functionalities required by different departments in CLH and future improvements.
- Allow contractors to access the system, facilitating management both for CLH and contractors.
- System integration with Automation Systems, thus incorporating preventive and corrective maintenance of valves and pumps.
- Improvement of inspection management.

#### **METROLOGY**

Control and forecast of meters in loading areas.

#### **Objectives:**

- Implementation of a metrology control system in order to monitor the accuracy of positive displacement volumetric meters used in the Company's loading areas.
- Development of a procedure to forecast the metrology behaviour of the meters in service, anticipating the need to replace equipment, preventing non-compliance of tolerance levels required by the Company.

Additionally, CLH applies the best technologies and innovation to its operational processes by, for example, extending the implementation and definition of action plans to 34 processes belonging to four different areas of the Company. As a result, improvements are achieved in process quality, cycle times and use of resources.



















# Innovation applied to the biofuel sector

The automotive biofuel sector, especially biodiesel, had historically faced restrictions due to its behaviour at low temperatures. CLH argued the need to include a limit for saturated monoglycerids in the specification, as these components have the highest potential impact on this behaviour, and introduced in its internal specifications a limit with the understanding that it guaranteed quality for the market and end consumers. The latest version of the UNE EN 14214 standard, which regulates biodiesel quality for commercialisation in the country, establishes a limit for these components.

The specified limit is based on algorithms. CLH also highlighted the convenience of using methods of direct determination with chromatography techniques. These methods are already accepted by the European Committee for Standardisation for analysis and potential inclusion in the specification.

# ITAKA: "Initiative towards sustainable kerosene for aviation"

This initiative supports the development of aviation biofuels in an economically, socially, and environmentally friendly manner. This will be achieved through the first of its kind collaborative project in the EU, whose scope includes the full biofuel value-chain, from raw materials to aircraft refuelling; all thanks to the infrastructures already existing throughout Europe, including CLH's logistic network.

Apart from participating in the ITAKA Project, CLH Aviación has joined the NARA Project aiming at evaluating the possibility of using bio kerosene in several states in the US.























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

activities with 30 customers that can be classified as follows:

In 2013 CLH has engaged in commercial

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

# **CLH** customer satisfaction survey

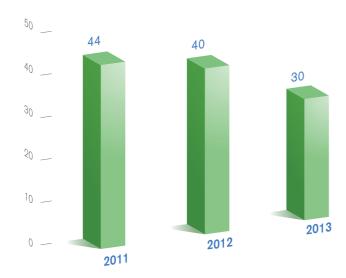
Where customer relations are concerned, a key aspect is assessment of their level of satisfaction with the service provided by the Company. In this respect, CLH conducts a specific survey once every two years among customers from both CLH and CLH Aviation. In the last edition, which was conducted in 2013, the average rating obtained by the Company was 3.2 out of a maximum of 4 points, a satisfactory result better than the rating of the previous edition.

Maintaining the results in a situation of longterm economic downturn proves that the Company has evolved to meet its customers' needs.

The following are the most important general conclusions reached concerning the survey conducted in 2013:

- · A significant improvement has been registered in the rating of bunker services due to a better response to the customers' needs in a competitive market.
- · Additionally, there was a significant increase in the rating of biofuel services.
- Implementation of new services in order to meet customers' needs have had a good level of acceptance.
- Flexibility continued to be highlighted as an aspect for further development. After all, customers are facing increasingly changing and competitive markets.

#### **Number of CLH customers**





















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

CLH Aviación therefore keeps up a close relationship with the end users (airline companies) so as to be able to analyse their level of satisfaction and also their new requirements.

Following the conclusions reached in the survey conducted in 2012, improvements were made in 2013 to the customer invoicing system, including changes in the invoice format, breakdown of items, sending in electronic format, availability of e-invoicing system, and development of the invoicing system according to IATA. On the other hand, work continues on the information exchanged with the airlines that are provided directly with the into-plane supply service.

Throughout 2013 work also continued on an in-depth review of the different processes carried out in CLH Aviación, including possible short-and long-term improvement actions for each of them.

The objective set by CLH Aviación for 2014 is to improve the global result compared with the last survey conducted in 2012 and maintain good results in services and characteristics, especially from airline companies, as they directly receive most of the services rendered.

# Protection of commercial data and communications

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

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

Also in this context, it should be noted that during 2013 the CLH Group did not identify any breach of the regulations or voluntary codes relating to marketing communications, including advertising, promotion and sponsorship.

#### Quality and innovation for our customers 21/21



















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

It should be noted that there is a quality procedure in place to manage claims from customers. Such claims are centrally gathered and are registered in a database. The member responsible for follow-up informs the relevant areas in the organisation so that they can provide with further information on the subject claim and a reply is sent to the customer. If needed, further clarification is made upon request of the customer until the claim is solved.

The Marketing & Sales General Management is the department responsible for managing the claims related to the services provided by CLH.

As for CLH Aviación, claims can be received in any area, directly in airports or in the head office through the mailbox that CLH Aviación makes available to its customers. In any case, every claim is analysed together by the Sub-department of Operations and the Sub-department for Quality, Technology and Innovation, who identify the causes of the claim and provide customers with the necessary corrective measures.

An indicator of the number of claims for each airport is monitored and is assigned an annual target.

Every claim received is classified according to different criteria: type of claim, origin (customers, regulatory bodies, etc.), cause, admissible or inadmissible, etc. Additionally, the information related to the claim is adequately maintained and filed for consultation and analysis at any time.



















# SAFETY IN OUR OPERATIONS

#### **OUR APPROACH**

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



# WHAT PROGRESS HAVE WE ACHIEVED IN 2013 IN THE CSR 2012-2016 MASTER PLAN PROGRAMMES RELATED TO SAFETY?

Programme		Degree of compliance	
1.	To encourage employee participation in the occupational health examinations.	~	Health campaigns linked to examinations were rolled out and took place in mobile units at the workplace.
2.	To propagate new activities providing information about health.	2	A Practical Guide to Occupational Health has been published. Presentations have been organised on back care and heart health. Articles on health issues have been included in the corporate magazine ACERCA.
3.	To promote activities for monitoring collective health.		Studies on occupational risks have been carried out and preventive measures against specific risks have been put in place.
4.	To develop initiatives for promoting the general health of employees.	2	Various campaigns on promotion of health among employees have been rolled out, such as "Colon cancer screening" and "Cardiovascular Risk Stratification".
5.	To promote continuous training as a tool for sustainable cultural change in safety matters.	~	As part of the "Zero is Possible" project, several workshops and behavioural training courses have been organised.
6.	To achieve active participation from employees through "Aporta" to continue developing the Group's "Zero is Possible" commitment to safety.	2	Contributions from the Group employees have increased within the framework of the "Zero is Possible" programme.
7.	To analyse the requirements of the API 340 (Liquid Release Prevention for Aboveground Storage Facilities) and API 353 (Managing Systems Integrity of Terminal and Tank facilities) standards.		A Facility Integrity Plan was developed, establishing a risk-based management model that enables optimisation of resources.







Degree of compliance















# SAFETY IN OUR OPERATIONS (CONTINUED)



Programme		Degree of compliance		
8. To design the facility integrity policy.	Un	e integrity policy has been unified into a single Organisational nit in order to avoid overlapping and to take advantage of nergies of CLH's new organisational structure.		
9. To adapt operating processes to the new policy.		egrity is present practically in all stages of the value chain of the erating processes.		
10. To review and design new action protocols in the area of facility integrity.	for	e tank inspection process has been standardised. Also, a process designing inspections with best-fitting techniques for every uation has been established, optimising the inspections based on k.		
11. To participate in international conferences for encouraging exchange of good practices.	- 0 - 1 - 0 Pro	e Company participated in the following conferences: CEOCOR Technical Exhibition Pipe Tech World Summit 2013 Corrosion protection STPA, "Third Session on Corrosion otection" The power of data, thriving in a world of change		
12. To assess the possibility of joining an international pipeline association.	So Ins	everal members in Management have joined the American ociety of Mechanical Engineers (ASME), American Petroleum stitute (API) and Conservation of Clean Air and Water in Europe ONCAWE)		
13. Facility managers to assess specific risks.	wa	e AGII application (Facility Integrity Management Application) as developed thus enabling implementation of the facility risk odel defined in the Facility Integrity Plan.		
14. To review and improve the protocol for formalising the CLH Group methodology on analysing risks at the facilities.		e facility risk assessment module of the AGII application (Facility egrity Management Application) was completed.		



Accomplished



In process



Not yet started

Safety in our operations 3/12









Degree of compliance













# SAFETY IN OUR OPERATIONS (CONTINUED)

**Programme** 



15. To successfully pass the second follow-up audit
of the Health and Safety System in respect of the
OHSAS 18001:2007 standard in CLH and CLH
Aviación.



AENOR conducted the second follow-up audit of the Health and Safety System in accordance with the OHSAS 18001:2007 standard in CLH and CLH Aviación, and certified it as compliant.

**16.** To improve and make adjustments to the computer application for occupational accident management in the CLH Group, and progressively eliminate the use of the 370 model.



A computer application has been commissioned for in-house recording and analysis of occupational accidents.

17. To continue with the progressive reduction of industrial incidents in the CLH Group.



In 2013 there have been no industrial incidents with environmental impact.

18. To improve the system for continuous assessment of contractors as regards safety.



A monitoring system for the progress of suppliers' accident rates, to be reported to the Prevention, Environmental and Safety Service, has been implemented.

19. To continue with the sustainable reduction of the Total Accident Frequency Rate (TFR).



The TFR has continued decreasing and now stands at a value of 3.24 at Group level.

20. To design and draft the Facility Integrity Management Plan.



The core contents of the Facility Integrity Management Plan, together with three additional technical annexes, have been drafted and approved.

# WHAT DO WE WANT TO ACHIEVE IN 2014?



Accomplished



n process



Not yet started

- Successfully pass the review audit of the Health and Safety System in respect of the OHSAS 18001:2007 standard in CLH and CLH Aviación, within the Management Integrated System (SIG).
- Continue with a sustainable reduction of the Total Accident Frequency Rate (TFR) at CLH Group level.
- Update the Safety Data Sheets appearing in Work Orders that support Maintenance Work Plans.
- Update the Laboratory Safety Manual.
- Deploy the Facility Integrity Plan.
- Start the operation of the Pipeline Risk Assessment tool.





















The CLH Group's commitment to safety becomes evident in its Serious Accident Prevention Policy. It serves to establish the aim of offering the highest possible level of safety and reliability, avoiding the occurrence of accidents whose consequences may affect the health and safety of its stakeholders, including employees, contractors, outside companies and the environment.

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

# Audit of the Safety management system according to the OHSAS standard

In April 2013, the accreditation body (AENOR) conducted the second follow-up audit of the Safety management system according with the 18001:2007 OHSAS standard in CLH and CLH Aviación. This audit basically consisted in visiting 6 Group Work Centres and reviewing relevant documentation in the Company's head office.

As a result of the audit, 2 minor areas of non-compliance were identified and the corresponding Corrective Action Plan (PAC) was designed and submitted to the accreditation body.

Additionally, this body recognised the CLH Group's work in this matter and identified the following strengths:

- Commitment of the organisation with reducing accident rates through the ZERO IS POSSIBLE project.
- High-level of commitment of audited employees with the maintenance and improvement of the management system.
- Internal communication of health and safety issues through the APORTA system.
- Control of records related to employee health training, information, communication and monitoring.
- Safety contact on a weekly basis in the Company's intranet.
- Behavioural observations in facilities for those activities carried out in them.
- Communication to other work centres of any deviations found in audits so that they are taken into account in preventive actions.
- Quarterly emergency drills in centres.
- Management of lessons learned from accident investigations.















On the other hand, the Self-Protection Plans aim to act as defence, mitigation and prevention, to safeguard the integrity and health of people, identify potential risk situations that may occur at the facilities and model the possible serious accidents that might happen. Should any incident occur, these self-protection plans make it possible to efficiently organise the action to be carried out using the available human and material resources. In 2013, the CLH Group amended the Self-protection Plans (APU) in Catalonia to comply with new regulations in this region.

Safety in our operations

5/12

In addition to the Self-protection Plans, the CLH Group carries out other actions in the framework of serious accident prevention and safety management in its facilities. Among them, the following should be noted:

- Application of action protocols to prevent and control environmental impacts in the framework of the principles that shape the Serious Accident Prevention Policy (PPAG).
- In 2013, the Company carried out 160 safety drills at CLH and CLH Aviación facilities following established internal procedures.
- · Development of studies on safety and event modelling at all the facilities affected by the laws governing serious accidents. These studies have been submitted to the

competent autonomous regional authorities which, on the basis of the information they contain, draw up the Off-Site Emergency Plans.

- · Maintenance of efficient state-of-the-art fire defence systems, innovating and developing new ideas for providing its facilities with greater reliability and safety, guaranteeing that all systems for reducing risk are in perfect working order at all times.
- · Approval of external and internal communication procedures that establish suitable channels for reporting on and coordinating the necessary actions with the public authorities.

# **Serious Accident Prevention Policy**

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





















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

The Company promoted the development of the Facility Integrity Plan aimed at consolidating the integrity of facilities and pipelines into a single Organisational Unit. This plan is based on the best international practices in the industry and establishes a risk-based management model that enables optimisation of resources.

The Facility Integrity Plan provides the foundation and tools for an efficient integrity management in the facilities, such as the risk model, selection of mitigation measures, technique optimisation and frequency of tank inspections, development of action plans, definition and follow-up of indicators and management of change.

The AGII application (Facility Integrity Management Application) has been developed as a tool to assist in its management. It consists of an asset inventory, history of tank inspections, a risk model and leak test tool. AGII facilitates optimum management of resources aiming at reducing risk and achieve tolerable levels for the Company.

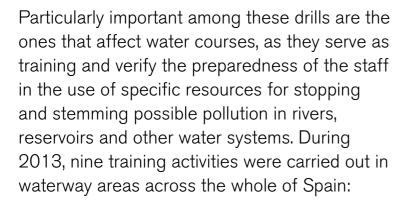
On the other hand, the Pipeline Integrity Plan is focused on a safe and efficient operation of the pipelines. In order to increase third-party safety, several communication campaigns have been developed for those people living or working in the surrounding areas of the pipelines so that they know how to act in case of works or an emergency. To this end, leaflets have been prepared with information on pipelines and hydrant network at airports, explaining how to identify pipes, their general functioning and measures to prevent accidents. Furthermore, a telephone number is available to the general public to report on any accident to CLH or CLH Aviación.

In the area of pipeline management, it is especially relevant the relationship with the local authorities and the owners of land through which the pipelines run in order to offer them a clear picture of the characteristics of these infrastructures and be able to count on their cooperation whenever necessary. The CLH Group has published explanatory leaflets that include information about the precautions to be adopted in the vicinity of pipelines, particularly if any outside activity or work is to be carried out near them, providing a contact telephone number in case it should be necessary for the Company to intervene.

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

#### Safety in our operations





Section	Area
Santa Perpetua-Gerona	River Tordera
Adamuz-Almodóvar	Montes Comunales Reservoir
Arahal-Base Morón	River Guadaira
Lérida-Monzalbarba	River Segre
La Coruña-Vigo	River Umia
Muskiz-Miranda	River Bayas
Loeches-Barajas	River Henares
Castellón-Valencia	Real Acequia de Moncada
Almodóvar-Loeches	River Jabalón

Additionally, the CLH Group participates in conferences and is an active member of several international associations for the promotion of exchange of good practices on pipeline integrity. During 2013, the Company participated and joined the following conferences and associations, among others:

- API (American Petroleum Institute): three members of the Operations General Management have been certified as Inspectors according to API 653. This certification enables the Company to improve compliance with the highest standards in storage tank inspection.
- CONCAWE (Conservation of Clean Air and Water in Europe): several members of the Operations General Management have joined this non-profit organisation established in 1963 by a group of oil companies to carry out research on environmental issues relevant to the oil industry. Its activities cover areas such as fuel quality and emissions, air quality, water quality, soil contamination, waste, occupational health and safety, petroleum product and pipeline management.

 Pipeline Risk Management Conference in Houston. CLH shared experiences in pipeline risk analysis and management with its counterparts in the US, Canada, Netherlands and Cameroun. A great opportunity to approach global trends in this area.

 In October 2013, it participated in the conference "The power of data, Thriving in a world of change" held in Paris. The attendees shared the best practices in the industry with regard to the use of real-time data to support a wide range of applications and services, as well as the reduction in energy consumption and cost reduction through optimisation of procedures or real-time analysis of equipment and operations performance.





















# OCCUPATIONAL HEALTH AND SAFETY

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

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

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

Thanks to the commitment of the Group to the health and safety of its stakeholders, one of the main objectives defined in the Strategic Plan has been achieved: the reduction of occupational accidents. In particular, a progressive reduction of the Total Accident Frequency Rate (TFR) in the CLH Group has been achieved in recent years. In 2013 this figure was 3.24 for the Group as a whole, representing a 23.4% reduction from 2012, below the 4 targeted for the year.

Accident Rate CLH	2011		2012		2013	
	Men	Women	Men	Women	Men	Women
Accident frequency rate* (with sick leave)	7.65	5.04	3.72	0.00	2.90	0.00
Serious accident rate**	0.11	0.17	0.07	0.00	0.08	0.00

<sup>(\*)</sup> Accident frequency rate: Number of accidents involving sick leave for every million hours worked.

# **Safety and Prevention Principles in CLH**

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

### **Total Accident Frequency Rate (TFR) Evolution, CLH Group**



<sup>(\*)</sup> Serious accident rate: Number of calendar days lost through accident involving sick leave for every thousand hours worked.

















This reduction in accident rates has been achieved due to the efforts made in the awareness about unsafe attitudes or actions and the promotion of safe behaviour through interaction with the people who are observed.

In this respect, it should be highlighted the great efforts made by the Group concerning training, the use of accident modelling as a tool for analysing causes, and the generalised use of the tool known as "behavioural observations", that consists of always keeping a constructive watch on the conduct of other people at work in connection with safety aspects.

Besides this, the CLH Group has continued investigating accidents and near accidents (with a total number of 7 near accidents) and reviewing its evaluations of risk.

Moreover, it should be noted that in 2013 the CLH Group joined the AENOR AEN/ CTN 81/SC 1/GT 1 working group for the standardisation of breathing apparatuses through its Head of the Prevention Service, who also represents COASHIQ (Autonomous Occupational Safety and Hygiene Commission for the Chemical and Related Industries). The team, which is coordinated by the Spanish National Institute for Safety and Hygiene (Ministry of Employment), is also comprised of outstanding specialists.

The Group's employees are represented through the trade union delegates who are present at all work centres where there are more than 6 workers. At centres with more than 50 workers there is a Local Health and Safety Committee with equal representation for employees and delegates. The Joint Committee for Health and Safety is the equal representation body for CLH and CLH Aviación.

# Promotion of safe behaviour throughout the value chain

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

Regarding its contractors, CLH makes a thorough monitoring of their accident rate figures, expressly requesting them to investigate all the accidents they may have sustained. These are ultimately analysed at a Sub-committee for Accident Investigation that forms part of the company's Joint Committee for Health and Safety.

CLH also gives recognition to the best practices of its contractors in the area of safety, rewarding those that demonstrate the best performance. The "Zero Accidents" prize, third edition this year, aims at engaging partner companies in CLH's values and its safety and accident prevention policy, according to the Company's corporate social responsibility policy.

In order to compete for this award, the partner companies must be approved by the CLH Group and have signed the "Zero is Possible" commitment to safety, which is a document whereby they undertake to promote the physical, mental and social wellbeing of their workers, through suitable protection and prevention against the risks inherent in their everyday work.

FCC Industrial, a subsidiary company of FCC Construcción, was awarded the Annual "Zero Accidents" prize, in recognition of the best conduct in occupational health and safety among the partner companies that provided services in the Company's facilities.

For awarding the prize, the members of the jury, comprised of members of CLH Sub-Management of Occupational Risk Prevention,



















Environment and Safety, have taken into account the safety results obtained by partner companies during the works carried out in 2012.

#### **Contractor accident rates**

	2011	2012	2013
Accident frequency rate* (with sick leave)	3.61	5.45	3.38
Serious accident rate**	0.03	0.18	0.03

<sup>()</sup> Accident frequency rate: Number of accidents involving sick leave for every million hours worked.

#### Absenteeism rate

	2011		2012		2013	
	Men	Women	Men	Women	Men	Women
CLH						
Total common contingencies	3.43%	4.66%	2.47%	4.19%	2.43%	5.37%
Total Accidents at work	0.26%	0.22%	0.09%	0.01%	0.06%	0.00%
Total Absenteeism CLH	3.69%	4.88%	2.55%	4.19%	2.49%	5.37%
CLH Aviación						
Total Common Contingencies	5.37%	7.94%	3.16%	10.78%	3.82%	6.81%
Total Accidents at work	0.33%	0.00%	0.14%	0.00%	0.10%	0.00%
Total Absenteeism CLH Aviación	5.69%	7.94%	3.30%	10.78%	3.92%	6.81%
CLH Group						
Total Common Contingencies	3.99%	4.89%	2.66%	4.65%	2.78%	5.47%
Total Accidents at work	0.28%	0.20%	0.10%	0.01%	0.07%	0.00%
Total Absenteeism CLH Group	4.27%	5.10%	2.76%	4.65%	2.85%	5.47%

<sup>(\*)</sup> Serious accident rate: Number of calendar days lost through accident involving sick leave for every thousand hours worked.























In order to create a preventive, proactive and anticipative culture aligned with the safety and integrity values of the CLH Group, various initiatives have been developed for the prevention of occupational risks.

During 2013 the CLH Group continued developing the project known as "Zero is Possible". This project is based on a sustainable cultural change where safety is concerned, and covers a broad range of activities such as the organisation of training courses, both at the facilities and at the head office, and training on occupational risk prevention through "behavioural workshops". In 2013 the scope of these courses was extended to other organisational levels; in particular, this year training has been focused on non-managers.

Other actions were carried out in the Company that contribute to eliminate or reduce the risks that can give rise to accidents:

- · Communication and dissemination effort made through the weekly publication of CLH Group Safety Contacts in the corporate portal.
- "Acerca", the in-house magazine, is consolidated as an information vehicle for circulating news about prevention activities, in addition to the corporate intranet, the training department and the creation of the suggestions system called "Aporta" through the corporate portal.
- Safety contacts on a variety of topics have been made at the "Internal Communication Meetings" held with all the Company's managers.
- · A brochure entitled "Practical Guide to Health" was published to celebrate the World Day for Safety and Health.
- · Work has continued on monitoring accidents at the facilities, with an award being given to the facilities that have not recorded any accidents at all.

• CLH obtained the "Prevention Bonus", which is an incentive system for companies outstanding in their effective and proven contribution to the reduction in workplace accidents and effective actions to prevent accidents at work and occupational diseases.

### **Occupational Health Training**

In 2013, the CLH Group Medical Service played an active role in occupational health and safety training and carried out various actions aimed at creating a corporate health culture among employees and their families and promote a healthy lifestyle.

Among other, the Medical Service, in collaboration with the Corporate Management for Institutional Relations and Communication, promotes participation in the in-house magazine "Acerca", distributed among the stakeholders. An article on healthy lifestyle habits and the prevention of serious illnesses ("Take Note" section) and another on risk prevention ("It's worth your while" section) are published in all issues.



















Also in 2013 it carried out two occupational health campaigns that were published on the corporate portal, namely:

• "Colon cancer screening" campaign, aimed at raising awareness on one of the most frequent tumours in Spain, and make an early diagnosis of this pathology among the CLH workforce, following the recommendations of the clinical guideline for the prevention of colorectal cancer issued by the Spanish Association of Gastroenterology and the Alliance for the Prevention of Colon Cancer.

· "Stratification of Cardiovascular Risk" campaign, with the aim of lowering the prevalence of cardiovascular risk factors among CLH Group employees, as this is the primary cause of death in Spain.

Likewise, lectures have been organised to promote health and create awareness on relevant diseases, like "The importance of back care in office work" by the Chief of trauma assessment of Fraternidad Muprespa, and "Cardiovascular risk factors" by the Chief of the unit of cardiovascular imaging of Hospital Clínico San Carlos.

#### Safety training in the CLH Group

	2011	2012	2013
Safety training (hours)	14,129	13,095	13,085
Attendance level (no. people)	2,262	1,987	2,222
Training in Prevention (hours)	9,156	6,565	5,216
Attendance level (no. people)	1,122	738	691
Investment (thousand Euro)	293.7	262.6	151.9

# **Implementation of PPE against** splashes

The CLH Group, in collaboration with the company's representation in the Joint Committee, decided to include new protective eyewear against splashes in the PPE Manual.

These new protection measures represent a significant improvement in the health and safety of the Group's employees. As there are employees using prescription eyewear in their daily activities, and as they are lightweight, flexible and can include solar filter, they meet a need that was not met before in the PPE included in the CLH Group Manual.









Degree of compliance















# AN ATTRACTIVE WORK ENVIRONMENT FOR OUR EMPLOYEES

**Programme** 

#### **OUR APPROACH**

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



# WHAT PROGRESS HAVE WE ACHIEVED DURING 2013 IN THE CSR MASTER PLAN PROGRAMMES RELATED TO OUR PEOPLE?

PIC	ogramme		Degree of compliance
1.	To include the statement of compliance with the Code of Conduct for new recruits and the rest of the workforce.		The Code of Conduct has been included in the welcome pack provided to new recruits and is also available in the corporate portal and website.
2.	To develop a training plan for dissemination of the Code of Conduct.	X	Training is planned for the 2014/2015 period.
3.	To deploy the gender equality plans and support the career advancement of women in the CLH Group.		Participation in the "Promociona" Project.
4.	To sign the "Diversity Charter"		A preliminary study has been undertaken and registration is planned for 2014.
5.	To identify job positions that could be filled with people with differentiated needs.		In November 2013 the ONCE Foundation approved CLH joining the Inserta programme.
6.	To establish strategic alliances and a pilot project for cooperating with suppliers that specialise in the integration of special needs groups.		In November 2013 the ONCE Foundation approved CLH joining the Inserta programme.  In December 2013 the supplier for vending services at the head office was replaced by a special employment centre.
7.	To carry out new awareness-raising campaigns to promote integration and inclusion.		In November 2013 the ONCE Foundation approved CLH joining the Inserta programme.  Management meeting in 12/2013 organised by the Inserta Forum about "Getting to know disability: diverse teams, profitable teams".
8.	To extend competency assessment through the organisation as a whole.		Extended to administrative employees in 2013.

















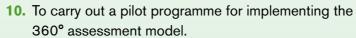


# AN ATTRACTIVE WORK ENVIRONMENT FOR OUR EMPLOYEES (CONTINUED)



Programme	9

# 9. To extend the competency model to processes covering selection, training and talent management.



- 11. To include questions related to internal reputation and Corporate Social Responsibility in the work atmosphere survey.
- **12.** To develop a pilot training programme in CSR for executives and middle management of the company.
- 13. To train people with high potential, in collaboration with top level business schools.
- 14. To develop the third phase of the "Lead in order to Motivate" leadership programme.
- 15. To develop and implement training through e-learning
- 16. To identify and define the key extra-financial indicators of the company.
- 17. To establish performance targets in Corporate Social Responsibility for the indicators that are identified.
- 18. To define the system for monitoring and assessing compliance with targets in order to link them to employee remuneration.

#### Degree of compliance



- Carried out in the management team in 2013.
  - Several questions related to internal reputation and Corporate Social Responsibility have been included in the work atmosphere survey.
- Two editions were carried out in 2013
  - In 2013, the first edition of the "PDD in company" programme took place in collaboration with other companies in the energy
  - This has been implemented through the "Decision-Making" Programme.
  - Different courses have been carried out on platforms belonging to external suppliers.
  - Additionally, suppliers for the implementation of an e-learning platform and the re-design of the training model have been selected.
  - The integral scorecard includes extra-financial indicators related to people management.
  - The Human Resources scorecard establishes annual targets for each indicator.
  - In 2013 the Management through targets (DPO) programme was reviewed for those employees not covered by collective agreements and was redefined for middle-management.



Accomplished



n process



Not yet started























# AN ATTRACTIVE WORK ENVIRONMENT FOR OUR EMPLOYEES (CONTINUED)

# Continued from previous page

P	rogramme		Degree of compliance
19	3. To follow up on Talent management in the CLH Group.		The Talent Committee has been set up. The corporate CV was launched and an assessment was made to the Group's technical staff and managers based on pre-requisites.
20	To develop new initiatives for balancing professional and family life, and social benefits.		New application for automating social benefit applications in the employee's portal.
2	I. To renew the "Family Responsible Certificate" ("efr"), improving on the present rating.		Renewal will take place in 2014
22	2. To improve the systems for unremunerated recognition.		Commissioning of new initiatives approved by the HR and Safety Committee in 08/2013.
2	3. To launch the new CLH Employee Portal.	<b>V</b>	Commissioned in 2013 together with the new website.
24	1. To implement the "Managing Talent" project.	~	In 2013 potential talent was identified through an assessment process and talent mapping was undertaken.
2	5. To start up the "PDD in company" programme (Executive Development Programme.	<b>V</b>	First Edition 02/2013.
20	6. To extend the Management through targets programme to middle management.		System commissioned in 2013.



Accomplished



In process



Not yet started

# WHAT DO WE WANT TO ACHIEVE IN 2014?

- Renewal of the "Family Responsible Certificate".
- Include clauses on work-life balance and equality policies in the agreements signed with CLH contractors.
- Negotiate annual working days in the head office so that staff whose working hours include a mid-day break can enjoy the afternoon off on Fridays and full day off on 24th and 31st December.
- Promote activities under the initiative "Days off school" combined with integration actions for disabled people.
- Improve communication among departments.
- Join and sign the "Diversity charter".





















# RESPONSIBLE MANAGEMENT OF OUR PEOPLE

The fundamental values of the CLH Group in human resources management are based on equal opportunities, diversity, fair remuneration and possibility of career development. The Company also actively promotes a responsible management following the principles of ethical behaviour included in the Code of Conduct and corporate values, which are a reference for CLH employees in their daily activities.

Since 2011, the Company has developed different initiatives for disseminating the contents of this Code among its workforce, the most important of them being the launching of a pack in which the Mission, Vision and Values Policies were also included. This pack is handed to all new recruits.

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

#### Characteristics of the workforce

At the end of 2013, CLH workforce is comprised of 1,405 professionals with permanent and fixed-term contracts.

Due to the application and development of the partial retirement plans, renewed in 2010 with representatives from trade unions and in force until 2012, towards the end of 2013 a total of 150 employees were eligible for partial retirement.

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

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

# Generational changeover plan in the CLH Group

- Significant rejuvenation of the workforce: Average age is 44.9 years.
- Teams that are renewed and aligned with the new corporate culture.
- Increased average training and professional level.
- Reduction of absenteeism.
- Optimisation of workforces.











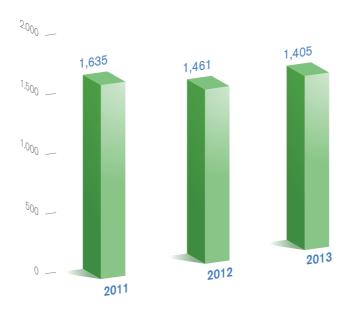




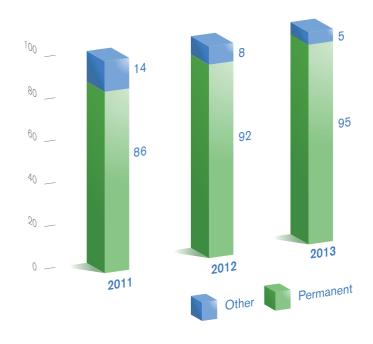




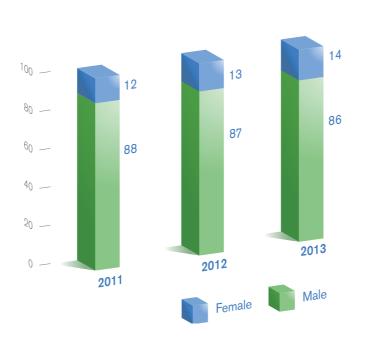
# **Evolution of the CLH Group workforce**



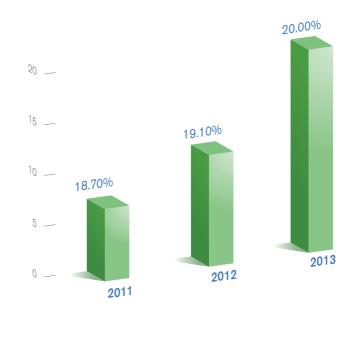
# Percentage distribution by contract type in the CLH Group



# Percentage distribution of the workforce by gender



# **Women in Management posts**



#### An attractive work environment for our employees 6/20

















# Other indicators of workforce diversity

	2011	2012	2013
% international employees	0.9	0.9	0.8
Average age	44.9	44.0	44.9
% of women recruited to technical positions	39%	35%	63%

### Percentage distribution of the workforce by groups

	2011		2012		2013	
	Men	Women	Men	Women	Men	Women
Managers	0.7%	0.0%	0.8%	0.0%	0.9%	0.0%
Technical staff	28.3%	7.1%	28.3%	8.1%	29.5%	8.5%
Administrative staff	3.1%	4.4%	2.9%	4.2%	2.9%	4.1%
Specialists and skilled operators	55.5%	0.9%	54.7%	1.0%	53.1%	1.0%

As part of its commitment to equality, in 2013 the CLH Group has seen an increase in the diversity of its personnel. This fact is being noticed more clearly in the latest recruitments made in the company, particularly as regards technical positions. In 2013, women represented 36% of the total of new recruits and 63% of those recruited as technical staff.

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



















The CLH Group employs the best professionals who are characterised by their level of professionalism and excellence in such a competitive sector as the energy sector. It therefore carries out different initiatives to offer its employees a stable and quality job and to encourage the development of their professional career.

In this context, one of the company's basic efforts addresses guaranteeing equal opportunities among its workforce. To achieve this, in 2011 the company signed the Gender Equality Plans for its two companies, as well as the "Action protocol for preventing harassment at work" for the whole Group. These plans were signed in 2012 by all the trade union sections. Since then, it has put into operation a large number of measures that were provided for in them, the most important of them being: the setting up of technical committees; training through equality workshops for people who hold posts in Human Resources Management and are involved in training, selection, development and labour relations processes; specific communication actions for the entire workforce; review of the language used in job offers, and preference for the candidate from the less represented gender, in conditions

of equal merits and ability, for selection and promotion processes.

The progress made by the company in this area was given a very high rating by the employees in the latest edition of the work atmosphere survey, in 2012, in which they gave gender equality the highest marks (3.25 out of 4).

The commitment to equality also extends to the aspect of remuneration. CLH provides the same basic salary for all employees within each professional group and development level. The differences existing in the final salary ratio between men and women are therefore not due to a factor that depends on gender, but on the different average length of service existing in both groups. Furthermore, the variable remuneration schemes in the company are related with achieving objetives, both the individual performance of the employees and, in the case of senior management, individual and corporate performance.

Employee category	Variable remuneration based on company performance (%) <sup>(*)</sup>	Variable remuneration based on management performance (%)(*)	Variable remuneration based on individual performance (%)(*)
Manager	67	-	33
Not covered by collective agreement	20-40	30-40	20-50
Mid management	10	_	90

<sup>(\*)</sup> Performance like achieving objetive

An attractive work environment for our employees 8/20



















The starting salary in the CLH Group (the starting salary that must be offered to a fulltime employee and in the lowest professional group and level) is €19,177.57 per annum, which represents double the minimum inter-professional salary approved by the Government, which was 9,034.20 euros per annum in 2013.

Through its policies for selection, training and career development, attracting and retaining talent, reconciliation of professional and family life and occupational safety, CLH continues strengthening its commitment to offer a professional career and work environment that guarantees equality between men and women. In 2013 a new video was produced on gender equality awareness, which will be completed and distributed in 2014.

As an "efr" company(3), CLH also offers its employees a series of social benefits.

# Men-women ratio of average salaries in the CLH Group (by employee category)\*

	2011	2012	2013
Manager <sup>(*)</sup>	n.c <sup>(*)</sup>	n.c <sup>(*)</sup>	n.c <sup>(*)</sup>
Technical staff	93.6%	93.3%	93.9%
Administrative staff	89.8%	88.2%	87.2%
Specialists and skilled operators	98.2%	89.3%	88.5%

<sup>(\*)</sup> Not comparable because there are no women on the Management Committee.

Other indicators on pay in CLH	2013
Ratio between the earnings received by the best paid person and the median earnings received by everyone else	8
Ratio between the earnings received by the best paid person and the earnings received by the lowest paid person	16
Ratio between salary increase for the best paid person and the median salary increase for all employees	0.72

Note: This calculation excludes newly created positions.

# Social benefits enjoyed by CLH employees

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

<sup>(3)</sup> Efr: "Family Responsible Company". This is a certification awarded by the Másfamilia foundation. See paragraph "Commitment to a flexible work environment" in this chapter.



















Stable employment is one of the aspects valued as key by company employees. During 2013, CLH increased the number of employees holding permanent contracts, which now stands at 95% of the workforce.

One of the top priority aspects of the company's selection processes is the recruitment of people who were both born and bred or who live in the same geographical area as the premises where they are going to work. During 2013, 100% of all recruitment contracts were signed locally. CLH achieves the following with this measure:

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

#### Hiring of staff by the CLH Group

	2011		2012			2013			
	Total	Local	%	Total	Local	%	Total	Local	%
CLH	82	75	91%	41	35	85%	11	11	100%
CLH Aviación	38	38	100%	6	6	100%	3	3	100%
Total CLH Group	120	113	94%	47	41	87%	14	14	100%

# Collective bargaining and participation

Respect for the right of freedom of association and union representation in CLH is a key factor for the company. The workers' representatives of the trade union sections are freely elected, fully respecting legality and the freedom to join a trade union. Furthermore, in accordance with the law and the company's collective bargaining agreements, the trade union sections and representatives of the staff in the CLH Group are guaranteed the exercise of their negotiating, participation and representation functions.

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

A total of 84% of the company's workforce have their working conditions regulated by these collective bargaining agreements. It is to be noted that new CLH Aviación and CLH collective bargaining agreements were signed in 2011 and will remain in force until 2014 and 2015, respectively.

An attractive work environment for our employees





















10/20

CLH also encourages its employees to participate in management of the company. In addition to the usual channels for meetings and communication between the employees and their managers, CLH has created a specific initiative designed to recognise the most valuable contributions made by people in the CLH Group to improving the company's operation. This takes the form of the "Aporta" prizes. The CLH Group awarded these prizes for the fourth time in 2013. These policies help the company to offer quality employment, and are something that besides ending up by motivating the employees themselves, represent an important benefit for the company from the viewpoint of retaining talent.

# Collective bargaining, turnover and average length of service

### Collective bargaining in the CLH Group

	2011	2012	2013
Employees covered by collective bargaining agreements	1,416	1,236	1,175
Percentage	87%	85%	84%

#### Average length of service of the workforce (years)

	2011	2012	2013
Average length of service	18	18	19
Voluntary Staff Turnover (undesired resignations)	0.7%	0.4%	0.2%

<sup>\*</sup>permanent and no permanent employees who resigned before the end of their contracts.

#### Reductions in the permanent staff of the CLH Group broken down by gender

	2011		2012		2013	
	Men	Women	Men	Women	Men	Women
Total turnover	59	10	86	7	13	4
Turnover rate	4.8%	5.3%	7.5%	3.8%	1.1%	2.2%

#### Reductions in the permanent staff of the CLH Group broken down by age group

	2011				2012			2013		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	
	years									
Total turnover	2	4	62	1	6	86	0	3	14	
Turnover rate	0.9%	0.9%	8.6%	0.4%	1.2%	14%	0.0%	0.5%	2.3%	























The reconciliation of professional and personal life is promoted in the CLH Group through various measures that facilitate more flexible working environments and non-discrimination, all of which are included in the company's human resources policy and in its collective bargaining agreements. These measures allow staff to harmonise their professional development and personal lives.

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

Maternity protection is also present in the company's culture. Therefore, if the job entails working under circumstances that might have a negative effect on the health of the pregnant woman or her unborn child, the working conditions are changed or the person concerned can move to another job, without this affecting the salary conditions the employee is acknowledged to hold.

Another conciliatory measure is the possibility of requesting extended leave of absence of up to three years because of a birth or child adoption. The protection of workers who are particularly sensitive to work-related risks, because of their own personal characteristics or physical condition, including those who are officially recognised as having a physical, mental or sensory disability, is also specifically guaranteed.

Furthermore, all employees can benefit from various advantages introduced by the company with regard to work-life balance, such as:

- Paternity and maternity leave.
- Leave for serious illness of family members or for moving house.
- Leave to attend examinations in addition to the leave recognised by the legislation in force.

#### An attractive work environment for our employees 12/20

absence to care for family members.









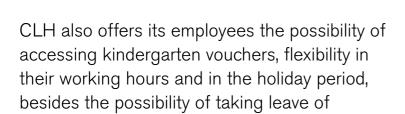












In recognition of its human resources policy and the company's commitment to creating a flexible work environment, in 2008 CLH obtained the Family Responsible Company (EFR) certification that is awarded by the "Másfamilia" Foundation, and which confirms the company as a firm that is committed to promoting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

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

CLH continues to work on new projects that facilitate support to families and help employees to find the right balance between their working, personal and family life.

The following steps were taken in 2013 through Human Resources Management:

- A new application was developed to automate management of social benefits through the Employee Portal.
- A section was included in the Labour Audit questionnaire, filled out in all CLH Group premises in 2013, devoted to issues related to the work environment as well as the knowledge by our employees of work-life balance measures and the Company's social benefits.

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

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

Lastly, as a guideline to be followed by managers, the Leadership Model establishes that they should endeavour to support their coworkers in achieving the right kind of balance between personal, family and working life.

Thanks to these initiatives, the company has once more achieved a high position in the business attractiveness indexes in Spain.

In 2013, CLH maintained its second place among the best companies to work for in the country, in the oil company sector, in the 2013 Merco People report. The company achieved 44th place out of a total of 100 in the general ranking.

















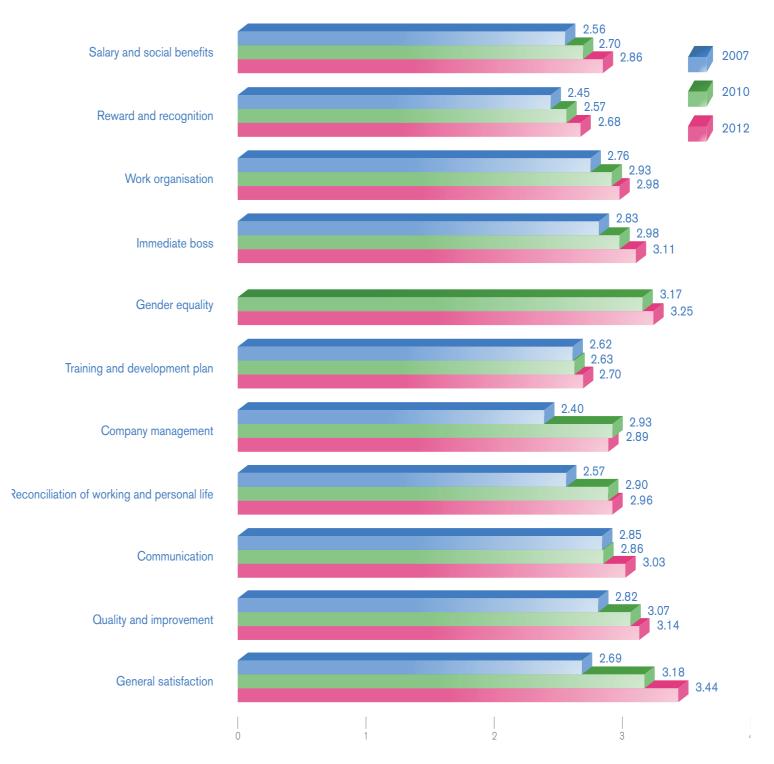
# **Employee opinion survey**

The CLH Group values the opinion of its employees regarding the performance of the company and its compliance with its promises and commitments to them.

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

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

# Evolution of assesment made by employees in he opinion survey conducted























Training and career development in CLH is covered by its HR policy, where the Group has drawn up a specific professional career programme to encourage career development among employees.

# The aim of this programme is threefold:

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

In 2013, total investment in training was above €800,000, which is remarkable compared with the Company's turnover and headcount.

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

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

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

In 2013 competence training related to business vision has been addressed, aimed at the management team, with the slogan "We anticipate new realities".

An attractive work environment for our employees 15/20





















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

- Executive development programme for highpotential employees: The Company finances 100% of the cost of these programmes at first rate business schools. Furthermore. during 2013 the programme "PDD in Company" has been launched (Executive Development Plan) in cooperation with leading companies in the energy sector, with a programme designed and adapted to its needs.
- Welcome plan for new recruits: in addition to being heavily weighted on the theoretical side, the design of the initial training plan has practical, personalised scope and introduces the concept of the personal tutor and other measures.
- Study assistance: the company supports its employees' initiative and offers financial assistance to enable them to undertake the studies they consider to be of interest and applicable for the company.

### Investment in training in the CLH Group

	2011	2012	2013
Investment per employee	611	672	562
Total investment	1,025,663	1,050,213	806,211

#### Average hours of training of the CLH Group broken down by gender

	201	1	2012		20	2013	
	Men	Women	Men	Women	Men	Women	
CLH	39	51	34	51	30	47	
CLH Aviación	28	40	31	47	38	61	
Total CLH Group	36	50	33	50	32	48	

## Average hours of training of the CLH Group broken down by groups

	2011		2012		2013	
_	Men	Women	Men	Women	Men	Women
Manager	113	0	128	0	103	0
Technical staff	31	34	45	72	36	65
Administrative staff	18	32	22	16	27	15
Specialists and skilled operators	38	242	27	37	29	37

















Among its training and awareness activities, the CLH Group provides training on sustainability, including the environment, ethics, equality and safety. In this respect it is worth highlighting the training with regard to CSR: "Making values work for the income statement" which was held

28 people, belonging to the group of heads of facility, managers and deputy managers, have been trained in two sessions, with the aim that they should collaborate in passing on the contents of the course to their teams.

during 2013.

Online training has been offered to all the teams of the units represented in attendancebased training, a total of 369 employees having been invited to take part in this training. Of this total, 306 company employees have passed the course. This represents 82.9% of those invited to participate.

### Training in 2013

Environmental training in the CLH Group	
Hours of training	459.5
Attendees	158
Risk prevention training in the CLH Group	
Hours of training	5,216
Attendees	691
Safety training in the CLH Group	
Hours of training	13,085.30
Attendees	2,222
CSR training in the CLH Group	
Hours of training	523.5
Attendees	467

# The career development model

The regular promotion and development actions performed by the CLH Group lead to the encouragement of development within the corresponding professional group and promotion to higher groups. Thus, everybody in the company can demonstrate the degree of training reached and enhance their experience, obtaining recognition for the quality of their performance.

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

During 2013, a total of 39 people were promoted to positions with greater responsibility, while others moved up to a higher level of development by complying with the procedures defined in the collective agreements.

In line with the best practices in the sector, the CLH Group makes regular assessments of the performance and career development of its employees. Thus, in 2013, 50% of the staff of the CLH Group has been assessed.

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

An attractive work environment for our employees 17/20





















Additionally, the new platform makes it possible to design custom-made career development plans (PDI) to help employees improve their key skills for the effective performance of their present and future positions.

#### Performance assessment CLH Group

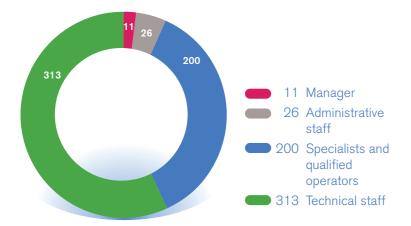
	2011		2012		2013	
	Men	Women	Men	Women	Men	Women
Average active staff (a)	1,470	208	1,386	177	1,242	193
Number of people receiving a formal performance assessment and review during the period (b)	485	71	428	72	550	172
Number of people receiving a formal performance assessment and review during the period (b/a)	33%	34%	30%	40%	44%	89%

# assessment. Breakdown by gender

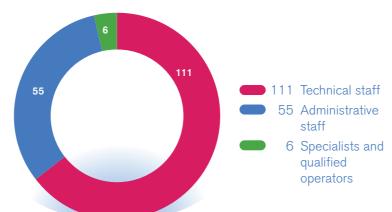
Number of employees who receive a performance



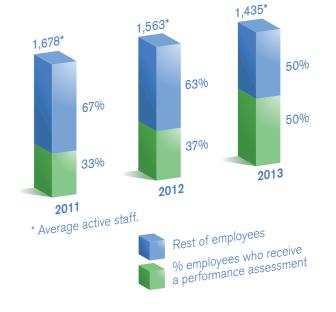
# Performance assessment of the CLH Group broken down by professional category and gender-men



# Performance assessment of the CLH Group broken down by professional category and gender-women



# Performance assessment of the CLH Group for all active staff



#### An attractive work environment for our employees 18/20





















To facilitate the assessment process, all the positions in the organisation have been grouped into eleven groups, known as positiontypes, and nine skill profiles.

Each profile has generic and specific skills associated with it, with the corresponding levels of development required for them.

Likewise, three key indicators have been established for monitoring skill development:

- Number of people who receive performance assessment
- % of people who receive a performance assessment
- Evolution ratio of skill assessments.



"sabemos dónde vamos y sabemos cómo alcanzar nuestros objetivos, pero para hacer esto posible y cumplir con la misión de CLH es necesario que cada persona y cada egnipo estén alineados con la estrategia de la compañía".

José Luis López de Silanes

R R R R end efr

Juntos hacemos CLH



**Creciendo juntos** Las 12 competencias del Grupo CLH

























In 2013, the CLH Group continued fostering internal communication with its employees through different tools, such as the Communication Meeting, at which the Chairman of the Group announced the investment plan forecast by the company and other future goals to those that attended. The contents of this meeting are shared with the other employees through meetings held with their superiors and through the corporate portal.

Apart from the applications that are aimed at management of the company, the corporate portal contains sections specifically devoted to internal communication, such as current news items, bulletins, advice on prevention and a video channel. In 2013 this portal was accessed more than 177,000 times.

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

In addition, the "Breakfasts with the Chairman" programme gives those attending the opportunity of gaining first-hand news about the company's strategy and targets and of putting forward proposals and suggestions, and was attended by 115 people during this last year. Any employee may ask to be included in these meetings. On the other hand, four "Executive encounters" were held throughout 2013, at which executives from the company had the opportunity of exchanging views with prominent representatives of Spanish business society.





















# People, driving change: "Growing together"

In 2013 the CLH Group was awarded the CEX Prize in recognition of its human resources policy. Every year, the prize concentrates on one aspect of company management and, this year, it concentrated on people management, specifically on their motivation and commitment.

The jury awarded the prize to the CLH Group for the good practice "People, driving change: growing together", dealing with the renewal of the assessment system.

The most outstanding element is the design by the company of a renewable catalogue of 300 development actions which is managed via the Supera-T Platform. The objective is to align the skill profile with that required for the position held. Thus, and based on an improvement cycle, employees have access to an individual development plan (PDI). They contribute to its design, and it allows them to work on their own development in a focused and customised manner, therefore optimising the results.

This successful practice has been extended to Talent Management, and it has provided our professionals with a short, medium and long term PDI, taking them to maximum development.























# COMMITMENT AND CLOSENESS TO LOCAL COMMUNITIES

### **OUR APPROACH**

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

Accomplished In process Not yet started

# WHAT PROGRESS HAVE WE ACHIEVED IN 2013 IN THE CSR MASTER PLAN PROGRAMMES RELATED TO OUR COMMITMENT TO THE **COMMUNITY?**

Pro	Programme		Degree of compliance		
1.	Definition of a social action policy in the CLH Group.		The policy was approved in 2012.		
2.	Definition of a methodology for assessing the impact of the company's social commitment activities.		A measurement system as well as a specific form for data collection among the organisations with which the CLH Group collaborates have been defined.		
3.	To foster relations with the company's stakeholders.		During 2013 contacts with stakeholders have increased considerably.  The second edition of the travelling exhibition "We move the energy" has commenced.		
4.	To establish key indicators for measuring the impact of activities directed at relations with stakeholders and social action.		A reputation monitoring survey is conducted every two years among the company's main stakeholders.		
5.	To design a CLH Group corporate voluntary work programme.		The corporate voluntary work programme has been designed and its implementation began in 2013.		
6.	To determine strategic lines for corporate voluntary work that are aligned with the company's commitment to society.		The strategic lines of the company's commitment to society were used for the design of the corporate voluntary work programme.		
7.	To integrate and align the present initiatives with the new corporate volunteer work model.		In 2013 the activities of the corporate voluntary work programme have been integrated with the new model.		
8.	Development of a pilot project for corporate volunteer work.	2	A corporate voluntary work programme has been designed and its dissemination throughout the company has commenced.		









Degree of compliance













# COMMITMENT AND CLOSENESS TO LOCAL COMMUNITIES (CONTINUACIÓN)

Continued from previous page

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# 9. To carry out a programme for internal

communication and awareness-raising regarding corporate volunteer work.



An internal communication programme has been designed and the different materials were disseminated among the company employees in 2013.

10. To analyse the social action projects involving stakeholders in order to identify the ones that are best adapted to the company's culture.



The application form collects the requisites and information necessary in order to analyse each project received.

11. To select social action projects that are priority for the stakeholders.



In 2013, 13 requests for collaboration have been received, 9 of which have been accepted.

12. Creation of alliances with stakeholders.



Contacts with stakeholders have been increased.

13. To develop a project action and monitoring plan.



In 2013 the indicator system for monitoring the projects undertaken by the Group has been implemented.

14. To launch and perform monitoring on mapping of the social action project impact indicators.



This methodology has already been implemented in 2013 and a summary report has been prepared for each project.

15. To develop a CLH Group Entrepreneur Support Policy.



The policy has been written and collaboration with organisations has started for the implementation of programmes intended to facilitate the development of innovative projects and the fostering of a new entrepreneurial spirit.



Accomplished



n process



Not yet started

# WHAT DO WE WANT TO ACHIEVE IN 2014?

- To continue moving ahead with implementation of the Corporate Social Responsibility 2012-2016 Master Plan programmes.
- To approve the entrepreneur support programme.

Commitment and closeness to local communities 3/8





















One of the main concerns of the CLH Group is to maintain a close and free-flowing relationship in the municipalities where it has infrastructures, with the objective of knowing and responding to the concerns of its main stakeholders, as well as to foster better knowledge of the social value generated by the company.

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

At operating level, before implementing a project, CLH holds a public enquiry with the directly affected local communities, in order to learn of their opinion and expectations, while studying and evaluating any suggestions it may receive for improvement.

The utmost care of the environment is one of the company's commitments when carrying out any building work or improvements to its infrastructures, owing to which CLH always complies with the most demanding environmental requirements, considering, in turn, the best environmental practices in the sector.

As part of this commitment, in recent years the company has moved different storage facilities that were located near to urban developments to other locations further from residential areas. The old plants were dismantled and their land recovered for other planning uses.

CLH is currently carrying out actions of this type on the land formerly occupied by the facilities of Burgos and Salamanca, and in Cala Figuera (Menorca).



















# CONTRIBUTION TO THE WELLBEING AND DEVELOPMENT OF OUR COMMUNITIES

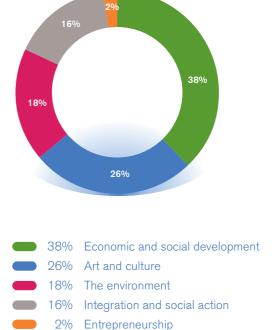
As part of its Corporate Social Responsibility policy, in 2013 the CLH Group participated in a set of projects related with the environment, culture, education and welfare activities. The initiatives in which the CLH Group has participated are based on the guidelines set out in its Mission, Vision and Values, and also on the ten principles of the United Nations Global Compact.

During 2013, 38% of the company's social action budget was devoted to activities related to economic and social development, 26% went to art and culture sponsorships, 18% to environmental protection, 16% to integration and social action and 2% to entrepreneurship.

In line with the principles for action marked in the Social Action Policy, the CLH Group monitors the social initiatives in which it collaborates, enabling it to know the degree of progress at all times, the opinion of the other agents with which the Group collaborates and the real impact of the contributions.

This monitoring is based on the information obtained via a form sent to all the organisations interested in carrying out social action projects that request the collaboration of the CLH Group. This form includes information referring to local implementation and the inclusion of the community in the design of the project, its positive impacts and the benefits for the community and for the company.

## Distribution of expenditure on social action in 2013 in the CLH Group





















# New edition of the campaign "We move the energy that moves the world"

At the end of 2013 the CLH Group launched the second edition of the travelling exhibition "We move the energy that moves the world" with the objective of publicising the activities of the company and explaining the route taken by the fuels until they reach the end users, as well as to foster a fluent dialogue with its main stakeholders.

The exhibition was installed in a specially conditioned bus, the inside of which contained information panels, touchscreens, a large screen showing corporate videos and a conference room where an instructor explained in an informative way the main activities performed by the company.

The display, free of charge and open to anybody interested in knowing more about the logistics of oil products, also received scheduled visits by pupils from nearby schools, as well as other groups linked to the activity of CLH.

The campaign, which started at the end of 2013 and continues in 2014, visited some thirty towns where CLH has infrastructures, located in the communities of Galicia, Asturias, the Basque Country, Navarra, La Rioja, Castile and León.

# **Voluntarily**

In 2013 the CLH Group launched the new social action programme "Voluntarily", with which it channels all the aid that the company provides to sponsorship and social action projects in which its employees participate voluntarily, whether via CLH or with the collaboration of an NGO. This plan takes over from the previous programme "Moving Our Most Charitable Energy", which made it possible for the Company to cooperate in more than 50 projects related to the environment, childhood, education or welfare.

Among the actions started in 2013, CLH helped the Aire Libre association in Huelva, devoted to providing visibility to attention deficit in children, to restore and improve the facilities where therapies are performed.

The Company also collaborated with the "Classrooms in action" project, by the Non-Governmental Development Organisation (NGDO) Youth and Development which, through training activities in education centres, makes the young aware of concepts that are basic to life, like solidarity, equality and justice.



















Likewise, CLH cooperated with CALS Proyecto Hombre for the "Road to Freedom" initiative. allowing people who have suffered from some type of addiction to do the "Camino de Santiago" (Way of St James Pilgrimage) and enjoy a week of living together in contact with nature.

The company participates in other projects based on sport as an instrument for favouring solidarity and training. Once again this year, CLH set up a social integration school in San Fernando de Henares (Madrid), in collaboration with the council of that municipality and the Real Madrid Foundation. The centre benefits around 100 girls and boys between 6 and 14 years of age, half of whom are immigrants or at risk of social exclusion.

CLH also works in association with the female junior categories in the Haro (La Rioja) Volleyball Club to convey to young sportswomen essential values such as discipline, self-esteem and personal growth through the practice of volleyball.

CLH also continued with the campaign for donating computer equipment that for different reasons was no longer used in the Company but could be beneficial to nonprofit organisations, particularly those that work to improve the living conditions of the underprivileged and groups with some kind of disability.

Alongside these projects, the Company has taken part in other charitable activities with associations like the Prodis Foundation, the Red Cross or the Fight AIDS Foundation.

# Main contributions made by the **CLH Group in the context of the** "Voluntarily" plan

- Agrupació Cultural Recreativa Bombers de Lleida (Lleida Firefighters Culture and Recreation Group)
- Huelva Aire Libre Association
- Cortes Siglo XXI Residents' Association
- Port Authority of Algeciras Bay
- Es Castell Council
- San Fernando de Henares Council.
- European Business Centre
- Haro Volleyball Club
- Spanish Red Cross
- Embassy of Spain in Oman
- Fight AIDS Foundation
- PRODIS Foundation
- Proyecto Hombre Foundation
- Real Madrid Foundation
- Serra d'Espadá Secondary School
- Jóvenes y Desarrollo NGDO





















# Collaboration with cultural institutions

The CLH Group collaborates with various cultural institutions, such as the Teatro Real Foundation, the Friends of the Prado Museum Foundation and the Royal Association of Friends of the Reina Sofia National Museum and Art Centre.

The Company is also a supporter of the San Millán de la Cogolla Foundation, which works to promote the social, economic, cultural and tourism development of this municipality, and the Albéniz Foundation, with which it cooperates for training young virtuoso musicians.

Furthermore, CLH was one of the companies that sponsored the Fourth Spanish Cinema Week in Oman. The objective of the initiative, organised by the Spanish Embassy and the Spanish Agency for International Development Cooperation (AECID), was to improve knowledge of Spain's culture and language via the seventh art.

As in recent years, CLH published a new book dedicated to nature and entitled "Fruits. Irresistible, inedible, incredible", a volume that includes original photographs taken through a microscope.

# **Investing in Education**

Education and training are two of the foundations on which the CLH Group Corporate Social Responsibility policy is based.

To attract the best talent and encourage the training of young people, the company has agreements with the Department of Education of the Government of La Rioja and vocational training centres throughout Spain, with the aim of enabling students to benefit from work experience in the storage facilities.

The CLH Group has also participated since 2009 in the "Erasmus Recruiting" programme, a project that opens up possibilities for university students who have studied outside Spain, either through an Erasmus scholarship or another similar kind of international programme, to benefit from internships in the company. This initiative has received a special recognition in the innovation area in the 17th edition of the prizes awarded by the Capital Humano (Human Capital) magazine, specialised in HR.

Also, and in association with the Polytechnic University of Madrid, the Company sponsors the CLH Chair in Hydrocarbon Metrology. The classes are given at the Higher School of Mining Engineering, and students are offered

the possibility of gaining practical experience or receiving grant awards. An agreement has also been signed with the Alfonso X el Sabio University to promote research, development and technological innovation in the field of sciences.

In 2013 CLH also collaborated with the University of La Rioja in the development of the cycle "Society seeking references", one of the main new Summer Courses offered by this university. Furthermore, it supported technological research in the Micro-Robotics field, financing studies performed by Vocational Training students.

In 2013 a modification was introduced in the 2012-2016 CSR Master Plan in order to include the development of the CLH Group Entrepreneur Support Policy. The objective of this new project is to contribute to innovation and the generation of employment via specific support to entrepreneurs. To this end the company collaborates with organisations for the performance of programmes aimed at facilitating the development of innovative projects and the fostering of a new entrepreneurial spirit.























# 2nd Entrepreneur Campus "Joint Entrepreneurship" of San Fernando de Henares

The CLH Group sponsored the 2nd Entrepreneur Campus "Joint Entrepreneurship" of San Fernando de Henares, a free programme of training, support and financing for new entrepreneurs, with the objective of promoting the creation of jobs using the social economy and local, sustainable and socially responsible entrepreneurial activity.

In the first phase, the promoters of the 15 selected projects benefitted from 20 hours of free training. The Campus organisers then chose the five best ideas, which went through to the acceleration phase, at no cost to them, with the ultimate aim of launching the project and implementing their action plan, with the help of technical support, tutors and mentors, provided by the Campus.

The sponsorship provided by the CLH Group to the 2nd Entrepreneur Campus is part of the Corporate Social Responsibility policy of the Company and, specifically, it forms part of the entrepreneurial support policy that CLH has set up to assist sociallycommitted people to turn their ideas into reality.

Besides this, the company is a regular participant in employment and training fairs, at which it offers information on its activities and collects resumes, to help vocational training students and university graduates find their way into the labour market. In 2013, the CLH Group was present at the 1st Employment Forum, organised by Alfonso X el Sabio University, and at Induforum, promoted by the Polytechnic University of Madrid.

Furthermore, CLH regularly organises visits by students of different Engineering Schools, university faculties and other centres of education, to whom it explains the functioning of the Group's infrastructures. The visitors include students of the Master's Degree in Energy Law and the Advanced Course in Energy Business, given by Club Español de la Energía (Spanish Energy Club); the Master's Degree in Management of Prevention of Occupational Risks, Quality and the Environment of the University of Valladolid; Industrial Engineering of the University of Elche, Environmental Sciences of the Autonomous University of Madrid, and the Sáenz de Buruaga Institute.





















# EFFICIENCY IN ACTIVITIES AND ENVIRONMENTAL PROTECTION

#### **OUR APPROACH**

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



Accomplished



In process



Not yet started

# WHAT PROGRESS HAVE WE ACHIEVED IN 2013 IN THE CSR MASTER PLAN PROGRAMMES RELATED TO THE ENVIRONMENT?

Prog	Programme		Degree of compliance		
1.	To improve the environmental reporting system.		We have begun to compile information via the Environmental Management Application.  The 2012 carbon footprint report has been audited satisfactorily for scopes 1, 2 and 3.  The Carbon Footprint Calculation Guide has been published.		
2.	To promote energy saving and efficiency.		The energy efficiency study is being prepared with data corresponding to 2012.		
3.	To improve efficiency in water consumption.		The Good Practices Guide has been prepared to promote the efficient use of water in the Group.		
4.	To foster efficiency in waste management.		The Good Practices Guide is still being prepared for the use and maintenance of treatment plants for hydrocarbon-contaminated water.		
	To formalise and implement the position of the CLH Group with regard to biodiversity.		Identification has continued of the most significant impacts on biodiversity, within the framework of the Pipeline Integrity Plan. The policy will be formalised and implemented in 2014.		
	To carry out monitoring of environmental risks and opportunities.		The review of the environmental regulations continues, as does the detection of existing opportunities.  EMAS certification has been obtained for the airport facility of Bilbao and the Barcelona facility is expected to receive this certificate once it has successfully passed the external audit. Good environmental practices agreements have been signed with the Port Authorities of Motril and the Bay of Algeciras.		



















# EFFICIENCY IN ACTIVITIES AND ENVIRONMENTAL PROTECTION (CONTINUED)

Continued from previous page

Programme	Degree of compliance
7. To link sustainability with the business model.	The Deputy Management of Quality continues to develop the use of biofuels.

- 8. To calculate the carbon footprint for the Group and identify measures for minimising, reducing and offsetting greenhouse gas emissions.
- 9. To complete environmental recovery work on the land formerly occupied by the storage facility in Mahón and begin the process for recovery of the land formerly occupied by the storage facility in Burgos.
- 10. To prepare and publish a report on the inventory of trees on CLH Group property.
- 11. To begin operation of the new modules for obtaining environmental data that have been created in the Environmental Management application.
- 12. To obtain EMAS certification for the storage facility in Barcelona and the airport facility in Bilbao.



Burgos.

The inventory of trees on CLH Group property has been published.

The Carbon Footprint Report has been prepared and it has been

Environmental recovery work has begun on the land formerly

occupied by the storage facility in Mahón, as has the process for

recovery of the land formerly occupied by the storage facility in

audited successfully by AENOR for scopes 1, 2 and 3.



The compilation of information has commenced via the Environmental Management application.



EMAS certification has been obtained for the airport facility of Bilbao and the Barcelona facility is expected to receive this certificate once it has successfully passed the external audit.



Accomplished



n process



Not yet started

# WHAT DO WE WANT TO ACHIEVE IN 2014?

- To complete environmental recovery work on the land formerly occupied by the storage facility in Mahón.
- To begin the process for recovery of the land formerly occupied by the storage facilities in Burgos and Salamanca.
- To obtain EMAS certification for the storage facility in Girona and the airport facility in Malaga.
- To continue with the Protected Natural Areas verification plan and make additional verifications to ensure that the conservation, protection and improvement actions performed on the oil pipelines comply with best practices for the protection of biodiversity.

















Respect for the environment is one of the basic pillars of the sustainable development strategy of the CLH Group. The permanent commitment by the company to the protection of the environment is illustrated by the Environment Policy applied to all the stages of the projects.

This policy is applied from the design stage of any project through the Environmental Impact Studies that influence the entire development and decision-making process, in order to identify, correct or mitigate possible current or future environmental impacts. In this respect, the CLH Group studies different alternatives before starting on a new project and selects the one with the least impact on the environment.

The CLH Group also carries out full environmental monitoring, through the contractors' internal monitoring procedures, while building works are being executed. This allows corrective measures to be identified and applied to minimise the impact. In the case of pipeline building, the company restores the land to its original state when work has been completed and local species are planted in the area.

Lastly, controls are carried out after completion of the projects in order to verify and guarantee that the measures adopted are working properly. Conservation of the environment is thus incorporated in the day-to-day activity of the CLH Group

Moreover, the company combines these activities with measures designed to improve the efficiency of its infrastructures and services after they have been commissioned, adapting them to the new environmental requirements.

















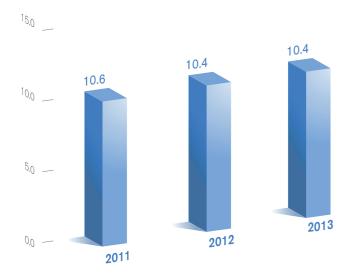


During 2013, the CLH Group invested €10.40 million in different projects of an environmental nature.

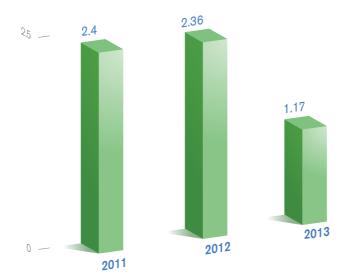
The CLH Group current expenditure on groundwater and soil remediation activities amounted to €1.17 million, and was mainly spent on completing recovery work on the land formerly occupied by the facility in Mahón. Expenditure was reduced compared to previous years thanks to the application of innovative and sustainable treatments which also have a lower economic impact.

The company also devoted €1.05 million to other expenses associated with environmental issues and the prevention of soil contamination and groundwater pollution.

# **Evolution of environmental investments in the CLH** Group (million €)



# **Evolution of environmental expenditure in the CLH Group** (million €)<sup>(\*)</sup>



(\*) Includes expenditure for underground water and soil remediation

# Main projects of an environmental nature

Improvements to integrity in the pipelines:

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





















The CLH Group has an Environmental Management System, the aim of which is to guarantee respect for the environment in all of its activities.

This commitment is reflected in the 11 principles that are included in the company's environmental policy and which have also formed part of its Environmental Management System since 2006. This system also establishes the rules and procedures that implement the environmental management policy, in accordance with the legislation in force, the company's corporate objectives and its environmental commitment.

In 2013, the CLH Group successfully passed the follow-up audit for UNE-EN ISO 14001 certification, thereby reaffirming its commitment to the best environmental practices. The company's Environmental Management System has been certified in accordance with this standard since 2008.

This year, CLH has again certified the storage facilities in Huelva, Tarragona and Santurce, in accordance with the demanding EMAS regulations (Community Eco-management and Audit Scheme). Furthermore, the airport facility of CLH Aviación in Bilbao was certified for the first time, and the Barcelona facility is expected to receive this certification once it has passed the external audit.

In addition to those mentioned above, the CLH Group was awarded the following accreditations in recognition of the environmental management carried out in 2013:

- Renewal of the "Madrid Excelente" certification, in which the CLH Group's environmental management in its facilities located in the Community of Madrid was highlighted.
- A second prize was obtained in 2013 in the "Best Environmental Conduct in Companies" Contest held by Madrid-Barajas airport. The company is the only organisation to have received diplomas and special mentions in the four editions of this contest, after winning first prize in 2009.

Efficiency in activities and environmental protection 6/19























In accordance with its commitment to transparency with its stakeholders, the CLH Group holds an historical record of environmental parameters that it makes available to them all via this Corporate Social Responsibility Report, in which the most relevant environmental indicators are published.

In 2013, a computer tool that facilitates and guarantees receipt of the main environmental data was presented to the whole CLH Group and it is now being used in the different facilities. The implementation of this tool leads to an improvement in environmental reporting in the Group, by improving the compilation processes for environmental data, a key aspect in management of the activity.

# Activities included in the **Environmental Management System**

### Integrity improvements in pipelines:

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

# Control of emissions to the atmosphere

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

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

Continuing with the trend of previous years, an increase in emissions of SOx, NOx, VOCs and particles was recorded in 2013, mainly due to increased fuel consumption in the tankers as a result of the increase in product movement using this means of transportation.













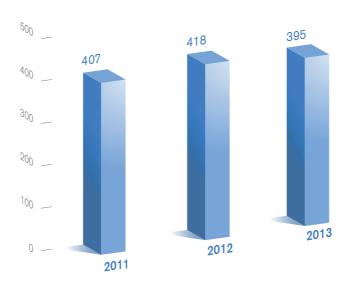






Regarding the emissions of Volatile Organic Compounds (VOCs) that are basically generated in gasoline loading processes, the company follows different courses of action designed to minimise and control them, like the use of the vapour recovery units in product loading processes, that guarantees a reduction in the emissions of these compounds that is below the 10mg/m<sup>3</sup> limit established by the regulations in force. Thanks to these actions, although gasoline loading activity has increased, a 28% reduction has been obtained in the emissions of Volatile Organic Compounds (VOCs).

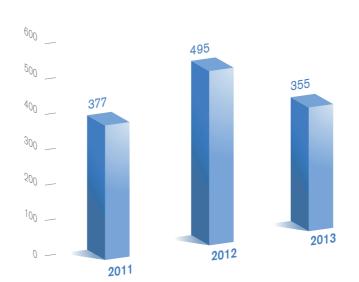
# **Emission of NOx (tons)**



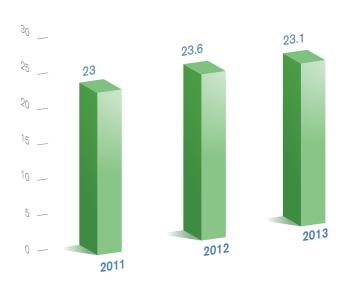
# **Emission of SOx (tons)**



# **Emission of Volatile Organic Compounds-VOCs** (tons)



### **Emission of particles (tons)**





















# Water consumption

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

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

Water consumption amounted to 157,701 m<sup>3</sup> in 2013, representing a reduction of 9.3% compared with the previous year. This reduction in water consumption reflects the commitment of the CLH Group to the protection of the environment and efficiency in the use of resources.

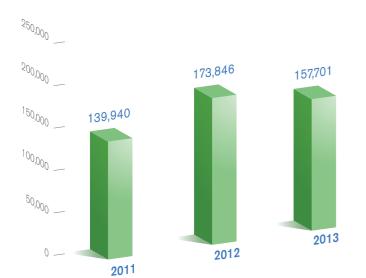
# Waste management

The waste that is generated by the Group's activity is limited, and is mainly the result of periodic cleaning of the storage tanks and hydrocarbon-polluted water treatment systems. CLH makes a considerable effort to perform efficient and responsible waste management. Each facility and work centre classifies and segregates the waste it generates according to its nature, storing it in areas specially prepared for the purpose until it is delivered to an Authorised Manager, with priority being given to recovery.

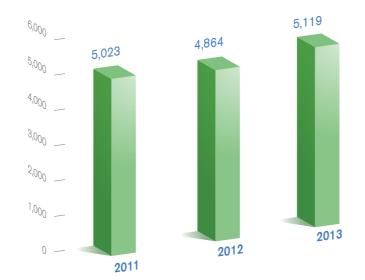
In addition to documenting each type of waste that is delivered to an Authorised Manager, the facilities submit an Annual Hazardous Waste Producer Statement to the Environment Board of the Autonomous Community government in question. This statement specifies the amount of hazardous waste produced, its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

In 2013, the CLH Group managed 4,697 tons of hazardous waste and 422 tons of nonhazardous waste<sup>(4)</sup>, making a total of 5,119 tons of waste which represents an increase of 5.2% compared with 2012.

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



# Waste generation (tons)



<sup>(4)</sup> Non-hazardous waste is only reported on when its treatment is handled by the CLH facilities through an authorised manager.





















# Management of water discharges and underground water

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

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

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

On the other hand, the closed circuit purge systems that are installed considerably minimise the pollutant load that is sent to the treatment systems.

To ensure that the facilities of CLH comply at all times with the discharge parameters indicated in the Discharge Authorisation, the Group considers innovation in this sphere to be essential. Specifically, in 2013, CLH completed an R&D&i pilot study named "Study of filtration processes for the development of a new technique for the elimination of COD in hydrocarbon storage plant wastewaters". After a laboratory phase, treatment equipment was installed in the CLH facility in Santovenia with very satisfactory results.

In December 2013 work started for the installation of an activated carbon filter for wastewater treatment at the storage facility in Girona. This project will be completed in January 2014.



















# Soil protection

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

As a result of the efforts of the CLH Group and its commitment to continuous improvement, spills that affect the environment have been practically inexistent during the last 3 years and there have been no spills in 2013.

### Spills with environmental impact<sup>(\*)</sup>

	2011	2012	2013
Spills with environmental impact	1	3	0

<sup>(1)</sup> In keeping with the practices that are most common in the sector, the company calculates as spills those that exceed 0.2 tons of product and which affect the environment.

# **Environmental recovery projects**

As a result of its commitment to respecting the environment, the CLH Group has carried out environmental recovery projects, whenever this proved necessary, on land where its activities have been carried out or any that might have been affected by spills. In 2013 the following work was performed:

- Mahón. Continuation of the environmental recovery work on the plot formerly occupied by the decommissioned storage facility.
- Burgos. Handover to the Competent Authority of the environmental recovery project of the plot formerly occupied by the decommissioned storage facility.
- Seville. Completion of the environmental recovery work on the plot formerly occupied by the airport facility.
- Salamanca. Commencement of the demolition work of the storage facility. This work will be followed by the environmental characterisation of the location.

Efficiency in activities and environmental protection 11/19





















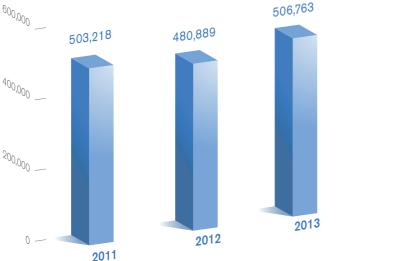


One of the main objectives of the CLH Group with regard to environmental performance is the improvement in the energy efficiency of its activities, and the reduction of emissions in order to minimise its impact on the environment.

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

In 2013, CLH consumed 506,763 gigajoules of primary energy, which represents an increase of 5.4% owing to increased movement of products by tanker.

### Electricity consumption (GJ)



Consumption of primary energy (GJ)



Regarding the consumption of electrical energy, in 2013, CLH consumed 898,311 gigajoules, which represents a reduction of 11.2% compared with 2012. This reduction is due to less movement of products through the oil pipeline.

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

In this respect, CLH is completing a study to characterise energy use with the aim of fostering energy rationalisation in CLH, and developing improvements to allow efficiency.

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

















The company continues with the process for installing higher-performance motors and pumps at the pipeline pumping stations and in the loading area pumping systems.

The company has also installed frequency converters in the tank truck loading area feed systems. These devices make it possible for the power of the pumps to be adjusted to product flow requirements, rather than pumping at fixed power, which means energy consumption savings in these pieces of equipment in addition to which the corresponding emissions are reduced.

Other measures for energy savings and efficiency refer to the improvement of lighting efficiency in the storage plants, with the installation of LED technology. In this context, more efficient and lower consumption luminaires have been installed in the new facilities built such as, for example, the storage facility in Salamanca.

### **Climate Change**

The CLH Group assumes the responsibility of making a continuous effort to reduce emissions of greenhouse gases (GHGs).

In 2013 the CLH Group recalculated its carbon footprint, based on the UNE EN ISO 14064-1 Standard, for scopes 1, 2 and 3. It was audited by AENOR and granted a Verified Compliance Certificate for CO<sub>2</sub>.

	2012	2013
Scope 1 (tons)	8,537	7,299
Scope 2 (tons)	68,063	44,417
Scope 3 (tons)	27,604	33,488
Total (tons)	104,204	84,203

### The role of CLH in promoting the use of sustainable fuels

As a consequence of the growing concern for environmental matters, the Group has always attempted to adapt its infrastructures and services to the new requirements with regard to product sustainability and quality. This adaptation of infrastructures and the changes to technologies and processes have required considerable investments, but they are key to ensuring the long-term sustainability of the Group's business model. The initiatives undertaken to reach this objective include:

- The development in 13 facilities of the necessary means for blending biodiesel with diesel, and in 9 facilities the loading areas have been prepared for blending gasoline with bioethanol.
- The design and installation of proprietary systems for the control and analysis of products with FAME content, which has allowed and facilitated the transport of blended products through the oil pipeline.
- The adaptation of the CLH transport system for the differential transportation of products with high and low sulphur content.

Efficiency in activities and environmental protection 13/19





















The main GHG emissions are associated with the electricity consumption necessary for transporting the hydrocarbons via the oil pipeline network (scope 2). Emissions of this type represent around 53% of total emissions of the Group.

With regard to direct GHG emissions (scope 1: consumption in the facilities and consumption of tankers for product movements) 7,299 tons were emitted in 2013. The variations in CO<sub>2</sub> emissions are mainly due to variations in the annual deliveries of product and the different categories of operation, depending on refinery delivery plans and imports.

Emissions not under the operating control of the Group (scope 3) amounted to 32,488 tons in 2013. The scope 3 emissions include those associated with the following concepts:

- Fuel consumption in the transport of fuels to the airport facilities.
- Fuel consumption in sea transport.
- Paper consumption.
- · Water consumption, emissions generated owing to the electricity consumption necessary for its distribution through the pipeline network.

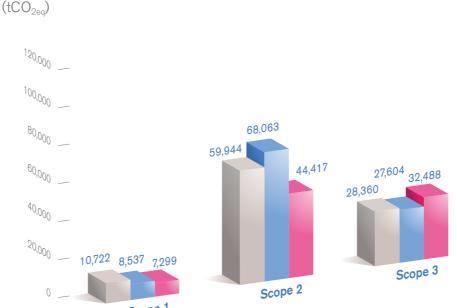
- Business travel by Group personnel, in different means of transport: plane, train and rental vehicles.
- Journeys made by Group personnel to reach their place of work.
- Volume of water discharged, emissions generated owing to the electricity consumption necessary for its subsequent treatment in treatment plants.

This study for calculating the carbon footprint will be used in order to identify the main sources of GHG emissions, with the aim of identifying, designing and implementing actions for the reduction of emissions that

make it possible to increase the sustainability of its activity, measure the effectiveness of the projects implemented, and assess the progress made by the company.

At the same time, it must be pointed out that use of the pipeline network for transporting fuel avoids 332,000 tons of CO<sub>2</sub> per year being released to the atmosphere, as that amount would be equivalent to the emissions caused if other means of transport were used.

### **GHG** emissions





Data for 2011 and 2012 were recalculated to include, within scope 1, only fuel consumption of transportation assets owned by CLH



















### Publication of the first inventory of trees on CLH Group property

Trees constitute an essential element of the Group's facilities, minimising impact on the environment and the effects on climate change, while respecting biodiversity and providing sustainability to the logistics activities.

With the objective of conserving this resource for society as a whole and on the occasion of World Environment Day, which was held on 5 June 2013, the CLH Group published its first Inventory of Trees.

The report includes the inventory of the trees at the storage, oil pipeline and airport facilities of the CLH Group. It also includes information regarding the dimensions, age, health and species or varieties of the different trees. In total, it includes information on more than 6,500 trees, a great biodiversity asset that helps improve the sustainability of the Group activities

The employees of the Group deserve a special mention for their participation and efforts, which were a key element in the compilation of the inventoried data, highlighting the commitment of our employees to conserving the environment.

This initiative contributes to favouring the protection of the trees of CLH, which are considered by all our employees to be a resource worth protecting and nurturing.





















For the CLH Group, knowing about and assimilating its most significant impacts on biodiversity is a fundamental and basic task in which, in addition to identifying such impacts, one of the priorities is to know the causes, intensity, timeframe and geographical scope, with the objective of proposing measures to avoid and reduce these impacts.

To identify the most significant impacts on biodiversity, CLH has prepared the Pipeline Integrity Plan, which includes the Plan for the identification of high consequence areas (HCA), defining environmentally sensitive areas in which an incident in the pipeline would have major consequences for people and/or the environment. The CLH Group uses specific geographical analysis software in order to identify these areas.

The types of impact on high consequence areas, identified thanks to this software, are as follows:

- · Direct impact: pipeline sections that are physically located within a high consequence area.
- · Indirect impact: Pipeline sections that are located inside the safety margin established by CLH and do not affect the high consequence area directly. It is established that the pipeline safety margin is 200 metres on either side of it, in accordance with internationally recognised regulations.

In addition to Protected Natural Areas (PNA), high consequence areas are considered to include highly populated areas (more than 50,000 inhabitants or a population density of over 390 inhabitants/Km<sup>2</sup>), other populated areas (such as isolated buildings, schools, stadiums, etc.), infrastructures (motorways, dual carriageways, railway lines, etc.) and water courses or water in dams (permanent rivers, reservoirs, lakes, etc.).

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

During 2013 and with the help of geographical systems, the CLH Group made a calculation of the protected natural areas in which the pipeline route is located. The cartography provided by the Ministry of Agriculture, Food and Environment (www.magrama.gob.es), updated to December 2012, was used and no changes were detected compared with the previous year.

The results are shown in the table below, which also indicates the year in which the pipeline layout in the Protected Area was inspected and its effect on biodiversity verified.



















### Protected natural areas (PNA) in which the pipeline route is located

Pipeline	Section	Diameter (m)	Name of the PNA	Protection category	km affected	Year of inspection
AGROTA	Algeciras-Rota	12	Los Alcornocales	Natural park	27.9	2013
ALMERA	Almodóvar-Mérida	8	Alcudia Valley and Sierra Madrona	Natural park	24.4	2013
ARALMO	Adamuz-Almodóvar12	12	Alcudia Valley and Sierra Madrona	Natural park	17.1	2013
ARALMO	Adamuz-Almodóvar12	12	River Guadalmez	River reserve	0.1	Pending inspection
BILVA	Muskiz-Miranda	14	Gorbeia	Natural park	0.5	Pending inspection
BILVA	Miranda-Valladolid	14	Obrarenes - Sierra de Cantabria	Designations for Natura	3.4	Pending inspection
CARALI	Cartagena-Alicante	10	The Santa Pola Salt Lakes	Natural park	10.6	Pending inspection
CARALI	Cartagena-Alicante	10	El Hondo de Amoros	Wetlands	0.8	Pending inspection
CASVA	Castellón-Valencia	10	Mouth of the river Millars	Protected landscape	1.4	Pending inspection
CASVA	Castellón-Valencia	10	Marjal de Rafalell and Vistabella	Wetlands	0.8	Pending inspection
COVIGO	La Coruña-Vigo	10	River Tambre	Special protection area for natural values	0.1	Pending inspection
COVIGO	La Coruña-Vigo	10	Ulla river system - Deza	Special protection area for natural values	0.1	Pending inspection
HUCOSE	Huelva-Coria	10	Green corridor of the river Guadiamar	Protected landscape	0.5	Pending inspection
HUCOSE	Huelva-Coria	10	Corridor of the river Guadiamar	Protected landscape	1.0	Pending inspection
HUCOSE	Huelva-Coria	10	Doñana	Natural park	4.2	Pending inspection
HUCOSE	Huelva-Coria	10	Estero de Domingo Rubio	Natural spot	0.1	Pending inspection
LOEBAR	Loeches-Barajas	10	Area surrounding the lower courses of the rivers Manzanares and Jarama	Regional Park	0.1	Pending inspection
LOETOR	Loeches-Torrejón	12	Area surrounding the lower courses of the rivers Manzanares and Jarama	Regional Park	0.1	Pending inspection
LOEVIL	Loeches-Villaverde	10	Area surrounding the lower courses of the rivers Manzanares and Jarama	Regional Park	3.9	Pending inspection
MIPAZA	Monzalbarba-San Adrián	12	Bardenas Reales	Natural park	3.6	Pending inspection

















Pipeline	Section	Diameter (m)	Name of the PNA	Protection category	km affected	Year of inspection
MIPAZA	San Adrián-Miranda	12	Obrarenes - Sierra de Cantabria	Designations for Natura	2.1	Pending inspection
PUALLO	Almodóvar-Loeches	12	Area surrounding the lower courses of the rivers Manzanares and Jarama	Regional Park	27.9	2012
PUALLO	Almodóvar-Loeches	12	Salobral de Ocaña	Micro-reserve	1.3	Pending inspection
ROTAZA	Poblete-Loeches	10	Area surrounding the lower courses of the rivers Manzanares and Jarama	Regional Park	27.9	2012
ROTAZA	Poblete-Loeches	10	Salobral de Ocaña	Micro-reserve	1.3	Pending inspection
ROTAZA	Adamuz-Poblete	10	Alcudia Valley and Sierra Madrona	Natural park	17.0	2013
ROTAZA	Adamuz-Poblete	10	River Guadalmez	River reserve	0.1	Pending inspection
TABAGE	Pallejá-Santa Perpetua	12	Serra de Collserola	PEIN	1.4	Pending inspection
TABAGE	Santa Perpetua-Gerona	8	Estany de Sils	PEIN	0.1	Pending inspection
TABAGE	Santa Perpetua-Gerona	8	Gallecs	PEIN	1.9	Pending inspection
TABAGE	Mafumet-Barcelona	10	Riu Gaiá- Alberreda de Santes Creus	PEIN	6.2	Pending inspection
TALEZA	Mafumet-Lérida	10	Mas de Melons - Alfés		3.0	Pending inspection
TALEZA	Mafumet-Lérida	10	Tossals de Torregrossa	PEIN	0.4	Pending inspection
TALEZA	Mafumet-Lérida	10	Vall la Vinaixa	PEIN	4.6	Pending inspection
TORLO	Torrejón-Loeches	10	Area surrounding the lower courses of the rivers Manzanares and Jarama	Regional Park	0.1	Pending inspection
ZARATO	Ariza-Torrejón	14	Area surrounding the lower courses of the rivers Manzanares and Jarama	Regional Park	0.2	Pending inspection
Total					196.6	

Efficiency in activities and environmental protection 18/19



















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

Facility	Type of PNA	Name	Protection category
San Fernando de Henares - Torrejón de Ardoz	Parks	Area surrounding the lower courses of the rivers Manzanares and Jarama	•
Huelva	Other Protected Natural Areas	Estero de Domingo Rubio	Natural spot

### Other activities for protecting the environment

Furthermore, the CLH Group has set up a new environmental analysis laboratory at the central laboratory facilities in San Fernando de Henares-Torrejón de Ardoz, thus strengthening the company's commitment to the conservation and protection of the environment. In this new space, CLH will develop new analytical techniques to allow it to perform more precise environmental monitoring of its activities, with the objective of improving sustainability.

Lastly, the commitment of the CLH Group to the protection of biodiversity can also be seen via the dissemination of the biological wealth of Spain. For several years now, CLH has been publishing a series of books on topics related to the environment that help raise awareness regarding the importance and value of nature.



















## Assessment of risks regarding biodiversity in the Los Alcornocales Natural Park and the Alcudia Valley and Sierra Madrona Natural Park

For the second year running an assessment has been made of the risks to biodiversity in the facilities of CLH. This project for verification of High Consequence Areas is part of the Oil Pipeline Integrity Plan and its aim is to assess the impact of the pipeline on these Protected Natural Areas and to establish action plans for the conservation and improvement of biodiversity.

Thus, during the month of June studies were performed of the impact of the pipeline on a high consequence area. On the one hand, an analysis was made of a 10 km section of the Algeciras-Rota stretch which runs through the "Los Alcornocales Natural Park" and on the other hand analyses were made of the following stretches: Adamuz-Poblete (ROTAZA), Adamuz-Almodovar12 (ARALMO) and Almodóvar-Merida (ALMERA) with a total length of 24.4 km running through the "Alcudia Valley and Sierra Madrona Natural Park"

The cartography held by the Operational Unit for Integrity was analysed and the following work was carried out:

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

The assessment of risks regarding biodiversity that was made in this project covered approximately 72.3% of the 196.6 km that run through Protected Natural Areas. The assessment concluded that the pipeline does not have any impact on the biodiversity of the area.





















**EXTERNAL VERIFICATION** REPORT























#### KPMG Asesores S.L.

Edificio Torre Europa Paseo de la Castellana, 95 28046 Madrid

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

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

We performed a limited assurance review on the non-financial information contained in the Corporate Social Responsibility Report of Compañía Logística de Hidrocarburos CLH, S.A. (hereinafter CLH) for the year ended 31 December 2013 (hereinafter "the Report").

CLH management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines and the Oil and Gas Sector Disclosures version 4.0 (G4) of the Global Reporting Initiative as described in item G4-32 of the Index of GRI contents of the Report, and following the Materiality Matters criteria, obtaining confirmation from the Global Reporting Initiative on the proper application of these. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and, based on the work performed, to issue a report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. It concerns a review performed according to KPMG assurance engagement independence rules, as well as the requirements from the International Ethics Standards Board for Accountants Code of Ethics on integrity, objectivity, confidentiality, professional behaviours and qualifications.

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

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

- · Risk analysis, including media search to identify material issues during the period covered by the Report.
- · Verifying the consistency of the information that responds to the General Standard Disclosures, with internal systems or documentation.
- Interviews with Management to gain an understanding of CLH's processes for determining material issues, as well as the stakeholders engaged in these processes.

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

· Interviews with relevant staff concerning CLH's policy and strategy application on

- sustainability, governance, ethics and integrity • Interviews with relevant CLH staff responsible for providing the information contained in
- Visit to Navarra Storage Facility, Alicante Storage Facility, Pamplona Airport Facility and Alicante Airport Facility, selected based on a risk analysis considering quantitative and qualitative criteria.
- · Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- · Reviewing the application of the Global Reporting Initiative's G4 Sustainability Reporting Guidelines requirements for the preparation of reports in accordance with comprehensive
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of CLH.
- · Verifying that the financial information reflected in the Report was taken from the annual accounts of CLH, which were audited by independent third parties.

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

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Social Responsibility Report of Compañía Logística de Hidrocarburos CLH, S.A. for the year ended 31 December 2013 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines and Oil and Gas Sector Disclosures version 4.0 of the Global Reporting Initiative as described in item G4-32 of the Index of GRI contents of the Report.

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

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

25 March 2014













































# BASIC GENERAL CONTENTS

KPMG has reviewed the disclosures shown in this GRI table of contents in accordance with the scope and procedures described in the Independent Review Report on page 155.

Basic General contents	Page	Omissions	Reason for omission	Explanation of omission	External verification
Strategy and	d analysis				
G4-1	5-6				155
G4-2	31-32				155
Organisation	n profile				
G4-3	24				155
G4-4	27				155
G4-5	Back cover				155
G4-6	29				155
G4-7	28				155
G4-8	25				155
G4-9	24				155
G4-10	109-110				155
G4-11	115				155
G4-12	69				155
G4-13	15-16				155
G4-14	43-47				155
G4-15	51				155
G4-16	57-58				155















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Basic General contents	Page	Omissions	Reason for omission	Explanation of omission	External verification
Material asp	ects and coverage				
G4-17	CLH and CLH Aviación. Terminales Químicos, company where CLH has a shareholding of 50%, is consolidated using the equity method in the CLH Group's Balance Sheet and is not included in this report.				155
G4-18	9; 11-13				155
G4-19	10				155
G4-20	11				155
G4-21	11				155
G4-22	There have been no restatements of information included in previous reports.				155
G4-23	There have been no changes to the scope of the report.				155
Material asp	ects and coverage				
G4-24	57				155
G4-25	56-57				155
G4-26	56-57				155
G4-27	No significant key issues of problems have been identified through the participation channels and communication processes with stakeholders.				155
Report profil	le				
G4-28	2013				155
G4-29	2012				155
G4-30	Annual				155
G4-31	Back cover				155
G4-32	Comprehensive 155				155

### **Index of GRI contents** 3/13



















Basic General contents	Page	Omissions	Reason for omission	Explanation of omission	External verification
G4-33	8, 155				155
Governance					
G4-34	38-40		Not applicable	Not applicable	155
G4-35	40				155
G4-36	40				155
G4-37	56-57				155
G4-38	38-40 Annual Report: Annex I Corporate Governance Report page 25 http://www.clh.es/file/ informeAnualGobiernoCorporativo 2013.pdf	<ul> <li>Members of groups with insufficient representation.</li> <li>Competencies related to economic, environmental and social effects.</li> <li>Stakeholders' representation.</li> </ul>	Not available	Information not available when preparing the report. The CLH Group is mapping represented stakeholder groups in order to identify those with insufficient representation.  2016.	155
G4-39	30				155
G4-40	Articles of Association. Article 36 http://www.clh.es/file/Publicaciones/ EstatutosSociales_Cast_2011.pdf				155
G4-41	38-40				155
G4-42	42-43				155
G4-43	No actions have been taken to improve the Board's collective knowledge of social, ethical and environmental matters.				155
G4-44	38				155
G4-45	A4-47  No significant economic, social or environmental issues or problems have been identified through the participation channels and communication processes with stakeholders.				155
G4-46	44-47				155

### **Index of GRI contents** 4/13

















Basic General contents	Page	Omissions	Reason for omission	Explanation of omission	External verification
G4-47	44-47				155
G4-48	40				155
G4-49	40				155
G4-50	40				155
G4-51	Remunerations report: Pages 3-7 http://www.clh.es/file/ InformeAnualRemuneraciones Consejeros2013.pdf				155
G4-52	Remunerations report: Pages 3-7 http://www.clh.es/file/ InformeAnualRemuneraciones Consejeros2013.pdf				155
G4-53	Stakeholders' opinion on remuneration is not taken into account				155
G4-54	114				155
G4-55	114				155
Ethics and i	ntegrity				
G4-56	42-43		Not applicable	Not applicable	155
G4-57	42		* *		155
G4-58	42-43				155























# BASIC SPECIFIC CONTENTS

Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
Economics					
Economic pe	erformance				
G4-DMA	11;60				155
G4-EC1	54-57				155
G4-EC2	144-146	Physical risks associated to climate change.	Not available	The Company is redefining these risks. 2016	155
G4-EC3	Annual report: pages 25; 45	Percentage of salary paid by the employee and percentage of total paid by the company	Not available	Information not available when preparing the report. The information compilation procedures do not allow obtaining these data. 2016	155
G4-EC4	Information not available		Not available	Information not available when preparing the report.	155
Market prese	ence				
G4-DMA	6; 109-110				155
G4-EC5	113				155
G4-EC6	114				155
The environr	nent				
Energy					
G4-DMA	11; 144				155
G4-EN3	144-145				155

### **Index of GRI contents** 6/13



















Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
G4-EN4	Information not available		Not available	Information not available when preparing the report. The CLH Group is preparing the carbon footprint and gathering information on its suppliers' energy consumption and activities carried out outside the organisation's reach.  2016	155
G4-EN5	67,36 GJ/K tonnes transported. Primary and secondary energy consumption/K tonnes of transported products.				155
G4-EN6	144; 145				155
G4-EN7	23		Not available	The reduction in energy requirements of products and services has not been quantified. 2016	155
OG2	The CLH Group did not invest in production of renewable energy.				155
OG3	The CLH Group did not perform energy production activities.				155
Water					
G4-DMA	11; 141				155
G4-EN8	141				155
G4-EN9	141				155
G4-EN10	The CLH Group does not use recycled water in its facilities.				155

### **Index of GRI contents** 7/13



















Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
Biodiversity					
G4-DMA	6; 148				155
G4-EN11	149-151				155
G4-EN12	148				155
G4-EN13	149-151				155
G4-EN14	149-150	Total number of species of the IUCN list.	Not available	Information not available when preparing the report. High consequence areas have been identified as detailed on pages. 2016	155
OG4	149-151				155
Emissions					
G4-DMA	11; 139; 144				155
G4-EN15	145				155
G4-EN16	145				155
G4-EN17	145				155
G4-EN18	4.04 tonnes of CO <sub>2</sub> /K tonnes transported (scope 1, 2 y 3)		Not available	Measurement with revised criteria of the CLH Group's carbon footprint started in 2013. From this point, reduction targets will be established and actual reductions monitored.  2016	155
G4-EN19	Information not available		Not available	Not available	155
G4-EN20	The CLH Group has no measurement system for these substances; however, they are not estimated to represent a significant quantity.				155
G4-EN21	140				155



















Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
Effluents an	d waste				
G4-DMA	11; 142				155
G4-EN22	Spillage is not deemed significant, as it goes to the local sewage network, only after passing through the wastewater treatment system in each facility.				155
G4-EN23	141 Waste generated is delivered to an authorised waste handler who becomes responsible for its management.				155
G4-EN24	142				155
G4-EN25	The CLH Group does not transport hazardous waste. Hazardous waste generated in its facilities is delivered to an authorised handler.				155
G4-EN26	142				155
OG5	The CLH Group did not perform hydrocarbon extraction activities.				155
OG6	The CLH Group does not perform these types of activities.				155
OG7	The CLH Group does not perform these types of activities.				155
Products an	d services				
G4-DMA	11; 139				155
G4-EN27	146				155
G4-EN28	The CLH Group activity does not use packaging.				155
OG8	The CLH Group does not manufacture fuels, it only perform basic logistics activities.				155

G4-LA6

103; 105

















155



Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
Supplier env	vironmental assessment				
G4-DMA	11; 68				155
G4-EN32	106 out of 1,396 suppliers are included in RePro.				155
G4-EN33	In 2013 a pilot programme was launched to have suppliers perform a self-assessment exercise during the certification process, and identify the most significant environmental risks of their operations.				155
Social devel	lopment. Management-employees relation	s			
G4-DMA	6; 106				155
G4-LA4	In accordance with existing collective agreements, the CLH Group is committed to providing employees or their representatives with information on the implementation of organisational changes that may affect them.				155
Social devel	lopment. Labour policies and dignity of lab	our			
Occupationa	al health and safety				
G4-DMA	11; 94				155
G4-LA5	100% of the employees are represented in Health and Safety committees.				155

### **Index of GRI contents** 10/13





















Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
G4-LA7	The CLH Group, through its Occupational Risk Prevention Management System, identifies positions with risk of occupational illness.				155
G4-LA8	Agreements with the unions, as per Spanish legislation, cover all employees' health and safety related matters.				155
Assessment	t of labour practices of suppliers				
G4-DMA	11; 68				155
G4-LA14	72 out of 1,396 suppliers are included in RePro.				155
G4-LA15	In 2013 a pilot programme was launched to have suppliers perform a self-assessment exercise during the certification process, and identify the most significant occupational risks of their operations.				155
Social devel	opment. Human rights				
Non discrim	ination				
G4-DMA	11; 41				155
G4-HR3	42				155
Freedom of	association and collective bargaining				
G4-DMA	114				155
G4-HR4	114-115				155

### **Index of GRI contents** 11/13

G4-DMA

11; 126

















155



Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
Security me	asures				
G4-DMA	CLH Group does not directly employ security personnel.				155
G4-HR7	CLH Group does not directly employ security personnel.				155
Assessment	t				
G4-DMA	11; 68				155
G4-HR9	CLH facilities are located in Spain and therefore, the risk of human rights infringement is not significant.				155
Assessment	t of suppliers with respect to human rights	5			
G4-DMA	11; 68				155
G4-HR10	3 out of 1,548 suppliers included in RePro.				155
G4-HR11	In 2013 a pilot programme was launched to have suppliers perform a self-assessment exercise during the certification process, and identify the most significant risks to human rights of their operations.				155
Social devel	opment. Society				
Local comm	unities				

### **Index of GRI contents** 12/13



















Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
G4-S01	Information not available		Not available	This information not available when preparing the report. The CLH Group, before preparing a project, assesses social and environmental impacts. However, no information is available on the percentage of facilities. 2016	155
G4-S02	The CLH Group approved its Code of Conduct which is applicable to all governing and management bodies of the company, and all employees.				155
OG10	No significant conflict has occurred.				155
OG11	136				155
Fight agains	st corruption				
G4-DMA	11; 41				155
G4-S03	41 The Code of Conduct was distributed to all employees.				155
G4-S04	41				155
G4-S05	42				155
<b>Evolution of</b>	the social impact of suppliers				
G4-DMA	11; 68				155
G4-S09	3 out of 1,548 suppliers included in RePro.				155

















Basic General contents	Page	Omisiones	Reason for omission	Explanation of omission	External verification
G4-S010	In 2013 a pilot programme was launched to have suppliers perform a self-assessment exercise during the certification process, and identify the most significant social risks of their operations.				155
Social devel	lopment. Product responsibility				
Fossil fuels	replacement				
OG14	29				155

**Index of GRI contents** 

13/13











































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

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

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

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

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

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

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

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

CO: Carbon monoxide.

CO<sub>2</sub>: Carbon dioxide.

CO<sub>2</sub>eq: CO<sub>2</sub> equivalent. Unit for measuring the amount of greenhouse gas emissions made. Because the different existing greenhouse gases (CO2, NOx, methane, others) have different potentials for affecting global warming, it is customary in specialist literature to translate the quantity of each of them into a common unit (CO<sub>2</sub>eq).

**Dispenser:** Mobile unit designed especially for supplying fuel to aircraft at the airports where there are hydrant networks.

**Diversity Charter:** A letter of commitment signed voluntarily by companies and institutions of any size in order to further their commitment to equality, respect towards the right to inclusion of all people and groups and the implementation of other policies for fostering a prejudice-free work environment.

Double-hulled vessel: A tanker in which the bottom and sides of the cargo tanks are separated from the bottom and sides of the hull by spaces varying between 1 and 3 metres wide or deep. These spaces remain empty when the tanker carries cargo, but are filled up with sea water on ballast voyages.



















### **European Foundation for Quality**

Management (EFQM): An international foundation based in Belgium that works towards increasing the effectiveness and efficiency of European organisations through strengthening and improving quality. At the present time, its membership includes over 600 organisations, from multinationals and important national companies to universities and research institutions.

**FAME:** Fatty Acid Methyl Esters.

**Gigajoule:** Unit of energy equivalent to 10<sup>9</sup> joules. The joule is the unit used in the International System of Units (IS). Its symbol is J and it is equivalent to the product of one newton per metre.

Global Reporting Initiative (GRI): An international initiative aiming to provide a standard methodology for drawing up sustainability reports (https://www. globalreporting.org/Pages/default.aspx). Greenhouse gases (GHGs): These are mainly CO<sub>2</sub>, N2O and methane. When present in the atmosphere in increased concentrations, this raises the temperature of the earth's surface because the escape of the infrared radiation emitted by this surface is hindered.

**HCA:** High Consequence Areas.

**Hydrant:** Fuel distribution network situated beneath the aircraft parking area at airports.

Hydrobiodiesel: Fuel for diesel engines produced by hydro-treatment of vegetable or animal oil.

Hydrocarbon: Organic compound formed by carbon and hydrogen atoms that comprises the main component of petroleum.

ISO: International Organization for Standardization.

ISO 9001: Certification standard for quality management.

ISO 14001: Certification standard for environmental management.

MARPOL (Marine Pollution): Name of the 1973 International Convention for the Prevention of Pollution from Ships, modified by the Protocol of 1978. It is an international treaty signed by most countries that are related to the sea, Spain among them, and its rules are applied to oil-carrying operations carried out at sea.

NOx: Nitrogen oxides.

**OHSAS:** (Occupational Health and Safety Advisory Services). Standard for the implementation and certification of occupational health and safety systems.

(Oil) pipeline: A pipe for transporting oil or oil by-products.

Refuelling unit: A tank truck designed especially for transporting and supplying fuel to aircraft at airports.

















**SAM:** (Sustainable Asset Management) assessment agency responsible for rating companies wishing to form part of the Dow Jones Sustainability Index.

**SO<sub>2</sub>:** Sulphur dioxide.

SOx: Sulphur oxides.

Storage facility: A plant where oil products are stored in tanks designed for this purpose and where tank trucks collect oil products for distribution to the end consumers.

Tracer: A substance with some kind of special feature (colouring matter, for example) that makes it easy to detect and which, when added to another, allows the latter to be identified and monitored.

**United Nations Global Compact:** An initiative that was launched in 1999 with the aim of making commitments of an environmental, labour and anti-corruption nature and the protection of human rights widespread in the private business field.

Volatile Organic Compounds (VOCs): Each of the chemical compounds (alcohols and light ethers, benzene) that are present in gasoline and which evaporate on coming into contact with the air.





















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