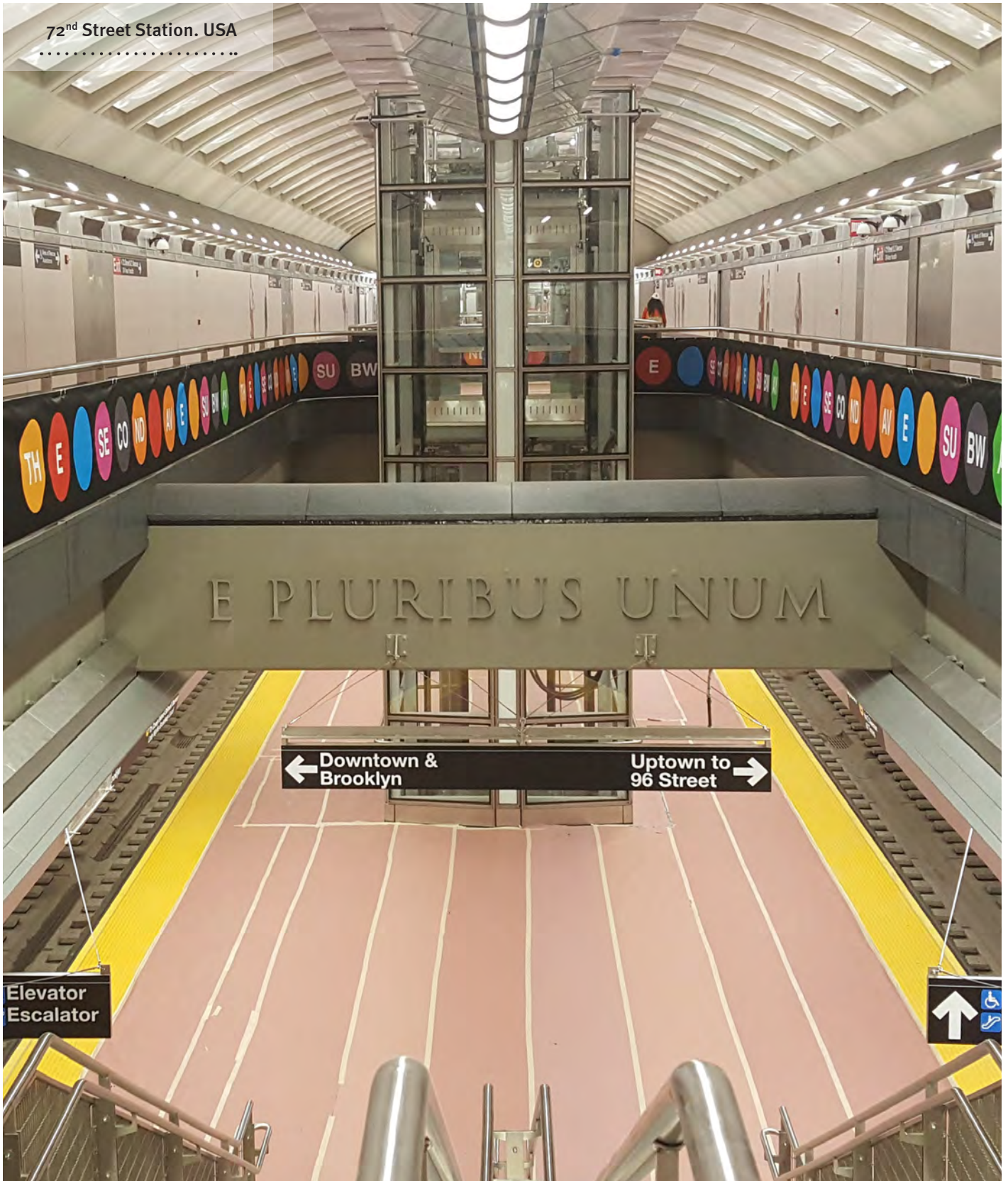


72nd Street Station. USA



2016 : INTEGRATED : REPORT



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This Integrated Report is a part of the Annual Report 2016 of the OHL Group which consists of the following documents:

- Financial Information (Directors' Report and Consolidated Annual Accounts).
- Corporate Governance Report and Report on Compensation.
- Integrated Report, which integrates the Sustainability and Activity Reports of previous financial years.

This documentation is available in the online Annual Report 2016, accessible from the direct link <http://memoria2016.ohl.es/> and through the corporate website of the OHL Group, www.ohl.es.

To offer the most complete, transparent and rigorous communication possible, the OHL Group submits to external control and verification processes the content of its Integrated Report and the adaptation thereof to the Global Reporting Initiative (GRI) Guidelines, in the G4 version, comprehensive level, as well as to the construction sector supplement, follow Global Compact's principles and their contribution to the Sustainable Development Goals (SDGs) to the United Nations. This report has been audited by Deloitte, the same as the financial information.



Letter from the Chairman

Ladies and gentlemen,

2016 has been a financial year of poor results for the OHL Group, strongly influenced by the impact of the full recognition of the losses in a number of older projects (referred to internally as legacy projects) and by the adverse exchange rate trend in the currencies of the countries in which the Group carries out its business activity.

On the operating level, the Income Statement has been influenced to a large extent by both factors, which have led to losses amounting to 432 million euros. The normalized income statement, without taking into account the influence of the results expected from these older projects and at a constant exchange rate, would have shown a net profit of 248 million euros, four times more than the profit obtained in 2015, which totaled 57 million euros.

Despite these adverse results and following the measures taken in the financial sphere, the 2016 financial year has left a sound and reinforced balance sheet that constitutes a solid base on which to build the company's future.

In this context, regaining the confidence of our rating agencies has been established as a priority objective for OHL in 2017. The Group trusts that the debt-reduction measures taken, the sound and profitable model of the construction business –once the impact of the older projects has been absorbed– and the strength of the liquidity position –following the agreement with OHL's reference banks–, will make it possible to reach a recourse leveraging ratio at the end of 2017 of less than 1, an aspect which is expected to bring about a positive impact on the rating.

Principal milestones of the financial year in economic terms

- Final elimination of the impact of the legacy projects on the results and the curtailing of their impact on the cash flow. At the close of accounts for the year, a revision of the final targets for these projects was made that has translated into lower figures for EBITDA and for the result of entities accounted for by the equity method totaling 520 million and 149 million euros, respectively. With this situation resolved, OHL will be able to center on the management of the rest of the construction business, now on sound footing and producing a positive cash flow on a sustainable basis.
- Successful rotation of assets with capital gains in all cases. That activity, which is a part of the company's ordinary course of business, has enabled debt reduction and the simplification of OHL's financial structure. This rotation has involved divestitures totaling 1.6 billion euros in 2016 and 627 million in the first two months of 2017 and has led to a net result of 330 million euros in 2016. Moreover, in the first two months of 2017, an additional amount of approximately 100 million euros has been obtained following the recent divestiture of the 2.5% stake in Abertis and the partial divestiture of the Mayakoba and Canalejas assets.
- Excellent performance of the Concessions Division, where sales and EBITDA from tolls, at a constant exchange rate and excluding the effect of the change in the consolidation method of Metro Liger Oeste, grew 11.7% and 20.5% respectively, and where the concessions in Mexico, with growth figures in local currency of 14.7% and 14.8%, respectively, stand out particularly.

The Division has initiated a process for incorporating new partners during this financial year, up to a total of 49%, into its greenfield assets: Vespucio Oriente, Puente Industrial, Río Magdalena, Nogales-Puchuncaví and Puerto Valparaíso. This incorporation would cut the equity contributions by approximately half and, according to current estimates, these would then be reduced to 146 million euros, delivering a cash inflow of approximately 116 million euros, corresponding to the proportionate part of the equity already contributed to these projects at the close of accounts for 2016.

- Complete elimination of trigger risk. Following the sale of the 4.425% stake in Abertis on October 3, 2016, the process was completed for the elimination of all of the borrowings with trigger risk which, at the start of 2015, totaled 1.5 billion euros.

**The OHL Group maintains
a public and voluntary
commitment to sustainable
development promoted
by its Board of Directors**

- Backing of the Group by the banking sector. Caixabank, Banco Sabadell, Bankia, Santander, Popular, Société Générale and Crédit Agricole, following a detailed study of the present and future situation of OHL, have decided to maintain their positions and to commit a package of additional financing in a total amount of 747 million euros. This transaction confirms the support of these institutions to the business plan designed by the company, which in 2016 has had to confront high volatility in the markets caused basically by the rating agency downgrades.
- An Investor Day was held on April 5, 2017, during which the current situation of the company and of the market was addressed. OHL will reinforce its presence in its eight home markets and will give priority to the return-risk ratio over the growth target in works completed, in addition to reinforcing the risk control and contract management mechanisms in the tendering and performance stages.

Sustainable development

In 2003, the OHL Group stated its public and voluntary commitment to sustainable development. This is a firm commitment that is driven by its Board of Directors through the Audit, Compliance and Corporate Social Responsibility Committee.

As significant events during the financial year in this scope, I would like to highlight the following:

- The drawing-up of the Group's Human Rights Policy.
- Review and updating of the corporate sustainability policies within simple, clear and effective regulatory frameworks that are known and applied systematically in all of the business activities and geographical areas in which the Group operates.
- Implementation of 44% of the measures included up to 2020 in the Group's CSR Strategic Plan 2015-2020. Major objectives of the Plan, which is aligned with the United Nations Sustainable Development Goals, are to strengthen OHL's contribution to sustainable development and to succeed in having its CSR actions become a factor of competitiveness for the business lines.
- Continued presence on the FTSE4Good Ibex since 2008. This sustainability index ranks us as a committed security and of particular interest to investors who combine their profitability targets with their concern for ethical, social, environmental and good governance aspects in business management.
- Maximum "A" score (formerly, 100A), with leader status in the CDP Climate Change 2016, and renewal of the Group's presence on the Climate A List, a list made up by only 9% of the companies with the highest scores in the world in the fight against climate change.

- The OHL Group is placed twelfth in the ranking of European construction companies and seventeenth among Spanish companies in all sectors, within the top 1,000 European companies that invest most in R&D&I, according to the document EU Industrial R&D Investment Scoreboard 2015, published yearly by the European Commission.

And to conclude, ladies and gentlemen, I would like to convey to you that, in this new stage commencing under my chairmanship, OHL has established a solid foundation on which to consolidate a promising future for the Group that will be achieved, without a doubt, thanks to the support and confidence of all of our shareholders as well as of our stakeholders. And most especially I wish to thank OHL's outstanding team for their generosity, in singularly difficult and painful circumstances for all of us, and because their effort, dedication and unfailing spirit of achievement will continue to be essential for the attainment of the targets we have set for ourselves in 2017. I wish to thank all of you most sincerely, in my own name and in that of the Board of Directors.

The Chairman of the Board of Directors
Juan Villar-Mir de Fuentes

01.

OHL Group Profile in 2016

- Presentation
 - OHL in the World
 - Key Indicators by Capital
 - Business Developments
-



Modernization of the Tabor – Sudoměřice u Tábora railway.
Czech Republic.





Red Vial 4. Peru.

01. OHL Group Profile 2016

PRESENTATION

Obrascón Huarte Lain (OHL), a concession and construction group with more than 100 years of history and an outstanding presence in more than 30 countries on all five continents, carries out its business activity primarily in 8 home markets: the United States, Canada, Mexico, Colombia, Peru, Chile, Central Europe and Spain.

The OHL Group focus its business activity in eight home markets:
the United States, Canada, Mexico, Colombia, Peru, Chile, Central Europe and Spain
.....

The OHL Group is currently:

- A strategic developer of public-private partnership projects.
- The twenty-eighth largest international contractor and fifth in Latin America¹.
- A reference in the construction of hospitals and railways.
- A member of the FTSE4 Good Ibex stock exchange sustainability index.
- Present in CDP's A lists (Climate Change and Supplier Climate).

⁽¹⁾ENR Ranking, 2016.

The OHL Group carries out its business in five major areas of activity:



Concessions



Construction



Industrial



Services



Developments

The company's values constitute the foundation on which its Code of Ethics is supported and establish the general guidelines of action to be observed by all of the individuals in the OHL Group in the performance of their work:

- Professional ethics, integrity, honesty, loyalty, efficiency and responsibility vis-à-vis our stakeholders, in all of the actions of the Group, always in full compliance with applicable laws.
- Spirit of achievement and continuous improvement in performance.
- Transparency in the dissemination of information, which must be adequate, accurate, verifiable and complete.
- Value creation with a permanent search for sustainable profitability and growth.
- Constant promotion of committed quality, innovation, safety and environmental friendliness.

The OHL Group undertakes to observe and apply the CSR regulations of the European Union, to apply the Guiding Principles on Business and Human Rights and to follow the guidelines and recommendations of the United Nations, the International Labor

Professional ethics, integrity, honesty, loyalty, efficiency and absolute respect for the law are some of the key values of the Code of Ethics of OHL

.....

Organization and the Organization for Economic Cooperation and Development.

Moreover, as a company belonging to the U.N. **Global Compact** since 2004, it strives to disseminate and promote the Compact's 10 Principles.

The OHL Group also takes up a role in the attainment of the **Agenda 2030** and contributes to addressing the collective challenge of sustainable development, the Sustainable Development Goals (SDGs), through the responsible performance of its business activity.

In this regard, the Group's main contribution is centered primarily on SDGs 7, 9 and 11 through business development and R&D&I. In addition, the CSR Strategic Plan 2015-2020 is aligned with the SDGs, and also contributes to a large number of SDGs with a broad connection to many of its goals, especially in the areas of CSR Governance and Management (26 goals), Employees (20 goals), Environment (13 goals), and Fair operating practices (13 goals).



OHL IN THE WORLD

Canada

Sales: 27.10 €Mn

Employees: 70

Employees subcontracted: 57

GHG emissions: 12,195.85 tCO₂e

USA

Sales: 1,277.06 €Mn

Employees: 2,309

Employees subcontracted: 1,300

GHG emissions: 42,082.29 tCO₂e

Mexico

Sales: 776.93 €Mn

Employees: 4,574

Employees subcontracted: 2,464

GHG emissions: 36,085.45 tCO₂e

Colombia

Sales: 76.96 €Mn

Employees: 397

Employees subcontracted: 709

GHG emissions: 2,724.72 tCO₂e

Peru

Sales: 106.95 €Mn

Employees: 1,746

Employees subcontracted: 2,414

GHG emissions: 14,657.18 tCO₂e


Chile

Sales: 170.90 €Mn

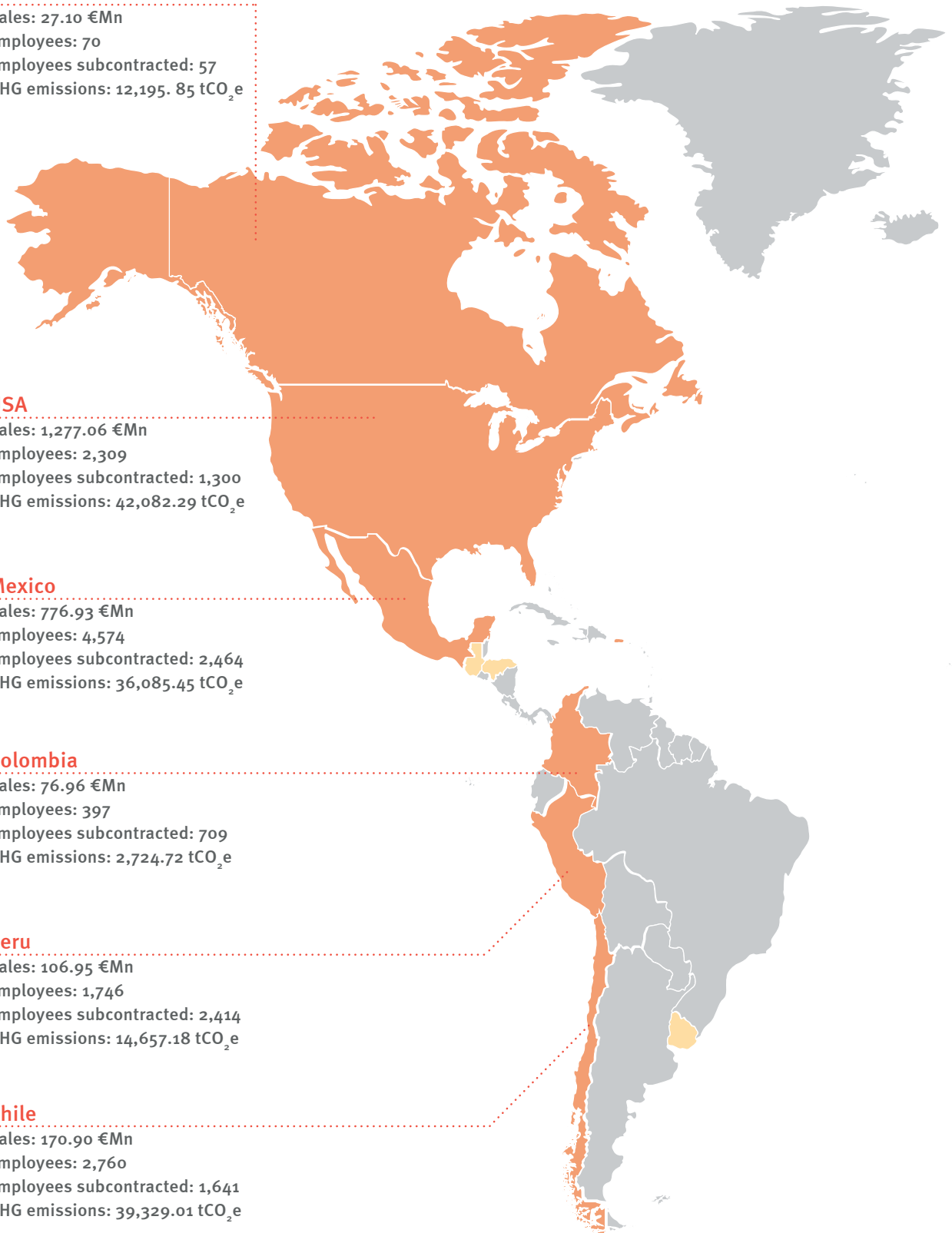
Employees: 2,760

Employees subcontracted: 1,641

GHG emissions: 39,329.01 tCO₂e

 Home markets

 Other countries



Central Europe

Sales: 283.28 Mn€

Employees: 2,241

Employees subcontracted: 2,113

GHG emissions: 16,052.25 tCO₂e**Spain**

Sales: 793.80 €Mn

Employees: 8,911

Employees subcontracted: 13,757

GHG emissions: 34,491.92 tCO₂e**OHL Group Global Data**Sales: 3,862.63 €Mn ⁽¹⁾

Employees: 24,251

Employees subcontracted: 25,908

GHG emissions: 238,557.30 tCO₂e ⁽²⁾

(1) Sales (in millions of €)

(2) GHG emissions: Scope 1 and Scope 2



KEY INDICATORS BY CAPITAL



Financial

3,862.6 €Mn

Sales

5.8%

Gross operating profit
(EBITDA)/sales (%)

984.4 Mn€

Market capitalization

22.52%

Net debt/ total assets (%)



Industrial

3,284.2 €Mn

Purchases from suppliers

83.4%

Local purchases

73.7%

Sales certified to
ISO 9001

8,4

Average OHL Group client
satisfaction score (over 10)

Human

24,251

Employees

32.4%

Women

59.3%

Sales certified to
OHSAS 18001

420,044

Hours of training



Intellectual

7.8 €Mn

Invested in R&D&I

28-18

Universities and research
centers in joint projects

11 in 32

Families of patents in
territories

56

Innovative projects



Social

3.6 €Mn

Invested in the community

4,084

Hours of volunteerism

277,441

People benefited

39

Volunteer initiatives



Natural

98.2%

Sales under environmental
monitoring and control

1,384.9 t/€Mn

Reused waste with respect to
sales

769.9 GJ/€Mn

Energy consumption with
respect to sales

5,684.3 t/€Mn

Material consumption with
respect to sales

A few highlights of the awards received by the OHL Group in 2016

- **Mayakoba Resort (Mexico)**, obtained the **ESR 2016 emblem of the Mexican Center for Philanthropy and of the Mexican CSR alliance, Alianza por la Responsabilidad Social Empresarial (AliaRSE)**. This is additional to the Audubon and Rainforest Alliance environmental distinctions, the Tourism Environmental Quality Certification granted by the Federal Attorney-Generalship of Environmental Protection and the Five Diamond Award of the American Automobile Association (AAA) to the Fairmont Mayakoba, Rosewood Mayakoba and Banyan Tree Mayakoba hotels, which it renews yearly.
- **Parques del Río Medellín (Colombia)**, singled out through an award by the **Society of Landscape Architects of Mexico**, which recognizes projects that provide solutions to problems of an environmental and social nature in Latin American countries.
- **OHL, Tytan Award 2016** in the category of underground construction for the road tunnel under the mouth of the Vistula River (Gdansk, Polonia), granted by the magazine **Inżynieria Bezwykopowa**.
- **OHL**, recognized by the **Spanish Association of Procurement, Contracting and Supply Professionals (AERCE)** with the **Award to Innovation**, and placing second in the Transformation category for the implementation of an innovative procurement management model in the scope of its construction activity.
- **OHL Sucursal in Peru, Excellence and Quality Award 2016** granted by the insurer, **La Positiva Vida**, for excellence in the management of occupational risk prevention.
- **Recognition to Autopista del Norte (Peru)** by the **Inter-American Development Bank (IDB)**, for best environmental and occupational health practices and good performance in waste management in the construction and operation stages.
- **Terminal Cerros de Valparaíso (Chile), ASIVA Award** for the training of workers, granted by the employers' association, **Asociación de Empresa de la Quinta Región**.
- The **Industrial Division** received the **Mangle Award for environmental Corporate Social Responsibility**, for its management in the application of environmental policies in the Empalme I Combined Cycle Power Plant project, in Mexico.
- **Industrial in Mexico**, acknowledged by the **Family-Friendly Company seal 2016**, in recognition of the introduction of codes and practices that enable the reconciliation of work and private life.
- **Recognition given by CODELCO to Industrial Chile**, at its copper crushing, curing and heap leaching plant, for its commitment to risk prevention and safety with twelve consecutive accident-free months.
- **OHL Servicios-Ingesan**, singled out by the **Stela Award**, granted by the **Madrid Down Syndrome Foundation** for its commitment to the labor market integration of the groups with which the Foundation works. This recognition is in addition to other special mentions received from **Fundación Integra**.



BUSINESS DEVELOPMENTS

GROUP PERFORMANCE

2016 has been a financial year of poor results for OHL, strongly influenced by the impact of the full recognition of the losses in its legacy projects and by the adverse exchange rate trend. Nevertheless, it leaves a sound and reinforced balance sheet that constitutes a solid foundation on which to build the future of the company.

The year has been marked by actions taken in two fundamental spheres:

- **Debt reduction and financial structure simplification.** Among other moves during the financial year, 73% of the corporate debt of Concessions was reduced, completely eliminating the borrowings with trigger risk, while bonds in the amount of 84.8 million euros were redeemed sooner.

The **rotation of non-strategic assets** was instrumental in achieving this reduction. This rotation involved 1,590 million euros in 2016 and 627 million euros in the first two months of 2017 and became particularly intense starting in the second half of the financial year with capital

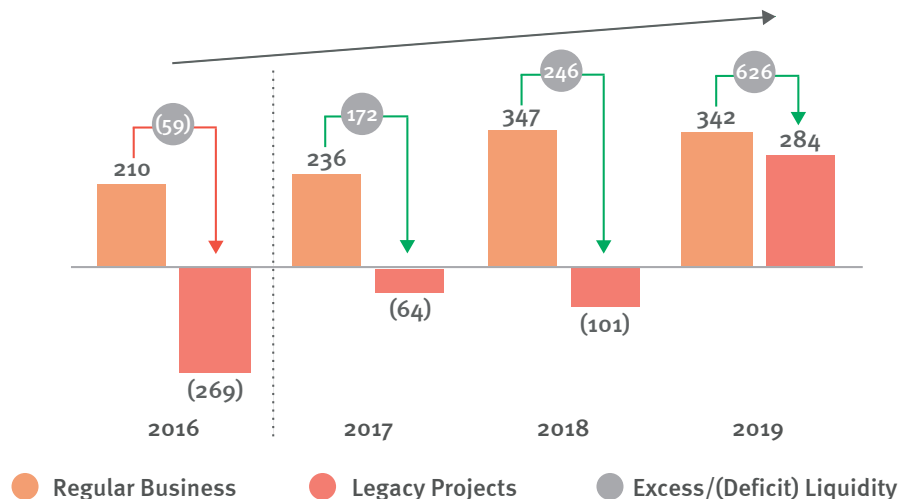
gains in all cases, obtaining a net result of 330.2 million euros in 2016 and an additional 100 million euros, approximately, in the first two months of 2017.

- **In-depth analysis of the status of the legacy projects** for the purpose of neutralizing their impact on the Income Statement in the future and to curtail the impact on cash.

The analysis has served for carrying out a revision of the final targets of these projects, which has translated into lower figures for EBITDA and for the Profit Attributed to the Parent Company totaling 520.2 and 669.6 million euros, respectively (see table on page 17 and Chapter 3, Financial Capital-Consolidated Income Statement). Now that this situation has been resolved, the Group will be able to center on the management of the rest of the construction business, well-focused, on sound footing and already producing a positive cash flow.

The estimated impact on the cash flow of these projects for the next two years is shown on the following graph:

Estimated impact on cash flow 2016-2019



This impact signifies an overall outflow of cash of 165 million euros during the next two years (64 million euros in 2017 and

101 million euros in 2018). From 2019, an inflow of 284 million euros is foreseen.



Mecca-Medina High Speed Railway. Saudi Arabia.

On the operating level, and additional to the effect described above, the Income Statement for 2016 has been weighted down in the period by the sharp devaluation of the exchange rate of the principal currencies with

which the Group operates against the euro (particularly the Mexican peso). The key figures of the Income Statement, if de-linked from these two impacts, would be as shown on the following table:

Income Statement - Key Figures

	2016	Project re-estimates	Exchange rate effect	2016 Normalized	Var. (%) 2016/2015	Var. (%) 2016N/2015
Sales	3,862.6	154.8	117.0	4,134.4	-11.6%	-5.4%
EBITDA	222.9	520.2	103.4	846.5	-76.9%	-12.5%
Attributable Net Profit	-432.3	669.6	10.2	247.5	n.a.	345.1%

Million Euros

De-linked from the target revision and at a constant exchange rate, the Group's Sales, EBITDA and Net Profit would have varied to the extent of -5.4%, -12.5% and 345.1%, respectively.

A highlight in the period was the excellent performance of the Concessions division, where Sales and EBITDA from Tolls in comparable terms (that is, at a constant exchange rate and excluding the effect of the change in the consolidation method of Metro Ligero Oeste) grew +11.7% and +20.5% respectively, where the performance of the concessions in Mexico stands out particularly, with

growth figures in local currency of +14.7% and +14.8%, respectively.

Likewise, other significant impacts on Net Profit include the capital gains generated through the sale of the 7.0% and 4.425% stakes in Abertis Infraestructuras, S.A. and the sale of the 28.0% interest in Metro Ligero Oeste, S.A. (and the consequent value enhancement of the remaining 23.3%), with proceeds amounting to 276.2 and 41.0 million euros, respectively.

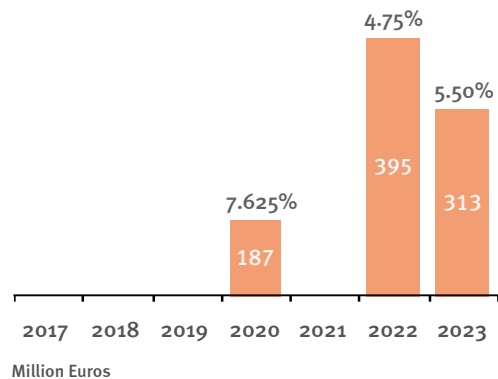
Several aspects stand out in the financial sphere:

- **Transactions on the Capital Markets.** During the 2016 financial year, OHL has had recourse to the capital markets for repurchasing bonds on two occasions:
 - » On February 23, 2016, through a cash buy-back offer of its bonds maturing in 2020 at a fixed price of 98%. The offer was taken up for a total of 32.0 million euros (12% of the outstanding balance on that date).
 - » Starting in the month of August, following the share price downturns, through Open Market Repurchases in a total nominal amount of 52.8 million euros: 43.3 million of the bonds maturing in 2020, 5.5 million euros of the 2022 and 4.0 million of the 2023. The average buy-back price was 85.89%.

Despite the fact that relatively small amounts were involved, both of these liability management exercises have had a very positive impact on the quotation levels of the bonds on the secondary market, which evidences the scant representativity of the secondary market prices at times of high volatility.

Following these two transactions, the OHL Group now maintains an outstanding Eurobond balance in the amount of 894.5 million euros with a comfortable maturity profile.

OHL Bonds Maturity Profile



El Espiño tunnel. Zamora-Ourense High Speed Railway (AVE). Spain.

Both the capital increase in October 2015 as well as the profitable asset rotation process have provided OHL with a comfortable and sustainable financial structure

.....

- **Rotation of assets.**
 - » Sale of the 28.0% stake in Metro Ligero Oeste, S.A.

Set in the framework of the asset rotation policy in Concessions, the sale of 28.0% of Metro Ligero Oeste was

completed in September at a total price of 101.7 million euros. The company still maintains the ownership of 23.3%. The transaction generated a total result of 41.0 million euros, which includes the value enhancement of the rest of the stake.

- » Sale of the 11.425% stake in Abertis.

This sale was carried out in two stages, the first involving 7.0% on June 29, 2016, while the second, for the remaining 4.425%, was concluded on October 3rd. The transaction delivered a total of 1.3 billion euros in net funds which have made it possible: (i) to provide OHL Concesiones with additional funds for meeting the equity commitments of the new concessions awarded, (ii) to completely eliminate its debt with trigger risk and (iii) to reduce gross recourse borrowings.

Finally, the transaction generated a total of 276.2 million euros in capital gains, with a joint IRR of 26.7%.

In addition, the remaining 2.5% stake in Abertis was sold on January 23, 2017, obtaining net funds in the amount of 329.8 million euros which were used for i) repaying the collar financing in the amount of 272.9 million euros and ii) reducing gross recourse debt with the remainder of the funds.

- » Sale of a 24.01% stake in OPI by OHL México.

On October 4, 2016, OHL México reached an agreement with IFM Global Infrastructure Fund for the sale of 24.01% of Organización de Proyectos de Infraestructuras, S.A. de C.V. ("OPI") at the price of 8,644 million pesos. Following the completion of the transaction, OHL México will retain ownership of 51% of OPI, while IFM will increase its shareholding from 24.99% to 49%. The resources from

this transaction will improve the capital structure of OHL México with the objective of being in a position to continue investing in new concession projects. Since the OHL Group does not lose its control of that concession, this transaction will not affect the Income Statement, and its result will be recognized in Shareholders Equity.

- » Partial sale of Mayakoba assets.

The contract of sale, dated December 21, 2016, extends specifically to a percentage of up to 80% in the Fairmont and Rosewood (minimum ensured of 51%) and 51% in the Banyan Tree, Andaz and Golf. This transaction, scheduled to take place in 2017, will provide between 158 and 218 million euros, delivering a capital gain of approximately 71 million euros. The conclusion of the transaction is subject to the finalization of a number of the usual conditions to be met in transactions of this kind, including the approval of the Federal Competition Commission.

- » Sale of a 17.5% stake in Canalejas.

OHL signed a contract on February 9, 2017 for the sale of a 17.5% stake in the Canalejas development, for which it will receive 79 million euros, with a capital gain of approximately 29 million euros.

The conclusion of the transaction is subject to the completion of a number of suspensive conditions to be met during the next few weeks.

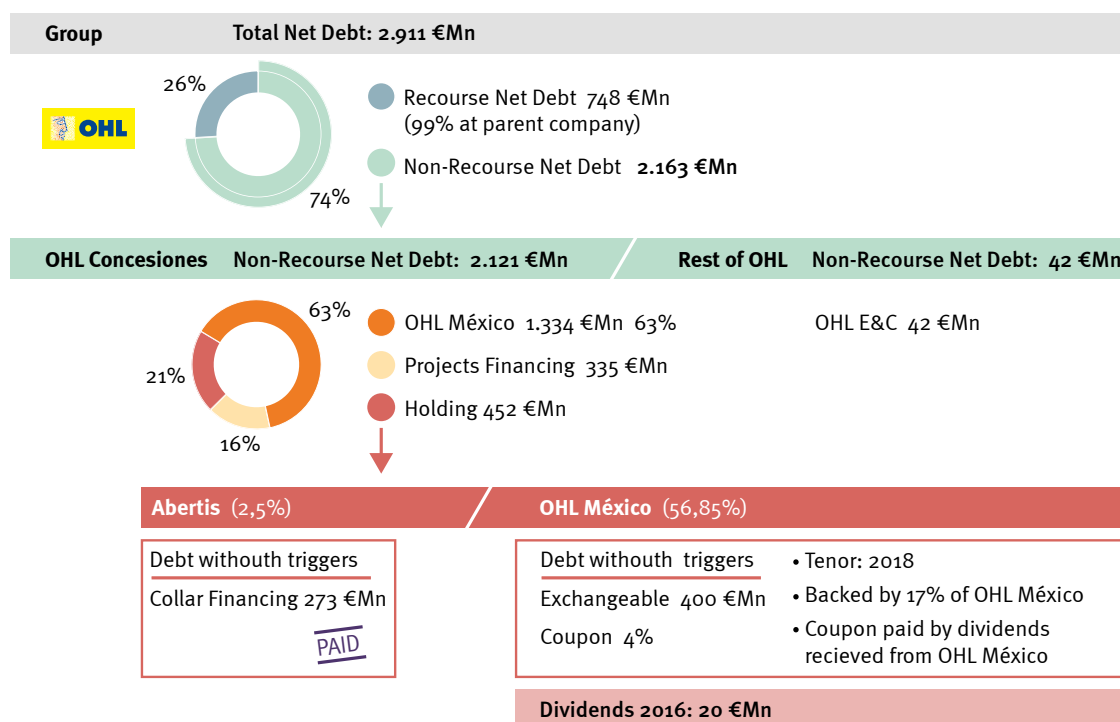


- Reinforcement and simplification of the financial structure of the Group.

» Both the capital increase as well as the asset rotation transactions have contributed very positively to obtaining a

comfortable and sustainable financial structure, without prejudice to the already stated intention to continue reducing corporate debt, both at OHL S.A. and OHL Concesiones, S.A. level.

Group Financial Structure



- Reduction in the financial year of the corporate debt of OHL Concesiones by 73%, which at the close of accounts for 2016 is

placed at 451.8 million euros (compared to 1,672.7 million euros at the 2015 annual closing).

OHL Concesiones Non-Recourse Net Debt

	Million Euros	
	12/31/2015	12/31/2016
Projects financing	1,837.8	1,669.1
Collar Financing (backed by 2.50% Abertis)	272.9	272.9
Margin Loan (backed by 11.43% Abertis)	874.9	-
Exchangeable Bond (backed by 16.99% OHL México)	400.0	400.0
Margin Loan (backed by 29.96% OHL México)	184.9	-
Others	-60.0	-221.1
Holding Debt	1,672.7	451.8
Total OHL Concesiones	3,510.5	2,120.9

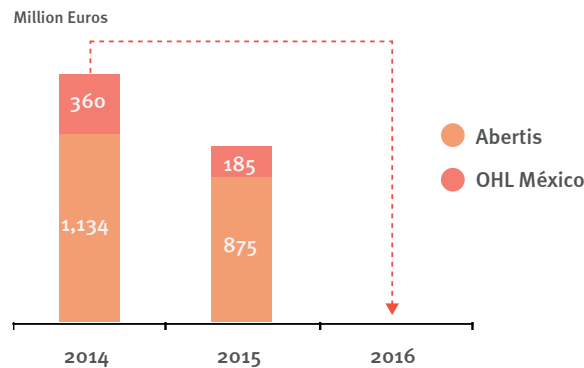
- **Complete elimination of trigger risk.**

With the sale of the 4.425% interest in Abertis on 3 October 2016 and the early repayment of the 266.3 million euro margin loan, the process for eliminating

all of the borrowings with trigger risk has been completed. These borrowings, which totaled 1,494.0 million euros at the start of 2015, have been fully repaid in 2016.

Debt with Trigger Risk

Complete elimination of the borrowings with trigger. 1,494 million euros at the end of 2014

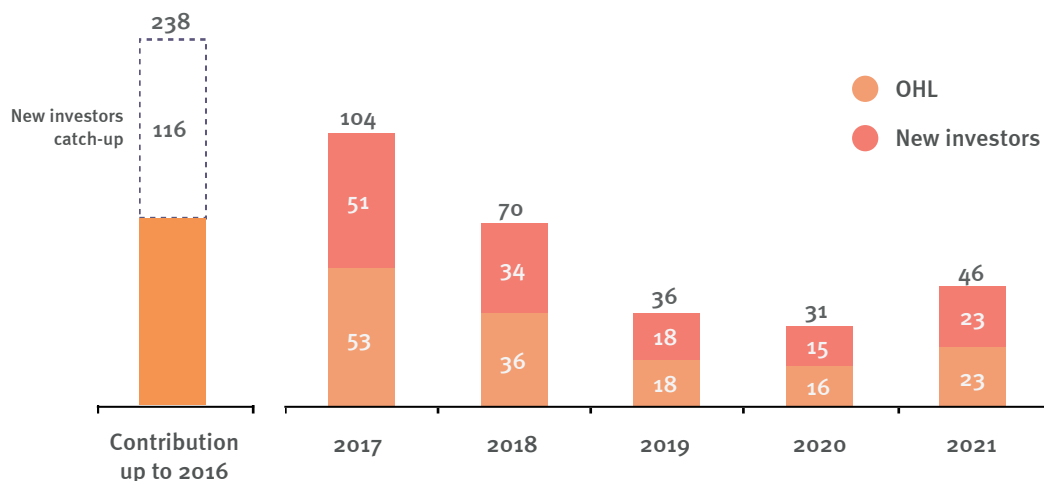


- **Reduction of the equity contribution commitments for the new concessions awarded through:** i) the removal from the schedule of the La Molina Angamos concession, and ii) the incorporation of one or more partners up to a 49% interest by the end of 2017, with talks at an advanced stage for the conclusion of an agreement. As shown on the graph, this incorporation would reduce the contributions necessary by approximately half of their

amount and would signify a cash inflow of around 116 million euros, corresponding to the proportionate part of the equity already contributed to these projects. In addition, the delay in obtaining environmental approvals and other administrative processes has led to an equivalent delay in the timetable of equity contributions. On the basis of the foregoing, the timetable planned by OHL Concesiones would be as follows:

OHL Concesiones estimated equity commitments

146 €Mn





- **Financial flexibility** thanks to an **Available Recourse Liquidity position** of 897.0 million euros at the end of 2016, which combines credit lines and bond issues, with both long- and short-term instruments in both cases. The following developments have taken place in this scope during the financial year:

- » Renewal on May 3, 2016 of the Euro **Commercial Paper Program**. This enables the Group to finance itself in the short term on the capital markets, being able to maintain a maximum amount in circulation of up to 500.0 million euros.
- » Approval, on August 2, 2016, of the first extension (up to July 2019) of the 250.0 million euro **Long-Term Syndicated Loan**, for an amount of 209.0 million euros (84% of the initial principal). This loan provides OHL with long-term financing flexibility at a very competitive cost.
- » Recent conclusion of an agreement with the Group's reference financial institutions that will add 190 million euros in credit lines to this position.

The Company reached an agreement on February 27, 2017 with the aforementioned institutions for concluding -prior to March 31, 2017- the formal documentation and signature of a new Syndicated Multiproduct Financing Agreement (which would be a novation fully replacing the previous agreement) in a total aggregate amount of 747 million euros for the issuance of sureties (465 million euros) and reverse factoring (92 million euros), and which also includes a revolving credit line in the amount of 190 million euros.

The combination of this new financing package, which enables the OHL Group to meet the working

capital needs derived from its Business Plan, with the debt reduction measures in place for 2017 will also significantly strengthen the Company's liquidity profile.

I) TREND IN NET RECOURSE DEBT.

The Group's Net Recourse Debt at December 31, 2016 totaled 748.4 million euros, increasing 97.3% with respect to the figure of 379.4 million euros at December 31, 2015.

This increase is due to the net effect of:

- Equity investments in the areas of construction and developments worth 202.0 million euros.
- The 315-million impact as the result of the recognition of losses in the Legacy projects.
- Transfers to OHL Concesiones for Equity, Margin Loan Trigger, debt servicing, structure, etc. in the amount of 252 million euros.
- The net funds totaling 573 million euros obtained from the sale of the 11.425% stake in Abertis (472 million euros) and from the 28.0% stake in Metro Ligero Oeste (101 million euros).
- The rest of activities and others in the amount of 173 million euros.

ii) TREASURY STOCK PLAN

A treasury stock plan was launched on August 2nd for a maximum of 3.0% of the capital or of 45.0 million euros. At December 31, 2016, a total of 8,202,962 shares had been purchased, representing 2.75% of the capital, at a total cost of 22.5 million euros. The plan finalized on February 2nd of this year, with the repurchase of a total of 8,849,190 shares, representing 2.96% of the capital, at a total cost of 24.7 million euros.

iii) VALUE OF OHL MÉXICO

Finally, mention must be made of the **substantial value** represented by the OHL México **listed shares**, a liquid asset with a market value at the end of the year of approximately 922.3 million euros, or 522.3 million euros

after deducting the debt associated with it, representing 1.2x the amount of the **Net Recourse Debt** at the close of accounts for the year in gross terms, 0.7x excluding the debt backed by OHL México shares (400 million euros of the exchangeable bond).

OHL has signed a new multi-product financing agreement in the amount of 747 million euros that will considerably strengthen its liquidity profile

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KEY ECONOMIC INDICATORS OF THE OHL GROUP

	Million Euros		
	2016	2015	Var. (%)
PROFIT OR LOSS			
Sales	3,862.6	4,368.9	-11.6%
EBITDA	222.9	967.0	-76.9%
%/Sales	5.8%	22.1%	
EBIT	21.9	684.8	-96.8%
%/Sales	0.6%	15.7%	
Attributable net profit	-432.3	55.6	-877.5%
%/Sales	-11.2%	1.3%	
Net Shareholders' Equity			
Parent Company Shareholders' Equity	2,439.7	3,047.0	-19.9%
Minority Interests	1,603.2	1,764.7	-9.2%
Total Net Shareholders' Equity	4,042.9	4,811.7	-16.0%
Net Debt			
Net recourse debt	748.4	379.4	97.3%
Net non-recourse debt	2,162.5	3,627.6	-40.4%
Total net debt	2,910.9	4,007.0	-27.4%
Order Book			
Short-term	6,674.9	7,151.6	-6.7%
Long-term	75,674.8	57,818.6	30.9%
Total Order Book	82,349.7	64,970.2	26.7%
Share Price Performance			
Market Capitalization	984.4	1,574.5	-37.5%

The key figures of the Income Statement, if de-linked from the devaluation of the exchange rate and

from the legacy projects, would be as set out on the table shown on page 17.



PERFORMANCE BY DIVISION

CONCESSIONS

Main Figures. 2016/2015

	Million Euros		
	2016	2015	Var. (%)
MAIN FIGURES			
Sales	520.3	444.9	16.9%
EBITDA	799.2	819.8	-2.5%
%/Sales	153.6%	184.3%	
EBIT	728.0	775.0	-6.1%
%/Sales	139.9%	174.2%	

The figures of this division have been heavily affected by the trend in currencies, principally the Mexican peso, which has undergone a devaluation of 17.1%. The comparable Sales and EBITDA (that is, without the variation in the exchange rate and without the effect of the change in the consolidation

method of Metro Ligero Oeste) present growth figures of +31.6% and +19.3%, respectively.

The performance of Concessions Sales and EBITDA with respect to the previous period is shown on the following tables:

Trend in Sales and EBITDA. 2016/2015

	Million Euros		
	2016	2015	Var. (%)
SALES			
Concessional activity	387.5	388.9	-0.4%
Proper construction activity	6.0	20.1	-70.1%
IFRIC-12	126.8	35.9	253.2%
TOTAL Sales	520.3	444.9	16.9%
EBITDA			
EBITDA for concessional activity	256.7	285.1	-10.0%
EBITDA from Guaranteed IRR	542.5	534.7	1.5%
Total EBITDA	799.2	819.8	-2.5%

The comparable Sales and EBITDA for concessional activity (without the exchange rate and scope of consolidation effect) grew +11.7% and +20.5%, respectively.

The main development that has influenced Sales and EBITDA was the fact that the Revenues from Tolls remained stable in euros, but grew 11.7% at constant exchange rates with respect to the same period in the previous year.

Without the currency devaluation (-17% for the Mexican peso), the Sales and EBITDA of Concessions would have grown 31.6% and 19.3%, respectively

The trend in traffic flows and toll rates of the concessions is shown on the table set out below:

Trend in traffic flows and toll rates 2016/2015

	TRAFFIC PERFORMANCE			TOLL RATE UPDATE	
	From 01/01/16 to 12/31/16	From 01/01/16 to 12/31/16	Var. (%)	% Revision ⁽⁵⁾	Last Revision
MEXICO					
Amozoc-Perote ⁽¹⁾	37,664	34,936	7.8%	6.00%	July 2016
Concesionaria Mexiquense ⁽¹⁾	337,219	319,389	5.6%	8.30%	February 2016
Viaducto Bicentenario ⁽²⁾	32,764	32,000	2.4%	8.30%	July 2016
Autopista Urbana Norte ⁽²⁾	53,874	50,394	6.9%	5.1% ⁽⁶⁾	September 2016
SPAIN					
Euroglosa M-45 ⁽²⁾	86,024	81,626	5.4%	-0.80%	March 2016
Autovía de Aragón ⁽²⁾	108,615	105,634	2.8%	-0.80%	January 2015
Puerto de Alicante (T.M.S.) ⁽³⁾	82,056	69,337	18.3%	-	-
Terminal de Contenedores de Tenerife ⁽³⁾	92,652	83,710	10.7%	-	-
CHILE					
Nuevo Camino Nogales-Puchuncaví ⁽⁴⁾	5,727	-	n.a.	-	-
Terminal Cerros de Valparaíso ⁽⁴⁾	120,236	139,804	-14.0%	1.07%	January 2015
PERU					
Autopista del Norte ⁽¹⁾	48,643	35,954	35.3%	23.50%	October 2016

(1) Average Equivalent Paying Traffic.

(2) Average Daily Intensity (ADI): total km traveled by all of the users of the toll road, divided by the total km in operation.

(3) Accrued number of T.E.U. movements.

(4) Average tons of general cargo.

(5) Average increase in the rates applied at each toll plaza, resulting from the rate adjustment provisions established in each concession agreement.

(6) Average increase from the updating of rates for off-peak and peak hours.

OHL Concesiones manages a direct backlog of 18 main concessions that include: 14 toll road concessions (with a total of 1,070 kilometers), 1 airport and 3 commercial ports.

The long-term backlog at December 31, 2016 totaled 75,449.4 million euros.



Amozoc-Perote Toll Road. Mexico.



CONSTRUCTION

Main Figures. 2016/2015

	Million Euros		
	2016	2015	Var. (%)
MAIN FIGURES			
Sales	2,773.6	3,248.2	-14.6%
EBITDA	-519.9	150.0	n.a.
%/Sales	-18.7%	4.6%	
EBIT	-618.1	-55.4	1,015.7%
%/Sales	-22.3%	-1.7%	

Construction accounts for 71.8% of the Group's total sales and declined 14.6% with respect to the production achieved in 2015.

The EBITDA figure was adversely affected by:

- The effect of the target revision of legacy projects (contracted prior to June 2014) with an impact of 476.2 million euros.
- The increase in the relevance of the small/medium sized projects in the project mix in the developed economies which normally have slightly narrower margins.
- The delay in the start of the construction work on the new concessions awarded in Mexico, Chile and Colombia.

It is important to note that the short-term order book at December 31, 2016, worth 5.9 billion euros, represents 25.5 months of sales, providing significant visibility as to the future growth of this activity.

The backlog presents a balanced profile both in terms of geographical location as well as project size, with 88.1% originating from the Home Markets (where the Pacific Alliance stands out with 39.7%, and the U.S. and Canada with 28.8%) and with only 23.0% of projects of a size in excess of 300 million euros (70.2% of which are projects for the Group's own concessions).

Recently, on February 3, 2017, the OHL Group, through its subsidiary OHL USA, was awarded the design and construction contract for the I-405 in California. With a budget of close to 1.1 billion euros, this is the most important project in the history of the company in the United States. The pro forma inclusion of this award in the backlog at the close of accounts for 2016 would mean reaching a total figure of 6.6 billion euros, representing 28.4 months of sales and achieving a book to build ratio of 1.1x. Due to its significance, this project has been included in the backlog, giving rise to a pro forma backlog broken down by geographical area as follows.

Construction Orderbook: 89% in Home Markets

	Million Euros	
	2016	Pro forma*
HOME MARKETS	88.1%	89.4%
Pacific Alliance	39.7%	35.6%
USA & Canada	28.8%	36.1%
Spain	16.5%	14.8%
Central Europe	3.2%	2.9%
REST	11.9%	10.6%

* Including the new award of the I-405 in the U.S.



Gustavo Fricke Hospital. Viña del Mar. Chile.

INDUSTRIAL

Main Figures. 2016/2015

	Million Euros		
	2016	2015	Var. (%)
MAIN FIGURES			
Sales	243.6	352.1	-30.8%
EBITDA	-87.3	-20.8	-319.7%
%/Sales	-35.8%	-5.9%	
EBIT	-105.9	-39.0	-171.5%
%/Sales	-43.5%	-11.1%	

The Industrial business has achieved sales worth 243.6 million euros, undergoing a 30.8% decline with respect to the previous year. This downturn is due principally to:

- The finalization of projects in progress.
- A temporary slowdown in the performance of certain projects, primarily in Mexico.
- The negative effect of the exchange rates (basically that of the Mexican peso) which explains 3.0% of that variation.

By consolidating under IFRS according to the equity method, the preceding figures do not include the 50% held by the division in the joint venture for the construction of the Empalme I combined cycle

power plant in Mexico for the CFE (awarded in April 2015).

Had that stake been consolidated by the proportional integration method, the sales and backlog figures for this period would be increased by +118.5 and by +52.9 million euros, which would change the figures by -9.9% in sales and +24.8% in the backlog, with respect to the previous year.

**The Industrial backlog,
at December 31, 2016,
was placed at 437.3
million euros, equivalent
to 21.5 months of sales**
.....



EBITDA performance has been negative, affected -in addition to the above- by:

- The end-of-project target revision mentioned previously in an amount of approximately -44.0 million euros.
- Fixed structural expenses that are necessary for being in a position

to take on new projects, but which are not yet being absorbed by the Division.

The Industrial order book at December 31, 2016 was placed at 437.3 million euros, equivalent to 21.5 months of sales, including the recent award of the construction of a cement manufacturing plant in Colombia worth 218.4 million euros.



Copper processing plant. Chile.

SERVICES

Main Figures. 2016/2015

	Million Euros		
	2016	2015	Var. (%)
MAIN FIGURES			
Sales	194.4	199.2	-2.4%
EBITDA	2.5	10.3	-75.7%
%/Sales	1.3%	5.2%	
EBIT	1.9	7.6	-75.0%
%/Sales	1.0%	3.8%	

The Sales obtained by this division total 194.4 million euros and, in comparable terms (without including in 2015 the sales by Sacova, sold in Nov-2015), present +11.3% growth.

The Services business obtained an EBITDA margin of 1.3%, in comparison to 2.5% during the previous period (in comparable terms), due to the effect of stronger competition in the domestic sector, very mature and affected by the scant market opportunities.

**Sales by Services totaled
194.4 million euros in 2016
and represent 11.3% growth**
.....

DEVELOPMENTS

Main Figures. 2016/2015

	Million Euros		
	2016	2015	Var. (%)
MAIN FIGURES			
Sales	130.7	124.5	5.0%
EBITDA	28.4	7.7	268.8%
%/Sales	21.7%	6.2%	
EBIT	16.0	-3.4	-570.6%
%/Sales	12.2%	-2.7%	

The Developments division, with Sales worth 130.7 million euros, grew 5.0% with respect to the same period in the previous financial year, reflecting the good performance of the Sales by the hotels in Mayakoba and of the reference currency, the U.S. dollar. The steady output of the Mayakoba hotels is significant, with occupancy levels in 2016 of 61%, similar to the levels reached in 2015.

The EBITDA figure, which totals 28.4 million euros, shows very significant growth with respect to the previous financial year. This was largely driven by both the improvement in the EBITDA of the Mayakoba hotels, due to occupancy levels and better margins, as well as by the increased real estate sales in Mayakoba and in the Ciudad Mayakoba project.



Centro Canalejas in Madrid. Spain.

02.

Strategy and Business Model

- Business Model
 - Concessions
 - Construction
 - Industrial
 - Services
 - Developments
-



Medellin River Park Gardens.
Colombia.





Twin tunnels under the Vistula River. Poland.

02. Strategy and Business Model

BUSINESS MODEL OF THE OHL GROUP

MISSION

The mission of the OHL Group is the creation of value in conditions of economic, social and environmental sustainability, catering to the specific interests of investors, clients and the employees comprising the Group and other interested parties.

One of the planks of the strategy of the OHL Group is its wager on R&D&I, on account of its contribution to driving and enhancing productivity and competitiveness through the development of innovative products, services, processes and technologies.

In terms of Corporate Social Responsibility (CSR), the Group has maintained an active and firm

commitment since 2003, materialized at the present time in the CSR Strategic Plan 2015-2020. This plan adds ethical, social and environmental commitments and good governance to the objectives of profitability, and incorporates CSR into the Group's business activity.

The OHL Group has become a global concession and construction group thanks to the people who are part of the company and to their talent, responsibility and effort. All of this is in addition to maintaining a strong commitment to the communities where the Group operates, contributing to their economic and social progress, and improving the quality of life of the local population.

SECTOR ENVIRONMENT. CHALLENGES AND OPPORTUNITIES

2016 has been a year marked largely by high political uncertainty in a number of markets. Outstanding examples of this situation include the referendum and the stepping-down of Prime Minister Matteo Renzi in Italy, the victory of the “Brexit” following the British referendum, the election of Donald Trump as president of the United States and the difficulties experienced in Spain derived from the process for forming a government. Moreover, the cyclical situation of low prices for crude oil, metals and other mining products has limited the capacity for investment in public works in a number of countries.

Despite all of this, the OHL Group has succeeded in strengthening its position of leadership in the markets in which it operates, reaffirming itself as a global reference that stands out for its experience in the performance

of complex construction projects in sectors with high added value and for its excellence in the development and operation of concessions.

United States

Despite the uncertainty experienced during the electoral period in the United States, the U.S. infrastructure sector has continued its recovery, which is expected to endure over the next few years. In this regard, President Donald Trump has stated his commitment to increasing domestic investment in infrastructures during his term of office, placing particular emphasis on the modernization and upgrading of highways and bridges, the improvement of the passenger and goods railway networks, as well as the rehabilitation of airports and the introduction of new air traffic control systems.

The business activity of OHL Construcción represents one-third of the division’s total, constituting one of the most important markets for the Group and its main growth vector

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Upgrade of the I-405 in California. USA.

The activity of Construction in the U.S. accounts for one-third of the total business of the division and ranks as one of the most important markets for the Group and main growth vector looking to the future. This activity is concentrated in the leading States in the U.S. in terms of their contribution to GDP and their history of investment in transportation infrastructures, such as California, Texas, New York, Florida and Illinois. During the 2016 financial year, Construction continued its

expansion in the U.S., strengthening its presence in those States where it was already operating and starting its business activity in other significant areas in the country (e.g.: Washington D.C.), consolidating a more diversified backlog of projects, both in terms of geographical location as well as of size. Finally, an important highlight is the award, in February 2017, of the most significant contract obtained to date by the company in the U.S., the I-405 highway upgrade project in California. Worth 1,118

million euros, the contract involves the upgrading of the highway section from State Route 73 to Interstate 605, one of the most congested stretches of road in Orange County, California.

In addition, plans are in place for leveraging the significant presence of the Group in the U.S. for developing fresh business opportunities in the areas of Concessions and Services.

Canada

With respect to the country’s neighbor to the North, Canada, the new Prime Minister Trudeau is also determined to modernize the country’s transportation infrastructure network. The Canadian government has been increasing public expenditure on infrastructure since the 2008 crisis, although there is still a need to move ahead with this modernization trend, particularly in the highway sector, to reduce the costs associated with the country’s logistics processes.

OHL will continue exploring the opportunities existing in Canada and will give priority to small-scale projects with moderate risk.

In Latin America, OHL sees attractive opportunities in the toll road, port, airport and pipeline transport sectors



Latin America

In the Latin American markets, generally more dependent on the exports of oil and mining products, delays and budget cuts have been observed, which have adversely affected the development of transportation infrastructure projects in the past year. However, the strong commitments of their governments, together with the need for continuing to develop and renovate the local infrastructures, have not ceased to generate opportunities that are

particularly attractive in the highway, port, airport and pipeline transportation sectors.

During 2016, Chile considerably reduced its level of investment in infrastructures, adversely affecting the development of public works. In turn, the mining sector experienced a significant decline in terms of investment, due primarily to the lower copper prices and the increase in the costs associated with operations, generating a degree of contraction in this market, in addition to the devaluation of the local currency against the dollar.

In this home market, in addition to public calls for tenders, where OHL has won significant projects such as the Curicó Hospital worth 229.9 million euros, the company’s strategy is also based on developing public-private initiatives, such as the Autopista Costanera Central project, and the formalization of strategic alliances with local firms, thereby facilitating its positioning in new sectors such as mining.

As a significant example, in Calama, in the region of Antofagasta, OHL has been awarded the project for the expansion of the Talabre Dam worth 145.2 million euros, granted by Codelco Chile.

In Colombia, raw materials, particularly oil and other mining products, have given rise to a slight downturn in investment and in the development of new public works projects. Nevertheless, the government continues to demonstrate its strong commitment to the development of the country’s infrastructures by maintaining its investment efforts through the start-up of the Intermodal Transportation Master Plan (PMTI) which seeks to reactivate the infrastructure sector during the next 20 years, together with the fourth-generation 4G Program of Road Concessions, in which the OHL Group participates with the Rio Magdalena 2 Toll Road.

OHL is looking to grow in Colombia and to position itself as one of the top construction companies in the country.

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Bicentennial Viaduct. Mexico.

OHL's growth objectives in Colombia consist of the composition of a mixed backlog, with public projects, works for concessions and private clients. OHL seeks to grow in Colombia with a view to positioning itself as one of the top construction companies in the country.

The Mexican economy grew at a rate of 2.2% in 2016 and is expected to do so at 1.8% in 2017. The economy is being affected by the introduction of structural reforms, as well as by the fiscal pressure caused by the decline in the prices of oil and mining products. Despite the adverse economic environment, there is a growing need for developing and renovating the country's infrastructures supported by the Transportation and Communications Infrastructure Investment Program 2013-2018 (PIITC).

After having overcome its reputational crisis, the OHL Group continues to consider Mexico as one of its most relevant markets, in which it will continue working to improve the country's transportation infrastructures.

In Peru, despite the relative stagnation of public investment during 2016 due, among other factors, to the change in the political cycle in the country, the OHL Group succeeded in underpinning its substantial competitive position in the mining

sector which has translated into the obtaining of two contracts worth a total of close to 110 million euros for two of the top mining companies in Peru (Antamina and Las Bambas).

In the transportation sector, OHL continues to develop a significant backlog of concessions in the country and to maintain a focus on civil works. In addition, OHL has decided to enter the building construction sector and is set to build the National Museum of Archeology of Peru, a project with a budget of 90.5 million euros.

Europe

In Eastern Europe, the OHL Group has embarked on a concentration in key markets, centering its operations in the Czech Republic. The opportunities in the railway sector stand out and to a lesser degree in roads, water treatment and electricity generation. All in all, 2016 has been a year with a decline in contracting due, among other reasons, to the end of the five-year investment cycle originating from EU funds in the Czech Republic.

In Eastern Europe, the OHL Group is concentrating in key markets, centering its operations in the Czech Republic

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Modernization of the Tabor-Sudoměř railway. Chotoviny Station. Czech Republic.

OHL is set to open a business development office in Sweden, which will be added to the office already established in Norway

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In addition, the Group wishes to strengthen its competitive position in Europe, particularly in the so-called Nordic countries and, most especially, in Sweden, Norway and Denmark through the establishment of alliances with the principal local players, where OHL is improving its marketing position with several significant projects currently in the bidding stage. With respect to its firm commitment to reinforcing the development of the business in the area and with the aim of favoring the early identification of opportunities, a business development office will be opened in Sweden, additional to the office already established in Norway, for meeting the operational needs in the region.

The OHL Group is also beginning to explore opportunities in Ireland in the building construction sector, particularly in hospitals.

In the United Kingdom, the uncertainty generated by its withdrawal from the EU (the so-called “Brexit”) has not had a significant impact on the performance of the Group in that country, where OHL continues to perform the project for the restoration of the historic British War Ministry, the Old War Office of London. Consequently, it is hoped that the performance of this landmark project in the capital will serve in the future as a support for the analysis of other one-off opportunities in the British market.

Spain

In Spain, despite the difficult political situation experienced during 2016, the economy continues to grow above the average for the rest of the countries in the Eurozone. Moreover, the formation of the new government, together with the improvement in the economic forecasts, has reinforced the outlook for the recovery of the sector in the next few years, although far from reaching either the volume of tendering or the levels of growth existing prior to the crisis. The new government will continue with the Infrastructure, Transportation and Housing Plan (PITVI) approved during the past legislature, which will mark the future road map of investment in infrastructures and transportation up to the horizon of 2024.

Asia-Pacific

In the **Asia-Pacific region** a concentration of operations is being carried out mainly in Vietnam and The Philippines. In The Philippines, the OHL Group has chosen to work with the leading investors in concessions in the country with a view to developing major highway and urban railway projects. In Vietnam, the Group will continue to submit tenders for projects with limited risk in the civil works sector.

STRATEGIC PLAN HORIZON 2020

The principles on which the Strategic Plan 2015-2020 was defined remain unchanged: ensure cash generation and guarantee the sustainability of each of the divisions, with the following guidelines of action:

- Concentration of the center of gravity and engine of future growth in the eight priority markets for the OHL Group (home markets): USA, Canada, the four Pacific Alliance countries (Mexico, Chile, Peru and Colombia), Central Europe and Spain.
 - » These markets have been selected on having shown high political stability and low country risk and because they present a significant outlook for growth for all of the divisions.
 - » In addition, the OHL Group continues to analyze and explore specific opportunities in other countries, preferably in those that have demonstrated a high level of legal certainty, some of which could eventually become home markets in the future.
- Maintaining of a balanced backlog well diversified in terms of project size, geographical location, type and client.
- Reinforcement of the risk management and control mechanisms.
- Development of tools designed to improve the operating effectiveness of the business through digitalization.
- Ensure the future feasibility of the industrial business of the Group. The current situation of the EPC sector, with a decline in investments due to the low oil and raw materials prices and the stepped-up competition and increased risk associated with the business, calls for the implementation of measures geared to minimizing losses and to ensuring its sustainability through focusing on activities that deliver a high rate of returns while minimizing risk: renewable Mining & Cement, Operation & Maintenance and EPC projects. In this context, the industrial business will be integrated into the organizational structure of the Construction division with the objective of optimizing overhead costs.
- Focus on the human capital, R&D&I and Corporate Social Responsibility as generators of value.
- Financial strategy oriented towards deleveraging and the improvement of the financial ratios.

OHL Concesiones

The Concessions division has a current backlog of projects made up by young concessions on different levels of maturity and with traffic growth sustained over time.

In the course of 2016, a successful asset rotation policy has been applied in the division that included, among other moves, the sale of the stakes in Abertis, the sale of 24% of the

interest in Conmex México and the sale of a 28% stake in the West Light Rail line in the Community of Madrid. These rotations are set in the framework of the concessions business and part of the cash obtained will be reinvested in new projects, particularly in the area of Latin America and, in the future, in the United States.

In terms of the award of concessions, 2016 has been a successful year for the division thanks to the award, among others, of the 43-km-long Chilean concession, Camino Nogales-Puchuncavi. Another two awards were added to this: the first in Peru, a private initiative called Conexión La Molina-Angamos, with 12 km in length and an investment of 445 million euros and, the second, an addendum for the performance of the Evitamiento de Chimbote bypass in the framework of the Northern Toll Road project. Likewise, the division succeeded in obtaining

prequalification for an important project in the U.S.: the LAX Automated People Mover. This project, promoted by Los Angeles World Airports (LAWA), is for the modernization of the land access to the airport facilities of that Californian metropolis. With a total investment of 2,250 million euros, the project includes the design, construction, financing, operation and maintenance of the automated passenger transportation system, with a capacity for moving 5,600 travelers per hour in each direction.



Electronic toll collection on the Mexiquense Beltway operated by TeleVía, a subsidiary of OHL Concesiones, Mexico.

During 2016, a profitable asset rotation process was carried out in Concessions: the sales of the stake in Abertis, of 24% of Conmex, in Mexico, and of the 28% interest in Metro Ligero Oeste, in Madrid

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OHL Construcción

The Construction division faces a better scenario in terms of business opportunities in its home markets, particularly in the U.S., which has become consolidated as the main growth vector of the division looking to the future, and in the Pacific Alliance countries (Chile, Colombia, Mexico and Peru).

However, in the updating of the Strategic Plan it was decided to give priority to the risk-return ratio over the growth in completed works objective, in addition to being more selective in the contracting of new projects.

With respect to the OHL Construcción legacy projects, in the course of 2016 a revision of the targets of these projects was made on the income statement, restating the total losses expected. An important development in this context consists of the agreements reached in the largest legacy projects, such as Marmaray in Turkey and CHUM in Canada, which will enable their completion under reasonable terms for OHL.

On another side, the Construction division has put into place a number of measures designed to improve its

cash position and forward-looking debt profile, such as the renewal of a significant part of the division's management team, the implementation of risk-control-oriented improvement processes and the introduction of new HR policies.

The Construction division will consolidate the industrial business of the Group within its structure in 2017, seeking commercial and operational synergies in the area of Mining & Cement.

The U.S. has become consolidated as the main growth vector of the Construction division, with a good outlook in Chile, Colombia, Mexico and Peru
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Lennar Foundation Medical Center. Miami. Florida. USA.

OHL Servicios

Services continues to show great potential and has succeeded in taking its first steps in the direction of the international expansion of its business in Chile, in the facilities management sector, focusing its efforts on increasing contracts with private clients. In addition, the division will look for opportunities for entry into other home markets on

the American continent, mainly Mexico and the United States, countries where it has recently opened an office.

In Spain the objective of OHL Servicios continues to be that of consolidating its sales backlog, meeting the highest possible standards of quality and profitability.

With its entry into Chile, OHL Servicios has commenced its international expansion, having set its sights on Mexico and the U.S.
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Street cleaning service. Spain.

OHL Desarrollos

The Developments division has continued its activity in landmark projects in the high-added-value tourism-hotel area, such as in Canalejas, the Old War Office and Mayakoba.

Centro Canalejas is a project in which a landmark city block of heritage buildings is being rehabilitated. The complex is located on the most central corridor of Madrid, with historical façades facing Alcalá Street, Canalejas Plaza and the Carrera de San Jerónimo, just a stone's throw away from the Congress of Deputies and Puerta del Sol square. The Four Seasons Hotel, the chain's first in Spain, with 200 rooms, will be established in this complex together a top-level residential area, also operated by the hotel chain; an exclusive luxury class shopping arcade and a 400-space parking lot.

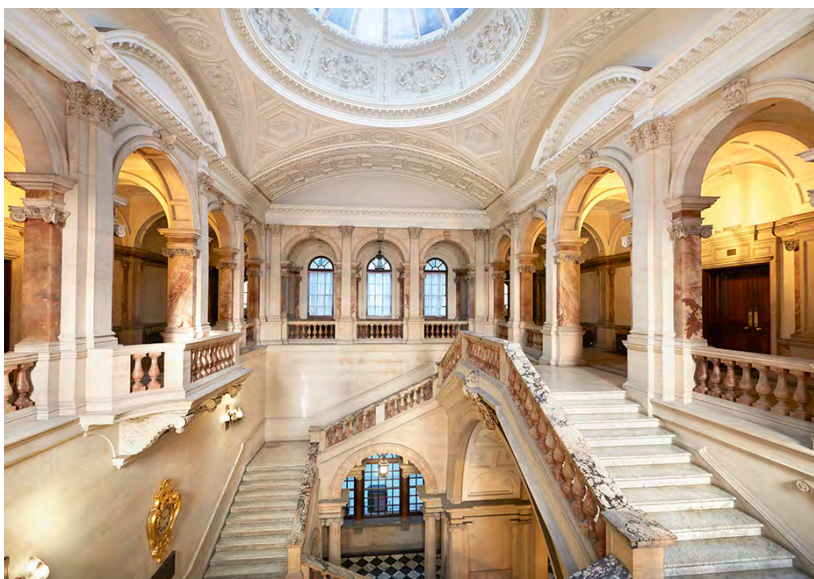
OHL has sold a 17.5% stake in the complex to the firm, Mohari Limited, owned by Mark Scheinberg, for 78.75

million euros, in a joint agreement together with Grupo Villar-Mir. The transaction has generated 29 million euros in capital gains.

With respect to Mayakoba, the division's most mature project, the sale of a majority stake to the Mexican company RLH was successfully concluded, meeting the objectives established in asset rotation terms.

The Old War Office project in London is advancing at a faster pace than expected, having already obtained its building permit and looking to start construction work during 2017.

OHL Desarrollos has become consolidated on a global level as a differentiated developer with a focus on the design and performance of mixed-use real estate projects operated by the leading ultra-luxury hotel chains on the international level.



Old War Office. London. United Kingdom.

Developments has continued its activity in unique projects with high added value: Centro Canalejas Madrid (Spain), the Old War Office (United Kingdom) and Mayakoba (Mexico)

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FUTURE OUTLOOK

Challenges, opportunities and foreseeable developments

OHL's strategy looking towards 2020 necessarily involves overcoming the challenges facing it in the short term and, for this purpose, it has established the following set of priorities: reduce recourse debt and the gross debt, and generate positive cash flows in all of its divisions in the next few years. To succeed in achieving these priorities, OHL is working on:

- Finalizing the divestiture plan initiated in 2015.
- Guaranteeing the completion of the legacy projects, meeting the targets set.
- Guaranteeing that the projects in progress meet the targets of profitability and cash generation set.
- Guaranteeing that the new contracting secured by the Construction division will conform to the risk control parameters.
- Starting the construction of the new Concessions division's projects recently awarded.
- Optimizing the operations in the more mature concessions.

Likewise, the OHL Group intends to continue with the fundamental objective of strengthening management control and the minimization of risks. In this context, a number of initiatives have been set in motion at the division and Corporate levels:

- The Construction division has introduced processes for improving the control of project management. These processes will make it possible to minimize deviations in the planned costs.

- Moreover, the Technical Office has been equipped with the tools necessary for strengthening risk management in the Studies and Tenders phases, enabling projects to be studied quickly and reliably and incorporating information on costs that will ensure the quality of the tenders together with alert indicators for limiting risks.
- The contract management function has also been prioritized, through the creation of the Contractual Affairs Management Department. This Department is establishing a number of protocols, recommendations and mitigation measures for each specific type of contract.
- One of the strategic priorities of the OHL Group is the digital transformation that is affecting the sector, for which reason several initiatives have been launched for placing the Group in the vanguard of the latest technological trends.
- The Systems Master Plan (PDS) establishes the organizational and operating model of the systems for the Group. One of the main objectives of the PDS is the integration of the systems on the global level, generating synergies between the divisions, which will translate into the speeding-up of the digital transformation process.
- Development of tools for improving the operating effectiveness of the business through digitalization, such as the implementation of the BIM (Building Information Modeling) methodology in Construction. BIM is a digital project management methodology that makes it possible to integrate all of the relevant information of a building or infrastructure.

- In the concessions environment, intelligent systems are being developed for covering the value chain of the operations, ranging from the dynamic management of tolls to the characterization in real time of the traffic. This makes it possible to prevent traffic congestion and even to project the replacement and maintenance of the pavement.

- Design of a new Human Resources Management and Development model that establishes, among other actions, training plans associated with the development of the career plans, in addition to a new variable remuneration system, which has already been implemented in Spain and is in the process of being deployed in the rest of the countries.

Through the Young Talents program, young university graduates secure a job at the same time as the company ensures generational replacement

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Also, the OHL Group considers it essential to reinforce its human resources policies by giving impetus to talent identification and management programs, international development, technical excellence and ongoing evaluation. In line with this vision, a number of initiatives are being carried out:

- Reinforcement of the Group's recruitment processes through a range of tools, highlights of which include the improvement of its positioning in the social networks and the Young Talents program, through which OHL is engaging young university graduates for filling key positions in strategic projects, with the objective of providing them adequate training and of ensuring generational replacement.
- Design of a personnel planning methodology centered on meeting the demand for key profiles associated with the evolution of the production, for the purpose of ensuring the assignment of the best profiles to the most significant projects.

CSR STRATEGIC PLAN

Decision-making in terms of CSR in the OHL Group is placed on the top level of governance of the company. The Board of Directors' **Audit, Compliance and CSR Committee** is the most senior body responsible for this area, in charge of furthering and overseeing the CSR policies.

CSR, as a strategic instrument for the management of sustainability within the OHL Group, is implemented through strategic action plans that are approved by the **Sustainability Committee**, chaired by the Group's CEO.

The purpose of the **CSR Strategic Plan 2015-2020** is to act as a guide for compliance with the commitments acquired in the CSR context and to join forces to make CSR a horizontal strategy plank integrated into all of the Group's activities.

The Plan makes it possible to include the Group's ethical, social and environmental values in the day-to-day running of the company and strengthens the company's mission of contributing to the common challenge of sustainable development and of continuing, in the medium and long term, with the creation of shared value sourced from the business.

CSR Strategic Plan: Seven core subjects



- The CSR Strategic Plan is made up by 9 individual plans, one corporate and 8 regional, for each home market.
- Each of the 9 plans contains a set of specific lines of action and measures, in accordance with the 7 core areas of CSR set out in the ISO 26000 standard.
- The measures, of an ethical, social and environmental nature are in response to the company's commitments and apply to the day-to-day management of the Group's business activities.
- The progress of the plans is included in the CSR balanced scorecard.

CSR Strategic Plan 2015-2020 progress

A total of 764 measures to be implemented in five years



	CSR 2015-2020. Start of implementation of measures					
	Total	Planned 2015-2016		Started 2015-2016	Var. real/planned	% started over total
	Measures	Measures	% Total			
Corporate	106	72	68%	73	101%	69%
Canada	78	47	61%	26	55%	33%
USA	78	47	61%	26	55%	33%
Mexico	89	56	63%	39	70%	44%
Colombia	87	62	71%	37	60%	43%
Peru	88	59	67%	35	59%	40%
Chile	88	62	70%	38	61%	43%
Central Europe	84	49	60%	25	51%	30%
Spain	66	49	61%	42	105%	64%
Global CSR Strategic Plan	764	494	65%	341	69%	44%

OHL and the SDGs

- In September 2015 the **United Nations General Assembly** **unanimously approved** the Sustainable Development Goals.
 - **17 goals and 169 targets that shape the Agenda 2030**, an action plan to the benefit of people, the planet, prosperity, peace and alliances.
 - Implementation officially commenced on **January 1, 2016**.
- Businesses play an indispensable role in the success of the Agenda 2030, and the Group accepts this role and contributes to addressing the collective challenge of sustainable development in the performance of its business activity.

The SDGs continue the global momentum of the Millennium Development Goals, with characteristics of their own:

- Accent on **SUSTAINABILITY**.
- Search for **EQUITY**.
- **UNIVERSALITY**, committing both developing countries as well as developed countries.
- Recognition of the indispensable role of **BUSINESSES**.
- Compatibility between sustainable development and the generation of **ECONOMIC BENEFITS**.
- **SIGNIFICANT DATA** monitoring and compliance.

Lines of the CSR Strategic Plan that contribute most to the SDGs and their targets

Lines of the CSR Strategic Plan	Sustainable Development Goals to which they contribute																	No. of connections to targets
																		
Governance and management of CSR																	26	
Employees																	20	
Environment																	13	
Fair operating practices																	13	
Human Rights																	8	
Active engagement with the community																	6	
Client & user services																	1	

Lines of the CSR Strategic Plan that contribute to a larger number of SDGs.

- Governance and management of CSR (9 SDGs)
- Environment (9 SDGs)
- Employees (6 SDGs)

The Group also contributes to Goals 7, 9 and 11 through business development and R&D&I.

- 7. Affordable and clean energy
- 9. Industry, innovation and infrastructure
- 11. Sustainable cities and communities

Corporate policies

The Sustainability Committee decided in July 2016 to address the issue of a Human Rights Policy for the Group. In December 2016, the senior management decided to revise the Corporate Policies of the Group, grouping together and condensing their texts in ten corporate policies to

facilitate their understanding, application and presentation.

10 corporate policies approved by the Board of Directors at the beginning of 2017, applicable to the entire OHL Group. Among them, the new Human Rights Policy.

OHL Group Corporate Policies	
OHL Group Code of Ethics	OHL Group Corporate Social Responsibility Policy
Anticorruption Policy	Human Rights Policy
Risk Management Policy	Human Resources Policy
Quality, Safety & Health, Energy and Environment Policy	Responsible Procurement Policy
Research, Development & Innovation Policy	Tax Policy

CONCESSIONS

MARKET AND STRATEGY

Consolidation of the operator profile and future growth

The natural evolution of the concessions business in the last few years, together with the award of new concession projects and the upgrade of infrastructures in operation in Peru and Chile, the completion of construction and start of the operations of the Puebla Elevated Bypass (Mexico) and the opening to traffic of the entire length of the conversion into a dual highway of the Northern Toll Road (Peru), have combined to strengthen the operator profile of OHL Concesiones.

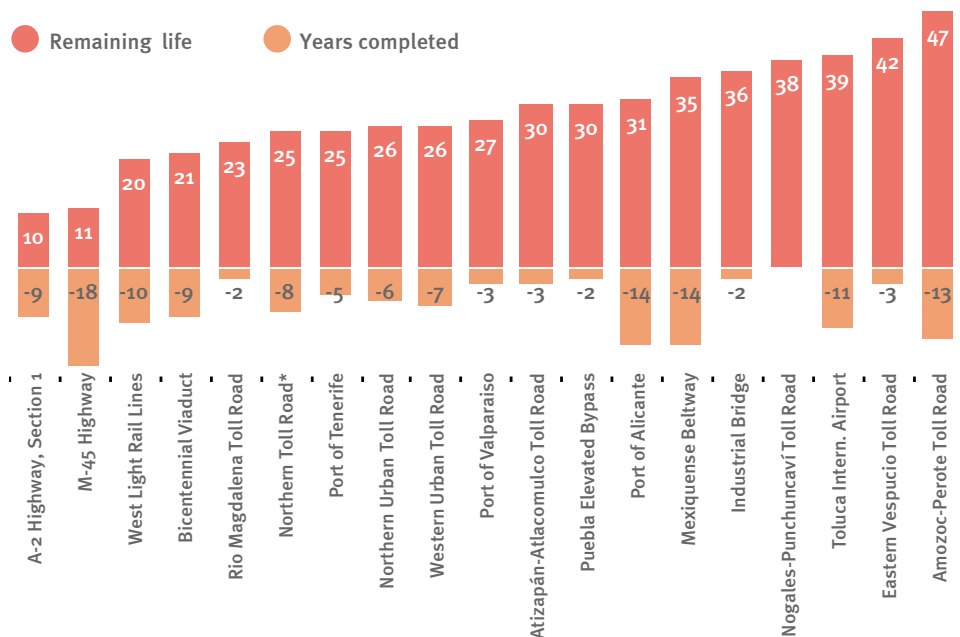
At the close of accounts for the financial year, 80% of the concessions of the division's investee companies were operational and providing service to users of their road, port, railway and airport facilities, with an unwavering dedication to operational improvement that involves the introduction of new technology, innovation and the continuous improvement of the processes of end-client service.

To guarantee the future growth of the company, a rigorous effort has been made in the study of fresh business opportunities. Likewise, excellent operating results have been obtained, particularly in the concessions in Mexico, which presented growth figures in local currency of +14.7% and +14.8% in sales and EBITDA from Tolls, respectively. The self-financing of the division has been assured through a number of financial transactions and the rebalancing of the concession agreements, and the development of in-house technology for operation and control has been strengthened.

An extensive backlog of projects under study in the principal markets of interest was maintained during 2016, with a total expected investment of approximately 10,800 million euros. The Concessions division of OHL has bolstered the financial structure of the concession group by means of:

Concession period and status of the infrastructures of the investee concession companies

Average life of the concession agreements: 29 years



⁽¹⁾ The amendment to the Chimbote Bypass agreement includes an extension of the concession period depending on the level of traffic on the infrastructure. This extension is estimated to be between 7 and 8 additional years.

- A strong reduction in its corporate debt by 50.3%.
- An expansion of the scope (in terms of duration, toll rates or number of kilometers) of several of its current agreements.
- The reinforcing of the business of the Mexican electronic toll collection operator, TeleVía, and of its technological subsidiary, Tráfico y Transporte Sistemas (TTS), through the expansion of their offer of services and intelligent solutions for the management of toll collections, mobility and the operation of the infrastructures.

The good performance of traffic flows of the concessions in operation in Spain stands out also: +4% on the average for toll roads with an average increase of 14.5% in ports.

All of these developments consolidate the commitment to good operational performance acquired by the division and have enabled it to lengthen the average life of the concession agreements up to 29 years and, at the same time, strengthen the business model adopted with a long-term outlook and with the use of an investment characterized by a low risk profile, scant volatility and high liquidity.

Strategy for strengthening project management

Technology and service

The transportation infrastructures sector has continued to undergo the crucial process of transformation, initiated several years ago, which has exerted a significant impact on the concession companies in many spheres of their business activity.

The integration of the physical and digital infrastructure, the incorporation of new technologies and information systems that make it possible to improve operating outcomes, risk control and mobility management, together with the outlook for the development of the automotive industry and the need for furthering sustainable cities with a

Technology, service and sustainability shape the guiding principles of the new Concessions business profile for the 21st century
.....

resilient infrastructure, comprise the critical components of this process of transformation.

The capacity of a company to innovate and anticipate the market demand is today, more than ever, a critical factor for its survival.



The intelligent management of mobility and continuous improvement in the provision of its services are at the core of the Concessions business.

Electronic toll collection solution for heavy vehicles.

OHL México reached a new milestone in the country as an innovative company that delivers solutions for toll collection systems adapted to the specific needs of each infrastructure, client and user profile. The Puebla Elevated Bypass runs over the Mexico–Veracruz federal highway, on the stretch where it passes through the city of Puebla, and was designed with the aim of offering a solution to the traffic congestion affecting the metropolitan area of the State capital.

Milestone in Mexico's highway system



- The solution developed for the Puebla Elevated Bypass, a multi-category free-flow gantry, is the first implemented on the country's toll roads.



Puebla Elevated Bypass

Concession period:	2014 - 2046
Company:	Libramiento Elevado de Puebla, SA de CV
Client:	Government of the State of Puebla
Total investment managed:	459.2 €Mn
OHL interest:	51%
Trunk length:	13.3 km
Start of operation:	October 2016

OBJECTIVE

Development of a toll collection system to facilitate the movement of the users of the elevated viaduct in the metropolitan area of Puebla, avoiding congestion on the exit roads by means of the use of multi-category free-flow toll gantries.

SUCCESSES ACHIEVED

- Implementation of multi-category free-flow gantries at the exits from the infrastructure that will enable the charging of heavy vehicles for the first time on the country's toll roads.
- Elimination of toll booths with the subsequent improvement in traffic flows and the reduction of pollutant emissions.
- Excellent traffic performance which, in December, had exceeded the average traffic expected for 2016 by 35%.

Road Safety, a commitment shared by all

In 2016 the division reinforced the commitment by the concession companies of the toll roads in operation in Peru, Colombia and Mexico to maintaining an ongoing dialog with all of the sectors involved in road safety and to strengthening the mechanisms of education, management, control and supervision of the safety of the infrastructures.

Recognition by the World Health Organization



- The WHO recognizes OHL Concesiones as a reference in road safety in Peru and incorporates the slogan promoted by the company into the Lima Charter, a document that promotes nine initiatives in support of road safety for all and concludes: “We join the change for a country with better roads and without victims to regret”.

OBJECTIVE

To maintain a continuous analysis, from a multi-sectoral perspective, of the factors affecting road safety and to further initiatives that will contribute to reducing accidents and to minimizing their impact on public health and the development of the regions where the companies operate.

SUCCESSSES ACHIEVED

- Organization of campaigns for raising awareness and promoting road safety, defensive driving and efficient driving in Peru, Mexico and Colombia.
- Inauguration of the First International Road Safety Forum in Peru by President Pedro Pablo Kuczynski, accompanied by the Minister of Transportation, Martín Vizcarra.
- Reinforcement of a culture of zero tolerance of road accidents, in an alliance with Mexican government authorities and other companies in the sector.
- Implementation of the road safety management system in Autopista Río Magdalena in Colombia.
- Wager on technology at the service of road safety through the continuous monitoring of the infrastructures and the detection of accident concentration points and consequent remedial action.

Accordingly, the sensing systems, the communication of vehicles with the infrastructure, the collaborative schemes between users, operators and public administration, or the capacity for integrating, storing and processing data on a large scale, the same as the outlook for improvement in mobility management with the introduction of driverless vehicles and flying vehicles are all a significant part of the challenges of the immediate future in the medium term.

In this context of constant change, the Concessions division of the OHL Group, in addition to leading and continuing to drive important innovation projects on an international scale connected with the development of intelligent highways and cooperative systems, has continued to strengthen its technological platform and the services offered by its subsidiary TTS with initiatives that improve business

intelligence and new information systems for the management of infrastructures and electronic toll collection systems.

The combined offer of its experience as a developer and operator, the development of its own technology and the capacity to contribute capital and perform the risk management lends a differential character to the value proposal of the concession group both for the development of projects of its own, as well as for third parties through its offer of outsourcing services.

A great effort has been made during 2016 by the concessionaires in Spain, Chile, Colombia and Peru to improve the management and control of the various channels of communication. A number of management alternatives are being studied for the Mexican companies with a view to implementation starting in 2017.

Control and management of communication channels in the concessionaires

TYPE OF COMMUNICATION	%
Legitimate complaints	4%
Queries	44%
Suggestions	0%
Offers (suppliers and labor)	2%
Request for services	49%
Total communications	11,089

COMMUNICATION CHANNEL	%
Telephones lines	29%
Digital contact mailbox	14%
Face-to-face media	58%
Social networks	0%
Total communications	11,089

Sustainable Development

The challenges posed by the transformation of the sector also evolve hand in hand with the requirement for sustainable business management, committed to the development and wellbeing of society. Similarly, the global challenges that affect the world today make it necessary for society to prepare itself for addressing the demands as they arise, minimizing vulnerability and contributing to the sustainable development of the planet.

Facing these challenges means that the sustainability strategy must be

integrated into the entire production chain, into the business solutions which, as a concession group, are created from a perspective of long-term value generation. This management culture has been strengthened in 2016, and an effort has been made to take yet another step forward, catering to the needs of all of the groups interested in the successful operation of the company.

In this scenario of change, the regulatory bodies of the concession agreements and of the listed companies, the same as the

investment funds and financial institutions, require the companies in the sector to become involved in order to become a part of the future solutions, strengthening performance in consonance with the best practices of corporate governance and a commitment to socially responsible environmental management.

With the aim of continuing to grow in harmony with criteria of responsibility and sustainability and to improve the increasing demand for information and transparency tied to principles of responsible investment, the Concessions division initiated a process for the reorganization of the division's Corporate Social Responsibility aligning the targets of the OHL Group's CSR Strategic Plan 2015-2020 and the seven basic areas of the ISO 26000 standard, under these three guiding principles: environment, social commitment and governance.

As part of this reorganization process, new projects have been planned that incorporate positive and relevant social and environmental aspects, both for the provision of the service as well as for the Latin American geographical scope, the main destination of the division's investment.

In the social sphere, the "Women and Employment in Latin America" project was set in motion as an initiative that gives a focus and scale

Projects under study

In line with the strategy adopted by the company, efforts have continued for developing the backlog of projects under study in North America and the Pacific Alliance countries and for the study of one-off projects in Brazil.

Prequalification in the project for the development of the automated people mover inside the Los Angeles (USA) airport stands out among the results obtained. The investment planned by the LAX Connecting Alliance

to social investment. The project seeks to honor and support the effort made by women as an economic and moral support of the family, for their role in the contribution to reducing poverty on a regional level and for their role as inestimable redistributors of income to the benefit of the wellbeing of their families. In 2016, the process was begun for the introduction of the project in Mexico, while its progressive extension to the rest of the countries where the division is active is planned to start in 2017.

In the social sphere, the Women & Employment project has been set in motion in Latin America

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In the environmental context, the commitment to the fight against climate change and the protection of society's natural capital has been supported through initiatives designed to improve energy efficiency, preserve biodiversity and minimize greenhouse gas emissions. Likewise, the first steps were taken during 2016 for the integration of a comprehensive environmental program to address one of the main problems affecting the various markets in which the group operates, such as the fight against environmental pollution in large cities.

consortium, in which OHL Concesiones holds an interest, totals 2,250 million euros and covers the design, construction, financing, operation and maintenance of the automated passenger transportation system, with a capacity for moving 5,600 travelers per hour in each direction.

The obtaining of the approvals connected with the private initiative developed by the company in Peru for

the expansion and upgrade of the Ica–Quilca Section of the Pan-American Highway South has advanced at a steady pace. The project obtained the Declaration of Priority and Relevance and, in

accordance with the Peruvian administrative process, is expected to obtain the Declaration of Interest of the Public Administration during the first half of 2017.

Monarch Butterfly Migration Route Project

OHL México is undertaking the Monarch Butterfly Migration Route project, in an alliance with the Foundation for the Conservation of the Monarch Butterfly in Mexico, which promotes an alternative for the recovery of the environment shaping the path towards the hibernation sanctuaries of this species in the State of Mexico. The project, with a three-year time horizon, is expected to involve an investment of 18 million Mexican pesos for the period between 2016 and 2019.



- In its almost 5,000-km-long migration route, from Canada to Mexico, the Monarch butterfly pollinates vast expanses of the subcontinent, providing a service of incalculable environmental value for the whole region.
- Due to the use of pesticides, climate change and soil erosion, in the last 10 years the arrival of the Monarch butterfly at its Mexican sanctuaries has been reduced by 95%.

OBJECTIVE

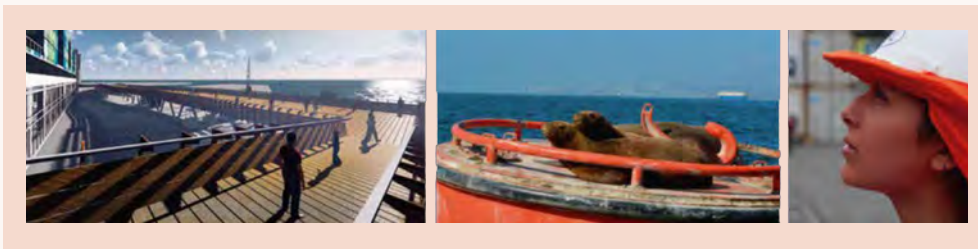
Development of agro-ecological gardens that will guarantee a place for the Monarch butterflies to feed and rest on their migratory route through the State of Mexico and that will contribute to generating sustainable family economies in the rural environment.

EXPECTED OUTCOMES

- 75 agro-ecological gardens in 10 locations in 5 towns in the State of Mexico on the periphery of the winter habitat of the butterfly.
- Employment for 375 families, mainly for low-income women heads of family, for the maintenance of the gardens and the production of vegetables and aromatic plants for consumption by the family.
- Improvement of the economic situation of 1,500 people through the production derived from the family vegetable gardens.
- Construction of the Training and Transfer of Technology Center, with ongoing advisory and support services available to the producers of the gardens.
- Training of 75 producers.
- A 15% increase in the current population of Monarch butterflies.
- Recovery of 82,500 square meters of fertile land.

TCVAL. A project by Valparaíso for Valparaíso (Chile)

In 2013, TCVAL was the successful bidder in the international public call for tenders by Empresa Portuaria de Valparaíso (EPV) for the financing, construction, maintenance and operation of Terminal 2 in the Port during a period of 30 years, a process involving a total planned investment in excess of 3.5 billion Chilean pesos. From the very start, TCVAL acquired a commitment to the city of Valparaíso, a city with multiple marks of identity: it is a port city, a university city, a heritage city and example of multicultural coexistence that enjoys a significant natural heritage.



OBJECTIVE

To contribute to positioning the Port of Valparaíso as an engine of growth for foreign trade, strengthening the identity and productivity of the city for the next 30 years, through a forward-looking project consisting of the expansion of Terminal 2. This is a project that is being built starting from the multiple and diverse roots of the city, emerging from its main driving force of competitiveness and its essence as a port city, and also drawing on its commitment to innovation and responsible management in port operations.

SUCCESSSES ACHIEVED IN SUSTAINABILITY

- Consolidation of the Port-City Alliance, which provides financial and technical support to cultural, social, environmental and tourism projects, together with training for employment, for the development of the Community, in addition to the social integration and good neighbor plan, with an ongoing engagement with the community.
- A social investment totaling 608,291 euros made in the period from 2014 to 2016, distributed among 54 organizations and with 1,143,162 direct and indirect beneficiaries.
- Purchase of eco efficient machinery and installation of LED lighting on the esplanade of the terminal (33,000 m²) with energy consumption savings of more than 60% with respect to the previous financial year.
- First port terminal on the domestic level under an Integrated Management System certified to the ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Occupational Safety and Health) standards in a single certification process.
- Design of flora, fauna, noise and emissions prevention and monitoring plans in the marine environment and the quarry, as well as significant mitigation and conservation measures that will be applied during the construction process of the new container terminal.

● **SIGNIFICANT ACTIVITIES IN 2016**

● **New concessions and extension of concession agreements**

● In August 2016, the award of the Nuevo Camino Nogales-Puchuncaví project was formalized through its publication in the Official Journal of the Republic of Chile. The concession company commenced operation of the current 27-km bidirectional roadway in the month of September and took up the project for the modernization of the infrastructure. The new highway will be 43 km in length, with plans for the conversion of the infrastructure into a dual highway, the construction of an additional 16 km for the Puchuncaví Bypass and the Variante Ventanas relief road, together with significant improvements in safety, infrastructure for cyclists and for public transportation, the lighting systems and the impact on the landscape. The concession period of this new award is a maximum of 38 years, and the investment to be made totals 210 million U.S. dollars.

● In January 2016, the Metropolitan Council of Lima decided on the award of the private initiative promoted by OHL Concesiones in Peru called Conexión La Molina-Angamos. This 12-km-long urban toll road will integrate the main services and business areas of the Peruvian capital, improving mobility

in the metropolitan area of Lima, which concentrates 8.5 million inhabitants. At the close of accounts for the financial year, the concession agreement was in the negotiation stage.

Significant developments in Mexico and Peru in 2016 included two modifications with respect to the concession agreements with their respective concession grantors.

In **Mexico**, the concession company Grupo Autopistas Nacionales obtained the recognition of additional investments made in the Amozoc-Perote Toll road and signed the amending agreement that extends the concession period by another 30 years and authorizes the company to gradually increase toll rates during the next six years. In this context, the rates were increased 6% in July. Autopista Urbana Norte, in Mexico City, obtained a new toll rate schedule in recognition of the additional investments required by the project. The toll rates will be progressively raised in the course of the financial year.

In **Peru**, Autopista del Norte signed the addendum for the construction of the Vía de Evitamiento de Chimbote

Concessions was awarded two new toll roads during 2016 in Latin America: Nogales-Puchuncaví, in Chile, and La Molina-Angamos, in Peru
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Camino Nogales-Puchuncaví toll road. Chile.

bypass, which extends Network No. 4 by 40 km and increases the concession period by an additional 8 years. With an investment of 148 million dollars (134.4 million euros approximately), the new

bypass will provide a solution of efficient mobility for the districts of Nuevo Chimbote, Chimbote, Santa, Guadalupito and Campo Nuevo Alto.



Río Magdalena toll road. Colombia.

**During 2016,
Concessions finalized
the construction of the
Puebla Elevated Bypass
in Mexico and started
work on the Atizapán-
Atlacomulco toll road
.....**

Infrastructures in the investment stage and start of operations

The **Chilean** concession companies Puente Industrial and Terminal Cerros de Valparaíso have received requests from their concession grantors for the modification of the project and expansion of the environmental impact studies, respectively, which seek to improve the projects and raise the standards of client care services. As a result of these new conditions, the start date estimated for the performance of the work is now set in 2018.

Autopista Vespucio Oriente delivered the Addendum 1 of the Environmental Impact Study, and the concession grantor will issue its definition with respect to the changes in the reference project requested by other government bodies. The environmental approval is expected to be obtained in the third quarter of 2017 with commencement of the construction of the infrastructure in the last quarter of this year. With respect to the new Nogales–

Puchuncaví toll road concession in the Region of Valparaíso, the operation of the existing infrastructure began in September 2016, with good operating performance and a 5% increase in the accrued traffic flow in the last four months of the year in comparison to the same period during the previous year (2015).

In **Colombia**, Autopista Río Magdalena started construction work in the month of September on the Puerto Berrío bypass (Functional Unit 4 of the project), having previously performed the work required in terms of the rescue of plant and animal life, forestry re-use and archeological prospecting.

In **Mexico**, construction work commenced on the Atizapán–Atlacomulco toll road with more than 95% of the right-of-way process completed. The Executive Project, also with 95% already delivered, has been 50% approved, while the



Cerros de Valparaíso port terminal. Chile.

construction work will be finalized in 2018, complying with the completion date agreed.

The construction process for the Puebla Elevated Bypass was completed on October 18, 2016, with excellent performance in traffic flows, which in December 2016 exceeded the average traffic forecast for 2016 by as much as 35%. The road, with a total length of 15.30 km and four lanes in each direction, has six intermediate branches, three for access and three exits, and a mixed

toll collection system incorporated into the electronic toll collection lanes together with manual toll collection.

The new bypass will contribute to lowering the emissions of carbon dioxide to the atmosphere by more than 424 kg/h, by reducing traffic by 70% and considerably increasing the average speed of the traffic flows. Moreover, the construction of the new toll road has generated 1,800 direct and 5,700 indirect jobs.

CONSTRUCTION

MARKET AND STRATEGY

Main markets

Construction is an international reference in the construction of civil infrastructure and unique building construction.

In accordance with the guidelines set by the Group's Strategic Plan, OHL Construcción concentrates its business activity in 8 reference markets or Home Markets that include Canada, the United States, Mexico, Colombia, Peru, Chile, Spain and Central Europe and account for 89% of the division's backlog.

In addition, the division seeks to expand its business to new markets

that offer legal certainty and sufficient guarantees for eventually becoming Home Markets and, in this context, maintains its focus on the Nordic countries (Norway, Sweden and Denmark).

OHL Construcción also maintains its interest in undertaking projects on a one-off basis, involving high technical quality and relating to niches of specialization in which the division evidences a strong competitive advantage and in markets such as Ireland, the United Kingdom, Eastern Europe or Saudi Arabia.

Strategy for strengthening project management

During 2016, OHL Construcción made significant progress in the reinforcement of its capabilities and resources to bolster project performance and risk control within the division.

Strengthening of risk management in the division

The creation of the Construction Risks Department is the most outstanding example of the commitment of the organization in this context.

The function of this Department, which reports directly to the General

Manager of the division, is to drive, coordinate and implement new initiatives in terms of risk management –both initiatives of the division's own as well as those stemming from the policies of the OHL Group-, in addition to improving and strengthening those already in place.

A highlight of these initiatives is the application in the OHL Construcción division of the third-party due diligence procedure established by the Group, as well as the identification of red lines and the assessment of the country-risk impact on the division's projects.



Rehabilitation of the 72nd Street subway station in New York. USA.



Accident prevention awareness-raising talks occupied 470,290 hours on Construction worksites during 2016.

**Construction
is promoting a
digitalization process
which includes the
progressive application
of BIM methodology**
.....

Reinforcement of the Contractual Affairs Management Department

The mission of the Contractual Affairs Management Department (DGAC) is to ensure compliance with the contractual obligations and rights established by OHL with third parties, starting from the business development phase, moving through the performance phase and up to project completion.

In the performance phase of the projects, contractual management has been enhanced particularly, with the inclusion of specialized teams that work in coordination with and supported by the central headquarters.

Integration of processes and knowledge management

An initiative was developed in 2016 for structuring a new integrated model for the management, monitoring and control of the division's projects throughout their entire life cycle. This model constitutes a common monitoring and control framework and will minimize the learning curve for new employees with responsibilities both in the bidding phase as well as in the performance of projects and will also enable the division's management to have access in real time to the status of all of the opportunities and projects.

The design of a Learned Lessons system is included among these initiatives and will enrich risk management, facilitate access to best construction practices and improve the efficiency and competitiveness of the new tenders.

Digitalization of management

OHL Construcción is introducing an internal digitalization process in which the progressive application of the methodology known as BIM (acronym for Building Information Modeling) is included among the main initiatives undertaken in the course of 2016.

The application of BIM during the past year in a number of projects has made it possible, for example, to:

- Detect conflicts and evaluate design alternatives with the client in relation to the Eastern Américo Vespucio toll road (Chile).
- Study the project upgrades on the existing structures and plan details of demolitions in the reconstruction of the SKI Station on the Follo Line (Norway).
- Support the planning of the construction work and interact with the various agents involved in the 72nd Street Subway Station project in Manhattan (USA), or coordinate the design, make

detailed measurements and model assemblies of very unique elements, such as seismic isolators, in the Gustavo Fricke Hospital (Chile).

Occupational safety and health

Workers' safety and health is a non-negotiable value at OHL Construcción and, for this reason, it is fully integrated into the production process. In this context, a more important role has been given to the organization of preventive awareness-raising talks by the production line heads for achieving safe work practices.

As a result, a milestone was reached in the division during 2016 with the organization of a total of 27,265 training sessions, with an average duration of 20-40 minutes, both for the division's own employees as well as those of its subcontractors, totaling 470,290 hours.

Other highlights in this scope include the following projects addressed in 2016:

- Drawing-up of a prevention equipment standard by activity and type of protective equipment with the aim of progressively ensuring that each and every one of the construction sites of the

division have the same safety standard and to make safety a mark of identity of OHL.

- Implementation of a program with more than 300 safety inspection points on site, by activity and nature of the works, incorporating quality concepts into the world of prevention. The intention of this program has been to introduce traceability into the integration of safety into the production process and to see where safety failures occur precisely due to a lack of integration into the production process.

Talent management

Construction is one of the industrial sectors that contribute most to the creation of employment. In 2016, the Construction division, with 12,183 employees, accounted for 50.24% of the Group's workforce. Moreover, the division generated 13,586 jobs through subcontracting.

OHL Construcción bets on the promotion and recruitment of young talent through its Young Talent program, pursuing the objective of facilitating the access of young people to the working world and promoting their career development.

SIGNIFICANT ACTIVITIES 2016

North America

It is noted the performance and the positive outlook of the North American market, where OHL has successfully integrated its construction operations into the new business unit, OHL Norteamérica (OHL NA).

In the course of 2016, this area has become consolidated as OHL Construcción's main market and accounts for almost 48% of its sales and 44% of the new contracting.

OHL NA has reinforced its presence in the key U.S. markets (California,



Machado Lake. California. USA.

Owens Lake

The Owens Lake contract, awarded by the Los Angeles Department of Water and Power (LADWP), is the largest project obtained by the OHL Group in California to date. The scope of the contract encompasses the second-to-last phase of the **project designed to mitigate the dust emissions from Owens Lake**, which extends over an area of 938 hectares of the lake playa and is located at a distance of 160 kilometers from the city of Los Angeles.



At the start of the 20th century, the City of Los Angeles acquired the majority of the water rights in the Owens Valley for the purpose of building the Los Angeles Aqueduct. The water from Owens Lake was diverted to the aqueduct and, as a result, the lake dried up in 1926. The desiccation of the lake gave rise to the crystallization of the minerals and salts, generating a crust of alkaline salt that still today covers a large part of the lake bed. The effects of the heavy winds on this saline crust have given rise to a source of dust and air pollution in the area, causing a serious public health problem and a strong ecological impact.

The LADWP has undertaken a number of measures to mitigate this impact, and the contract awarded to OHL NA covers the second-to-last phase of the global project planned for attenuating the dust emissions. The scope of the project includes the movement of millions of tons of rock and the installation of an automatic watering system along the lake bed.

To date, **95% of the dust emissions have already been reduced** achieving a positive impact on the quality of life of the communities in the area.

From the ecological perspective, Owens Lake has been an important nesting area for many birds, and one of the benefits of the ponds and areas of vegetation generated is that birds are returning to the lake to breed. The lake is an important stopover for hundreds of species of birds and, now that there are more insects, the birds can return. The Audubon Society has designated Owens Lake as an important **area for bird conservation**. As an example, a key development has been the return to the area of the snowy plover, an endangered species.

The project is regenerating the area and attracts not only birds during their annual migration, but also tourists looking for ecotourism destinations.

Texas, Florida, New York and Illinois). These are States with the highest population and infrastructure investment figures in the country, with significant programs both on the federal as well as on the state and local levels.

In addition, OHL NA is present in New Jersey, Connecticut, Virginia, Massachusetts and Washington DC.

Thanks to the substantial flow of future projects identified in the company's areas of action and to the favorable positioning of OHL NA, expectations are for the new unit to be able to continue increasing its market share.

In California, the leading State in terms of backlog in the U.S. and where OHL NA is performing

thirteen projects, the most outstanding award in 2016 was the project for the rehabilitation of Owens Lake, worth 195.7 million euros, together with the contract for the design and construction of the upgrade project involving 26 km of the I-405 highway. OHL participates with a 60% interest in this award, which was formalized in January 2017 for a total of 1,118 million euros.

In addition, OHL NA is currently participating in the bidding on the Automated People Mover project for the Los Angeles airport, a concession project in which it is prequalified together with OHL Concesiones.

In New York, OHL has completed the purchase of 100% of the capital of its subsidiary Judlau Contracting Inc., through which it is continuing its expansion in the area with awards worth more than 260 million euros in 2016.

As an outstanding milestone in the year, Judlau finalized the fit-out of the 72nd Street Subway Station and the rehabilitation of the 63rd Street Station. Both belong to the new Second Avenue subway line in New York, which will provide service to 200,000 passengers daily.

The strategy of alliances with top U.S. companies has made it possible to

Latin America

OHL maintains its strong focus on the Latin American market and, thanks to the knowledge and experience gained in the region, is determined to further develop its field of action, with particular emphasis on the home markets.

In Chile, where OHL has its largest backlog of projects, exceeded only by the U.S. backlog, the following awards stand out:

- Curicó Hospital with a budget of 229.9 million euros.

The renovation of the 72nd Street Station stands out, together with the rehabilitation of the 63rd Street Station in Manhattan. Both belong to the new Second Avenue subway line, in New York, which will provide service to 200,000 passengers daily

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secure prequalification in projects such as the Green Line Extension in Massachusetts, with an estimated budget of more than one billion dollars, which is expected to be tendered in 2017.

The volume of awards in other States has also exceeded expectations. Outstanding examples include the award of the contract for the expansion of almost 18 kilometers of Interstate Highway 35 East, worth 116 million euros, in Texas; the I-90 project (Mannheim-Oakton) in Chicago, worth 53 million euros; and more than 140 million in contracts awarded in Florida.

In Canada, OHL is progressing in the performance of its two major infrastructure projects: the extension of the Toronto subway and the Montreal (CHUM) University Hospital.

- Nogales-Puchuncavi Route consisting of the construction of the current concession as a divided highway (27 km), at a cost of 115.1 million euros.
- Heightening of the Talabre dam totaling 145.2 million euros, in which OHL holds a 49% interest.

An important aspect of the construction division's operations is its collaboration with OHL Concesiones in the performance of projects such as the Eastern Américo Vespucio Toll Road, the Biobio Industrial Bridge and the Port of Valparaíso.

Work continued during 2016 on projects as significant as the Gustavo Fricke Hospital, a number of operations on Lines 3 and 6 of the Santiago Metro and Route 60 CH.

The wide range of types of projects being undertaken by OHL Construcción in the Chilean market is noteworthy and encompasses the building construction sector, transportation infrastructures, urban thoroughfares as well as port and mining projects.

In Peru, faithful to its strategy of sector diversification in the home markets, OHL has succeeded in extending its experience to the field of building construction through the award of the National Museum of Archeology in the Lurín district, south of Lima. OHL holds a 50% interest in the project, which is worth a total of 90.5 million euros.



Ayacucho-Abancay toll road, Section IV. Peru.

Moreover, OHL maintains its strong interest in mining and, in 2016, has continued work for some of the country's leading mining companies with the award of contracts worth more than 90 million euros.

In the framework of its collaboration with OHL Concesiones, the division continues to examine new initiatives jointly and, in this context, the award in 2016 of the construction of the Chimbote Bypass within the scope of the work for the Red Vial No. 4 Concession and worth 117 million euros, is particularly significant.

In Colombia, OHL is participating in the flagship program, Fourth

Generation Concessions (4G), with the Rio Magdalena 2 Toll Road awarded to the OHL Concesiones division. Another highlight is the entry of the Group into the country's booming airport sector through the award of the project for the runway expansion and work on the taxiways of the Cali airport, in the amount of 14 million euros.

Another highlight is the completion last December of the execution of the Medellin River Parks, one of the city's most significant landmark projects. The project has consisted mainly of the underground construction of 470 m of the regional highway that runs next to the river, with an increase from four to seven of the number of existing lanes and the building of a park on the surface area covering the underground construction.

This country is the Group's most recent Home Market, for which reason OHL Colombia continues to explore the possibilities of establishing relations with new clients.

Finally, in Mexico, OHL continues its expansion in the market and at the present time maintains a healthy backlog of projects in progress.

Its participation in the development of the most important railway infrastructures of the country stands out and includes the performance of the Zinacantepec section of the "Mexico-Toluca Inter-City Train" Integrated Passenger Carriage Project and the construction of viaduct 2 between Plaza Bandera and Central Camionera, together with 6 elevated stations in the expansion of the light rail system in the metropolitan area of Guadalajara.

Other important sectors of activity include urban thoroughfares and highways, among which the Puebla Bypass, consisting of a 6.8-km viaduct, and the 77-km-long Atizapán-Atlacomulco Toll Road are outstanding examples.

Mexico-Toluca Inter-city Train

The Mexico-Toluca Inter-City Train is a medium-distance and medium-speed railway project under construction that will connect the Metropolitan area of the Toluca Valley, State of Mexico, to the western area of Mexico City.



The train, which will cover a distance of 58 kilometers in 39 minutes, will enable the daily carriage of around 230,000 passengers and, in addition, once its operation has commenced, will prevent the emission of more than 28,000 tons of carbon dioxide.

OHL's Mexican subsidiary, Constructora de Proyectos Viales de México, S.A. (CPVM), participates in the project, which consists of the construction of a section of approximately 36 km of double-track, designed to reach a maximum speed of 160 km/h. The section includes 32 km of viaduct and will have four elevated stations 200 m in length.

CPMV has implemented environmental offsetting measures such as the creation of programs for reforestation and the relocation of local animal species. With these measures, not only are potential environmental impacts prevented, but also favorable conditions are generated for the integration of green spaces.

Forestry Offsets

As part of the program, 1,500 trees of the *Pinus hartwegii* species have been planted, with an average height of from 60 to 80 cm in optimum morphological, physiological and health conditions, and in appropriate tree planting bags to ensure the survival of the specimens during the dry season.

The reforestation operations were performed in the town of Ocoyoacac, State of Mexico, in the "Los Pocitos" and "La Mina" areas, located in Los Ejidos de Santa María La Asunción, Tepexoyuca. So far, an area as large as 22 hectares is already under continuous maintenance.

Relocation of Local Animal Species

The Wildlife Rescue and Relocation Program is being implemented for the care of animal species and is focused principally for the protection of the species in accordance with the NOM-059-SEMARNAT-2010 standard. The program includes the assessment and identification of the spaces, to determine the best site for the species to be relocated. As a result, from the start of the project up to the present time, more than 4,200 specimens of amphibians, reptiles, birds and mammals have already been relocated. At the same time, the environment department has undertaken a number of campaigns designed to raise awareness and to teach the local communities about the care of the species native to the area.

Europe

In **Spain**, the volume of public calls for tenders grew slightly in 2016 with respect to the previous year, with the Autonomous Communities and local governments being responsible for the most significant increases.

OHL maintains its firm position in the domestic market, where it ranks as the second largest construction company in terms of awards of contracts worth more than 3 million euros.

The most important milestones reached include the award of the Central Wharf in the Port of Bilbao in the amount of 79 million euros, in which OHL holds an 80% interest, the construction of the offices of the **GMP real estate group** in Madrid and offices and a hotel in the 22@ Barcelona District, known as the “innovation district”.

In the context of the projects in progress, work continues on outstanding landmark projects such as the new Centro Canalejas in Madrid or the Centro Botín in Santander. In the field of transportation infrastructures, construction is moving ahead on the El Espiño tunnel (Orense), the Zumárraga tunnel (Vizcaya), the

Huelva Railway Station and the Port of Granadilla in the Canary Islands. During the past financial year, the construction of a five-star hotel belonging to the Hard Rock chain was successfully completed in Tenerife.

The OHL Group has maintained its strategy in **Central Europe** through its subsidiary, OHL ŽS, and has set the consolidation of its Home Markets as its main objective, together with one-off projects in other countries in its area of influence.

During the 2016 financial year, in addition to the company’s traditional segments of railways, roads and building construction, others have been reinforced in which OHL ŽS has maintained a successful track record over the last few years, such as waste water treatment and water purification projects, industrial and energy projects.

In terms of new awards, the most significant projects are those associated with railway infrastructures, for example, the optimization of the Beroun-Králův Dvůr railway line and the reconstruction of the passenger station in Pilsen.



Port of Granadilla, Canary Islands. Spain.

OHL obtained the award of its first project in Norway during 2015: a railway line included in the high-speed rail plan, the largest to be undertaken by the Norwegian railways to date

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Moreover, the Pavlov archeological park project and the modernization of the Tabor-Sudomerice u Tabora railway were both finalized in 2016.

In **Slovakia**, work continues on the main arterial road in the north of the country, the D1 highway, in the Hubová-Ivachnová section, which is 15 km long and includes the construction of the 2-kilometer “Cebrat” tunnel and 21 structures including bridges and viaducts.

In the **Nordic countries**, OHL secured the award of its first project in Norway in 2015. This project, called EPC Ski, was promoted by the National Rail Infrastructures Administration (Bane NOR, formerly Jernbaneverket) and is part of the Follo Line high-speed railway project, the largest transportation infrastructure built to date in the country.

Middle East and Africa

OHL is moving ahead with the performance on schedule of two of its most relevant projects on a world scale.

In **Saudi Arabia**, in the Mecca-Medina high-speed railway project, OHL has substantially completed the track work and has finalized 90% of the electrification of the line, thereby



EPC Ski. Norway.

The same as in Norway, the OHL Group continues its marketing activity in **Denmark and Sweden**, countries where a strong interest in the upgrading of transportation infrastructures prevails.

In **Ireland**, OHL is awaiting the final award of the National Forensic Mental Health Service Hospital, while in the **United Kingdom** progress is being made in the cooperation with OHL Desarrollos in the Old War Office project in London.

Finally, in **Turkey**, work continues on the Marmaray CR3 project, one of the largest transportation infrastructures in Istanbul, which will connect Halkali, in Europe, with Gebze, in Asia.

enabling the start of the trial runs with trains in the section performed by the OHL Group.

In addition, the Jamal Abdul Nasser urban viaduct in **Kuwait** has opened a significant part of the infrastructure to traffic, in accordance with the timetable for final delivery in 2018.

INDUSTRIAL

MARKET AND STRATEGY

The industrial business of the OHL Group, created in 2008, is specialized in the development of the engineering and construction of industrial plants on a turnkey basis and also has outstanding knowhow in the manufacture of specific equipment for handling solids and for fire protection systems.

During 2017, Industrial intensified its activity in the areas of mining and cement, renewable energy plants, fire protection systems, O&M, and other services for industry, mainly in the Group's home markets, with the aspiration of becoming a proven specialist in these fields, capable of

contributing differentiating value to its clients.

Thus, in 2017, two photovoltaic plants with a capacity of 67 MWdc each have already been awarded in Jordan. These projects include the basic and detailed engineering, the supply of equipment, materials, spare parts and special tools, as well as the integrated construction and the performance testing of the plants.

Also in 2017, an important contract has been secured for the engineering, manufacture, supply and start-up supervision of mining equipment in Vietnam.

Strategy for strengthening project management

From the very start, the division has been aware of the importance of designing and implementing an innovative strategy, both in the context of management as well as of technology.

Integration of intelligent systems for project design and management

With the objective of addressing major international contracts that will guarantee partners and clients the reliability of its services, the integration of intelligent systems for the design and management of projects has been implemented throughout the division, using the most innovative tools available in the fields of quality control, occupational safety and health, and the management of completion dates, costs and risks.

Coinciding with the implementation of a new Enterprise Resource Planning system (SAP) in the division, all of the production computer systems have been integrated into a single platform, the electronic design systems have been connected to the "Smart Materials Plan" integrated supply system and the storage of all of the information is carried out by means of a corporate document management system. Moreover, Industrial has a comprehensive production system which, starting from the commercial phase, integrates the intelligent 3D models and other components under the BIM (Building Information Modeling) paradigm.

Enhancement of risk management

During 2016, the division defined a single risk management model for all of its business lines and geographical areas that ensures the homogeneity and comparability of the risk analyses and spans the life cycle of projects in an integrated manner.

For the implementation of the risk management system, OHL Industrial has developed the relevant processes

In 2016, Industrial defined a single risk management model for all of its business lines and geographical areas

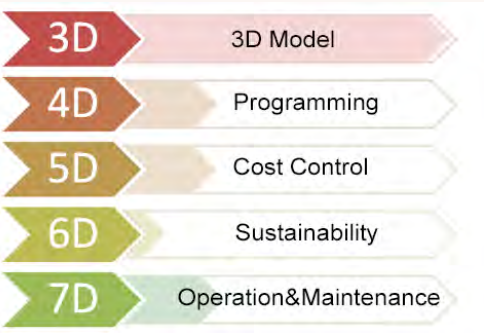
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Cement plant in Colombia

The maturity of the BIM 3D System

OHL Industrial has been awarded a turnkey project for a cement production plant in Sonsón, province of Antioquia, in Colombia, worth 225 million. This is a key project for the development of the country.

The BIM methodology, now mature at OHL Industrial, has been present since the bidding phase when a 3D model was generated that served for making the estimates necessary for performing the technical and economic valuations. The model was also used for preparing a commercial video for the presentation of the tender to the client.



Scope of BIM implementation at Industrial.

The integration of the various elements is being performed in the design phase, beginning with the surveying and geotechnics, the design of earthworks and roads, buildings, conveyor belts, among others. In the case of the elements whose design has to be outsourced, for example the “pyroprocessing”, these are also integrated into the system. This contributes to considerably improving and streamlining coordination in the entire team involved in the preparation of the project.

One of the major successes already achieved is that the great majority of the drawings are extracted from the 3D models, with the result that there is a full guarantee that what is modeled will appear in the same way on the drawings, thereby eliminating errors in coordinates, elevations, heights and labels.

Moreover, and with the ongoing objective of improving and optimizing processes, the intention in this project is to take several additional steps towards the implementation of a complete BIM model. The first step in that direction consists of the incorporation into the model of the fourth dimension, 4D, that is, time. The 5D model -Cost Control- has also been initiated with the extraction of part of the measurements from the models, and plans are for advancing as far as 7D.

and procedures and has integrated them into the rest of the division’s processes. The entire risk management system is supported by a

technological platform that ensures the integrity and traceability of the data and enables their analysis through sophisticated simulations.

The result of the process is materialized in risk reports that show the red lines and the probability curves of the potential impact on the cost and the probable completion date, which makes it possible to establish the contingencies in the tenders and estimate the likely margin in the projects and, above all, to identify the principal mitigation measures to be taken for effectively managing the risks.

Now that the new risk management methodology has been consolidated, OHL Industrial's next steps will be in the direction of the improvement of data quality, which will translate into a higher degree of reliability of the results.

SIGNIFICANT ACTIVITIES 2016

The 2016 financial year has been a year of restraint in the investment in industrial projects associated with oil and raw materials and, in particular, minerals, due to the insufficient recovery of prices in the various international markets. This situation has led to the freezing of investments already committed. Nevertheless, commodity prices began to show a degree of recovery in the second half of 2016. With the crisis in the price trend of minerals now resolved, the expectations for investment have been reactivated, and all indications are that the second half of 2017 will be significantly more active in the launch of new projects.

Some of the oil export countries have found it necessary to reduce the dependence of their economies on oil, seeking to improve their competitiveness through diversification. In this regard, impetus has been given to the development of energy generation projects based on clean technologies. In 2016 a large number of public, public-private or simply private investment projects have been launched in the

Occupational safety and health

In terms of occupational safety and health, the division has intensified its efforts in the framework of the Coordination of Business Activities, in the HSE (Health, Safety & Environment) Operational Control in its projects and in the standardization of the Occupational Risk Prevention requirements in the countries where OHL Industrial operates.

Another important aspect refers to the measures associated with the creation of training matrixes based on positions and the activities performed in each job, already initiated in 2015, as well as the updating and implementation of the mandatory initial HSE welcome course.

The principal markets of Industrial are, together with Spain, Mexico, Guatemala, Jordan and Oman

development of power generation facilities, particularly in the renewable energies, which are acquiring an increasingly larger share of the overall investment as a result of the substantial reduction in costs experienced by these technologies which are expected to continue to grow.

In the context of fire protection systems, there has been a decline during 2016 in the upgrades being carried out in the nuclear sector in Spain, upon completion of the adaptation to the new requirements introduced following the Fukushima incident.

Main Projects currently in operation

In Mexico, where the Industrial division is performing a number of projects, the project management services for the EPC of the Los Ramones 2 gas pipeline, north and south, have now finalized with excellent results, which have led the division's client to make an addition to the contract, extending the services up to the middle of next year. The construction of the 60 MW cogeneration plant in Coatzacoalcos has also finalized.

In addition, the sulfur solidification plant in the State of Veracruz and the 30 MW cogeneration plant at the Francisco Madero I refinery in Tamaulipas have also finalized from the mechanical point of view.

Finally, in the State of Sonora, work on the 770 MW Empalme I combined cycle power plant continues to progress at a steady pace. The project is well into the construction phase, with all of the main equipment elements already in situ. An important aspect of this contract is that the

performance of the project has successfully completed 3 million hours of accident-free work.

In Guatemala, the execution of the Xacbal Delta hydropower plant continues, where all of the civil works (intake work, dam, tunnel and machinery house) have been completed, and the electromechanical assemblies are already at a very advanced stage. The start-up of the plant is scheduled for the first quarter of 2017.

Similarly, the projects in the Middle East are also moving ahead at a brisk rate, that is, the strategic reserve terminal for petroleum products in Jordan and the CRM (Condensation Recovery Maximization) plants in Oman, both already in the construction phase following the conclusion of the engineering and supply phases. Between the two projects, more than 3 million hours of accident-free construction work have been achieved.



General view of the 4.5 km curve Overland Conveyor in Hermosillo. Mexico.

Most significant awards

The most significant award obtained by Industrial in 2016 was the Tower for Ecocementos Project. This turnkey project consists of a cement plant capable of producing 3,150 t/d of clinker and with an annual production of approximately

1 million tons of clinker and 1.4 million tons of cement, located in the town of Sonsón, in the department of Antioquía, **Colombia**.

This contract is a milestone for Industrial, since it is the first contract

secured by the division in this country, which is one of the main home markets of the Group and where it has had a presence since 2012. Here the division has now obtained its first important reference in the cement sector, underpinning its position in Latin America.

In **Oman**, a collaboration agreement has been signed with the local firm, Bahwan Engineering Company, for the performance of the EPC –turnkey project “Closure of the Saih Rawl F9E 60 MW Open Cycle Plant”.

The project consists of the development of the engineering, purchase of equipment and materials, monitoring of the manufacture of components, performance of civil works, electromechanical assemblies, start-up of the plant, through to the provisional acceptance by the end-client, Petroleum Development Oman, for converting the existing open cycle plant to a combined cycle. The combined cycle plant will include a heat recovery steam generator, a steam turbine (60 MWe), and associated BOP and ancillary services, as well as a small electricity transfer line that will connect to an existing substation.

In **Spain**, OHL Industrial has been awarded the Valiente wind farm, which will be the first project in the

country with these characteristics, following the energy reform.

The 20 MW wind farm will have ten 2 MW turbines, and the scope of the project encompasses the engineering, procurement and construction of civil works and electricity transfer infrastructure including an internal substation within the wind park and the expansion of the existing substation.

Another significant award was for the supply of equipment and the installation of a crushing plant with agglomeration, to which will be added a heap-leach PAD system, for the division’s client, Shahuindo. This project will be performed with Sthim, Laron and Atmos brand equipment and will take place in a district historically known as the mining region, 80 km south of Cajamarca, capital of the region, and 15 km to the west of the city of Cajabamba, **Peru**.

In the fire protection systems business line, international contracts have been awarded for the ASTPP terminal in **Jordan**, the Empalme I CC in **Mexico** and the Mid Town Building AY B in **Gibraltar**. The maintenance systems of the passive fire protection installations in the Ascó and Vandellós nuclear power plants stand out in the domestic market.



Empalme I Combined Cycle Power Plant. Sonora. Mexico.

Operation & Maintenance contracts

The performance of the Operation & Maintenance (O&M) contracts has been very positive, and all have produced high returns and production figures.

Thus, the Arenales thermal solar plant, **Spain**, succeeded in passing the annual value test of guaranteed production with a result of 105%. This is a success for the entire division of OHL Industrial, since this milestone concludes the Arenales project, the largest project undertaken by the division to date.

The trend in the O&M service contracts has been very positive, with high yields and production values
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Operation & maintenance. Arenales solar thermal plant. Morón de la Frontera. Spain.

Moving on to **Chile**, the copper treatment plant for Codelco (Corporación Nacional del Cobre) completed its second year of operation in 2016, achieving maximum production figures during the year. Due to its good output and performance, OHL Industrial was named as preferred contractor by Codelco at the División Ministro Hales, granting OHL Industrial the HSE award for “zero accidents” for the second year in a row.

In **Uruguay**, the first year of Operation & Maintenance has been successfully completed at the La Jacinta photovoltaic plant (65 MW) without incidents. The availability rates achieved from that time are in excess of 99.5%.

OHL Industrial: generating opportunities in Guatemala



In Guatemala, OHL Industrial has built the Xacbal Delta hydropower plant in the town of Chanjul, department of Quiché.

Júa, Sotzil, Visich and Visiquichum are the communities located in the area of influence of the project. OHL Industrial is working to ensure that the construction of the plant will leave a positive legacy with these communities, not only by creating quality local employment, but also by organizing activities that will contribute to their progress and wellbeing.



In 2016, OHL Industrial finalized the community involvement plan associated with the power plant project and started in 2014.

In the course of this period, the following programs have been carried out:

- Bilingual literacy program (Ixil-Spanish).
- Technical training program.
- Household health and hygiene program.
- Environmental education programs.
- Employment and promotion of the local economy programs.

Results 2014-2016

- 124 people, the majority women, passed the **reading and writing courses**.
- Close to **1,000 hours of technical training** in construction, welding, maintenance of diesel vehicles and household electricity skills that have benefited **66 students**.
- **284 women** have participated in the **workshops for soap-making; preparation and packaging of jellies and the promotion of entrepreneurship**.
- **637 people** have attended **workshops for the prevention of sexually transmitted diseases, HIV; vector-borne, diarrheal and respiratory diseases**.
- **158 people** have attended **hygiene in the home workshops**. A number of **day-long sessions on medical care, maternal and child health and malnutrition** were also organized.
- Close to **250 school children** have participated in a range of **workshops devoted to waste management, renewable energies and the water cycle**.
- **562 direct jobs** for the local communities.

SERVICES

MARKET AND STRATEGY

In Spain, the principal market in which Services operates, the 2016 financial year maintained the trend of moderate recovery initiated during the previous year.

OHL Servicios has made progress in the **internationalization** process included in the OHL Group's Strategic Plan 2015-2020, with projects in Mexico and Chile, and has continued prospecting the U.S. market, where it already has a structure in place.

The **municipal services** activities transferred by Construction have become consolidated through the new contracts secured in 2016. A significant example is the contract for the "Management of the Public Service, under the Concession Modality, for the Containerization, Collection and Transporting of Waste in the City of Madrid - Lot 2 -" where OHL Servicios participates in a joint venture with other companies in the sector.

This sector remained on an even keel in 2016, in which a return of the public sector to the outsourcing of services was observed, together with a stable trend in the revision of the contracts in force.

Invoicing in the **facilities cleaning services** business line increased 1.3% in 2016, considerably below the forecast of 3% growth. Moderate growth is expected in 2017, and the division is set to continue the process of concentrating its range of services and of increasing its backlog, together with its determination to pursue internationalization in the face of the increasing maturity of the domestic market.

With respect to the **facilities technical maintenance** sector, a gradual improvement has been detected in the activity overall, as was already evidenced in 2016, and therefore it is expected that the estimated growth for this business line could be achieved.

The presence of multi-service groups specialized in the provision of **ancillary services** to businesses is significant, together with companies concerned with installation and assembly work. The leading companies in this field are continuing their diversification inside and outside of Spain, to meet the growing demand for global offers capable of combining these services in a single provider and to take advantage of the opportunities existing in the scope of energy efficiency services.

Services has made progress in the internationalization process included in the Group's Strategic Plan, with projects in Mexico and Chile, and is prospecting the U.S. market

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Municipal services: mixed sweeping. Spain.

In **care services** the concentration process undertaken by the companies in the sector continues, driven by the entry of foreign investors who see Spain as an ideal market for offering retirement plans to European pensioners. On the domestic level, the

public retirement homes (municipal and regional) have given priority to price considerations in their calls for tenders and have reduced the number of subsidized places due to the budget cuts derived from the need to meet deficit targets.

Strategy for strengthening project management

During the 2016 financial year, Services has undertaken several initiatives designed to improve the profitability of its contracts and to reduce management risks. Among these initiatives, the following deserve particular mention:

Commercial process

Services has undertaken a reengineering of processes in the commercial area to adapt it to the new demands of a highly competitive market. In this regard, the division has introduced the use of a CRM (Customer Relationship Management) system for the planning of the selling process, preparation of tenders, follow-up of marketing actions and analysis of results. Starting in mid 2016, this process has enabled the division to secure awards of contracts with a greater margin, to be more selective in contracting and to obtain higher technical scores in contracts.

HR management system

During the second half of 2016, the division implemented the Meta 4 Cloud management tool for managing its human resources –the division's most important asset.

This new management tool makes it possible to reduce the indirect cost of human resources management, to improve efficiency and to provide detailed information on the management parameters, all of which will combine to deliver an improvement in labor costs.

Implementation of the Computerized Construction Procurement System

An adapted version of the Computerized Construction Procurement System has been implemented for the division's business in Spain, making it possible to enhance the control and the automation of processes.

Digitization of information

The division implemented the FileNet system throughout its entire organization in 2016 as its Document Management System and work tool in the Technical Offices for exchanging information for the preparation of tenders, sharing best practices and guaranteeing confidentiality and access to the company's know-how.



Control Center of the Congress of Deputies. Madrid. Spain.

In 2017, the division plans to expand the use of this system for the management of contracts and the implementation of a legal database for improving the management of labor conflicts.

Enhancement of risk management

The division has commenced the implementation of the Third Party

Future outlook

The **cleaning** market, whose services are being considered increasingly more as a commodity, is facing greater difficulties for maintaining a pace of awards with high quality in profit margin terms.

For this reason, having positioned the OHL Servicios brand in the Public Sector and having established it throughout the country with the exception of the Canary Islands, the objective of the division is to maintain sustained growth, opting for the quality and profitability of contracts rather than for their volume.

The field of **healthcare activity** is seen as a strategic future for the division in view of the forecast of strong growth in the size and share of this market because of the growth of the population pyramid. For this reason, plans are in place for the creation of a company specialized in this sector, with a corporate image closer to the Social Services market and the provision of services for the management of kindergartens, of family meeting points, children, telecare, mental health and others, where the incorporation of the new technologies is essential. Consequently, agreements are being entered into with technological partners who are specialists in the sector.

In this context, Services is participating in the design, development and operation of an

Due Diligence process, for the purpose of reducing the possible economic, technical and reputational risks involved in its commercial activity. For this reason, training has been provided to facilitate the implementation of the standard of application and the assessment and scope tools.



Street lighting maintenance. Spain.

internet portal for establishing contacts between patients, dependent people, members of their families, physicians, carers and therapists, among others, for the improvement of the quality of life of the persons provided care, through continuous monitoring.

In the **Facilities Maintenance** market, the division has set the goal of positioning itself among the companies of reference in the sector in terms of size by 2020. To do so, it will focus its efforts on consolidating its position in specific geographical areas, continuing to grow in the energy efficiency sector and entering into new areas such as public street lighting and the industrial environment.

In the **energy efficiency** market, the strategy of OHL Servicios consists of its presence on two differentiated fronts: efficiency in facilities management, where it has references, technology and experience for

OHL Servicios: Commitment to labor market integration

The division has assumed the labor market integration of people at risk of social exclusion as one of the principles of its human resource policy.

Services fulfils this commitment through hiring and supporting people who, due to their personal, social or economic circumstances, encounter difficulties for obtaining a job. In 2016, the division worked with Fundación Integra to achieve the **integration into the working world of 155 people** with disabilities, individuals at risk of social exclusion and victims of gender violence, mainly in Madrid, Catalonia, Andalusia, Navarra and the Community of Valencia.

The division has contributed to **Proyecto 1+**, promoted by the Asociación para la Educación y la Formación Integrales (AEFI), the Instituto Canastell and the City Council of San Vicente del Raspeig (Alicante). Through this project, 26 young people with functional diversity have been given the opportunity to perform practice work.

Services has also supported the social challenge, **Reto Social Empresarial ALIANZAS**, promoted by the Spanish Red Cross in Huelva, where it participates in a number of solidarity initiatives, such as the training course in hospital cleaning, which includes practice work supervised by personnel from the division, benefiting people at risk of or already in a situation of social exclusion, for the purpose of providing them with the skills necessary for obtaining a job opportunity.

Services has been a member of the Network of Companies for a Society Free of Gender-Based Violence, promoted by the Ministry of Health, Social Services and Equality, since its inception.

Awards and recognitions granted in 2016 to the Services division for its commitment to society:

- **Stela Award 2016** for its work in furthering the labor market integration of people with intellectual disabilities, granted by the **Madrid Down Syndrome Foundation**.



- Recognition by **Fundación Integra** of its commitment to the labor market integration of underprivileged groups.
- The **Fundación Bancaria la Caixa** award in recognition of its commitment to the labor market integration of disadvantaged persons.

addressing even the most complex projects, and public street lighting, where it is present in medium-sized cities and towns.

The **Municipal Services** market will continue to face the strong competition that is leading to the lengthening of the periods for decisions on public calls for tenders.

The strategy designed by OHL Servicios is to take advantage of the

references it has gained over these years of business activity, in order to become consolidated as a representative company in the sector, introducing the highest standards of quality and operating efficiency. In addition, belonging to the OHL Group enables the division to share technology and R&D in common fields, such as the management of machinery and equipment, the use of GPS technology, drones, among the most relevant areas.

SIGNIFICANT ACTIVITIES 2016

INTERNATIONALIZATION OF THE DIVISION

During 2016, the Services division has made progress in the process for the internationalization of its business activity in its target countries: Mexico, Chile and the United States, in accordance with the guidelines of the Strategic Plan.

Its strategy of international development is focused on the home markets where the presence of the main divisions of the Group, Construction and Concessions, is strongest, in order to take advantage of their market position, knowledge of the legal environment, brand awareness and support structure, for reducing the risks inherent to the establishment of a business activity which, by its very nature, is led by local companies.

In **Mexico**, the strategy of the purchase of companies has been abandoned due to the uncertainty of the country's economic situation and the high expectations of the sellers, among other factors, and the division has opted for a strategy of organic development of the business with a view to reducing the possible risks associated with an investment of this kind. This change in strategy has demonstrated its first successes, at the end of 2016, with the award of Facilities Management contracts by private clients.

In **Chile** the division has commenced its business with the award of several contracts, granted by both public and private clients, in all of the activities included in its range of services. During 2017, the division expects the successful trend in awards to continue, together with the addition of several activities associated with Concesionaria Centro de Justicia de Santiago, in the middle of the year.

In the **United States**, the division has set up a basic structure in the State of Florida and has initiated a process of detection, analysis and negotiation of the purchase of one or several companies in the sectors relating to its business activities. This process will be finalized during 2017, and initiatives will be undertaken with the Construction and Concessions divisions for reinforcing its commercial capacity, generating synergies that can be carried over to clients in the areas of Maintenance, Energy Efficiency and Services for the Care of Dependent Persons.

In Chile, the division has commenced its business with the award of several contracts, granted by both public and private clients, in all of the activities included in its range of services

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Examples of significant contracts

The Services backlog, with more than 500 contracts in 2016, includes the following awards by activity.

Cleaning. “General Cleaning Services and other related services at the facilities of the Ministry of Defense, located in Extremadura, Andalusia and Murcia”. The contract is worth 21.4 million euros and covers a period of 24 months.

Healthcare services. “Gestió i administració de la residència i centre de Dia assistida municipal Fortpienc. Ajuntament de Barcelona (FORTPIENC Joint Venture - 80% INGESAN with 20% Asociación Edad Dorada-Mensajeros de la Paz)”. A 24-month contract worth close to 9 million euros.

Maintenance. Mixed contract for the efficient management of the primary energy used in the following buildings: La Princesa University Hospital, Hermanos García Noblejas Medical Specialties Center and the Chamartín Mental Health Center (Marqués de Ahumada). The contract, which starts in March 2016, is for a period of 15 years and is worth 34.1 million euros.

Municipal Services. Management of the public service, under the concession modality, for the containerization, collection and transporting of waste in the City of Madrid -Lot 2- (Valoriza-Acciona Servicios-OHL Servicios-ASCAN Joint Venture). The contract, for a term of 4 years, is worth more than 38.2 million euros.



Cleaning services in facilities of the Empresa Municipal de Transportes de Madrid. Spain.



Day Care Center, Barcelona. Spain.



Waste collection and transportation in Madrid. Spain.

DEVELOPMENTS

The Developments division was created in 2001 as an autonomous business line within the OHL Group, with the objective of identifying

strategic opportunities for diversification for the Group, particularly in the resort and hotel sector in the top quality segment.

MARKET AND STRATEGY

At the present time, OHL Desarrollos is active in the following markets:

- In Riviera Maya, Mexico, where it has had a presence through the **Mayakoba Project** since the creation of the division, and also with the **Ciudad Mayakoba Project**.
- In Madrid, where the division is developing the landmark **Centro Canalejas Madrid Project**, the trend in economic growth in the hotel market has become consolidated. During the 2016 financial year, a number of hotel transactions were signed in Madrid. Investors see the Canalejas Project clearly as the major dynamic force driving Madrid's hotel sector.
- London, also a highly relevant market for the division with its **Old War Office Project**, has been influenced by the “Brexit” process. Nevertheless, the Developments division's perception is that this market will continue to be one of the most important in the world in terms of **high quality** hotel accommodations.

The resort and hotel sector constitutes one of the markets with the highest degree of expansion internationally at the present time. With the consolidation of economic recovery, particularly in the U.S. market, both the number of tourists as well as the average spending per tourist will increase.



Fairmont Hotel, Mayakoba. Mexico.

Investment requirements

Developments focuses its business activities on the segment of mixed-use hotel and tourism projects that meet the following requirements:

- The project represents an opportunity for **value creation** according to criteria of **financial profitability** and attractive **cash generation**, usually through powerful financial investors.
- The project is designed on the basis of criteria of **maximum sustainability**, whether from the urban point of view and in terms of **heritage** preservation (in the case of urban assets) or **environmental** criteria (in the case of vacation assets).
- Projects must be of the kind in which the division can implement its experience, prestige and knowledge by acting as the **developer**.
- The project would involve the repositioning and/or development of an asset in a market with great **potential** in the high-quality segment.
- The project is positioned in the **high-quality segment**, therefore excluding development models based on high volume and low quality.

Challenges and opportunities

The processes of partial rotation of assets carried out in the 2016 financial year have consolidated the division in the market as a developer of projects of high quality and complexity, both in the urban as well as in the vacation segments. With the initiatives undertaken to date, Developments has demonstrated not only its technical capacity in the performance of these projects, but also its capability for leading developments according to criteria of profitability and financial feasibility, in addition to being endowed with considerable town-planning and environmental advantages.

The extraordinary experience and knowhow acquired in the Mayakoba Project, in the Centro Canalejas Madrid Project and, more recently, in the Old War Office Project, have positioned Developments as a global developer of top-level projects. For this reason, the division intends to capitalize the prestige and experience acquired over the years and to offer its services to other potential investors who require a global developer.

The extraordinary experience and knowhow acquired in Mayakoba, in Centro Canalejas Madrid and in the Old War Office have positioned Developments as a global developer of top-level projects

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The future of Developments will continue to be the expansion and development of business in the hotel-tourism sector, analyzing opportunities in the market on the international level with a strategy based on the performance of development projects, with the ensuing creation of market value.

When the asset reaches a level of maturity and optimum value from the financial and market points of view, a subsequent rotation would proceed, through partial or complete divestiture.

SIGNIFICANT ACTIVITIES IN 2016

Entry of an investor in the Mayakoba Resort hotel projects

Mayakoba is a high-quality and eminently sustainable resort located at a distance of 10 km from Playa del Carmen, with an approximate extension of 240 hectares. Mayakoba has four hotels operated by several of the most prestigious international hotel chains and all in the 5-star ultra-luxury category: the Fairmont (401 rooms), Rosewood (128 rooms), Banyan Tree (132 rooms) and Andaz (213 rooms). The Mayakoba Resort also boasts an exceptional golf course, El Camaleón, designed by Greg Norman and, up to 2017, the only course to host an official tournament on the famed PGA tour outside of the U.S. and Canada, having celebrated its tenth anniversary in 2016.

Recently, the Developments division has been detecting a very significant interest in a number of the assets of the project. For this reason, the division conducted a market survey and established preliminary contacts with a range of investors in the area of luxury hotel investment, all with an excellent reputation and financial capacity. Following the signature of an initial agreement with the Mexican investment group, RLH Properties S.A. de C.V. ("RLH"), a binding

agreement was reached with that investment group on December 1, 2016.

The transaction consists of the purchase by RLH of a percentage stake of up to 80% of the capital of the companies owning the Rosewood Mayakoba and Fairmont Mayakoba hotels, with a minimum guaranteed investment of 51%, together with 51% of the capital of the companies owning the Banyan Tree Mayakoba and Andaz Mayakoba hotels and the El Camaleón Golf Course. The heterogeneity in the divestiture of the stakes is due to the different levels of maturity reached by the hotels, with a greater degree of divestiture in those assets that have reached a higher level of maturity.

The initial price of the transaction has been placed at a maximum of approximately 3,811 million Mexican pesos for a 51% stake in the Mayakoba hotel assets concerned in the operation. The sale of this 51% interest will deliver a minimum cash inflow for the Group estimated at 158 million euros and a capital gain of around 71 million. In addition, the sale of an 80% stake in the companies



Andaz Hotel, Mayakoba. Mexico.

Mayakoba is a high-quality and eminently sustainable resort located at a distance of 10 km from Playa del Carmen, with an approximate extension of 240 hectares

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owning the Rosewood Mayakoba and Fairmont Mayakoba hotels would mean an estimated cash inflow of an additional 60 million euros.

The conclusion of the transaction is subject to the finalisation of a number

of the usual conditions to be met in transactions of this kind, including Federal Competition Commission approval. The conclusion of the transaction is expected to take place during the first quarter of 2017.

Completion of the Andaz Mayakoba Hotel Opening December 13, 2016

This fourth and last hotel of the Mayakoba Project features the lifestyle offer, with 213 rooms, and is an asset with high additional quality

and complementary to the other three existing hotels that offer different categories within the high-quality segment.



El Camaleón golf course, in Mayakoba. México.

Celebration of the Tenth Anniversary of the OHL Classic at Mayakoba

In 2016, Mayakoba has again had the privilege of hosting another edition of the OHL Classic at Mayakoba. This year's tournament has been especially significant since it marked the tenth anniversary of this successful event on the PGA Tour.

Progress in the Ciudad Mayakoba projects

During 2016, Ciudad Mayakoba has undergone a process of consolidation in the Playa del Carmen real estate market, with respect to all of its projects:

- **Senderos de Mayakoba.** This project, the first in Ciudad Mayakoba, has continued progressing at an excellent pace in terms of sales and development, with 80% of the total inventory sold in a matter of only 2 years.
- **Lagunas de Ciudad Mayakoba.** In this project, at the close of accounts for 2016, approximately 70% of the total inventory of the initial phase had been sold, just one year after having been launched on the market.

- **Jardines de Ciudad Mayakoba.** A project focused on the development of economical and affordable housing that also started its marketing activity with outstanding success in sales and development.

Recognitions and awards. In 2016, Ciudad Mayakoba was invited to participate in the Habitat III Conference organized by the U.N., an event of maximum relevance that takes place every 20 years and constitutes a meeting place and opportunity for analysis to determine urban development policies for the next 20 years.

Sustainable Ciudad Mayakoba

The **environmental management system** for the construction process of the projects underway consists of the following programs: Environmental Supervision, Integrated Vegetation Management, Integrated Wildlife Management, Integrated Waste Management, Environmental Dissemination, Environmental Monitoring, Safety and Attention to Contingencies, Social Responsibility and Cultural Program.

The main objectives of the environmental management system are as follows:

- A guarantee of care and adequate mitigation of the environmental impacts identified for the construction and operation of the project, providing it with the ecological feasibility and regulations necessary in each of its stages.
- A horizontal process of actions complementary to the system, for improvement and adaptation in the successive phases.



Plants rescued and relocated in the construction of Ciudad Mayakoba. Mexico.



The best practices included in the management system implemented in the first few months of construction have already produced the first significant outcomes:

- » Rescue of **8,950 plants** originating from the earthworks and protected in the greenhouse until their relocation in future landscaped areas. The majority of these species are cataloged as protected species, such as the Florida thatch palm (*Thrinax radiata*).
- » From the vegetation removed, **1,350 m³ of shredded waste** to be used as compost in the conservation areas.
- » **1,700 trees** rescued and **transplanted** in Mayakoba Phase I.
- » **Rescue and relocation of wildlife** actions are taken. The movements of the species are watched through hidden cameras, and notes are taken to evaluate their relocation.
- » Construction of wildlife crossings on the main roads for the free and safe movement of the species between the biological corridors.

Ciudad Mayakoba was invited as a model of the development of planned communities in tourism areas and as a reference of joint participation between business, government and UN-Habitat in the generation and management of public spaces that integrate the community.

New projects. At the end of 2016, the necessary agreements were reached for being able to launch in 2017 the new project called **La Ceiba de Ciudad Mayakoba**, consisting of a

group of homes featuring an innovative design. In addition, an agreement was signed with a leading Mexican healthcare group for providing Ciudad Mayakoba with a quality healthcare infrastructure, through the opening of the Puerta de Hierro Hospital.

Finally, the commencement of school activities has been arranged with the organizations Learning One to One and Enseña por México starting in the summer of 2018.

Progress in the Canalejas project. Entry of a partner as a financial investor

During the 2016 financial year, the development of Centro Canalejas Madrid continued to progress towards attainment of its target of opening the complex to the public at the beginning of 2019.

With respect to the progress in town-planning approvals, important steps have been taken that include the obtaining of both the Structural Design Permit (Permit 2 A) as well as the Building Permit (Phase 2 B). Also, in the context of the performance of the construction work, very satisfactory progress has been made, with a stage-of-completion of close to 30%, while the structure of the building is already 90% completed.

And as a consequence of the many and repeated expressions of interest

received from potential investors in taking a stake in the company's capital, a decision was reached in the second half of 2016 to open a formal process for the sale of a stake in the special purpose entity of the project (CCM S.L.).

The process finalized in early 2017, with the entry of Mohari Limited into the capital of Centro Canalejas Madrid S.L. Mohari Ltd. is a company 100%-owned by Mark Scheinberg, a leading international investor who at the present time is centering his investments mainly in the high-quality real estate and hotel sector worldwide and who expects, as a result of this transaction, to develop a strategic relationship with his new OHL Desarrollos partners.

Centro Canalejas Madrid project is continuing at a steady pace. The structure has already reached its maximum height

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Centro Canalejas Madrid. Spain.

Progress in the Old War Office project

The 2016 financial year has been a key year for the Old War Office project in London in terms of its strategic consolidation. It is considered to have been the first year of the development of the project and, in this year, major strategic milestones have been reached.

In the first place, during the first quarter of the 2016 financial year, both the agreement with the banking institutions for the financing of the purchase of the building as well as the conclusion of the purchase of the lease for 250 years (the London model for long-term rentals or *leasehold*, equivalent to the purchase of property) materialized, in addition to the subsequent official handover of the property by the Ministry of Defense (Completion and Handover).

Three other important milestones were reached in the last quarter of the year: delivery of the Basic Design and the application for approvals from the relevant government authorities (October 2016); commencement of the search for a bank consortium for concluding the financing of the development of the Project and the start of construction work (Soft Demolition & Asbestos Removal).

A final highlight in 2016 was the competitive process held for the selection of the hotel operator, in which significant interest was shown by the leading international operators in the high-quality hotel segment.



Old War Office Project in London. United Kingdom.

03.

Capital Management

- Financial
 - Industrial
 - Intellectual
 - Human
 - Social and Relational
 - Natural
-



Light rail in the metropolitan area of
Guadalajara, Mexico.





Armor of Cubipods in the Port of A Coruña. Spain.

03. Capital Management

FINANCIAL CAPITAL



Highlights of the Consolidated Income Statement referring to the 2016 financial year are set out below:

- Net turnover was adversely affected to the extent of 154.8 million euros as the result of the recognition of losses in the legacy projects and of 117.0 million euros due to the negative trend in exchange rates.
- The adverse impact on the Gross operating profit in the amount of 520.2 million euros (476.2 million euros due to the legacy projects and 44.0 million euros in the Industrial division).
- The adverse impact on the Gross operating profit in the amount of 103.4 million euros due to the negative trend in exchange rates.
- The extraordinary recognition of losses totaling 149.4 million euros in the construction of the Centre Hospitalier de L'Université de Montreal (CHUM).
- The positive result from Impairment and disposal of financial instruments stemming from asset rotation, mainly due to the sale of an 11.425% stake in Abertis Infraestructuras, S.A. and of a 28.0% interest in Metro Ligero Oeste, S.A.

Considering the foregoing, the normalized Income Statement for the 2016 financial year presents:

- i. A Gross operating profit of 20.5% on Sales.
- ii. A Financial result of -97.8 million euros that includes the positive outcome under the Impairment and disposal of financial instruments heading, stemming

from asset rotation, due mainly to the sale of an 11.425% stake in Abertis Infraestructuras, S.A. and of a 28.0% interest in Metro Ligero Oeste, S.A.

- iii. The consolidated profit for the year would total 476.8 million euros, that is, 11.5% on Sales, placing the result attributed to the parent company at 247.5 million euros, or 6.0% on Sales.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Millions of Euros

	2015	2016	Var, (%) 16/15	Projects revision	Fx effect	Normalized 2016	Var, (%) 16N/15
Turnover	4,368.9	3,862.6	-11.6%	154.8	117.0	4,134.4	-5.4%
Other operating revenues	849.4	776.2	-8.6%	0.0	93.4	869.6	2.4%
Total Operating Revenues	5,218.3	4,638.8	-11.1%	154.8	210.4	5,004.0	-4.1%
% o/ Sales	119.4%	120.1%		4.0%	4.8%	121.0%	
Operating expenses	-3,359.9	-3,488.6	3.8%	365.4	-100.5	-3,223.7	-4.1%
Personnel expenses	-891.4	-927.3	4.0%	-	-6.5	-933.8	4.8%
EBITDA	967.0	222.9	-76.9%	520.2	103.4	846.5	-12.5%
% o/ Sales	22.1%	5.8%		13.5%	2.4%	20.5%	
Amortization	-165.8	-137.5	-17.1%	-	-1.3	-138.8	-16.3%
Changes in provisions	-116.4	-63.5	-45.4%	-	-	-63.5	-45.4%
EBIT	684.8	21.9	-96.8%	520.2	102.1	644.2	-5.9%
% o/ Sales	15.7%	0.6%		13.5%	2.3%	15.6%	
Financial revenues	46.1	55.5	20.4%	-	-32.8	22.7	-50.8%
Financial expenses	-494.9	-462.3	-6.6%	-	-	-462.3	-6.6%
Change in the fair value of financial instruments	-14.1	-24.2	71.6%	-	-	-24.2	71.6%
Exchange differences	0.6	1.7	183.3%	-	-	1.7	183.3%
Deterioration and result from disposals of financial instruments	-15.4	364.3	n.a.	-	-	364.3	-2,465.6%
Financial profit / (loss)	-477.7	-65.0	-86.4%	0.0	-32.8	-97.8	-79.5%
Equity accounted entities	226.9	-35.2	-115.5%	149.4	2.7	116.9	-48.5%
Profit / (loss) on continuing activities before taxes	434.0	-78.3	-118.0%	669.6	72.0	663.3	52.8%
% o/ Sales	9.9%	-2.0%		17.3%	1.6%	16.0%	
Corporate tax	-175.4	-157.0	-10.5%	-	-29.5	-186.5	6.3%
Profit / (loss) on continuing activities in the year	258.6	-235.3	-191.0%	669.6	42.5	476.8	84.4%
% o/ Sales	5.9%	-6.1%		17.3%	1.0%	11.5%	
Result after taxes on discontinued operations	0.0	0.0	n.a.	-	-	0.0	n.a.
Profit / (loss) for the year	258.6	-235.3	-191.0%	669.6	42.5	476.8	1,475.5%
% o/ Sales	5.9%	-6.1%		17.3%	1.0%	11.5%	
Minority interests	-203.0	-197.0	-3.0%	-	-32.3	-229.3	13.0%
Result attributed to the parent company	55.6	-432.3	-877.5%	669.6	10.2	247.5	345.1%
% o/ Sales	1.3%	-11.2%		17.3%	0.2%	6.0%	

CONSOLIDATED BALANCE SHEET

Millions of Euros

	12/31/2016	12/31/2015	Var. (%)
Non-current assets	8,589.0	10,233.6	-16.1%
Intangible fixed assets	287.0	316.3	-9.3%
Tangible fixed assets in concessions	6,439.6	6,515.6	-1.2%
Tangible fixed assets	257.0	636.0	-59.6%
Real estate investments	66.8	61.9	7.9%
Equity-accounted investments	513.6	1,668.2	-69.2%
Non-current financial assets	402.9	411.5	-2.1%
Deferred-tax assets	622.1	624.1	-0.3%
Current assets	4,331.3	5,055.3	-14.3%
Non-current assets held for sale	492.0	833.3	-41.0%
Stocks	211.9	270.4	-21.6%
Trade debtors and other accounts receivable	2,103.2	2,462.3	-14.6%
Other current financial assets	663.5	334.6	98.3%
Other current assets	42.8	56.8	-24.6%
Cash and cash equivalents	817.9	1,097.9	-25.5%
Total assets	12,920.3	15,288.9	-15.5%
Net shareholders' equity	4,042.9	4,811.7	-16.0%
Shareholder's equity	3,027.9	3,494.0	-13.3%
Capital	179.3	179.3	0.0%
Issue premium	1,265.3	1,265.3	0.0%
Reserves	2,015.6	1,993.8	1.1%
Result for the year attributed to the parent company	-432.3	55.6	-877.5%
Valuation adjustments	-588.2	-447.0	31.6%
Parent company shareholders' equity	2,439.7	3,047.0	-19.9%
Minority interests	1,603.2	1,764.7	-9.2%
Non-current liabilities	5,453.9	6,583.5	-17.2%
Subsidies	2.1	52.7	-96.0%
Non-current provisions	199.4	168.8	18.1%
Non-current financial debt (*)	3,777.1	4,723.2	-20.0%
Other non-current financial liabilities	53.0	88.6	-40.2%
Deferred-tax liabilities	1,246.3	1,211.4	2.9%
Other non-current liabilities	176.0	338.8	-48.1%
Current liabilities	3,423.5	3,893.7	-12.1%
Non-current liabilities held for sale	220.0	567.2	-61.2%
Current provisions	298.2	289.3	3.1%
Current financial debt (*)	615.2	716.3	-14.1%
Other current financial liabilities	7.1	44.9	-84.2%
Trade creditors and other accounts payable	1,915.4	1,921.4	-0.3%
Other current liabilities	367.6	354.6	3.7%
Total liabilities and net shareholders' equity	12,920.3	15,288.9	-15.5%

* Includes Bank debt + Bonds

The main headings on the Consolidated Balance Sheet are:

Fixed assets in concession projects: this heading takes in all of the Group's concession assets, both those under the intangible asset model as well as those under the financial asset model.

The balance at December 31, 2016 totaled 6,439.6 million euros, accounting for 49.8% of the Total Assets.

Of the total balance, 5,115.0 million euros refer to the Mexican concession companies under the financial asset model, that is, 79.4% of the total.

Likewise, 48.4% of the financial assets, or 3,114.8 million euros, are made up by the amount entered as Guaranteed Returns.

Parent Company shareholders' equity: at December 31, 2016 totalled 2,439.7 million euros, representing 18.9% of the total assets and decreasing by 607.3 million euros with respect to the figure at December 31, 2015, due to the net effect of:

- The attributable loss for the 2016 financial year in the amount of -432.3 million euros.
- A decrease of 13.7 million euros due to the dividend paid in July 2016.

- A decrease in reserves in the amount of 272.5 million euros, brought about by the conversion of financial statements in foreign currency, principally those of the Mexican companies.
- An increase in reserves in the amount of 131.4 million euros as a result of the impact of the valuation of financial instruments, taken to the Income Statement.
- A decrease of 42.1 million euros in bought-back shares. At December 31, 2016, the treasury stock was made up by 11,961,801 shares, worth 46.1 million euros.
- An increase of 21.9 million euros from other changes in reserves, arising mainly from changes in the scope of consolidation.

Banks and bond issues: the comparison of the borrowings at December 31, 2016 with those at December 31, 2015 is as follows:

- The gross recourse borrowings at December 31, 2016 totalled 1,519.9 million euros.
- The situation of the net recourse debt during 2016 is shown below.

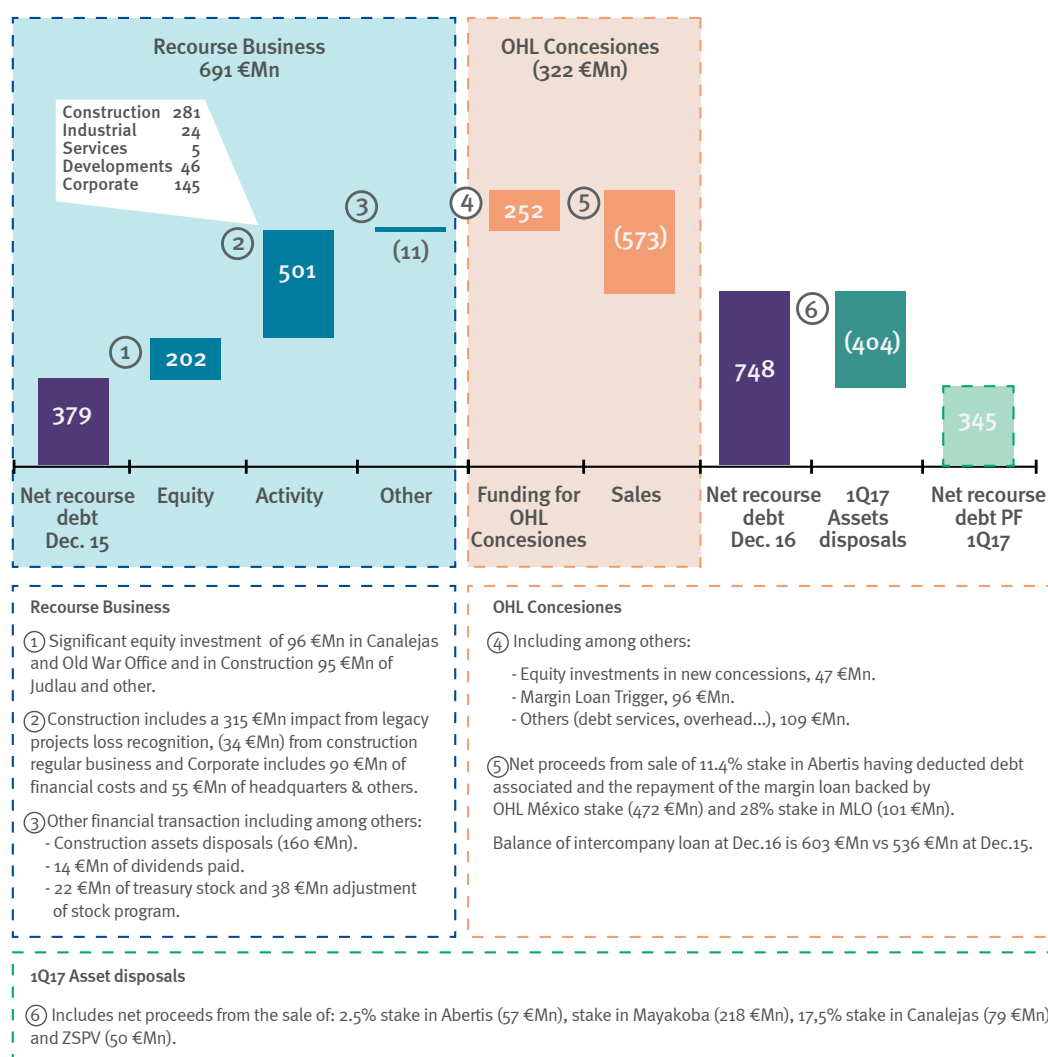
OHL Group Debt. 2016/2015

	Millions of Euros				
	12/31/2016	%	12/31/2015	%	Var. (%)
Gross debt (1)					
Recourse debt	1,519.9	34.6%	1,238.3	22.8%	22.7%
Non-recourse debt	2,872.4	65.4%	4,201.2	77.2%	-31.6%
Total	4,392.3		5,439.5		-19.3%
Net debt (2)					
Recourse net debt	748.4	25.7%	379.4	9.5%	97.3%
Non-recourse net debt	2,162.5	74.3%	3,627.6	90.5%	-40.4%
Total	2,910.9		4,007.0		-27.4%

(1) The gross borrowings group together the non-current and current debt items, which include both bank debt and bonds.

(2) The net borrowings are comprised by the gross borrowings minus other financial assets and cash and cash equivalents.

Recourse net debt performance in 2016



59% of the gross recourse debt matures between 2020-2023, in respect of the bonds issued, that is, 14% in 2019 and the rest, consisting of renewable credit lines and others, in 2017.

The following table shows the recourse liquidity at December 31, 2016 and at December 31, 2015:

Recourse liquidity

	Millions of Euros	
	12/31/2016	12/31/2015
Bonds	894.5	979.3
Euro Commercial Paper	9.4	180.5
Syndicated Facility	250.0	250.0
Credit lines and others	491.5	887.9
Availability with recourse	1,645.4	2,297.7
Gross recourse debt	1,519.9	1,238.3
Financing with Recourse available	125.5	1,059.4
Cash and IFT	771.5	858.9
Recourse liquidity available	897.0	1,918.3

The Group's recourse availability totals 1,645.4 million euros.

The Group's recourse liquidity, measured as the cash and cash equivalents plus the available recourse financing, totals 897.0 million euros.

With respect to the total gross borrowings, 86.0% is long-term, while the remaining 14.0% is short-term.

The gross non-recourse debt totalled 2,872.4 million euros, that is, 65.4% of the total gross borrowings, decreasing by 1,328.8 million euros, due mainly to:

- The sooner repayment of a loan backed by Abertis Infraestructuras, S.A. shares in the amount of 874.9 million euros, on the occasion of the divestitures made.
- The sooner repayment of a loan backed by OHL México shares in the amount of 169.5 million euros.
- A decrease due to the transfer to non-current liabilities held for sale of the debt of the hotel companies and of the golf course in Mayakoba (Mexico) in the amount of 139.7 million euros.
- A decrease in the amount of 233.3 million euros stemming from the 15.1% devaluation of the closing exchange rate of the Mexican peso against the euro.
- A net increase of 88.6 million euros in other loans.

SHARE PRICE PERFORMANCE

The share capital at December 31, 2016 totalled 179,255,398.80 euros, represented by 298,758,998 ordinary shares with a face value of 0.60 euros each, all belonging to a single class and series, listed at 3.30 euros and with a P/E ratio of -2.3 on the attributable net profit for 2016.

During 2016, a total of 850,290,271 shares (284.6% of the total tradable shares) were traded on stock exchanges, with a daily average of 3,308,522 securities and a share price depreciation of -37.5% in the year.

At the end of the year, OHL held a total of 11,961,801 shares, equivalent to 4.004% of the company's current capital. This figure includes the purchase of 3,453,908 shares from the stock option plan for executives of the company, which finalised on March 21, 2016.

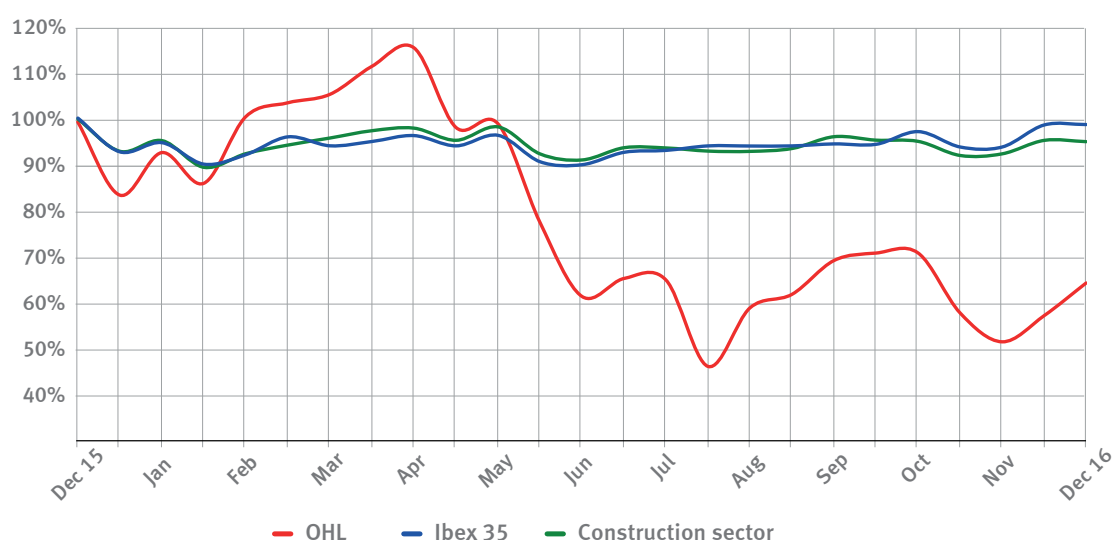
This stock option plan has been cancelled without any income for any of the executives involved, due to the negative performance of the share.

**The recourse availability
of the OHL Group totals
1,645.4 million euros and
its recourse liquidity,
897.0 million euros**
.....

OHL share price in 2016

OHL	2016
Closing price	3.30
OHL YtD performance	-37.5%
Number of shares	298,758,998
Market capitalization (Euro Mn)	984.4
Ibex 35 YtD performance	-2.0%
Construction Index YtD performance	-7.9%

OHL share price performance in 2016



Most significant details of the bonds issued by OHL and OHL Investments, S.A., a subsidiary of OHL Concesiones:

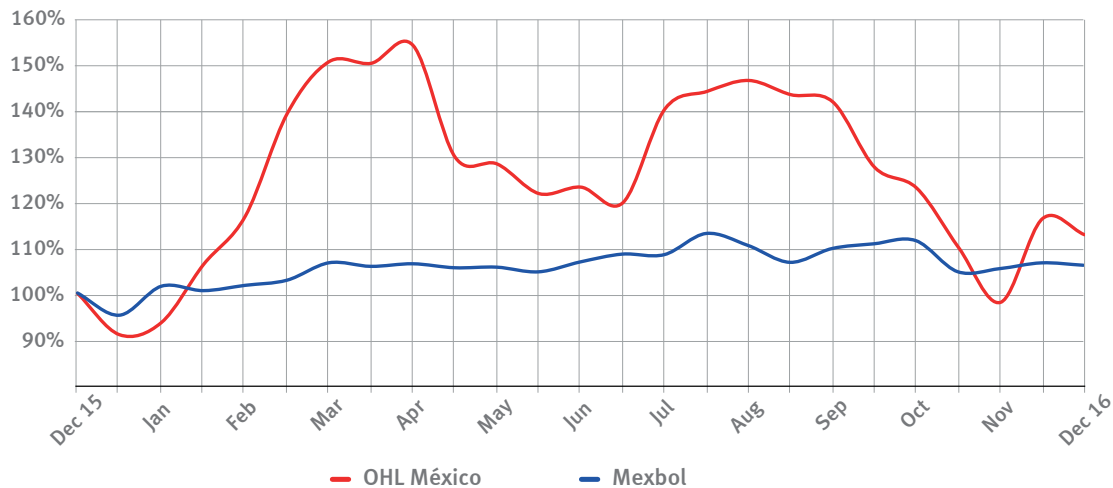
Bonds issued by OHL and OHL Investments

	Maturity	Coupon	Amount	Price	YtM
OHL S.A.	March 2020	7.625%	187.1	89.650%	11.582%
OHL S.A.	March 2022	4.750%	394.5	73.188%	11.793%
OHL S.A.	March 2023	5.500%	312.9	73.083%	11.729%
OHL Investment	March 2018	4.000%	400.0	92.470%	10.291%

OHL México, S.A.B. de C.V., a subsidiary of the Concessions division of the Group, is listed in Mexico.

Its evolution during 2016 on the Mexican Stock Exchange is reflected on the following chart:

OHL México share price performance in 2016



OHL is listed on the Electronic Market of the Madrid Stock Exchange.

During 2016, 850,290,271 shares were traded on the stock exchange, representing 284.6% of the total tradable shares, with a daily average of 3,308,522 securities

The OHL Group has belonged to the FTSE4Good Ibex sustainability index continuously since its launch in 2008. Its presence on this index ranks the company as a committed security and of particular interest to those investors who combine their profitability targets with their concern for ethical, social, environmental and good governance issues in business management.





INDUSTRIAL CAPITAL

DIGITAL TRANSFORMATION

The OHL Group is aware that both society as well as businesses are immersed in a transcendental technological revolution, specifically, in a digital revolution. In the foreseeable change that digitalization is destined to bring about, the Engineering & Construction sector will encounter excellent opportunities for improvement and will be able to substantially increase its quality and efficiency.

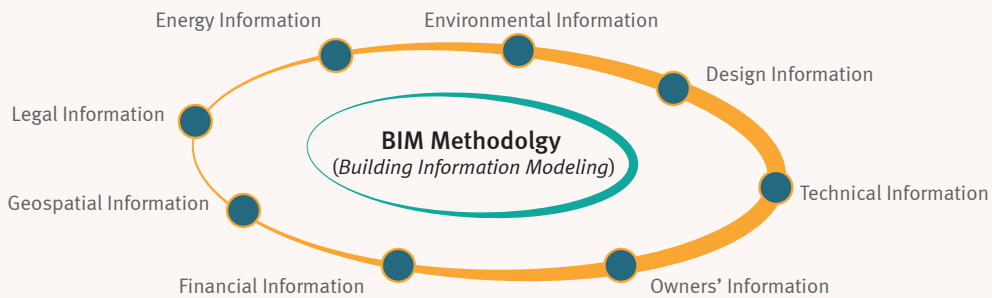
For this reason, the Group is undertaking a process of transformation with the goal of becoming a cutting-edge company in its sector in terms of digitalization. Accordingly, the Group has launched its Systems Master Plan 2016-2020 designed to promote the digitalization of the value chain of each of its areas of activity. In this context, the Group is organizing its efforts along four main lines of work.

Implementation of BIM as the axis of digital transformation

The OHL Group considers that BIM (Building Information Modeling) is the paradigm for developing the

digitalization of the construction sector.

Thanks to **BIM methodology** and to the **integration of Facility Management systems**, we can achieve the integrated monitoring of a project by means of a 4D model, from its start in the **construction process**, through to its delivery to the Owner for **operation and maintenance**.



Information exploitation with Big Data and Data Analytics

The main project in this sphere revolves around the implementation of a platform for the integration of data from multiple sources originating from the entire value chain of the Group, which will enable an analysis of the information on all of the projects and operations of the Group's divisions in all of its geographical areas and the decision-making in real time.

The sources of information include both internal sources, that is, the Group's own information systems, as

The OHL Group applies the most advanced technologies for improving its value chain

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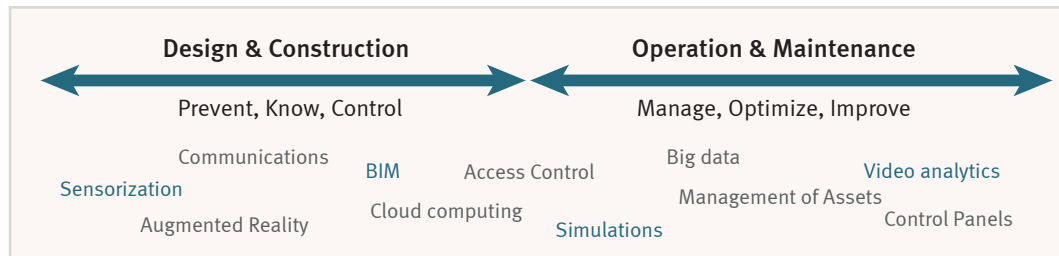
well as external, such as the information originating from third parties, with particular attention to the information generated in the social networks in relation to the company's projects.

Likewise, the platform will make it possible to consult and extrapolate the results of the operations performed in

the past for their use in future projects and also for analyzing client satisfaction with the projects performed, the management of the infrastructures under concession and the services provided.

The platform will therefore serve for enhancing OHL's competitiveness and its capacity for offering greater added value to its clients.

Advanced technologies improve the value chain



Intelligent management systems for concession infrastructures

Intelligent systems have been developed in the area of concessions that cover the entire value chain of their operations, ranging from the dynamic management of tolls through to the characterization in real time of traffic, making it possible to prevent congestion and even to project pavement maintenance and replacement.

A significant aspect to be noted in this context is that the operations are supported on their own geo-referencing systems with 360° images that enable the optimization of maintenance tasks.



Investment Control. Operation & Maintenance. Collection Management.

The Monitoring of Unique Structures (MES) stands out in the context of the Group's digital transformation process in the scope of the Internet of Things (IoT)

Integration of the infrastructures and municipal services with the "Smart Cities"

The Group's plan is based on connecting its management platforms to the "Smart Cities", in such a way that its own operations will be synchronized with the demands of the cities it services.

Monitoring of Unique Structures (MES)

The Monitoring of Unique Structures (MES) is significant as a complement to these lines of work and as a part of the Group's digital transformation, in the scope of the Internet of Things (IoT). OHL has a high-precision automated system that enables the control and monitoring in real time of eventual movements that could occur

during the construction or the operation of “Unique Structures” such as landmark buildings (Torre Espacio), tunnels (the tunnel on the M-111), dams, bridges or heritage structures (Centro Canalejas).

Through the application of advanced simulation systems in its projects, OHL is capable of predicting the

impact of certain infrastructures, for example, how a project can alter the transit of vehicles and/or people in its immediate surroundings.

This solution makes it possible to assess the impact of operations in urban areas on the local citizens, thereby enabling the proposal of solutions to mitigate such impacts.



Américo Vespucio toll road. Chile.



QUALITY MANAGEMENT AND CLIENT CARE SERVICE

- Since its creation, the Group has been applying the principle of continuous improvement in its products and services with the aim of generating competitive advantages and of providing a quick response to the challenges of the markets in an environment of accelerated change.
- OHL manages quality process by process, treats the associated risks and works through an integrated management system.
- The reference used by the Group for its quality management consists of the principal international standards demanded by its clients in each sector, such as the ISO 9001, EC marking, Cristal and AAA. Moreover, it has obtained external certification in those markets where this is recognized as an added value.

All of the Group's employees and collaborators accept the commitment to quality in their work through OHL's Code of Ethics and Policies. OHL, in turn, provides the training, the resources and the technology necessary for offering the best service.

Dialog and client and user care service are maintained on an ongoing basis in the form of meetings, handling of claims and satisfaction surveys. Other stakeholders, such as government agencies, analysts and investment groups are attended to by using a variety of channels of communication through the Internet, including specific e-mail addresses.

All of the claims received from clients and users are processed by means of the same channel through which they were received, and the necessary traceability is maintained.

The duration of the process and the measures for providing a solution depend on the type of claim, although the Group maintains a commitment to continuous information on the degree of progress of the claims lodged.

Also, the assessment of satisfaction is carried out by means of a range of resources: interviews, questionnaires,

market analyses, extension of contracts and services and new awards.

All of the business areas have procedures adapted to their particular activity for the necessary client and user care service, which enable them to meet their obligations and to improve the services contracted.

CSR Strategic Plan: Strategic Lines in Quality 2016-2020

- Treatment of non-quality, as a control and efficiency improvement tool.
- Management of claims, as a degree-of-compliance indicator.
- Client satisfaction, as an indicator of market trends.

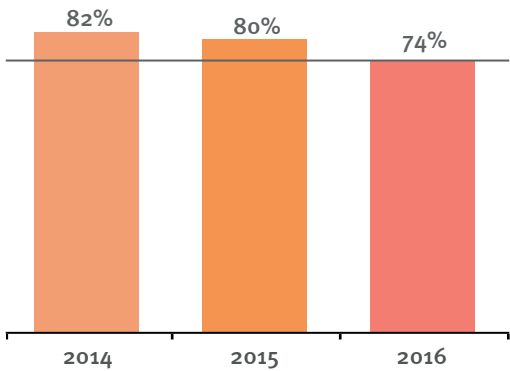
2016 OUTCOMES

- The OHL Group manages its quality in all of the countries where it operates and holds certificates from 10 external entities of recognized standing, including: SGS, TUV Rheinland, BV, LRQA, BSI, Stavcert, Acert, Certicom, AAA and E-Cristal.
- **Monitoring and control activities: 97% of sales.**
- **74% of sales certified.** The remainder of the business activity refers to markets where certification is not demanded by clients.
- Close to **1,500 quality audit days**, 14% of which were carried out by certifying agencies and clients and where no serious noncompliance was detected. Moreover, the increase in internal audits in Mexico is significant, more than 950 with respect to 2015, for the purpose of improving the control of the application of the quality management system.
- The **staff equivalent** with quality duties declined 16%, linked to the decline in activity.
- Average rating on the **client satisfaction index**; 8.4 out of 10. The country with the best score was Colombia (9.3), followed by Mexico and Peru (9.0). 94.5% of the end-users considered themselves as satisfied and 92.1% would recommend working with the OHL Group.
- The **number of claims** handled totaled slightly over 11,000* (2.9 claims per million euros of sales). 92% were settled within the established time limit. The average period of time for resolving complaints was 11 days.

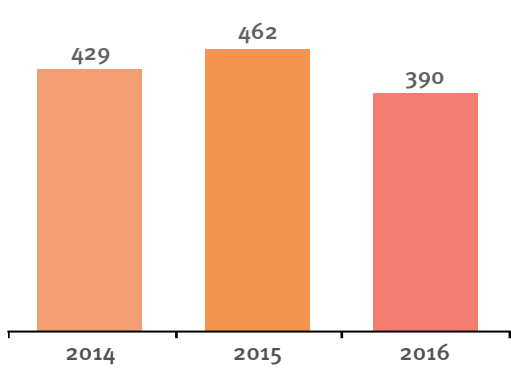
* Figures from Concessions in Mexico and from Services in Spain are not available, due to the revision of the methodology used.

Main quality management indicators

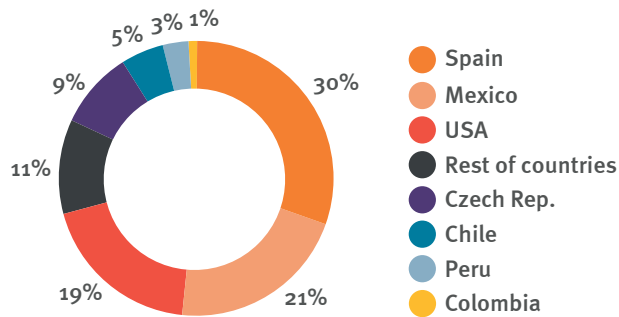
Volume of Business with quality certification. OHL Group (%)



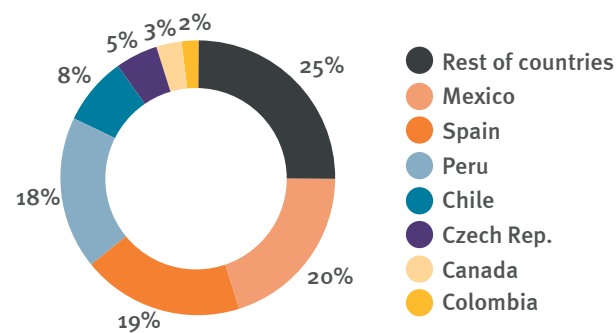
Staff equivalent with duties in quality management. OHL Group



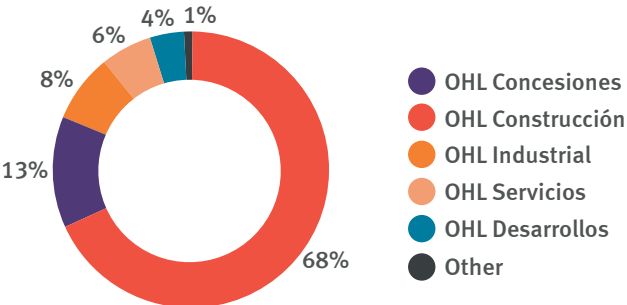
Volume of quality-certified sales 2016. Countries. OHL Group (%)



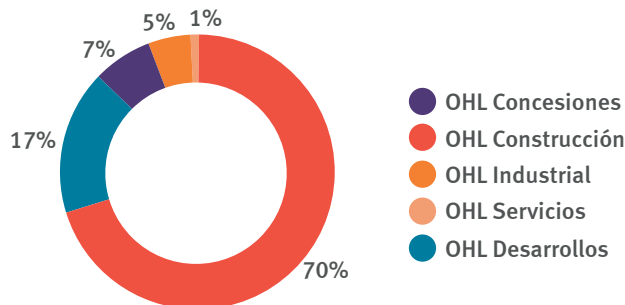
Staff equivalent with duties in quality management 2016. Countries. OHL Group (%)



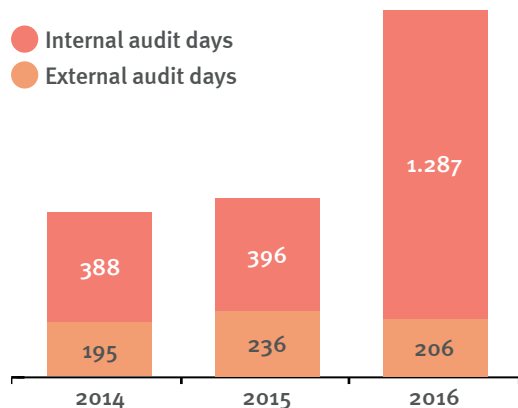
Volume of quality-certified sales 2016. Divisions. OHL Group (%)



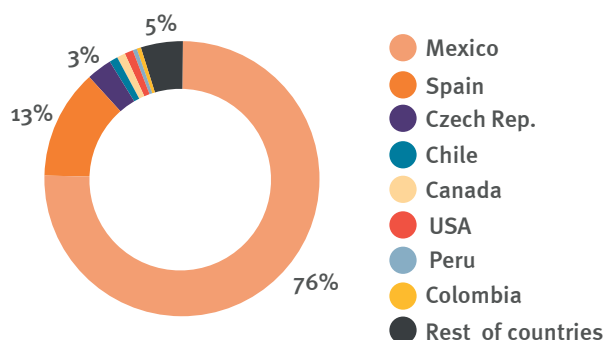
Staff equivalent with duties in quality management 2016. Divisions. OHL Group (%)



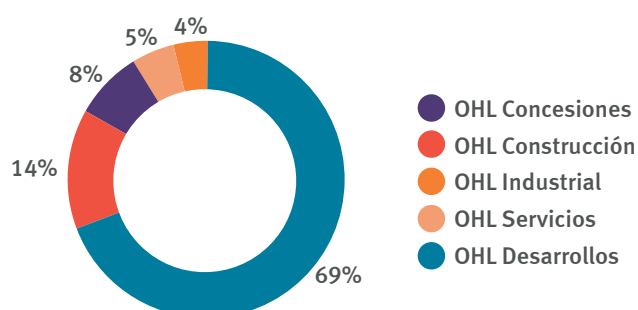
Quality audit. OHL Group



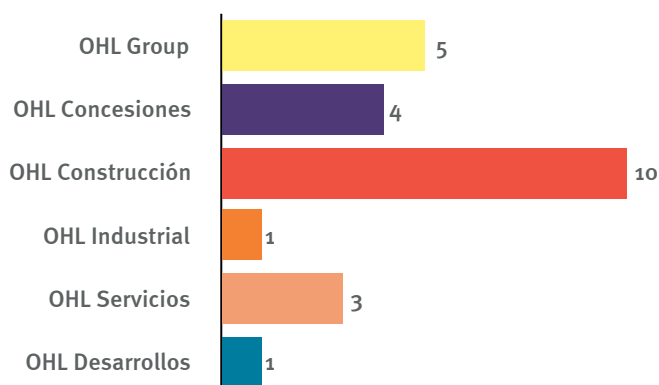
Quality audit in 2016. Countries. OHL Group (%)



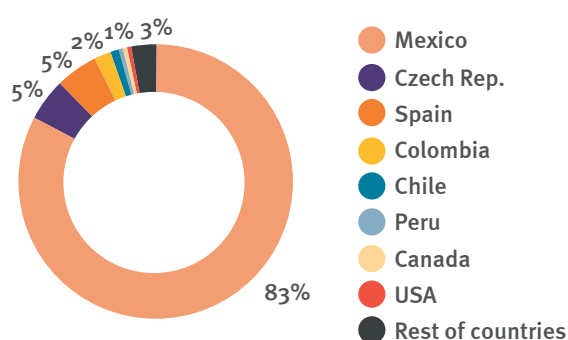
Quality audit in 2016. Divisions. OHL Group (%)



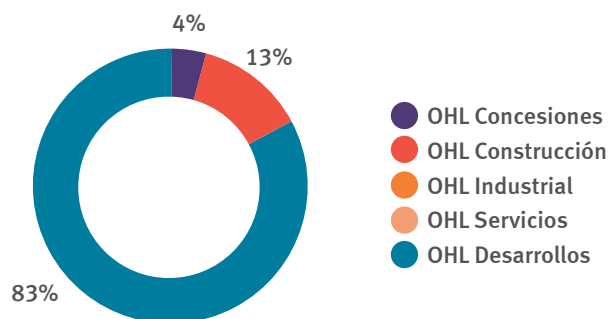
Average claim response time in 2016. Divisions. OHL Group (Days)



Claims 2016*. Countries. OHL Group (%)

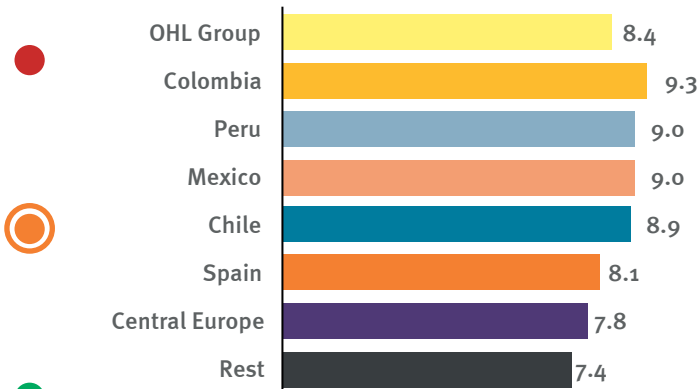


Claims 2016*. Divisions. OHL Group (%)



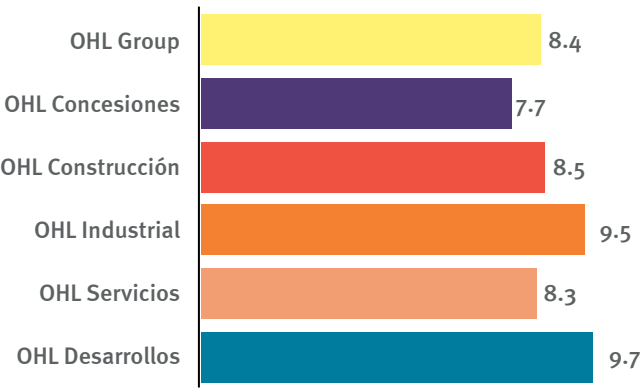
*Figures from Concessions in Mexico and from Services in Spain not available.

● Level of client and user satisfaction 2016. Countries. OHL Group (Out of 10)



* USA and Canada not available.

● Level of client and user satisfaction 2016. Divisions. OHL Group (Out of 10)



SUPPLY CHAIN

Key procurement indicators of the OHL Group

	Purchases from suppliers/subcontractors made in 2016					
	Total number suppliers/ subcontractors contracted in the year	% of Group Total	Total volume of expenditure on purchases from suppliers/ subcontractores made in the year*	% of Group Total	Total volume of expenditure on purchases from local suppliers/ subcontractores (in the country)*	% Volume of local procurement
Construction	15,052	67.0%	2,668.2	81.2%	2,261.6	84.8%
Concessions	2,642	11.8%	201.9	6.1%	158.4	78.5%
Industrial	1,262	5.6%	306.1	9.3%	218.6	71.4%
Developments	1,603	7.1%	34.6	1.1%	30.2	87.4%
Services	1,897	8.4%	24.9	0.8%	21.4	86.3%
General Services	239	1.1%	48.6	1.5%	48.6	100.0%
Total	22,695	100%	3,284.3	100%	2,738.8	83.4%

* Millions of Euros.

Supply Chain Management

The Code of Ethics, the Anticorruption Policy, the Responsible Procurement Policy (and its Responsible Procurement Manual) and the Procurement Standard regulate the management of the supply chain of the OHL Group.

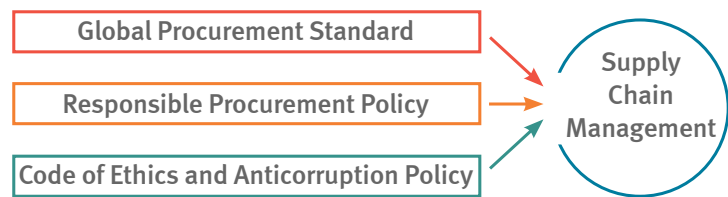
The divisions and corporative areas of OHL manage their purchasing autonomously by applying the requirements established in the

Procurement Standard approved in 2015, which establishes the principles and standards to be met by the management and provision of services on the global level.

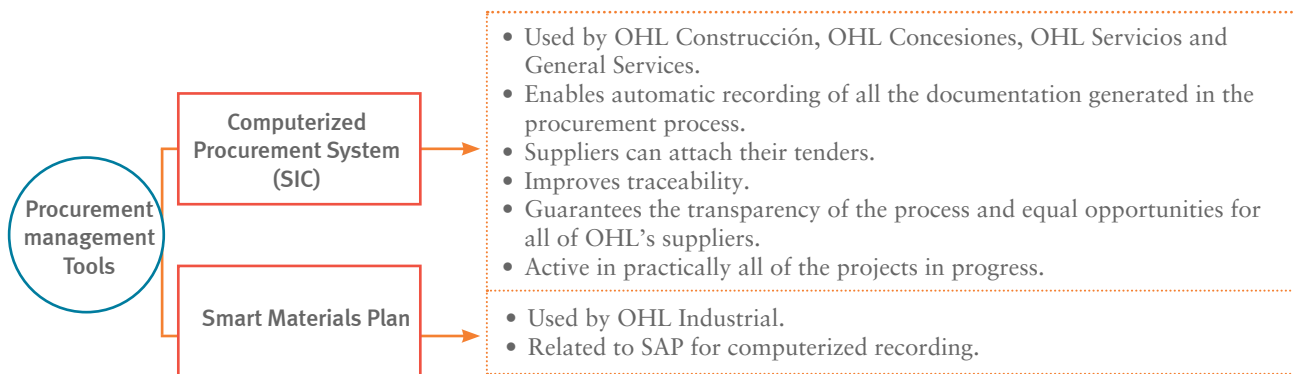
The Procurement Standard has been transposed for each of the divisions that have so requested, to adapt and complete it according to their management particularities and types of purchases.

The Code of Ethics, the Anticorruption Policy, the Responsible Procurement Policy and its manual with the Procurement Standard regulate the OHL Group's supply chain management

.....



Procurement Management Tools



The Group uses computer tools for enhancing control and optimizing processes. The Computerized Procurement System (SIC), developed in-house initially for Construction, has been extended to other procurement centers. In the second half of 2016, the adaptation of the system was completed for Concessions, Services and General Services.

Both in Concessions and General Services, the system has been fully implemented while in Concessions, it has been finalized on the central level and in Autovía de Aragón, with the objective of extending its implementation to all of the countries except for Mexico, which uses another ERP.

Industrial uses the Smart Materials Plan, related to SAP, which is the most adequate and most widely used system in its sector.

In the context of **contracts**, a clause has been included with respect to compliance with the company's Code of Ethics and to knowledge and

observance of the 10 Global Compact Principles, at all of the procurement centers and in practically all of the countries. In 2016, a more detailed clause has also been included on human rights for the contracting of security firms.

Likewise, the **type-approval requirements** to be met by suppliers now include the condition of not having been handed down a final court judgment due to noncompliance with one or more of the 10 Global Compact Principles in the last three years.

During 2016, OHL continued the tasks for implementing an online document recording tool for the process to be followed for the type-approval and classification of suppliers and subcontractors, capable of facilitating the search with global quality coverage, and of increasing transparency and traceability in the processes.

This tool, which is horizontal across all of the divisions of the Group, will make it possible to save time and



costs in the processes for the analysis and validation of documentation, will increase legal certainty and will enable the performance of remote audits for ensuring that the Group’s principles are included.

All of the risks in the supply chain are taken into consideration as part of the procurement process, through country-by-country risk matrices prepared by the category managers. In the 2016 financial year, risk matrices were prepared in Construction procurement for 58 projects in 17 countries.

Following the successful completion of the type-approval process, the suppliers considered as most critical are analyzed according to the **Third Party Due Diligence Process**. In the 2016 financial year, the process was

initiated in Construction at the end of the year. An analysis was made of 9 critical suppliers in Chile, Mexico and Colombia, with satisfactory results.

Procurement Diamond Award

The OHL Group has been selected as the winner of the “Procurement Diamond Award” in the category of Innovation, placing second in the category of Transformation in the Procurement Function, for its implementation of an innovative procurement management model.

The award was granted by the Spanish Association of Procurement, Contracting and Supply Professionals (AERCE).

(More information: [Good Governance_ Control and Risk Management_ Due Diligence Process](#)).



High Speed Line Ankara-Istanbul. Turkey.

93% of the purchases of products made by the General Services Department during 2016 were classified as environmentally friendly
.....

Other significant developments

OHL Construcción has defined the new procurement function based on the **priority category purchasing model**. This model is based on the specialization of the purchases of products and activities that involve a significant impact and the generation of synergies on the domestic and the

international levels. The implementation of the model has enabled an optimization of costs in excess of 30 million euros in 69 projects during 2016. According to figures on the second half of the year, savings of 11% on the initial cost have been calculated.

Another outstanding practice in the year was the effective consolidation of the tool called **Procurement Category Management Schedule -C4-** in Latin America and Europe. This new tool is based on an initial planning of all of

the purchases of all of the Division's projects and will enable greater visibility of the purchases and a search for synergies in the projects taken overall.

Green procurement

The 93% of the purchases of products made by the General Services Department during 2016 were classified as environmentally friendly.

Collaboration with the IDB: ConnectAmericas Program

ConnectAmericas Program "*Made in the Americas*" aims to establish a connection between major companies and local suppliers.

ConnectAmericas seeks the collaboration of local LATAM companies with major firms for the improvement of their processes and, in this way, to increase their competitiveness. This will facilitate their development and, in turn, will generate more jobs and greater economic growth in the region.

In the case of OHL, the program has enabled it to diversity its supply chain. By the end of 2016, this collaboration had commenced for projects in Chile, Peru, Colombia and Mexico.



INTELLECTUAL CAPITAL

CULTURE OF INNOVATION. R&D&I

The OHL Group is very much aware of the importance of research, development and innovation for value creation in the long term and incorporates this dimension into all of its business activities. R&D&I is one

of the planks of its strategy and is reflected in the investment effort made by the Group in this field, with close to **300 innovative projects** started-up in the 2000-2016 period.

Strategy and Management

The OHL Group centers its **innovation strategy both on technology as well as on management**, a focus that has led it to rank among the leading companies in the concession and construction sectors for its excellent performance in R&D&I.

In 2016, the Corporate Innovation & Sustainability Department prepared and approved the Group's new **Innovation Strategic Plan 2016-2020**, aligned with the Horizon 2020 strategy of the Group and applicable to the 8 home markets in which it centers its operations.

In 2016, the Group's new strategic plan for innovation was approved, applying to the 8 home markets



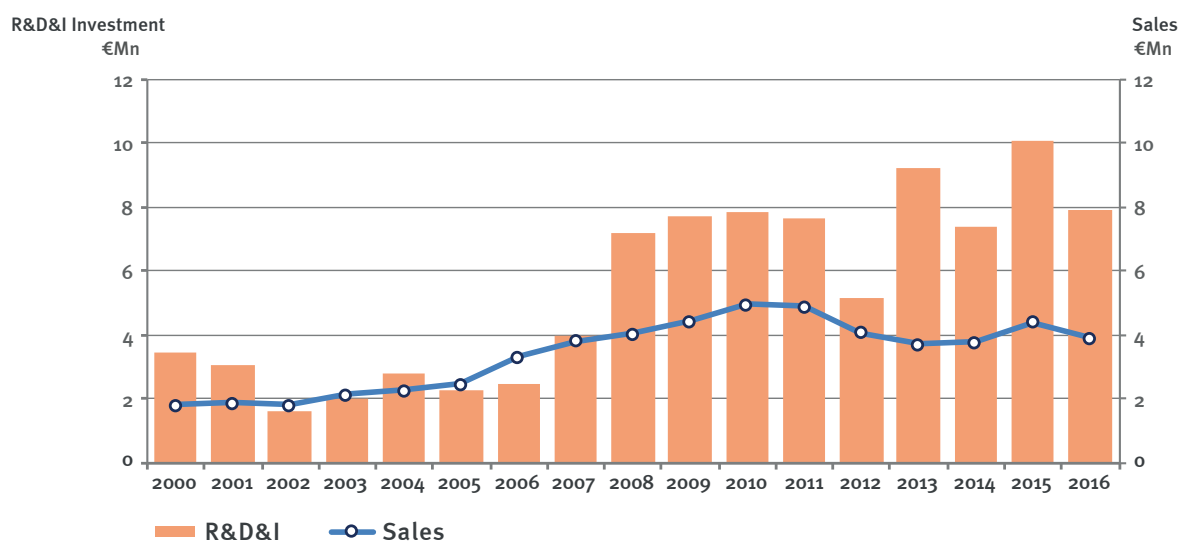
The Strategic Plan reinforces OHL's commitment to R&D&I for generating value for the business and has established the following main objectives:

- a. Support the **attainment of the targets set in the Group's Strategic Plan**.
- b. **Increase the recovery of innovation** in all of its business activities.
- c. Increase the **generation of innovative ideas**.
- d. Promote and extend the **culture of innovation** to all of the employees of the Group.
- e. **Internationalize R&D&I**.
- f. Become a **reference in innovation** within its sector at a global level.

For the attainment of these objectives, actions will be taken in 5 dimensions: **Policy, Processes, Products, People and Partners**.

In 2016, as a reinforcement of the Group's commitment to management excellence, the 6 companies certified to the **UNE 166002** standard renewed their certification: Obrascón Huarte Lain, OHL Concesiones, OHL Industrial, Asfaltos y Construcciones Elsan, Sociedad Anónima Trabajos y Obras (SATO) and Agrupación Guinovart Obras y Servicios Hispania (G&O).

Investment in R&D&i 2000-2016 in comparison to sales



Leadership of OHL in the international R&D&i ranking

OHL is one of the 1,000 European companies that invest most in R&D, according to data published in the EU Industrial R&D Investment Scoreboard 2016. The report is issued annually by the European Commission (EC) and classifies the top 2,500 companies in the world in terms of their investment in research & development, drawn from data on companies belonging to a range of sectors and headquartered in the European Union (EU), in addition to companies in the United States (USA), Japan and China, among others.

According to the EU Industrial R&D Investment Scoreboard 2016, the OHL Group is placed twelfth in the ranking of European construction companies (R&D Ranking of the Top 1000 EU Companies by Industrial Sector) and seventeenth among the Spanish companies from all sectors (R&D Ranking of the Top 1000 EU Companies). Moreover, the Group, together with another 16 Spanish firms, is included on the list of the top 2,500 companies in the world in terms of their investment in R&D.

Innovative capacity of the divisions of the OHL Group

Concessions

For the Concessions division, intelligent management of mobility, improvement in the provision of its services and the capacity of the company for innovating and anticipating market demand are considered critical factors.

The main initiatives addressed in 2016 by the division's operating areas and companies are described below:

- Launch of an innovative line of projects designed to achieve

improvements in the **management of mobility** in urban environments capable of delivering environmental benefits and enhanced safety for users.

- Finalization of the research in Spain by the bilateral Spain-Mexico project, **SMARTSIT**. The principal objective of the project, co-financed by CDTI (Spain) and Conacyt (Mexico) under the Iberoeka seal, was the development of a sensorization



Advanced toll control and management system. Free-flow gantry.

The culture of innovation is consolidated in Construction: in 2016, innovative contributions by more than 40 employees in 12 countries on four continents.

solution based on the magnetic characteristics of vehicles for optimizing the automation of the management of the traffic on highways.

- Tráfico y Transporte Sistemas (TTS), a technological subsidiary of the Concessions division, is growing and has become consolidated as an innovative company that offers state-of-the-art technological solutions in

Intelligent Transportation Systems (ITS) through new products and services, both in cutting-edge toll systems that offer an integrated solution, in addition to the most advanced collection mechanisms (Commercial and Operational BackOffice), as well as by means of the provision of an advanced Business Intelligence system for improving the management of the information of the concession business.

Construction

The principal objective of the Innovation activities carried out by the Construction division is to equip its projects with the most advanced technology, with the intention of maintaining its standing as one of the most efficient and innovative companies in the sector, of being a technical and technological reference for its clients and of generating competitive advantages. The following stand out as key aspects:

In 2016, Construction had 22 R&D&i projects in progress, collaborating with 40 universities and technological centers in Spain and in 24 European countries

- 22 R&D&i projects in progress during the 2016 financial year, with the collaboration of 40 universities and technological centers (16 in Spain and 24 foreign, belonging to 12 European countries) and more than 50 companies in 10 different countries, either as subcontractors or as partners in R&D consortiums.
- The culture of innovation continues its consolidation in the company. Accordingly, in 2016, innovative ideas have been taken up from proposals by more than 40 employees of the Division in 12 countries on the four continents with active projects.

- Three new patent applications filed in 2016, which are added to the current patent portfolio owned by the Spanish companies of OHL Construcción which, at December 31, 2016, consisted of 11 families of patents extending to a total of 32 territories, in addition to the license on an exclusive basis for the Cubipod patent of the Polytechnic

University of Valencia, also extended internationally.

- In 2016, the division's subsidiary, SATO, was empowered as the technological company for the exploitation of in-house technologies, as a new business line of the division. The first product to be marketed was the Cubipod (www.cubipod.com).

The patents are distributed in 11 families extending to a total of 32 territories, in addition to the license on an exclusive basis for the Cubipod patent
.....



During 2016, Construction has filed three new patent applications.

Industrial

R&D&i goes hand-in-hand with the business of the Industrial division. Its wager on ground-breaking technologies and the generation of innovations in products and processes has secured it a competitive position in the demanding business sectors in which it operates. The following stand out as major milestones in 2016:

- Obtaining of European assistance for the execution of the In-Power project, aimed at the development of new materials and components for improving the efficiency of solar thermal technology. The Project has the additional objective of reducing the cost of energy generation (Levelized Cost of Energy) to below 10 cents/Kwh.

- Development of an advanced fire protection system for electric actuators in petrochemical plant process valves. This is a ground-breaking design for achieving compliance with all of the technical requirements established by insurance companies (UL-1709 Hydrocarbon Pool Fire Standard), with a protection capacity under extreme fire and temperature conditions (1,150 °C/2,102 °F) of up to 45 minutes.

Industrial obtained European support for the In-Power project, whose objective is to reduce the cost of energy generation to below 10 € cents/Kwh
.....



Plates in the thermosolar plant of Arenales. Morón de la Frontera. Spain.

The implementation of a common model in the company and the promotion of the culture of innovation among its employees, basic principles of action of OHL in R&D&i over the last few years

CULTURE OF INNOVATION

The implementation of a common model for all of the areas of the company and the promotion of the **culture of innovation** among its employees stand out as basic principles of action of the OHL Group in terms of

R&D&i over the last few years. For this purpose, the Group has set in motion a number of initiatives that contribute to facilitating the generation of innovative ideas and the application of innovations in day-to-day tasks:

Creativity

- **Forum of Innovative Ideas and the OHL Award to the Most Innovative Idea** (Corporate R&D&i Service). Call for submissions and decision on the Fifth Edition.
- **The OHL Construcción LIDERA! Program.** Call for submissions and decision on the Fourth Edition.
- **The OHL Concesiones INNOVA Program.** The call for submissions for the Third Edition was made and the decision was reached in January 2017.
- **Technological Oversight and Competitive Intelligence Service** (Corporate R&D&i Service). Offers the possibility of generating technological or market reports at the request of the production lines.

Communication

- Publication of new editions of the **R&D&i Newsletter** with a fresh format and new regular sections.
- Maintenance of the **OHL Group's innovation portal** (www.ohlinnovacion.com).

OHL Group, sector reference in R&D&i: Collaboration with 28 universities and 18 research centers in 2016

KNOWLEDGE MANAGEMENT AND DISSEMINATION

The OHL Group seeks the generation of value through the global management of knowledge, the development of a culture of continuous learning and the implementation of technology capable of integrating and facilitating the transformation of data into useful information for decision-making, incorporating the best

practices and experience accumulated during its more than 100 years of history.

A very significant part of the knowledge possessed by the Group rests with its human capital, through the knowledge and experience of its employees, collaborators and the tacit interrelation among them.

Explicit knowledge assets

- **Organizational structure and management models.** The Group is re-orienting its organizational structure with a view to streamlining its processes and achieving results-oriented flexibility at the locations where its operations are performed.
- **Policies and regulations.** Revision and updating of policies, seeking simple, clear and effective regulatory frameworks that will be known and faithfully applied.
- **Processes, procedures, methods and activities.** The Group develops its processes systematically, measuring criticality with respect to the value chain for each of the divisions and their respective regions.
- **Knowledge management systems.**
 - » **Digital document management system.** Enables the coordination of workgroups independently of their location. Thanks to this space, the documentation can be stored and managed, permissions can be established and administered, the versions of the documents can be controlled and their immediate consultation facilitated.
 - » **Experiences and Learned Lessons Database,** accessible through the intranet, collects and makes information and documents on projects or construction processes available to employees, in addition to the best practices and opportunities for improvement arising from the day-to-day operations.
 - » **Process management tool.** The OHL Group is developing a process management tool that relates all of the information associated with the processes.
 - » **ERP system.** Establishes the number of resources available, their cost and allocation to the various activities of the businesses or of structure. In turn, the system serves as a support for the management of the material resources supplied for the various activities of the businesses.
 - » **CRM systems.** Systems for monitoring business opportunities, the generation of marketing plans and agendas that serve as a repository of Client knowledge.
 - » **Tecno and Mosaico magazines.** Key magazines that disseminate the most significant content

both with respect to projects completed as well as in relation to the latest news of interest to all who belong to the OHL Group.

» **Document warehouse.** The OHL Group inaugurated a new document warehouse in early 2017, with the latest technology for the receipt, storage and management of physical documentation for its effective and efficient availability.

Continuous learning is a key factor in the OHL Group’s culture of knowledge management



Processes for generating and sharing knowledge

- Processes for the improvement and optimization of the value chain. The OHL Group has embarked on a project for systematizing the analysis of Lessons Learned and incorporating the work standards for their adaptation to the realities of the business, as well as conveying the new know-how generated.
- Knowledge transfer meetings, start-up and conclusion of projects and tenders. With the start-up of each project or tender, the holding of periodic ad hoc meetings is initiated, for the purpose of transmitting the knowledge associated with the projects. On completion, a reflection is made on their performance.
- Practice Communities in the intranet. Availability of virtual spaces to enable employees to generate content for sharing with others with similar knowledge or interests.

For the OHL Group, knowledge management is inherent to its activities and is an unequivocal part of its culture



HUMAN CAPITAL

LABOR PRACTICES

The success and the evolution of the OHL Group are based on its human capital. People are its primary asset and, for this reason, it recognizes and rewards the effort of its employees, by promoting and developing talent through ongoing training.

The Group fosters a sound and healthy environment for the personal and career development of its employees, in an atmosphere of respect for diversity and equal opportunities, and each year takes

fresh initiatives for developing and managing talent, in addition to promoting competitive pay policies built around the core principle of equity.

The OHL Group team at December 31, 2016 was made up by a total of **24,251 people**, 94.9% work in the home markets of the OHL Group.

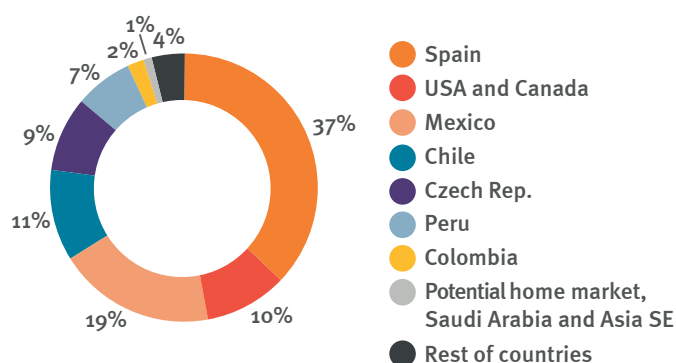
Construction, with 50.2% of the Group total, is the division with the largest workforce, followed by **Services** with 25.4%.

Trend in employment in the OHL Group

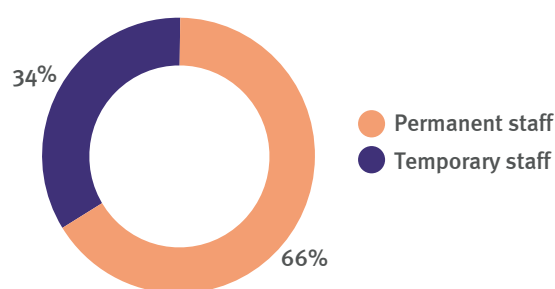
	2016	% of total	2015	% of total	Var. (%) 2016-2015
International	15,340	63.3%	16,898	65.0%	-9.2%
Spain	8,911	36.7%	9,080	35.0%	-1.9%
Total	24,251	100.0%	25,978	100.0%	-6.6%

Distribution of the employees of the OHL Group

By home market



By duration of contract



By division

	2016		2015		Var. (%) 2016-2015
OHL Concesiones	2,211	9.1%	2,307	8.9%	-4.16%
OHL Construcción	12,183	50.2%	14,189	54.6%	-14.1%
OHL Industrial	1,068	4.4%	1,318	5.1%	-19.0%
OHL Servicios	6,156	25.4%	5,992	23.1%	2.7%
OHL Desarrollos	2,337	9.6%	1,968	7.6%	18.8%
Corporate Areas + other activities	296	1.2%	204	0.8%	45.1%
Total	24,251	100.0%	25,978	100.0%	-6.6%

Trend in the induced employment directly created by the OHL Group

	Subcontracted companies		Jobs directly induced	
	2016	2015	2016	2015
Parent				
OHL	841	1,038	4,759	6,090
Consolidated subsidiaries				
OHL Concesiones	70	67	2,557	2,727
OHL Construcción	1,065	922	8,827	11,612
OHL Industrial	122	168	9,364	4,461
OHL Servicios	167	112	334	574
OHL Desarrollos	8	6	67	55
Total OHL Group	2,273	2,313	25,908	25,519

The average seniority of the employees of the OHL Group is 8 years, with an average age of 43.

Rotation rate: 4.8%.

94.1% of the Group's managerial staff outside of Spain are from the same country as the companies they manage.

Main developments in Human Resources in 2016

- Grouping into seven job categories for managing the human resources within the organization: Senior management, executives, managers, middle managers, technicians, clerical staff and operators.
- Performance of the assessments of positions and preparation of the maps showing the positions for each division.
- Definition of the second version of the Dictionary of Skills, evaluating the performance of the employees up to middle-manager level. This process will be continued in the next financial year, extending to additional job groups.
- Establishment of the Variable Pay System tied to the targets of the Group, division and individuals.
- Development of a new training model for application in 2017, based on defining the areas of knowledge in line with each business activity, for identifying the knowledge and skills of each position.
- Setting-up of the first People Committee for detecting and developing the talent within the Group.
- Implementation of a new computer tool, ZEUS, supported on "success factors" as a platform

for the unification of all of the HR processes (except for payroll). The central employee, performance management, assessment and target-setting modules commenced operation in 2016.

- Launch of the EPI program on personal protective measures for Spain.
- Provision of the first edition of the CLAVIS welcome program, where newly engaged employees are introduced to the main corporate activities.

Young Talent Program

OHL's wager on attracting talent and the development of young employees with high potential in the international area.

Promoted by Construction, the program in 2016 included 39 young graduates in engineering or business administration, distributed among a number of international projects in Turkey, Norway, Ireland, Algeria, Arabia or Vietnam and employed in production, technical or financial positions.



Young Talent members in the Ski Project. Norway.

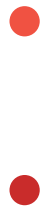
Diversity and Equal Opportunities

The OHL Group states its absolute rejection and zero tolerance of all conduct or action that would constitute any manifestation whatsoever of sexual, moral or gender-based harassment and undertakes to collaborate actively, effectively and firmly to prevent, detect, correct and penalize any and all conducts of this kind.

For this purpose, the Group has had a **Protocol for Prevention and Action in Cases of Harassment** in place since

Base salaries are tied to the job categories and are the same for all employees, regardless of their sex, nationality or any other personal characteristic.

.....



2011, and which was updated in 2016. The protocol is governed by the principles of quick response, confidentiality, transparency, objectivity, impartiality and respect for the privacy and dignity of the personnel.

On March 8, 2016, coinciding with International Women’s Day, the **Equality Plans** that are applied in Spain were renewed and updated for Construction, while Concessions and Services were also included in the course of the 2016 financial year.



Distribution of OHL employees by job category, age and sex

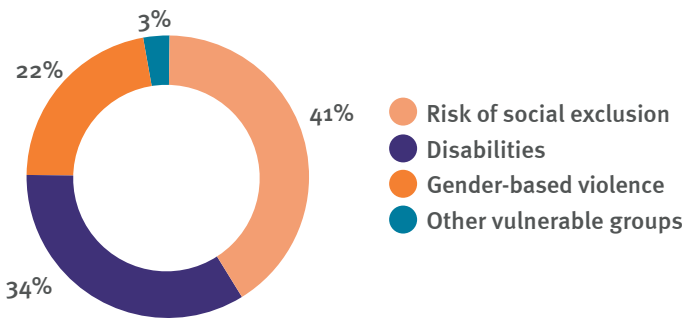
Job category	Total	Total		< 30		30-45		46-55		>56	
		M	W	M	W	M	W	M	W	M	W
Senior management	11	11	0	0	0	1	0	6	0	4	0
Executives	210	187	23	0	0	69	14	79	7	39	2
Managers	565	464	101	9	8	225	68	164	22	66	3
Middle managers	2,319	1,931	388	144	62	1,006	241	503	66	278	19
Techniciens	2,956	2,245	711	361	161	1,158	410	475	110	251	30
Clerical staff	1,916	953	963	277	247	404	457	169	185	103	74
Operators	16,274	10,611	5,663	2,428	610	4,416	1,594	2,477	1,862	1,290	1,597
OHL Group total	24,251	16,402	7,849	3,219	1,088	7,279	2,784	3,873	2,252	2,031	1,725

Labor Market Integration Plan

The Group maintains a commitment to the labor market integration of people in situations of vulnerability. The Services division is where the Group centers its strongest effort in this commitment. In 2016, Services generated 155 job opportunities for these groups, particularly for people with disabilities or at risk of social exclusion and victims of gender-based violence.

6% of the total number of employees of the OHL Group belong to an ethnic minority
.....

155 new job opportunities in 2016



Freedom of association and collective bargaining

Collective bargaining is an important manifestation of social dialog and is considered as a fundamental right within the overall concept of trade-union freedom. Independently of the business activity and of the country where it operates, the Group maintains absolute respect for the freedom of association and for the effective recognition of the right to collective bargaining.

OHL has a number of levels of agreements with its workers in the framework of its commitment to social dialog and collective

**71% of the employees
of the Group have
employment terms &
conditions regulated by
a collective agreement.**

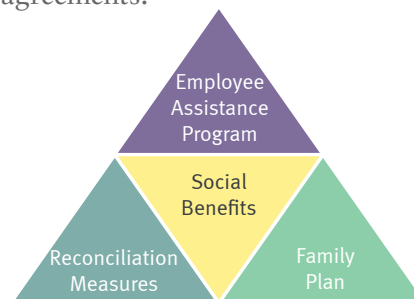
In Spain, 100%

.....

bargaining, primarily sector-wide and company or work center-wide collective agreements and company-level agreements.

Social Benefits

The OHL Group offers practices and benefits to all of its employees that enable them to reconcile their work and family lives based on principles of objectivity and equality.



(More information: [OHL Group Social Benefits _ website](#))



Safety at work, a priority objective in the OHL Group.

**76% of the Group's
workers are covered by life
and accident insurance**

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Communication

On the 1st of June, the OHL Group launched its new intranet, OHL Link, designed to facilitate teamwork, manage knowledge, further innovation and facilitate the day-to-day operations, regardless of the geographical area where its members are located.

OHL Link is seen as a key tool for reinforcing the Group's values and

brand, and for furthering the corporate culture, based on the participation and collaboration of its users through the ongoing contribution of content that will serve to keep the new platform updated and, in this way, to consolidate the integration of the digital culture into the company's work model.



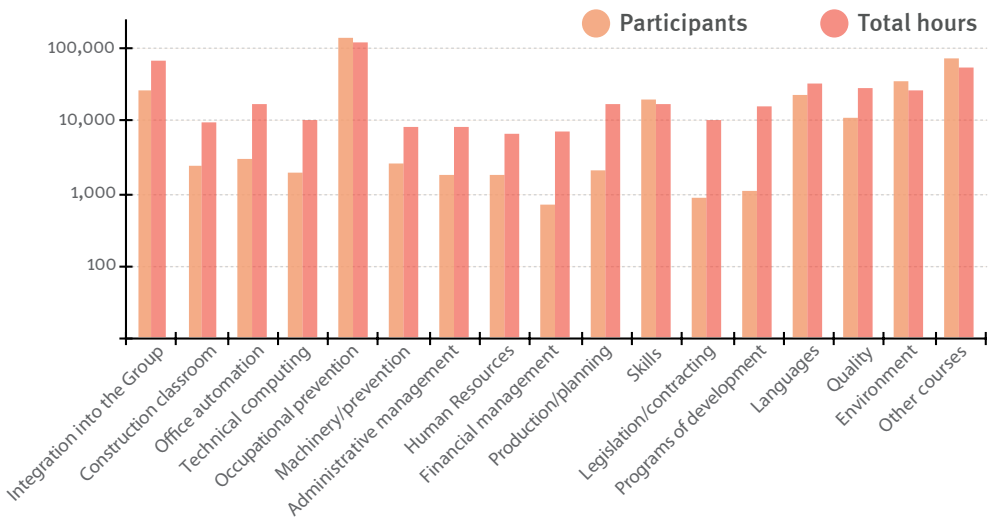
TRAINING

From the very start, the OHL Group has considered training and the ensuing generation of knowledge capital as essential aspects of its business and, for this purpose, the

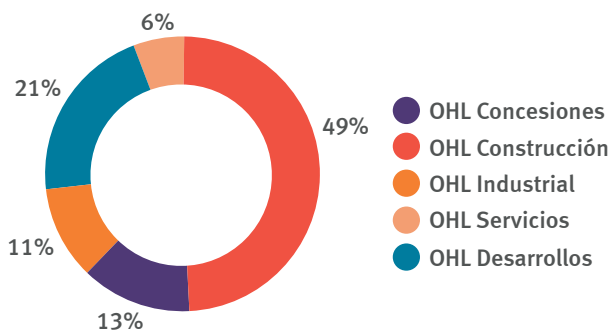
Group needs its human capital to have the very best qualification at the same time as it strengthens and develops its capacities.

Training Data 2016

Training in the OHL Group by areas of knowledge
Participants and hours of class



Distribution of hours of training by division.
OHL Group 2016



Training 2016	
Hours taught	420,044
Classroom	78.0%
Online	20.4%
Distance	1.6%

Online Corporate courses required for all employees of the Group

Course	Start year of implementation	From start year-2015		2016		Total accumulated	
		Hours	Participants	Hours	Participants	Hours	Participants
Human Rights	2013	50,370	5,037	4,430	443	54,800	5,480
Code of Ethics and Anticorruption Policy*	2013	89,270	8,927	12,090	1,209	101,360	10,136
Corporate Social Responsibility	2014	54,990	3,666	6,345	423	61,335	4,089
Awareness Climate Change- Carbon footprint	2015	65,010	7,565	6,795	453	71,805	8,018

* In 2015, the OHL Group’s Anticorruption Policy was approved and the Code of Ethics was updated, creating a single course on the “Code of Ethics and Anticorruption Policy”.

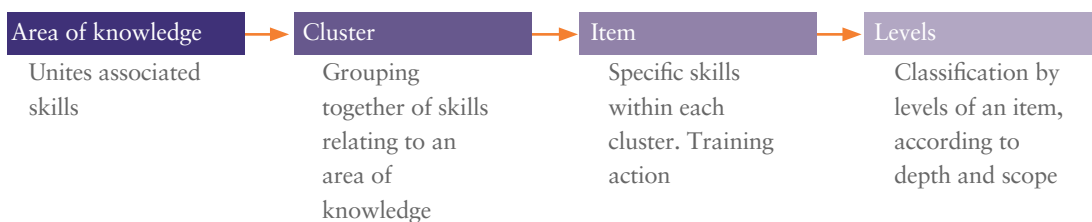
New Training Model 2017. Knowledge Map

The transformation and evolution of the Group, together with the search for fresh business opportunities, have made it necessary to develop a **new training model**, adapted to the organizational changes, the internationalization of the Group and the search for synergies among the divisions.

The main **characteristics** of this new model are:

- To meet a real, present or future, need of each employee in a job.
- To demonstrate the usefulness for individual performance through tools providing evidence of it.
- To facilitate the management of their teams by each leader through this HR tool.
- The voluntary nature of the training, except for the courses determined as compulsory by the law or by the company.
- The use of different methodologies adapted to the new trends and technological tools that provide the means and resources for the acquisition of knowledge.
- To optimize the means provided by the company to its employees for achieving the highest level of skills and excellent performance.

Training Plan Structure of the OHL Group



Most significant areas of knowledge with relevance within the Training Plan 2017

Integration. Corporate Training areas. New development of a single plat-form, integrating all of the training of a corporate nature that makes the values, culture and image of the Group known.

ORP. “EPI Program”. Program for collaboration between the Training & Development Service and the ORP Services of the divisions, for the purpose of carrying out awareness-raising actions throughout the Group on Safety and Health issues, beyond those strictly required by law.

Technical Knowledge. BIM. Use of BIM as a paradigm in the processes of Construction, Engineering and Operation of Services.

The contract. The importance of the Contract as intrinsic and cultural knowledge in any of the construction, engineering or operation of services phases. The internationalization of the Group has led it to give special emphasis to a specific model of contract called FIDIC (International Federation of Consulting Engineers).

To further enhance technical training, OHL promotes the use of BIM in its construction, engineering and operation of services processes

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SAFETY AND HEALTH

The physical as well as the psychological safety and health of its employees and subcontractors are a priority concern for the OHL Group. This concern permeates the Group's Occupational Risk Prevention, Environmental and Quality Policy, revised in early 2017, and in the various safety and health, environmental and quality policies of each of the divisions.

The goal is to achieve zero occupational accidents, and this is only possible on the basis of a strong culture of prevention, driven by senior management, together with behavior modification through the integration of safety into the production process.

The Group has opted for the implementation of occupational risk prevention (ORP) management systems in accordance with the guidelines of the OHSAS 18001 Standard. The development of the Integrated Management System, hereinafter IMS, has involved the integration of the quality, environmental and ORP management systems.

As a support to the IMS, the body of rules and regulations is being developed and updated continuously. In 2016, this regulatory documentation has increased through the addition of a number of guides and procedures, such as the maternity protection guide, the work-at-height guide, the health monitoring procedure, or the noise exposure measurement and assessment guide.

Audits in all of the divisions and countries

The OHSAS 18001 certification audit was performed in 2016 with SGS for the Construction division and with TÜV Rheinland for the rest of the divisions. The outcome of the audit was the **renewal of the OHSAS 18001 certificates for each and every one of the divisions and countries**, with the following results*:

- **Construction:** Certification extends to 25 countries and 50 certificates.
- **Industrial:** Certification in 10 countries and a total of 17 certificates.
- **Services:** Single certification in Spain.
- **Concessions:** Certification in three countries, with a total of 10 concessionaires certified.

In addition, the regulatory audit has been performed in Spain in all of the companies, under the SPM environment, with a total of 22 companies with legal audit certification.

59% of 2016 sales certified to OHSAS 18000.

- 100% in Industrial and Services
- 63% in Construction
- 23% in Concessions

(*) The business activities of Developments are not carried out under OHSAS 18001 standards, but do adhere to other safety requirements in the division's facilities.



During 2016, Occupational Health and Safety Management in Construction was audited in 25 countries.

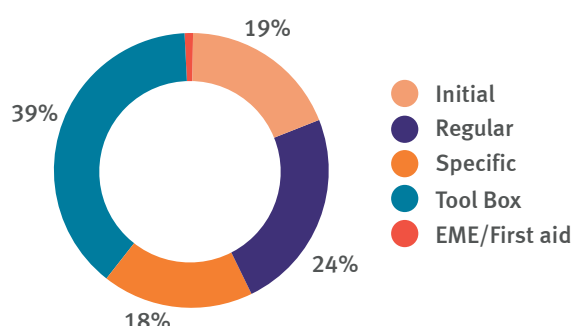
The training effort in safety and health continued during 2016, with **111,231 hours of training provided** through 100,204 training activities in the course of the year. A significant aspect is that **83% of the participants and 64% of the total number of class hours** refer to the Construction division.

Likewise, a substantial increase has been achieved in preventive awareness-raising for the safe performance of work tasks.

The day-long sessions for providing information on prevention (**Tool Box Meetings**) are supplementary to the training in ORP and are aimed at all of the workers, both the Group's own employees as well as those of the companies of its collaborators, who provide their services at the work centers of Group companies.

That is, a total of **100,254 informative sessions** that add up to **635,064 hours** throughout the Group in 2016.

Total Training Tool Box Meetings 2016



Key ORP indicators of the OHL Group

During 2016, there was an upsurge in the accident rate that reflected an

increase in the incidence rate of 23% with respect to 2015.

Accident rates

	Frequency Rate			Severity Rate			Incidence Rate		
	2016	2015	Var. (%)	2016	2015	Var. (%)	2016	2015	Var. (%)
OHL Concesiones	13.2	17.9	-25.8%	0.3	0.4	-17.9%	2,628.1	3,634.2	-27.6%
OHL Construcción	10.7	8.5	25.1%	0.3	0.3	28.2%	2,408.1	2,036.7	18.2%
OHL Industrial	3.9	1.1	232.5%	0.2	0.02	1,022.6%	752.8	282.0	166.9%
OHL Servicios	53.6	43.0	24.6%	1.4	1.3	9.9%	6,918.7	5,531.5	25.0%
Total OHL Group	17.9	13.5	32.5%	0.5	0.4	28.4%	3,489.9	2,846.0	22.6%

Incidence Rate = (No. of accidents / No. of workers) x 10⁵

Frequency Rate = (No. of accidents / No. of hours worked) x 10⁶

Severity Rate = (No. of days lost / No. of hours worked) x 10³

During 2016, 111,231 hours of training in Occupational Risk Prevention were provided in the OHL Group

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HUMAN RIGHTS

The OHL Group incorporates the guidelines of the United Nations (UN) on Human Rights and Corporate Social Responsibility (CSR) into its management strategy.

United Nations international Human Rights framework

Global Compact, Guiding Principles and Sustainable Development Goals

The Group has been a Member of the **United Nations Global Compact** since 2004 and is a founding member of its Spanish Network. Since then, it has been active in the promotion and dissemination of the Compact's 10 principles and reports on the progress made through the CSR annual reports.

The Group also follows the **Guiding Principles on Business and Human Rights**, approved in 2011, which establish the responsibility of companies in respecting Human Rights.

In addition, OHL takes up the challenge of the **Sustainable Development Goals** which expressly recognize the indispensable role of the business sector for addressing these goals in the performance of business activities.



How does OHL contribute with these Principles?

The type of business activities and the large number of collaborators with whom OHL works in its projects can pose risks in the Human Rights context. For this reason, in addition to meeting its direct responsibility in respecting Human Rights (workforce and impacts on the local community), OHL faces the challenge of ensuring that its supply chain maintains an adequate level of responsibility in this regard.

The **CSR Strategic Plan 2015-2020**, structured in line with the 7 core subjects of ISO 26,000, contains 14 measures of action that pursue due diligence in compliance with Human Rights in all of the environments in which OHL operates and with all of the players involved in its business activity.

The CSR Strategic Plan addresses the SDGs and their 169 targets through the majority of its measures.

OHL's Board of Directors has approved a new Human Rights Policy for the Group in 2017

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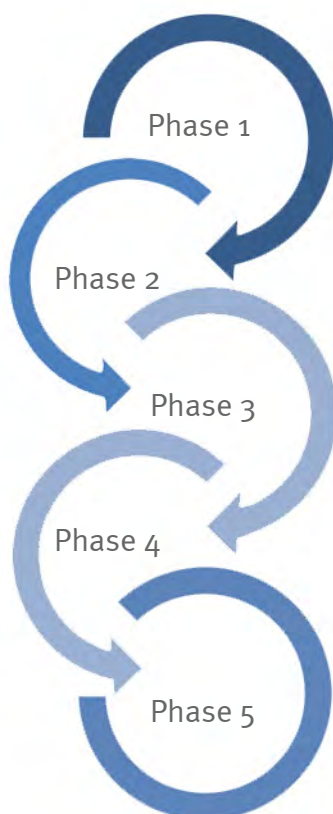
CSR Strategic Plan. Human Rights Measures implemented

1	Cultivate an internal culture of Human Rights protection <ul style="list-style-type: none"> • Draw up a Human Rights policy for reinforcing the Group's commitment. • Provide training in Human Rights.
2	Guarantee the protection of Human Rights <ul style="list-style-type: none"> • Self-assess Human Rights compliance in all of the companies of the Group.
3	Facilitate the detection of Human Rights infringements <ul style="list-style-type: none"> • Channel of communication for reporting Human Rights infringements.
4	Share the performance of the organization in Human Rights <ul style="list-style-type: none"> • Participate actively in the dialog with civil society on the risks associated with Human Rights and the importance of respecting these rights. • Identify spaces in which to enhance the value of the progress made in this context.

A total of 5,037 participants attended the Human Rights training courses between 2013 and 2016, accumulating a total of 50,370 hours

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Project for the Self-Assessment of Human Rights in the companies of the Group



- 1. Country risk analysis and benchmarking in Human Rights management (2012)**
 - 22 countries.
 - 50 companies in the sector.
 - 200 major companies.
- 2. Internal and external verification of the risks to which the Group is exposed (2012)**
 - Surveys of 50 people in the Group and independent entities in different geographical areas.
- 3. In-house training in Human Rights (2013-present)**
 - Training hours accumulated since 2013: 50,370 hours of training and 5,037 employees trained.
 - Human Rights training in 2016: 4,430 hours of training and 443 employees.
- 4. Self-assessment of Human Rights compliance in the Group (2014)**
 - Use of a computer application with a self-assessment questionnaire (9 fact sheets with the Human Rights principals that companies must respect).
 - Action plan module.
- 5. Internal audit. Start of the audit for verification of the Human Rights self-assessment project (2016)**
 - Identification of countries and geographical markets in which OHL operates, where the potential of the risk of noncompliance is greatest.
 - Analysis of results and preparation of a report on the conclusions of the audit.
 - Resolving of objections and recommendations for improvement:
 - » Spain: Huelva Hospital: Hold occupational risk prevention courses with greater frequency. Ensure compliance with accession to the Code of Ethics.
 - » Chile: Metro: each project/work center must have a copy of the Human Rights report completed by the senior officer responsible.

Project for the construction, upgrade, rehabilitation, operation and maintenance of the Concesionaria Autopista Río Magdalena. Colombia

The assessment of the social impact of the project on the communities directly and indirectly affected has enabled the identification of the support activities most appropriate for contributing to the improvement of their quality of life. These measures, together with the socialization campaigns and the hiring of local labor, have made it possible to generate motivation for the project.

Key activities to be carried out during the performance of the project:

- Support to the workshop outfitting the construction workers (Vegachí).
- Creation of greenhouses.
- Support, management and sponsorship of an aquaculture project in Puerto Berrío and Puerto Olaya.
- Creation, support, management and sponsorship of a cacao processing plant.





SOCIAL AND RELATIONAL CAPITAL

OHL generates significant shared value with its stakeholders. This is a value that materializes in the generation and distribution of resources that pass on to the economic fabric of the countries where the Group operates.

And it is also a social value that is manifested in its contribution to the progress and wellbeing of the local communities through the creation of employment, the activation of the business fabric and the activities undertaken in the framework of community involvement, sponsorship and patronage.

CREATION OF ECONOMIC VALUE IN THE COMMUNITY

Matrix creating economic value generated and distributed by the OHL Group

Thousands of euros

ECONOMIC VALUE GENERATED	2016	2015
a) Income:		
Net turnover	3,862,629	4,368,866
Other operating revenues	776,174	849,477
Financial revenues and other income	384,607	257,674
	5,023,410	5,476,017
ECONOMIC VALUE DISTRIBUTED	2016	2015
b) Operating costs		
Supplies	2,744,853	2,552,616
Other operating expenses	741,326	803,556
c) Salaries and employee benefits		
Personnel expenses	927,298	891,301
d) Payments to capital providers		
Dividends (*)	-	13,892
Financial expenses and exchange rate differences	460,615	494,317
e) Taxes		
Company Tax	157,028	175,460
f) Resources allocated to the Community		
Resources allocated to the Community according to the LBG method.	2,610,857	3,746
	5,033,576	4,934,978
Difference between value generated and value distributed	-10,166	541,039

* In relation to 2016, the Board of Directors is not expected to propose the distribution of an ordinary dividend at the next General Shareholders' Meeting.



Community involvement stands out among the contributions by OHL to the progress of the local communities where it operates. Activities in schools in Ciudad Mayakoba, Mexico.

● COMMUNITY INVOLVEMENT, SPONSORSHIP AND PATRONAGE

Milestones 2016

- Preparation of the **OHL Group Social Management Guide** for implementing social and community relations plans, creating the capabilities necessary for performing proper management in this sphere. More than 30 informative activities have been carried out in the various divisions.
- Launch of the **1st Call for Social Projects submitted by employees of the OHL Group** for financing projects aimed at the occupational training of people at risk of social exclusion. Close to 30 projects were submitted, three of which were selected. These projects provide support to groups of refugees, homeless persons and people at risk of social exclusion.
- In 2016, the **Group's Community Involvement Framework Plan** was revised, and its update has been approved by the Corporate General Management and ratified by the Sustainability Committee.



Community Involvement Project in Xacbal Delta, Guatemala.



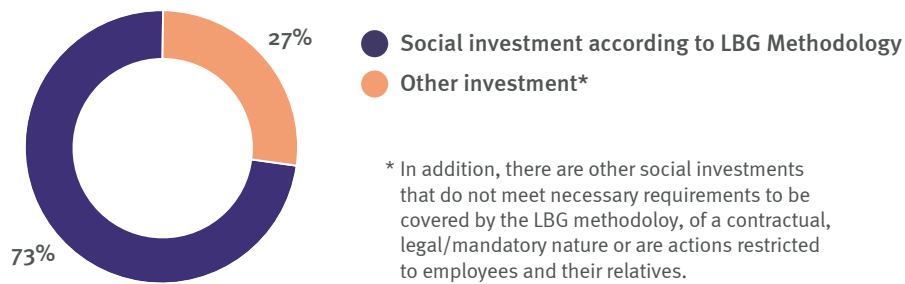
Tomás García Madrid, CEO of the OHL Group, presents the awards following the Call for Social Projects.

Social investment 2016

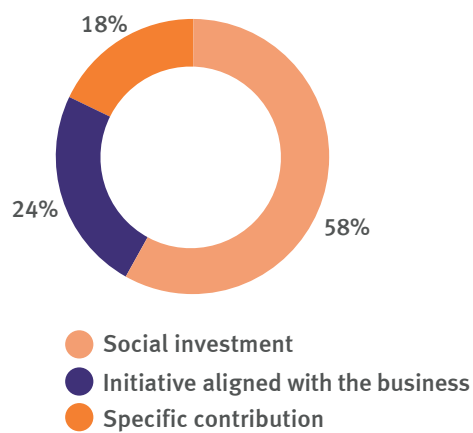
The total social investment made by the Group in 2016 amounted to 3,556,367 € through 305 separate actions. The OHL Group applies the London Benchmarking Group (LBG) methodology for determining its social impact. 73% of this investment meets the requirements established in this methodology.

3.6 €Mn of investment
in communities
.....
277,441 people benefited
.....
476 collaborating
organizations and
beneficiary entities
.....
56,559 hours devoted
by employees to social
investment projects
.....

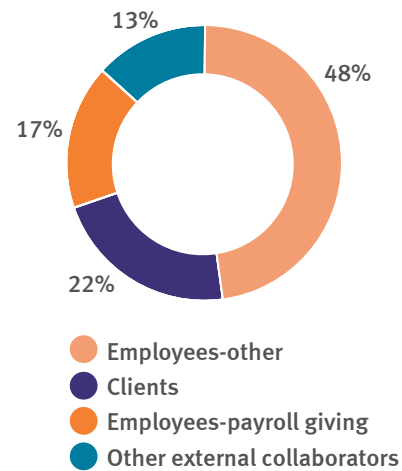
Investment by the OHL Group according to the LBG Methodology: 2,610,857 euros



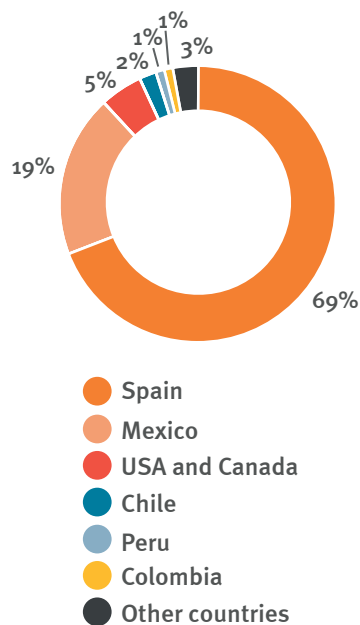
According to the type of action



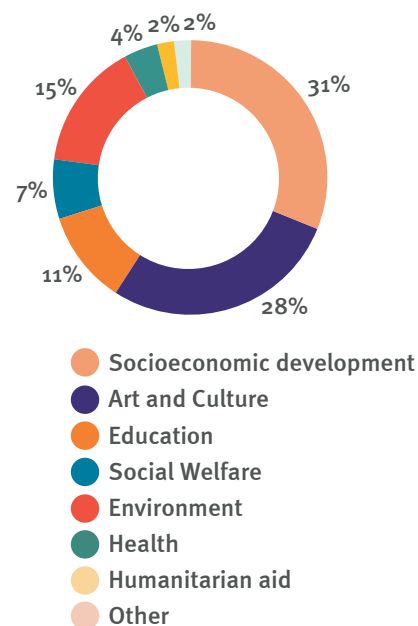
Multiplier effect: 42,529 euros



According to the destination of the contribution



According to the field



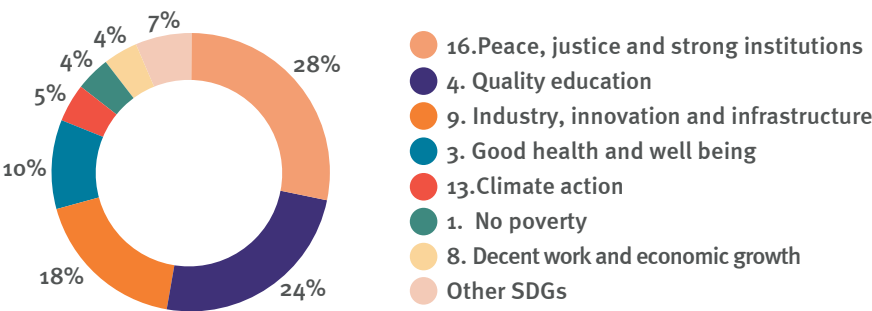
Priorities in social investment and geographical areas

Division	Priorities
Concessions	Latin America and Spain Mainly supports the areas of social welfare, education, road safety, health and cultural heritage.
Construction	Europe, Asia and America Contributes to the quality of life of the local communities in the areas adjacent to the construction work and carries out projects together with entities specialized in education and health, as well as other socioeconomic development and cultural projects.
Industrial	Latin America and Middle East Supports local communities in the areas adjacent to the construction work, with actions and projects specialized in education, vocational training and health.
Services	Spain Labor market integration of people with disabilities and at risk of social exclusion.
Developments	Mexico Supports vulnerable groups in the areas surrounding the hotel complex and Ciudad Mayakoba, with particular attention to children, people with disabilities and indigenous populations.
Corporate	Spain Mainly supports the areas of socioeconomic development, social welfare and education and patronage of art and culture.

Contribution to the Sustainable Development Goals (SDGs) through community involvement, sponsorship and patronage in 2016

Sustainable Development Goals (SDGs)

44.4% of LBG social investment (1,158,387 euros) contribute to the achievement of the SDGs.



Initiatives for fostering the employability of people with disabilities

OHL, with the objective of fostering the employability of people with disabilities, has supported initiatives additional to its labor market integration plan that promote self-employment, such as the course on “Entrepreneurship vs. Disability: Strategies and Resources for Achieving the Success of Entrepreneurs with Different Abilities”, attended by more than 200 people, or the Second Call for Applications for Assistance to

Entrepreneurs with Disabilities, through which 5 business projects have been financed, embodying the values of equality, inclusion and accessibility as guiding principles. Both of these initiatives are set in the framework of the Fundación Konecta-Universidad Rey Juan Carlos Research Chair, with which OHL collaborates in the effort to foster entrepreneurship by people with different kinds of abilities.

CORPORATE VOLUNTEERING. MILESTONES 2016

- Development of new lines of work in corporate volunteering in line with the results of the survey taken in 2015: **environmental actions and professional volunteering.**
- **Improvement in the channels of communication with society** through an increased presence in the social networks, the launch of the new OHL Volunteers website and the community involvement and volunteering Newsletter in English.

OHL Volunteers

- Number of volunteer hours: 4,084 hours.
- Number of campaigns: 39 initiatives.
- 3,755 visits to the OHL Volunteers website in 2016.
- More than 2,000 followers in social networks.
- Close to 5,400 employees receive the Community Involvement and Volunteering Newsletter.
- New community in the corporate intranet.

Professional Volunteering Program

OHL has launched professional volunteering in response to the requests by the Group's employees.

Outstanding programs started up in the course of the year have included participation in the Reinforcement School organized by Fundación Integra. This initiative is intended to

achieve the labor market integration of people already in a situation or at risk of social exclusion, with the aim of providing them tools for successfully undertaking an active search for employment. In 2016, 22 volunteers from the Group taught 13 workshops in which 130 people participated.



OHL employees in the Empowerment School.



Employees of the OHL Group during day-long cooking courses for the social inclusion of people with disabilities.



OHL Volunteers performing reforestation and bird-ringing tasks in conjunction with Seo Bird Life.

The OHL Volunteers website,
<http://www.voluntariosohl.com>,
 received 3,755 visits in 2016

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OHL Desarrollos: Ciudad Mayakoba, a social city

OHL Desarrollos has set in motion a **community involvement and relations plan connected with the Ciudad Mayakoba project**. The aim is to consolidate actions and initiatives in the **low-income areas** adjacent to the project, such as Guadalupeana, Peten, Cristo Rey and new Noh Bec, favoring the **social integration** of this new urban development into the Municipality of Solidaridad.

The actions taken in 2016 have centered on the commencement of work for the creation of the Ciudad Mayakoba metropolitan park, in addition to the organization of a number of community involvement activities in support of the local communities, among which the activities in schools are particularly significant, enhanced by the **participation of the OHL Desarrollos-Mayakoba Volunteers**.



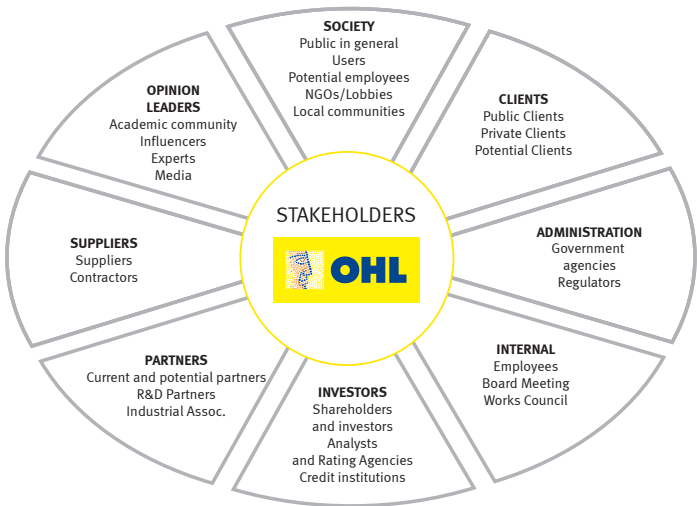
REPUTATION MANAGEMENT AND INTERACTION WITH THE STAKEHOLDERS OF THE OHL GROUP

Reputation is an extremely valuable intangible asset for companies, since it influences stakeholder attitudes and behavior towards them. A good reputation exerts a favorable impact on the business, because it means a greater capacity for attracting and retaining clients and strategic partners, in addition to talented professionals.

For OHL, reputation consists of the perceptions that its stakeholder groups, taken overall, have of the company. Consequently, building a solid reputation is proof that the company is capable of understanding and of providing a response to stakeholder needs and expectations.

Reputation management is a horizontal activity and involves the entire organization. For this reason,

work was begun in 2016 on setting up a Corporate Reputation Working Group, in which representatives from different areas of the Group will participate. The Working Group is expected to be formalized in 2017.



OHL considers that dialog with its stakeholders is a key element for aligning the Group's initiatives with their expectations and needs and, in this way, for being able to adjust the focus of its strategy on these priorities. For this reason, one of the priority actions of the working group will consist of obtaining in-depth

knowledge of their perception and expectations with respect to the company itself and the sector overall, as well as of their opinion on the evolution of the activities and initiatives undertaken by the Group, for the purpose of obtaining an objective measurement of its reputation.

ALLIANCES

OHL collaborates on a regular basis with organizations and institutions that are experts on a range of subjects and identifies new collaborators, whose objectives and areas of action enable their collaboration with the

Group for the purpose of enhancing, demonstrating and sharing best practices and of jointly addressing the common challenges of sustainability and R&D&I. The following alliances stand out during 2016:

Innovation

- European Network of Construction Companies for Research and Development (ENCORD).
- Smart Transportation Alliance (STA).
- Fundación Cotec for technological innovation.
- Plataforma Tecnológica Española de Construcción (PTEC), Spanish construction platform.

CSR

- Spanish Network of the United Nations Global Compact, of which OHL is a founding member.
- Member-promoter of Forética, through which it belongs to CSR Europe, the Fórum Empresa en Latinoamérica and the World Business Council for Sustainable Development (WBCSD). Within Forética it is:
 - » One of the leading companies in the Climate Change Cluster.
 - » A member of the Integrity and Transparency Cluster.
- Member of the Corporate Responsibility Working Group of the European International Contractors (EIC).
- Member of the Integrity Forum of Transparency International Spain.

Environment

- CDP.
- Biodiversity Foundation, Ministry of Agriculture and Fisheries, Food and Environment.
- Grupo Español por el Crecimiento Verde (IEEB), Spanish green growth group.
- U.S. Green Building Council (USGBC) and Czech Green Building Council (CZGB).

Community Involvement

- London Benchmarking Group Spain (LBG).
- Fundación Integra.
- Fundación Adecco.
- Fundación Konecta.



NATURAL CAPITAL

The OHL Group embraces **environmental responsibility** as an indispensable condition for ensuring the sustainability of the business facing environmental challenges such as the depletion of natural resources, pollution, climate change and the destruction of habitats, among others. For this reason, the Group works on the identification of actions that will contribute to this objective.

Environmental responsibility is regulated through **policies and rules** on material aspects for the business and for the stakeholders considered relevant in this context. The lines of action for the protection of natural resources and biodiversity are specified in the CSR Strategic Plan 2015-2020.

ENVIRONMENTAL RISK MANAGEMENT

The Group's environmental management establishes the resources and necessary controls for the management of environmental risks, compliance with standards and regulations and the monitoring and improvement of environmental performance. The significant **environmental aspects** are the basis for the operational control and the establishment of targets for improvement. In addition, appropriate emergency plans are prepared for addressing the potential emergency situations identified and assessed.

Due to the Group's strong internationalization and the nature of its operations, environmental management is based on a set of common principles that are

individualized for each business, location and client, subject to the principle of continuous improvement. Where required, the activities adapt their management to **international standards** such as: ISO 14001, EMAS Registration, ISO 50001, ISO 14064-1, ISO 14046, the Rainforest Alliance, Earth Check, Eco Check and Audubon.

Environmental best practices are encouraged through the annual **Environment Award**, for which all the employees are eligible and which recognizes and rewards the most significant and creative actions in this sphere. It also seeks to improve internal communication, expand the existing knowledge and promote the replication thereof in the Group.

OUTCOMES 2016	
The most significant environmental aspects of the OHL Group in 2016 are associated with the consumption of energy, water and raw materials, greenhouse gas emissions and the generation of waste. The emissions of noise and vibrations have been identified as a second level of significance, together with the impacts on plant and animal life, biodiversity and the ecosystems. All of these, together with management, communication and resilience, comprise the priority lines of action.	
OHL manages its environmental responsibility at all of the locations where it carries out its operations. The percentage of sales under the environmental monitoring and control of the Group is as high as 98% , with a constant trend over the last three years.	
As an added value, the environmental management system is accredited by 11 external entities of recognized standing, such as Deloitte, SGS, TUV Rheinland, BV, LRQA, BSI, Profepa, Audubon International and the RainForest Alliance, among others. The turnover certified, where certification is required by clients, is 53% , with 47% in the home markets.	

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In 2016, the Group began the process for the renewal of its ISO 14001 certificates, version 2015, with satisfactory results. This process will finalize in 2018.

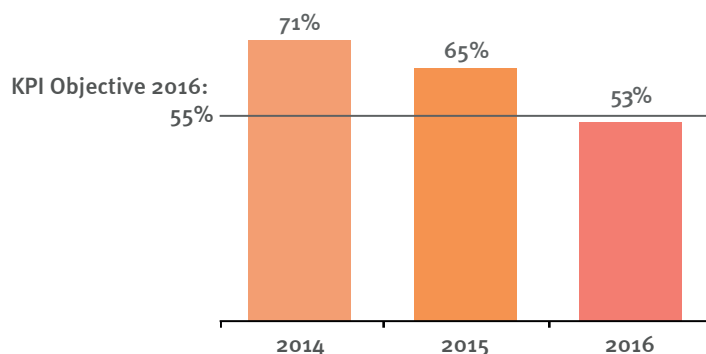
The OHL Group's environmental team is made up by close to 200 equivalent employees distributed among 20 countries. This figure is in line with the production activity and has tended to decline since 2014. In 2016, nearly 14,000 employees were trained, and around 19,500 hours of training were provided.

The decision on the Environment Award 2015 was announced in 2016, with the candidatures of Canada, Colombia and Spain selected as the winners.

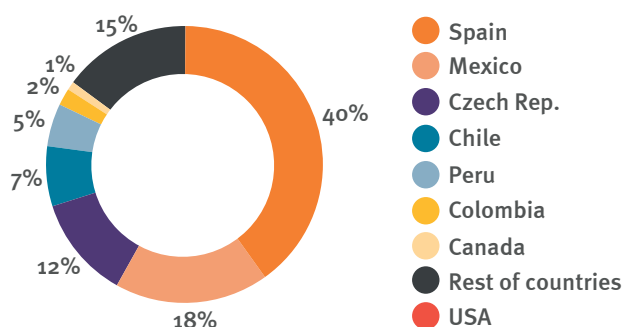
In 2016, the OHL Group organized more than 680 day-long environmental audits, 20% of which were external. No serious cases of noncompliance were detected. Likewise, mention should be made of the increase in internal audits in Mexico and the U.S. during 2016 with the aim of reducing risks.

MAIN RISKS IDENTIFIED ASSOCIATED WITH CLIMATE CHANGE	MAIN RISKS IDENTIFIED ASSOCIATED WITH THE WATER FOOTPRINT
CC-R-01. Regulatory risks: carbon markets, limitation of air pollution, standardization and regulation with respect to energy efficiency and labeling of products, taxes and the regulation of fossil fuels and the emission reporting obligation.	HH-R-01. Physical operational risks: reduction of the water quality, floods, scarcity of water, change in the rainfall patterns.
CC-R-02. Physical operational risks: snow, ice, hurricanes, typhoons and changes in the rainfall patterns.	HH-R-02. Regulatory risks: water restrictions by governments.
CC-R-03. Reputational risks.	HH-R-03. Reputational risks.

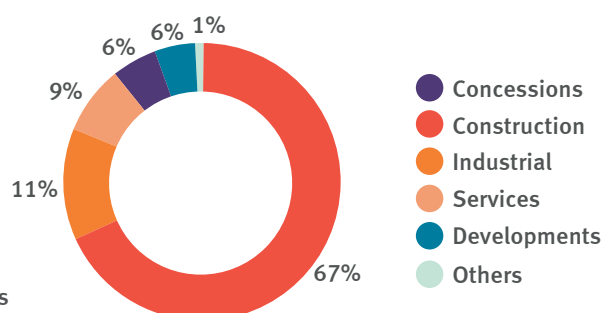
OHL Group turnover with environmental certification



OHL Group sales with certified environmental management 2016. Countries.



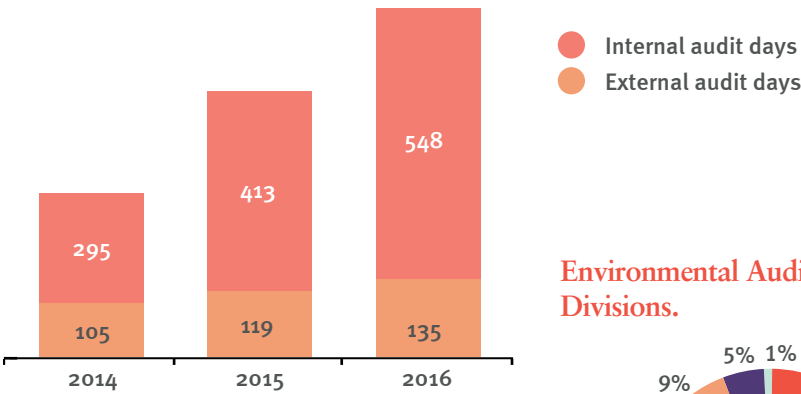
OHL Group sales with certified environmental management 2016. Divisions.



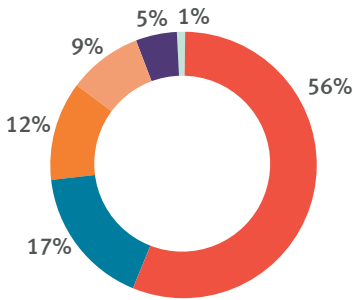
OHL Group Environment Award. 2015 edition

ENVIRONMENT AWARDS
Environment Award 2015 RESSEEPE Project Energy Efficiency.
1 st Runner-Up Savings strategies through the efficient use of water in the Medellin River Parks project Phase 1.1 GCO312 (Colombia).
2 nd Runner-Up Habitat for Humanity. Waste for housing for underprivileged groups. 407 Station Work project (Canada).
3 rd Runner-Up Capture and relocation of wildlife in the 407 Station Work project (Canada).

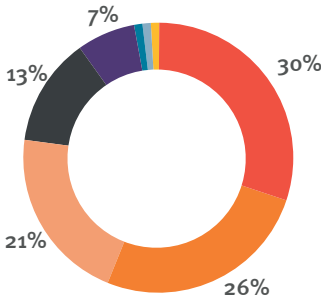
Environmental Audit in the OHL Group



Environmental Audit Days 2016. Divisions.



Environmental Audit Days 2016. Countries.



- USA
- Spain
- Mexico
- Rest of countries
- Czech Rep.
- Chile
- Peru
- Colombia
- Canada (1)

During 2016, 13 incidents occurred. All were controlled and did not give rise to serious impacts on the environment



ENVIRONMENTAL PERFORMANCE

The OHL Group assesses its environmental performance through the **monitoring and measurement of indicators of its activities**.

The **environmental performance** indicators used are economic (expenditure, investment and penalties), environmental (number of natural areas protected, surface areas restored and the plant and animal species affected) and socio-environmental (consumption of natural resources and pollution of the immediate environment).

Consideration must be given to the fact that the activities of **Construction and Industrial** are characterized by the:

- Economic and time variability of their projects.
- Diversity of the work units to be performed, the construction methods to be used and the location.
- Requirements pre-established by clients.

This makes each project and each financial year unique and, consequently, the capacity for improvement in projects is very limited. For this reason, the analysis of the year-on-year trend in indicators and the comparability between projects are not at all conclusive for assessing improvements in

performance. In contrast, the activities of **Concessions and Developments** are more stable, however, their payback period together with the asset rotation process render the comparability between annual periods difficult.

In this context, the Group attaches particular relevance to the **initiatives for improvement** in construction processes and in support activities, the results of which may not be significant in global performance terms but better reflect the level of environmental commitment.

Significant examples include: the purchase of energy with certificates of origin; investment in energy efficiency improvements in fixed centers; the reuse of waste from construction sites or the plans for sustainable offices and sustainable mobility in Spain, which apply to the stable facilities of the fleet and the travel of employees.

The involvement of all the employees of the Group is relevant in the **dynamics of innovation**, through the performance of R&D&i projects, as well as in the use of the newest and most efficient technologies. Examples of this include the Equinox, eGEO, Futuro Solar or RESSEEPE projects. In the last project mentioned, OHL participates together with 24 partners for the renovation of 102,000 m² of public buildings using innovative technology, with the target of achieving a reduction of at least 50% of the energy consumed.



Futuro Solar project. Getafe. Spain.

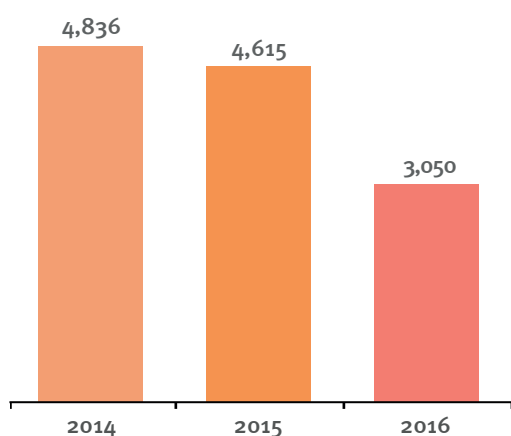
OUTCOMES 2016

In 2016, the Group accumulated the experience of 44 projects with sustainable construction techniques certified to the international LEED standards. At the present time, there are 19 LEED projects under construction (2 Platinum, 8 Gold, 7 Silver and 2 basic) in the U.S., Spain, Mexico, Canada and the Czech Republic.

OHL was present on the CDP's A Lists in 2016 for the Climate Change Program and Supplier Climate Program, which include only the top 5% of companies with the best performance and communication in the world. Similarly, the Group attained Leadership level during 2016 in the CDP's Water and Forest programs. The Group also obtained the **triple seal: Calculate, Reduce and Offset granted by the Spanish Climate Change Office (OECC)**, dependent on the Ministry of Agriculture and Fisheries, Food and Environment (MAPAMA).

In terms of **communication**, OHL participated in the National Communications and Transportation Meeting, Infrastructure for Sustainable Development, and in the Rainforest Alliance Leadership Summit in Mexico. Moreover, in Spain, the company organized a dynamic conference room on innovative public procurement and its contribution to the low carbon economy, at the National Environment Congress in Spain, CONAMA 2016. The event was attended by representatives of the World Bank and of Latin American government institutions, such as the Municipality of Asunción (Paraguay), the Ministry of Industry, Food and Fisheries (Chile), the Intendencia of Montevideo in Uruguay and the Union of Ibero-American Capital Cities. The Spanish Ministry of Foreign Affairs, ICEX, CDTI and the OECC, engineering and materials manufacturing companies, as well as entities such as Forética and the CEDDET/KPESIC Foundation were also represented.

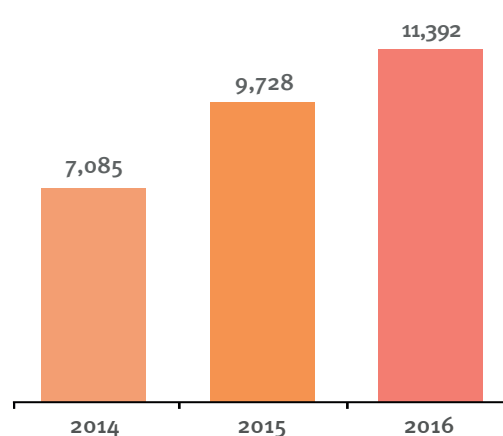
Environmental Investment by the OHL Group. Thousands of euros



The **environmental investment** (3.0 million euros in 2016) declined 34.0% with respect to 2015.

The percentage of environmental investment in R&D&I activities in 2016 totaled 84.0% and was concentrated in the Industrial and Construction divisions.






OHL Group Environmental Expenditure. Thousands of euros



Expenses have grown 17.1% due to the increase in environmental control in Construction. The proportion of the decontamination expenses (46.5%) was slightly higher than the expenditure on protection measures (53.5%).

Environmental penalties totaled 21,086 euros in 2016, due mainly to the effects on communications services in Kuwait and Chile.

Most significant R&D&i projects delivering environmental benefits

	<p>eGEO</p> <p>Development of Portland-free ecocements manufactured with geopolymers obtained from fly ash waste, blast furnace slag or metakaolin (microsilica and grey sludge), with improved properties and durability.</p>
	<p>RESSEEPE (Retrofitting Solutions and Services for the Enhancement of Energy Efficiency in Public Edification).</p> <p>Project focused on the energy rehabilitation of public buildings, through the implementation of innovative technologies in the field of energy efficiency, both active as well as passive, which deliver a significant reduction in energy consumption.</p>
	<p>Built2Spec (Built to Specifications: Self-Inspection, 3D Modelling, Management and Quality-Check Tools for the 21st Century Construction Worksites).</p> <p>The purpose of the project is to establish improvements in the quality controls of construction processes for the purpose of narrowing the “energy efficiency gap” of a building and/or a structure once built or rehabilitated.</p>
	<p>Equinox</p> <p>Development of a surface treatment for asphalt pavements, capable of reducing the nitrogen oxide compounds (NO_x) originating from traffic through the photocatalytic action of titanium dioxide (TiO₂).</p>
	<p>Futuro Solar</p> <p>Design, construction and operation of a pilot Linear Fresnel technology solar thermal plant where innovative technologies will be applied in the principal sub-systems comprising the plant.</p>

The OHL Group promotes the responsible consumption of resources and the minimization of waste generation, as measures for economic and production efficiency.

These principles are the basis of the circular economy, which seeks to achieve a sustainable, low carbon economy, efficient in the use of resources and more competitive.

The strategic lines of action in consumption and waste management are set out below:

- Plans for the responsible and efficient consumption of natural resources, materials and products.

- Use of more environmentally friendly and responsible materials originating from reuse and valuation which, at the end of their useful life, will make it easier for clients to reintroduce them into the economic cycle.
- Management of all the waste, giving preference to recovery over deposit.
- Research, development and innovation in designs and solutions in the framework of the circular economy.

Water management is an important aspect in the overall management context, particularly where water is a scarce resource or is not readily available.

The strategic lines of the Group in this area are:

- Awareness-raising and training of employees and collaborators.
- Plans for responsible consumption and efficiency with respect to the water resources in projects and activities.
- Prevention of the pollution of water masses and the soil through the treatment of discharges and protection against spills of hazardous substances.

To improve its management, OHL has drawn up a Water Scarcity Footprint Calculation Protocol, based on the principal international standards of reference, ISO 14046, WFN and the CEO Water Mandate. This protocol has made it possible to prepare a first Water Scarcity Footprint Report, the scope of which will be expanded in future financial years.

As a measure for enhancing employee awareness in 2016, work commenced on the development of a course on the water footprint and water management for the entire OHL Group, which will be operational in 2017.

OUTCOMES 2016

The **consumption of materials** and the generation of waste in 2016 were reduced by 16% and 34% respectively in comparison to 2015, associated with the decline in production.

The home markets are responsible for 66% of consumption, mainly Chile and Spain. Australia, Algeria, Vietnam and Saudi Arabia account for the remaining 34%.

The principal types of materials consumed are soil, rock and aggregate (70%), as well as concrete and cement (18%).

The construction business consumes 99% of the OHL Group's materials.

The percentage of materials originating from recycling and reuse totals 38.2% and includes soil, aggregate and steel.

The principal waste generated is made up by soil and aggregate (99% of the total figure), derived from construction operations. The distribution by country is similar to that of the consumption of soil and rock: Spain as the primary generator, followed by Chile, Algeria and Peru.

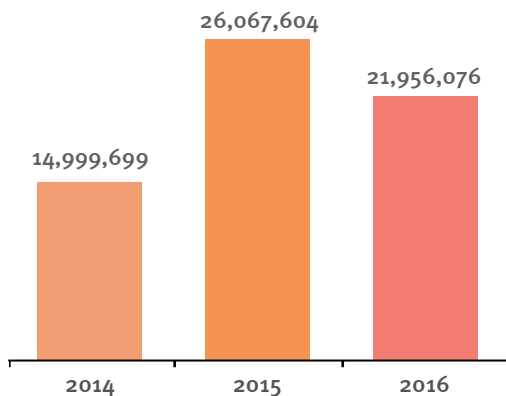
In the activities of Concessions and Developments, the waste generated consists mostly of urban and organic waste, due to the operations for infrastructure maintenance and to the services provided.

In terms of management, the Construction and Demolition Waste (CDW) presents a high percentage of recovery (30%) in comparison to deposit. There is little scope for improving this percentage because of the difficulty in locating cost-efficient alternative uses in the vicinity of the works. The rest of the non-hazardous waste is managed for the most part by recycling and reuse, thanks to the development of a market for by-products.

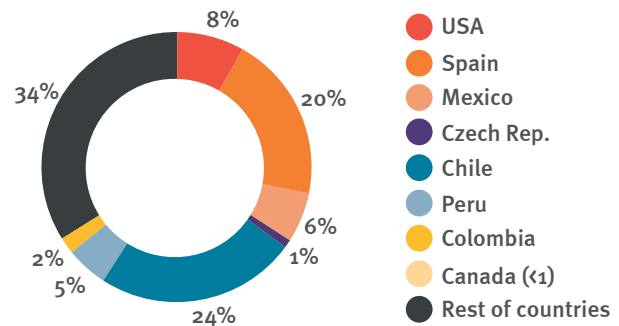
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Water consumption in 2016 increased 13% with respect to 2015, due to the start of plant maintenance contracts in the Industrial division and the construction projects in Australia. This increase in consumption has taken place in reused or recycled water, thereby reducing the impact on the extraction of the resource in the immediate environment. With the drawing-up of the Water Scarcity Footprint Protocol, the discharges are calculated with the urban waste water as well as with the water from the water table, which is the reason why a year-on-year comparison is not feasible.

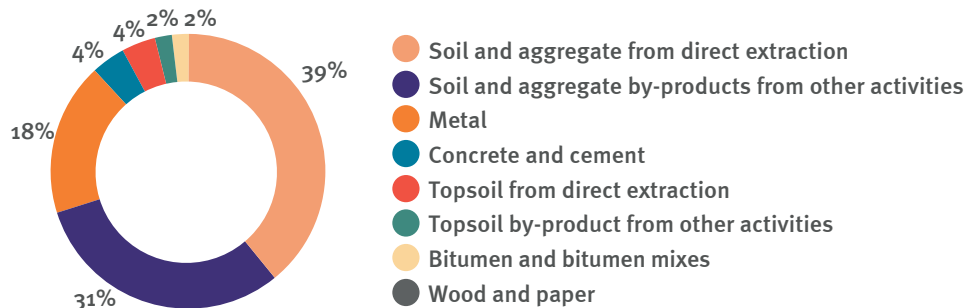
Consumption of materials by the OHL Group 2016. (t)



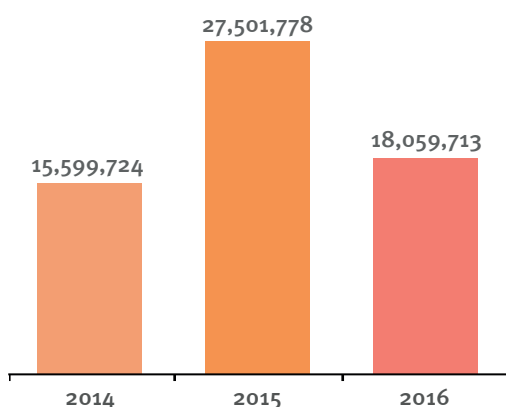
Consumption of materials by the OHL Group 2016



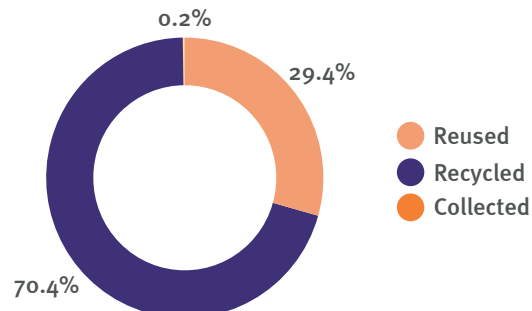
Types of materials consumed by the OHL Group 2016



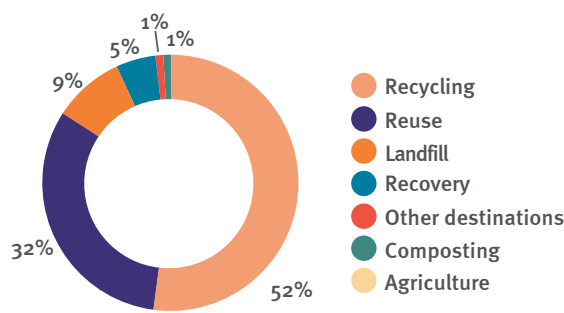
Waste Generation by the OHL Group. (t)



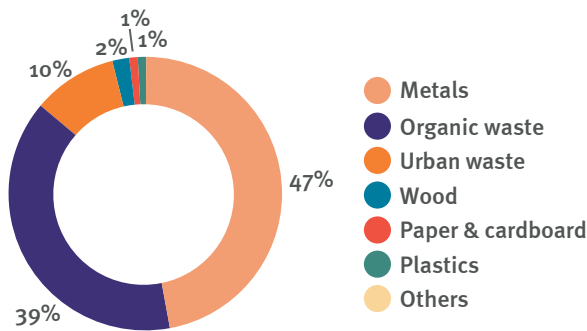
RRC Waste Generation by the OHL Group 2016



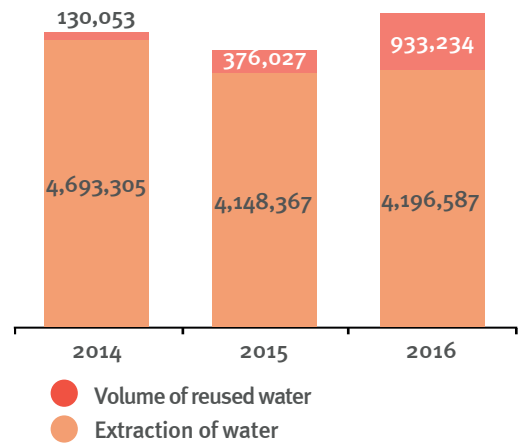
Management of non-CDW waste of the OHL Group 2016



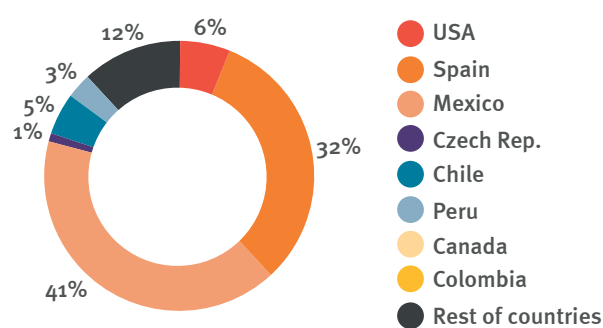
Other non-hazardous waste of the OHL Group 2016



Water used by the OHL Group 2016. (m³)

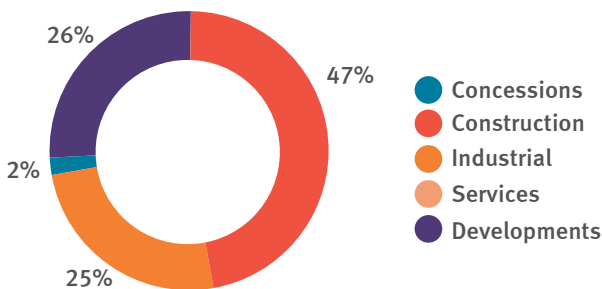


Water used by the OHL Group 2016

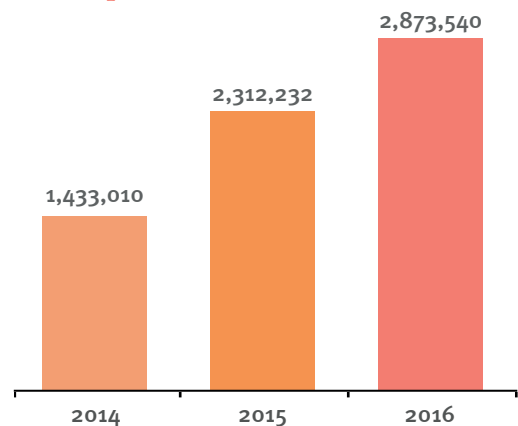


The consumption of materials and the generation of waste have been reduced by 16% and 34%, respectively, in 2016/2015, a figure associated with the fall in production

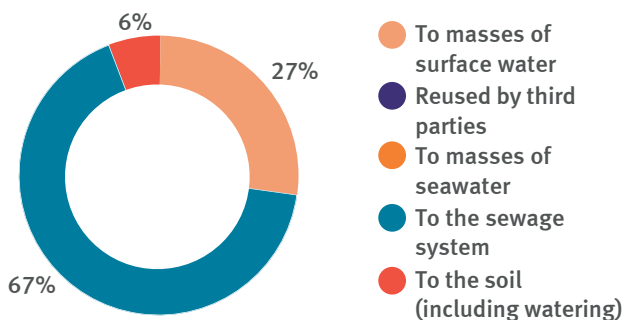
Water used by the OHL Group 2016



Discharge of waste water by the OHL Group 2016. (m³)



Discharges of waste water by the OHL Group 2016



In terms of **energy and climate change**, the OHL Group is firmly committed to the transition to an energy-efficient economy and to the improvement of the air quality of cities.

The Group has set new emission reduction targets according to the Science-Based Target methodology. For the sum of Scopes 1 (fuels) and 2 (electricity), the following reduction targets have been set: 35% in 2020, 55% in 2030 and 65% in 2040, taking the 2010 financial year as the base year. The target for Scope 3 indirect emissions is 10% in 2030, taking 2015 as the base year.

Work has also been undertaken for developing measures of adaptation for the Group itself and for its clients facing the possible risks and impacts of climate change.

The following stand out among the strategic lines of action established:

- The development of products and services that will facilitate compliance with the commitments of the Paris Agreement: sustainable buildings and infrastructures, electric transportation and renewable energy plants, among others.
- Awareness-raising and training of employees and collaborators.
- Promotion of the use of clean energies and of enhanced energy-efficient technology.

- Increase in the amount of GHG emissions prevented in the 2015-2030 period by means of mitigation initiatives, using an internal carbon price.
- Research, development and innovation with respect to the fixation of pollutants, renewable energies and energy efficiency in building construction and infrastructures.

Finally and with reference to the aspects of **biodiversity and the conservation of ecosystems**, it should be noted that the impact of the OHL Group on the protected natural areas and non-protected areas but with high biodiversity value is determined by the projects in which it collaborates as a partner or contractor.

The strategic lines of action of the Group in this context are as follows:

- Improvement in the protection of plant and animal life, the soil and water resources.
- Inventory of the protected areas and areas with high biodiversity value affected and of the protection and restoration measures.
- Awareness-raising and training of employees and collaborators, through corporate volunteering activities.



Los Ramones Phase II North gas pipeline. Mexico. Preparation and planting of the organisms rescued.



Los Ramones Phase II North gas pipeline. Mexico. Maintenance and care of the organisms rescued in the temporary greenhouse.

OUTCOMES 2016

The consumption of direct and indirect energy has been reduced with respect to 2015 by 11.2% and 2.9%, respectively, associated with the decline in activity.

The trend of the Group in terms of the sources of energy consumed is toward the reduction of the use of fossil fuels in favor of electricity. Moreover, in 2016, the use of electricity with a 100% renewable energy guarantee of origin totaled close to 15000 GJ, in line with the principles of sustainable procurement.

In addition, the Group generated and consumed slightly more than 7000 GJ of energy from the sun in its concessions during 2016. The decline in activity and in consumption has resulted in a reduction in direct GHG emissions of 13% (almost 25,000 tCO₂e) in comparison to 2015, while reducing the indirect emissions from the consumption of electricity by 3%. Scope 3 increased 20.6% with respect to 2015, due to the start of operations of several concessions in Colombia and Mexico.

The Construction business generated more than 75% of the Scope 1+2 emissions stemming from its energy demand, while 78% of Scope 3 was associated with the activities of the Concessions division, owing to the use of the infrastructures under concession.

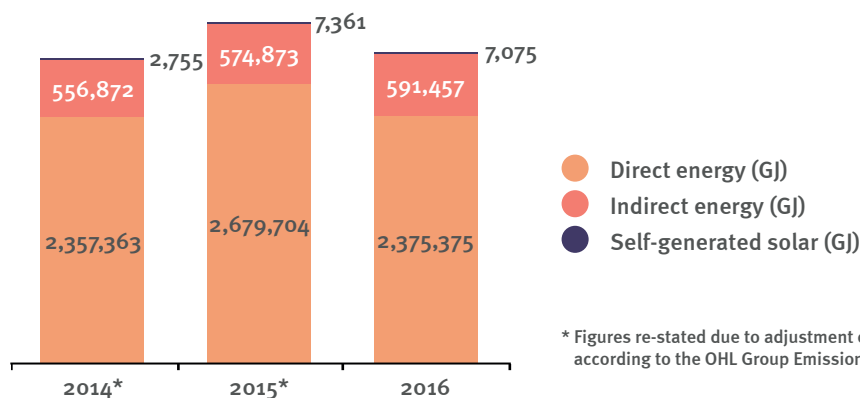
In 2016, 3,075 tCO₂e were offset in the U.S., Spain, Mexico, Chile, Colombia and Peru. The tons offset by the Group since 2011 total more than 10,000 t.

The emissions of other pollutants to the air (NO_x, SO_x, COV and PM) have been reduced by 10.7% with respect to 2015, consistent with the lower fuel consumption.

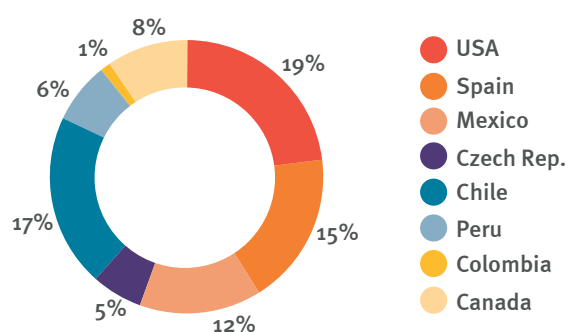
In 2016, OHL has worked in adjacent areas or has been located in 39 **protected areas or non-protected areas with high biodiversity value**. The main impacts are on water resources, the coastal environment, the ecosystems and the preexisting plant and animal life. The impacts are controlled by means of measurement plans and through offsetting actions, included in the Environmental Impact Assessment.

In the context of biodiversity and as a result of the occupation of the land by its operations, the Group has developed soil protection measures on a surface of 1,062 ha and has performed the environmental restoration of 4,111 ha.

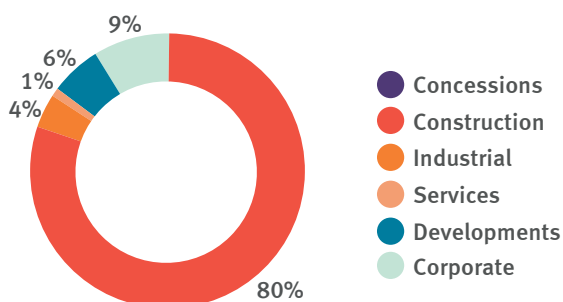
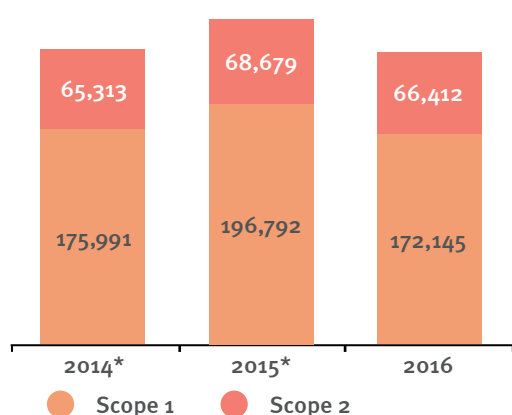
OHL Group Energy Consumption (GJ)



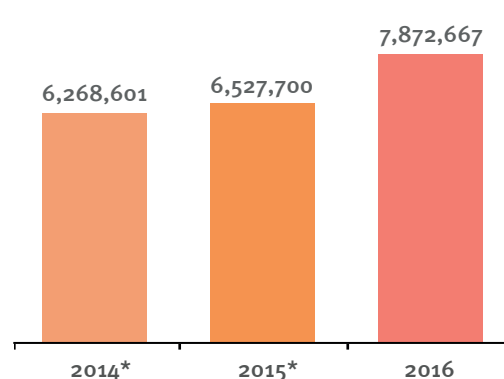
OHL Group Energy Consumption 2016



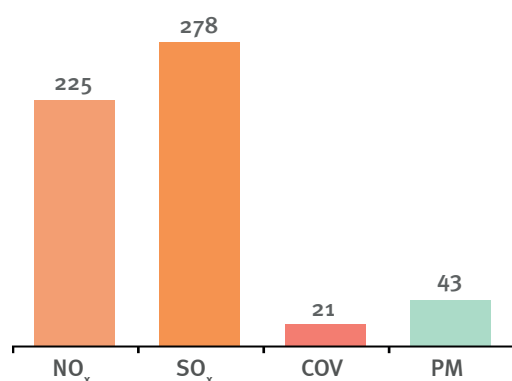
OHL Group Energy Consumption 2016

OHL Group Scope 1 and 2 Emissions (tCO₂e)

* Figures re-stated due to adjustment of scope according to the OHL Group Emissions Protocol

OHL Group Scope 3 Emissions (tCO₂e)

Other OHL Group Pollutant Emissions 2016 (t)



BIODIVERSITY

Protected species whose habitats are located in areas affected by operations:

- No. of critically endangered species	8
- No. of endangered species	7
- No. of vulnerable species	32
- No. of near-threatened species	2
- No. of least-concern species	36
- Other data deficient species	1
- Other species without a defined degree of vulnerability	37

At the end of the financial year, the condition of the protected and restored areas was considered to be in line with the project planning and adequate. The external verification of the operations was performed by governmental bodies or by independent external audits in accordance with the requirements established in the permits, the contracts or the environmental impact procedures. Examples include PROFEPA, the Rain Forest Alliance and Ecocheck de Cristal in Mexico, or the Environment Departments of the local governments where the operations take place.

More information: Other support and supplementary documents (available on the website):

- Table of GRI Environmental Performance Indicators.
- Methodologies, assumptions and sources used in the environmental indicators.
- OHL Group Emissions Report 2016.
- OHL Group Water Scarcity Footprint Report 2016.
- Actions for the protection of biodiversity 2016.

04.

Good Governance

- Ownership Structure
 - Governance Bodies
 - Triple Line of Defense
-



Botín Center. Santander.
Spain.





Medellin tram. Colombia.

04. Good Governance

OWNERSHIP STRUCTURE AT DECEMBER 31, 2016

SHAREHOLDERS	% Stake
Inmobiliaria Espacio, S.A.	54.48
Deutsche Bank, A.G.	2.20
Invesco, Ltd	4.98
Santander Asset Management, S.A., SGIIC	3
Société Générale, S.A.	3.51
Rest of shareholders	31.83

GOVERNANCE BODIES

The Company reported on February 27, 2017 that the Board of Directors, acting on a positive report by the Appointments and Compensation Committee, appointed Ignacio Moreno Martinez as a director by cooption, with independent director status, to fill the vacancy left by the stepping-down of Juan Osuna Gómez from his office of director.

On March 29, 2017, the Board of Directors, following a positive report by the Appointments and Compensation Committee, voted to:

- Appoint Reyes Calderón Cuadrado and Juan Antonio Santamera Sánchez as members of the Appointments and Compensation Committee.

- Appoint Juan José Nieto Bueso as Coordinating Director.

Likewise, the Audit and Compliance Committee voted to appoint José Luis Díez García as its Chairman.

Composition of the Board of Directors and Board Committees at February 29, 2017



More information on Director Profiles: http://www.ohl.es/media/949202/170103_consejo-de-administracion_eng_.pdf

AUDIT, COMPLIANCE AND CSR COMMITTEE

This Committee, chaired by an independent director, meets as often as the need arises and at least four times each year. One of the meetings is devoted to assessing the efficiency of and the compliance with the company's governance rules and procedures and to preparing the information to be approved by the Board of Directors and included in its yearly public documentation.

The Committee modified its composition on June 23, 2016, when Jose Luis Diez Garcia and Manuel Garrido Ruano joined, replacing Alberto Terol Esteban and Tomás Garcia Madrid, respectively.

On March 29, 2017, the Audit, Compliance and CSR Committee voted to appoint José Luis Díez García as its Chairman.

Basic functions

- Supervise the audits of the company's accounts (internal and external).
- Review the issue prospectuses and the routine financial information that the Board is required to furnish to the markets.
- Examine compliance with the Internal Regulation of Conduct in the Securities Markets, the Regulations of the Board of Directors, the Regulations of the General Shareholders' Meeting, the OHL Group Code of Ethics and, in general, the company's

rules of governance; and put forward the proposals necessary for their improvement.

- Report to the Board prior to the adoption of resolutions relating to the creation or acquisition of stakes in special purpose entities or entities domiciled in countries

or territories considered to be tax havens.

- Identify, propose, orient, further and supervise the Corporate Social Responsibility (CSR) policy of the OHL Group, and review and put forward the Annual Sustainability Report (SR).

Main issues addressed in 2016

- Review of the separate and consolidated annual accounts for the financial year ended December 31, 2015 and the periodic, quarterly and half-yearly financial reports provided to the market.
- Annual Corporate Governance Report on the 2015 financial year.
- Sustainability Report on the 2015 financial year.
- Analysis of internal audit reports.
- 2015 Tax Report.
- Analysis of the independence and proposal for the appointment of the external auditor.
- Proposal for the appointment of the external auditor 2016.
- Actions in relation to the OHL Group Risk Management Model.
- Actions in relation to the Group's Corporate Social Responsibility Policy.
- Actions in relation to the Code of Ethics and management of reports received through the Ethical Channel.

APPOINTMENTS AND COMPENSATION COMMITTEE

The Appointments and Compensation Committee is chaired by an independent director and is made up by external directors, the majority of whom are independent. The Committee meets as often as the Board, or its Chairman, requests the issuance of a report or the adoption of proposals and, in any case, whenever advisable for the proper discharge of its duties.

The Committee modified its composition on November 14, 2016, when Macarena Sainz de Vicuña

Primo de Rivera was replaced by Juan José Nieto Bueso.

On March 29, 2017, the Board of Directors voted to appoint Reyes Calderón Cuadrado and Juan Antonio Santamera Sánchez as members of the Appointments and Compensation Committee, increasing to five the number of members of the Committee.

Also, on that same date the Board voted to appoint Juan José Nieto Bueso as Coordinating Director.

Basic functions

- Establish the criteria to be applied for the composition of the Board of Directors.
- Refer to the Board its proposals for the appointment of directors, the appointment and removal of the secretary and of the members of each of the committees.
- Propose to the Board the compensation system and the amount of the annual compensation to be paid to the directors and to the members of the Management Committee.

Main issues addressed in 2016

- Steps taken in relation to the variable remuneration of the executive directors and senior management and their contract terms & conditions.
- Report on the compensation of the Board of Directors during the 2015 financial year.
- Analysis and report on transactions with related parties carried out during the year in accordance with the rules and regulations of the Group.
- Analysis of candidatures for filling the vacancies on the Board arising during the financial year and proposals of candidates for their appointment.
- Analysis and report on the appointment of officers on the Board during the 2016 financial year, in the course of the process for the succession of the Chairman of the Board.

INCOMPATIBILITIES AND CONFLICTS OF INTERESTS

The Regulations of the Board of Directors of the OHL Group regulate the situations of incompatibility and conflicts of interest of its directors.

The Regulations also address in detail those situations where, due to the existence of a possible conflict of interest, a director must notify the Board of Directors of any situation of direct or indirect conflict that he or she may have with the company's interests and must abstain from attending and taking part in discussions and voting on matters that affect issues connected with the conflict.

Thus, the directors may only engage in professional or commercial transactions with the company in those cases where a prior report on the situation of conflict is issued by the Appointments and Compensation Committee approving the transaction in question.

In the 2016 financial year, the Company's Board of Directors approved a standard implementing the provisions made in the Regulations of the Board of Directors, reinforcing and setting out in detail the procedures and controls applicable to the transactions that the Company or any of the companies in its Group wish to conduct with significant shareholders or with the parties related to such shareholders.

The transactions affected by this procedure include all transfers of resources, services, rights and obligations, regardless of whether a consideration is involved or not, which are carried out by the parties referred to in the previous paragraph with the Company or with any of the companies in the Group.

More information on Corporate Governance:

- Annual Report on the compensation of the directors drawn up by the Company with reference to the 2016 financial year.
- Annual Corporate Governance Report drawn up by the Company with reference to the 2016 financial year.
- Corporate Bylaws.
- Regulations of the General Shareholders' Meeting.
- Regulations of the Board.
- Code of Conduct in Matters Relating to the Securities Market.
- Code of Ethics.



MANAGEMENT COMMITTEE

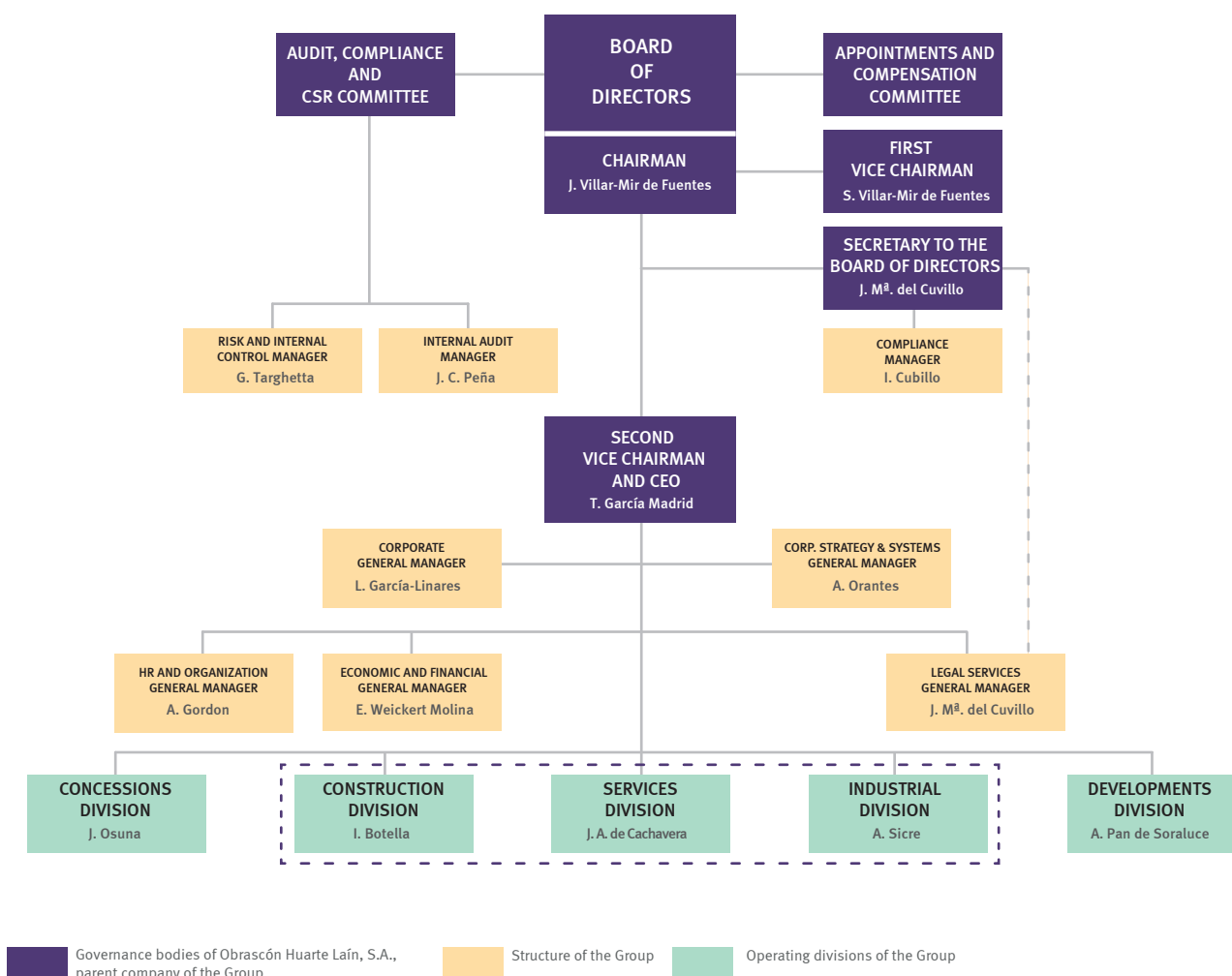
Composition at December 31, 2016.

<div>Mr. Tomás García Madrid OHL Group Second Vice Chairman and CEO</div>	
	<div>Mr. Juan Luis Osuna Gómez Chief Executive Officer of OHL Concesiones</div>
	<div>Mr. Ignacio Botella Rodríguez General Manager of OHL Construcción</div>
	<div>Mr. Alberto Sicre Díaz General Manager of OHL Industrial</div>
	<div>Mr. José Antonio de Cachavera Sánchez General Manager of OHL Servicios</div>
	<div>Mr. Andrés Pan de Soraluce Muguiro Chairman of OHL Desarrollos</div>
	<div>Mr. Luis A. García-Linares García Corporate General Manager</div>
	<div>Mr. Enrique Weickert Molina Economic and Financial General Manager</div>
	<div>Mr. Alfonso Gordon García Human Resources and Organization General Manager</div>
	<div>Mr. Alfonso Orantes Casado de Amezua Corporate Strategy and Systems General Manager</div>
	<div>Mr. Gonzalo Targhetta Reina Risks and Internal Control Manager</div>
	<div>Mr. José María del Cuvello Pemán Legal Services General Manager</div>

Basic functions

- Control the execution of the plans, programs, forecasts, budgets and financial statements of the Group.
- Analyze the trend in contracting and the status of the contract backlog.
- Study and report on the long-term plans, the investment and divestiture programs and the annual budget of the Group.
- Define the HR policies.
- Approve the Policies and Standards of internal action that are applicable globally to the OHL Group.
- Assist the Chairman in those matters in which the Chairman requests the Committee’s opinion.
- Examine the report on investment performance submitted by the Economic and Financial General Manager.

BASIC ORGANIZATIONAL CHART OF THE OHL GROUP



CSR MANAGEMENT BODIES

The OHL Board of Directors' Audit, Compliance and CSR Committee is the responsible body in charge of furthering and monitoring the Sustainability Policy.

Responsibility and functions of OHL's Audit, Compliance and CSR Committee:

- Be aware of, drive, orient and supervise the performance of the Group in terms of CSR and sustainability and report on its performance to the Board of Directors.

- Ensure compliance with the Group's Code of Ethics and manage the conduct reporting channel.
- Review and keep the Group's Sustainability Policy updated.

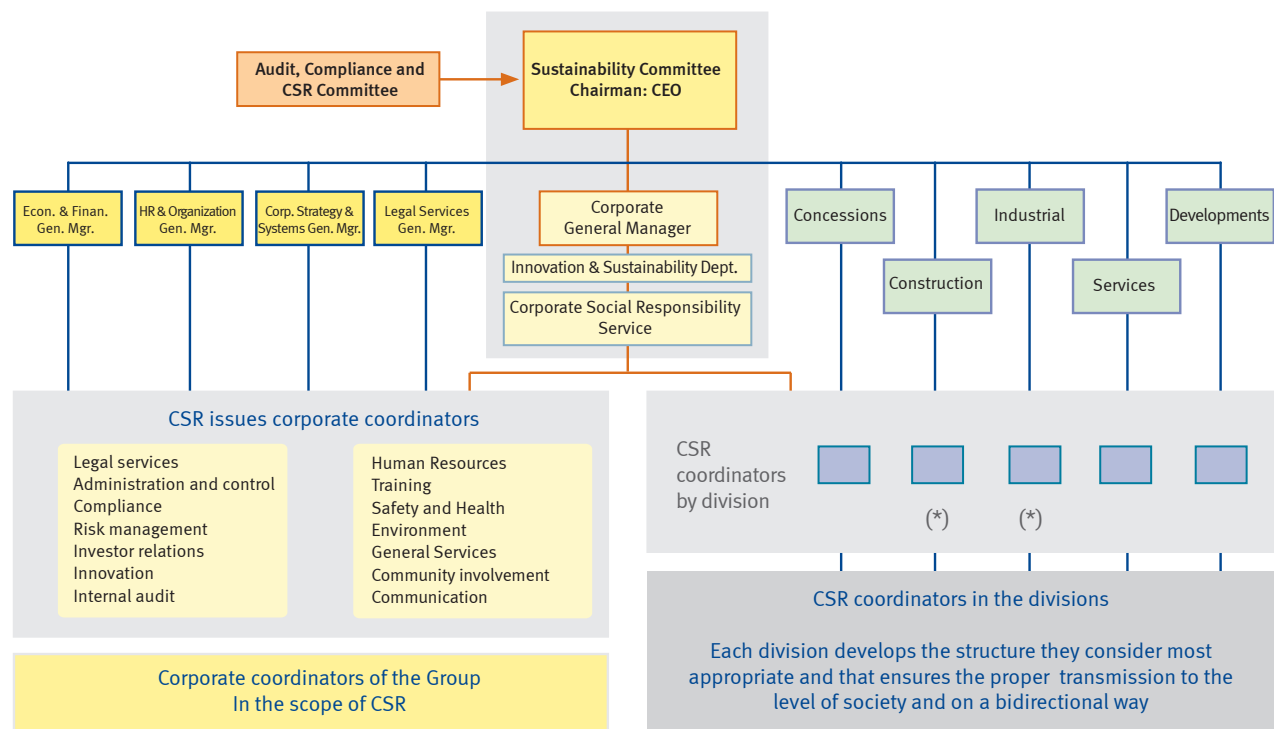
This Committee entrusts the executive action to the Sustainability Committee, the management body delegated for approving and coordinating the sustainability policies and strategies and which, in 2015, approved the CSR Strategic Plan 2015-2020.

- The CSR Service, integrated into the Innovation & Sustainability Department, defines and implements the strategic plans of the OHL Group in this area. To do so, the Service is supported on a multidisciplinary team of professionals organized in a decentralized and international structure. Since 2015, this structure
-
-

provides the support necessary for the implementation and monitoring of the CSR Strategic Plan 2015-2020.

CSR in the Group is managed horizontally, across all of the areas and on all of the levels of the organization.

CSR management structure in the OHL Group



(*) Procurement management in the Group is structured on the division level. For this reason, the managers responsible for procurement in the Construction and Industrial activities included on the list of coordinators by division are considered to be the procurement coordinators.

TRIPLE LINE OF DEFENSE

RISKS AND INTERNAL CONTROL

With the objective of reinforcing the risk management and internal control mechanisms and of successfully addressing the challenges of the Strategic Plan, the company has continued improving the risk

management system based on the OHL Group Risk Management Policy throughout the 2016 financial year. The following stand out among the actions taken in this context:

Project-level risk management system

The objective of the project risk management system developed is **threefold** and seeks to generate a culture in the organization that assumes risk management as a strategic and differentiating element.

On the commercial or tendering level the aim is to guarantee that the level of risk assumed in the contracting is compatible with the objectives and the sustainability of the division and of the OHL Group.

On the operational or project level the purpose is to maximize the rate of returns of the projects through the early identification of risks and the effective taking of mitigating actions in such a way as to increase the likelihood of finalizing projects within the cost and completion dates planned.

On the division level the objective is to provide comprehensive management reporting that will reflect the uncertainty derived from the existing risks and will serve to assist management in making strategic decisions.

With this threefold objective in mind, the company has defined a **risk management system** based on the early and ongoing identification of the threats and opportunities that could endanger the attainment of the

targets of the project, in such a way as to enable the taking of actions capable of achieving the effective mitigation of the risk prior to its occurrence. With a practical and proactive focus geared to the taking of action, the processes developed include the participation of all of the disciplines involved in each project in an effort to guarantee the risk management in all of its aspects.

A number of red lines have been defined to ensure that the assumption of high-level risks can only be authorized by the competent bodies. Based on the lessons learned from past projects, the Group revised the generic catalogs of risks on the Division level, containing the potential risks to be submitted to an exhaustive analysis in all tenders and projects.

Implementation of the Third-Party Due Diligence process

The **Due Diligence process** makes it possible to assess the risk associated with contracting or cooperation with third parties (such as clients, partners or critical suppliers). Each new third party with which there is an expectation of establishing business relations is subjected to an exhaustive analysis from the technical, financial and compliance perspectives to detect possible risks from an early stage and to make

an informed decision, through the relevant process of authorizations, on the advisability or not of continuing with the process, establishing the appropriate conditions for such relations, if necessary.

During the financial year, Due Diligence evaluations were made of potential partners, clients, critical suppliers and subcontractors.

Updating of the OHL Group's Risk Map

The **updating of the Risk Maps** of the Divisions was carried out in close cooperation with the persons responsible for the Risk function in each Division. These maps make it possible to draw up the Risk Map of the OHL Group and to undertake

initiatives and projects designed to reduce the exposure of the Group to the main threats detected.

The OHL Group's Country Risk Model

The country risk model of the OHL Group has been improved, by adding a new risk criterion that assesses the degree of aggressiveness of the climate conditions of the country.

The objective of the Risk Management System is to generate a culture in the organization that assumes risk management as a strategic and differentiating element

Monitoring of actions (action plans / mitigation measures) relating to the risks of the information and communication technologies (ICTs) of the OHL Group

The work for the review and upgrading of the data centers of the business headquarters has continued during the 2016 financial year, together with the opening of new centers under the security guidelines established by the OHL Group.

Similarly, progress has been made in the international implementation of other initiatives focused on the standardization of security procedures and policies, such as:

information backups, hardware and software inventory control, improvements in the control of the e-mail platforms, as well as the commencement of the implementation of new measures such as the secure use of electronic signature certificates, the encrypting of the portable equipment of users and the start-up of the corrective measures resulting from the analysis of vulnerabilities made in the home markets.

The OHL Group’s Reputation Management Model

The most significant example of the Group’s commitment to reputation management is the creation of the **Reputation Management** function at Group level, reporting directly to the Risks and Internal Control Manager of the OHL Group. The Group reputation management model has now been designed, and its first phase, consisting of the definition of its reputational vision and associated objectives, has been launched:

- Prioritization of the stakeholders to be included in the survey process.
- Analysis of the internal perception of the Group’s reputation.
- Definition of the desired positioning axes.
- Setting-up of the management unit (corporate reputation working group).

- Determination of the scope of the diagnostic pilot.
- Definition of the operational aspects of the stakeholder survey process.

With the implementation of this management model, the OHL Group will be capable of understanding the expectations and priorities of its stakeholders for incorporating them as relevant criteria into its decision-making processes.

In this way, the company will be able to align its activity with the interests of its main stakeholders, thereby minimizing risks, taking advantage of the opportunities arising from this dialog and, in the end, building a relationship of trust and mutual benefit.

COMPLIANCE

Code of Ethics and Anticorruption Policy

Ethics, integrity, honesty, spirit of achievement and continuous improvement and transparency constitute the corporate values of the OHL Group, which expects that these values will guide the conduct of all of its officers and employees in the performance of their work.

The **Code of Ethics**, approved by the Board of Directors in 2010 and revised in 2012 and 2015, constitutes an express and precise indication of the values, principles and standards of behavior to be observed in the day-to-day endeavors of staff and has as its purpose:

The goal is for all employees to receive continuous training through the organization of regular courses.



In 2016, 1,207 people took the Code of Ethics and Anticorruption Policy course, devoting a total of 12,070 class hours.
.....

- To develop the models and standards of professional, ethical and responsible behavior which are to guide all of the individuals belonging to the OHL Group in the discharge of their duties.
- To prevent criminal behavior and any other illicit conduct by the individuals bound by this Code in the performance of their work.
- To establish the monitoring and control mechanisms necessary in order to guarantee compliance.

This Code of Ethics constitutes one of the principal elements of the management of OHL's Corporate Social Responsibility and is the channel for the development of its corporate values, which are set out below:

- Professional ethics, integrity, honesty, loyalty, efficiency and responsibility vis-à-vis our stakeholders, in all of the actions of the Group, always in full compliance with applicable laws.
- Spirit of achievement and continuous improvement in performance with a permanent focus on excellence.
- Transparency in the dissemination of information, which must be adequate, accurate, verifiable and complete.
- Value creation with a permanent search for sustainable profitability and growth.
- Constant promotion of committed quality, innovation, safety and environmental friendliness.

These values constitute the foundation on which this Code is supported and establish the general standards of action which must be observed by all of the individuals belonging to the OHL Group in the performance of their work.

All of the employees of OHL must be familiar with and sign the Code of Ethics. For this reason, since 2012 a clause has been included in the employment contracts of the new employees joining the Group, and a copy of the Code is handed over at the time of the signature of the contract.

The Group is a signatory of the United Nations Global Compact and is therefore bound to work throughout the world against corruption and bribery and to follow the recommendations in this regard of international organizations such as the OECD. In this context, the OHL Group's **Anticorruption Policy**, approved by the Board of Directors in 2015, reflects the Group's position of zero tolerance with respect to corruption in any of its forms.

The Anticorruption Policy establishes a number of rules for preventing corruption and determines that the OHL Group absolutely prohibits the:

1. Offering or acceptance of bribes to or from public officials or private persons.
2. Offering or acceptance of facilitating payments for starting or speeding up administrative processes or formalities.

3. Offering or acceptance of gifts or courtesies to or from public officials or any other third party that would infringe the provisions of this Policy.
4. Making of contributions for political purposes in the name of the Group.
5. Obtaining of preferential treatment by using sponsorship or a donation as a means for securing it.
6. Using the company's business relations and contacts to one's own benefit or to the benefit of another.
7. Establishing business relations with third parties without performing minimal due diligence in KYC.

All of OHL's employees must be thoroughly aware of and comply with this policy. For this reason, the policy has been disseminated through the publication of a news item in this regard in the Group's intranet, during a period of one month.

Ethical Channel

The Ethical Channel is available to all of the individuals belonging to the OHL Group, as well as to the company's stakeholders, for making queries or for the reporting in good faith of any conducts in the professional sphere that could involve, by action or omission, irregularities, noncompliance or acts contrary to the standards and principles of action contained in the Code of Ethics, to the rest of the standards or procedures comprising the internal regulatory system of the Group or to the legal framework.

The Audit, Compliance and CSR Committee guarantees the proper and most scrupulous management of the reports made, thereby ensuring that they will be treated on an absolutely confidential basis in accordance with the internal procedure that regulates the operation of the Ethical Channel. The Committee is also responsible for carrying out the disciplinary, penalty and judicial processes, as applicable, through to the final decision on such cases.

The OHL Group, in consonance with its commitment to ethics and integrity in the performance of its business, and in the framework of the improvement of its Organization and Management Model for the Prevention of Crime, has renovated the software of the Ethical Channel during 2016. The updating of the Channel will make it possible to progress in its dissemination, access and management, as a part of the mechanisms of monitoring and control.

The Group's Ethical Channel procedure addresses, among other aspects, the steps for processing the reports as well as for guaranteeing confidentiality and fair treatment and for ensuring the non-existence of reprisals: notification, analysis, investigation and final decision. Prior to the examination of the reports by the Audit Committee, the Compliance Department collects the information it considers necessary for being in a position to form an opinion on the possible existence of



Employees of OHL.

matter or substance that would make it possible to determine whether or not a process of investigation should commence. This stage ends with the decision by the Manager of the Ethical Channel (Compliance Department) to admit the case for processing. In the event of a conflict of interest, a proposal not to admit the case reported or when there are significant or urgent reasons, the report must be notified to the Audit Committee in advance. Once the investigation has finalized, the Compliance Department will inform the Committee of the conclusions of the investigations reports made in this stage and propose the adoption of the measures considered necessary for the final decision on the case.

During 2016, a total of 47 reports were received, 41 of which were made through the Ethical Channel Communication web and the rest, 6, through other means. Of the total reports, 23 were investigated and 24 were ruled out on the grounds that they did not represent an infringement of the Code of Ethics. Seven of the 23 reports investigated were closed with actions taken. At December 31, there were 5 reports in the process of investigation, 7 were concluded with formal warnings to the persons involved and the rest were closed or finalized without further action.

The OHL Group Organization
and Management Model
for the Prevention of Crime
was updated in 2016

Crime Prevention Model

OHL has an **Organization and Management Model for the Prevention of Crime (CPM)**, which was updated in 2016 to adapt it to the Group’s structural changes. The characteristics of the model are described below:

- The model is designed in line with the organizational structure of the OHL Group, setting out in specific sections the criminal risks and their relevant controls both for the Corporation as well as for each of the divisions.
- In accordance with this structure, the criminal risks to which there is exposure in each activity or support function are identified in the model.
- Moreover, internal controls, capable of mitigating or of reducing the likelihood of the materialization of each criminal risk, have been associated with each risk identified.
- The model documents these internal controls, together with their particular characteristics,

including: the area or department responsible for exercising them, the specific description of the control activity and the evidence in support of such activity. Likewise, whenever applicable, the policy, standard, process or procedure where the criteria used for adopting decisions on the management of the activity of the Group are included and specified, is associated with each control.

The CPM has the following levels of control, which are structured according to their nature as:

- Level-one or general company controls that establish the principles and values of the OHL Group, which must govern the behavior and conduct of its directors, managers and employees.
- Controls emanating from the policies, standards, processes and procedures that establish the decision-making criteria regulating the business activity and functions of the Group.

- Automatic controls over the operations carried out by means of computer programs for the performance of the business activity and the functions of the employees.

In addition, the CPM includes controls for the Financial Reporting System of the OHL Group, which also has the capacity for preventing the commission of criminal offenses.

INTERNAL AUDIT

The Internal Audit Department of the Group was created on the initiative of the Board of Directors for the purpose of having an independent and objective assurance, internal control and consultancy service for providing support to the organization to enable it to effectively meet its responsibilities and achieve its goals.

The Audit, Compliance and CSR Committee reviews all of the reports issued by the Internal Audit Department, which are presented at the meetings usually held each month. This Department is integrated into the organization of the OHL Group, although it is not an executive body, and operates subject to the policies established by the Board of Directors through its Audit, Compliance and CSR Committee.

During 2016, audits were performed in all of the divisions of the Group and in the majority of the countries where it operates, with a scope that applies, principally, to the following aspects:

During 2016, audits were performed in all of the divisions of the OHL Group and in the majority of the countries where it operates



Among these, the controls associated with the management of the financial resources of the Group are particularly relevant.

The model will be progressively updated in response to subsequent organizational and legal changes and will be gradually implemented in the countries where the Group has a presence, adapting it to the local legislation.

- Construction/concession projects, analyzing accounting/financial, operational and compliance aspects, both in terms of external legislative requirements as well as internal regulations.
- Obtaining on a regular basis of indicators/alerts on specific parameters for preventive auditing.
- Purchases by the Construction division.
- Financial Reporting Internal Control System.
- Information security.
- Machinery cycle.
- Travel and representational expenses cycle.
- Review of the making of investments approved by the Investment Committee.

The Internal Audit has a unit specialized in the investigation of irregularities and fraud that performs tasks associated with these aspects, as well as with the applicable reports of irregularities received within the Group.

The verification of aspects relating to Human Rights compliance is included in the project review programs. The review of the support

Basic Internal Audit Functions

- Review the truthfulness, reliability and integrity of the records and of the financial and operating information.
- Report on the proper performance of the processes and on the proper and efficient use of the Group's resources.
- Verify the reliability of the risk management and internal control systems and the quality of the information.
- Specifically, review the Financial Reporting Internal Control System (SCIIF) and the sufficiency of the controls put into place.
- Verify the existence and status of the assets and check the appropriateness of the measures to protect their integrity.
- Verify the existence of standards and procedures that adequately regulate the Group's main activities and enable the proper measurement of their economy and effectiveness.
- Assess the degree of compliance with the standards, instructions and procedures established in the Group.
- Propose the modifications, revisions or adaptations of the documents mentioned in the previous point, as necessary for the improvement of the Group's operations.
- Review the newly issued internal standards of the OHL Group prior to their final approval.
- Perform the follow-up of the investment and disinvestment transactions approved by the OHL Group.
- Maintain coordinated relations with the tasks performed by the External Audit, as a supplementary but not a subsidiary or substitutive activity.
- Put forward recommendations with a view to contributing to the remedying of any irregularities detected in the course of its work and monitor the implementation of such recommendations.
- Draw up and update its annual work plans.
- Perform any specific task entrusted to it by the Chairman of the Audit, Compliance and Corporate Social Responsibility Committee.
- Maintain an updated inventory of risks of fraud and associated controls and test the effectiveness of such controls by means of an annual rotating review.
- Participate as a guest on committees of the OHL Group.

of the relevant environmental parameters used by the Group for its sustainability reports, carbon footprint and similar purposes was included in these programs for the first time in 2016.

The weaknesses detected have generated a set of recommendations and the adoption of the appropriate

corrective measures. For the most significant recommendations, a monthly monitoring exercise is performed by the Management Committee. The actions taken are included in the Annual Internal Audit Report submitted to the Audit, Compliance and CSR Committee.

05.

About this Report



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USA.





Rey Juan Carlos Hospital. Mostoles. Spain.

05. About this Report

SCOPE

The scope covered by this Report is the same as that used for financial purposes in the Group's Annual Accounts and includes OHL S.A. and the subsidiaries over which it exercises control.

In those cases where there may be a change in the scope covered by the data provided in this Report, this will be indicated in each of the relevant sections.

METHODOLOGY USED

The process used for drawing up the Report requires a succession of correlative and consecutive processes and sub-processes that have the General Shareholders' Meeting as their deadline.

The quality of the information compiled from original sources is a fundamental element in the preparation of the Integrated Report. Enablon software has been used for the capturing and consolidation of the information from its original sources.

The principles of inclusivity, materiality and response capacity contained in the AA1000 standard, which includes the Accountability Principles (AA1000APS) and the Assurance (AA1000AS) standards, were considered in the preparation of the Report.

This Report provides a response to the sustainability reporting principles of the GRI-G4 standard, with respect to determining the content of the report (stakeholder inclusiveness, sustainability context, materiality,

completeness) and its quality (balance, comparability, accuracy, timeliness, clarity and reliability).

With this Report, the OHL Group seeks to meet the demands for information by the company's stakeholders and points up the relevance of CSR as an integral part of its global business in the daily activities.

The Report is a Group-level exercise managed by the Corporate CSR Service in the Innovation & Sustainability Department, driven by the Corporate General Management Area and the Sustainability Committee. The

ultimate responsibility for preparing the Sustainability Report rests with the Audit, Compliance and CSR Committee.

With the aim of offering a complete, transparent and rigorous communication, the OHL Group submits the contents of its Sustainability Report and the adaptation of the Report to the GRI-G4 Guidelines to a number of control and audit processes, both internal as well as external.

The reliability of the data collected and included in this Report has been verified by Deloitte, the firm that has performed its audit.

Process for the preparation of the OHL Group's sustainability report

Timetable	June	June-October	November-February	February- March	January-March	March-April	May
Processes							Shareholders General Meeting
	Strategy	Planning	Capturing, consolidation	Drawing-up	Verification and conformity	Layout, translation and preparation of dissemination supports	
	3 processes	5 processes	2 processes	1 process	3 processes	5 processes	
Main players involved	<ul style="list-style-type: none"> Sustainability Committee Corporate Gen. Management Innovation & Sustainability Dept. CSR Service 	<ul style="list-style-type: none"> Officers and managers Line coordinators Investor Relations Dept. Legal Services Gen. Management CSR area heads CSR Service 	<ul style="list-style-type: none"> Officers and managers User software Line coordinators CSR area heads Audit firm CSR Service 	<ul style="list-style-type: none"> CSR area heads CSR Service 	<ul style="list-style-type: none"> Audit, Compl. & CSR Committee Audit firm CSR area heads GRI and Global Compact CSR Service 	<ul style="list-style-type: none"> External collaborators Systems Dept. Communication & Image Dept. CSR Service 	Webcast Report distribution

MATERIALITY

The OHL Group understands the success of its activities thanks to its stakeholders. Knowing and understanding their concerns and responding to their needs and demands have become the driving force behind the creation of value for the Group.

The relevance of OHL's interaction with its stakeholder groups and the involvement of all of them in the Group's decision-making processes influence how OHL carries out its operations, the way it does business and its proper economic, social and environmental performance.

With this Report, the OHL Group seeks to meet the demands for information by the company's stakeholders and points up the relevance of Corporate Social Responsibility as an integral part of its global business

.....

KNOW

The OHL Group analyzes its stakeholder groups on the internal and external level, identifying their needs and the way in which they can be given a response.

Employees: the success and the progress of the OHL Group are based on its human capital and, for this reason, it acknowledges and rewards the effort of its employees. People are its main asset and, as a result, the Group takes initiatives for developing and managing talent.

(More information: Capital Management. Human Capital)

Clients: OHL works continuously to improve the services it provides to its clients, for which purpose it strives to put into place adequate mechanisms of communication to enable it to maintain an ongoing dialog. All claims are managed and settled through its client and user care systems.

(More information: Capital Management. Industrial Capital. Quality Management and Client Care Service)

Suppliers: OHL identifies all of the suppliers and subcontractors that belong to its global and diversified supply chain and make it a source of value and competitiveness. They are essential allies in its strategy of profitability and growth. OHL establishes relations of mutual benefit with them, based on the principle of shared value and responsible business management. Moreover, to receive and settle all claims, requests or suggestions, OHL makes the telephone number of the User Care Center and the Group's website address available to suppliers in the countries where it operates.

(More information: Capital Management. Industrial Capital. Supply Chain)

Shareholders: OHL works to generate a maximum degree of transparency in the information requested by shareholders, investors and analysts. For this purpose, the Group promotes face-to-face meetings



yearly and makes several channels of communication available, which enable it to maintain an ongoing flow of information in response to the needs of investors and the market. Two seminars, three roadshows outside of Spain and two presentations of results were organized in the course of 2016.

(More information: Capital Management. Financial Capital)

Community: OHL is fully aware of its impact on the local communities in the places where it operates. For this reason it maintains an active dialog with the communities affected by its operations, involving them in the decision-making processes. In this way, OHL places the focus on the performance of its activities in consonance with the communities involved, by including all of the players in the process, executing its projects in a controlled manner and ensuring that the individual, social and environmental rights of the community affected are not infringed.

(More information: Capital Management. Social and Relational Capital)

COMMUNICATE

The Group reaches out to its stakeholders and maintains a constant and updated flow of information, through a wide range of channels of communication and of dialog.

(More information: Channels of Communication. <http://memoria.ohl.es>)

List of Relevant Issues

EXTERNAL MATERIALITY ISSUES	INTERNAL MATERIALITY ISSUES
Good Governance and CSR	
Risk management	Risk management
Compliance, ethical management and business transparency	Compliance, ethical management and business transparency
Economic growth	Economic growth
Dialog with stakeholders	Transparency in the reporting of financial and non-financial information
	Information security
	Dialog with stakeholders
	Integrated CR management
Human Rights	
Human Rights Policy	Human Rights Policy
	Reporting of Human Rights incidents
	Human Rights compliance in the areas and operations of the Group
Employees	
Job stability	Job stability
Safety and health	Safety and health
Equality	Diversity and integration
Training	
Technical training	Technical training
	Environmental training
	Training in Human Rights, Ethics and CR
	Training in occupational risk prevention
Clients	
Client satisfaction	Client satisfaction
	Quality management
	Safety of the facilities and services
Suppliers	
Training, monitoring and evaluation of the supply chain	Responsible procurement management
	Training, monitoring and evaluation of the supply chain
Environment	
Energy efficiency and GHG emissions	Energy efficiency and GHG emissions
Environmental assessment and management procedures	Efficiency in the consumption of raw materials
	Environmental assessment and management procedures
Society	
Relations with the communities	Relations with the communities
Promotion of global Community Involvement and volunteering	Impact on society of the Group's actions

The OHL Group distributes its annual *online* report in an html format, accessible from the direct link <http://memoria2016.ohl.es/> and through its corporate website

www.ohl.es, enabling the navigation of its contents, as well as the downloading of complete documents in pdf format, in Spanish and in English.

CONTACT DETAILS

For any clarification, suggestions or additional information with respect to this publication, please use either of the following contact addresses:

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Corporate Social Responsibility Service
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Tables of Correlation



Route T-85, Lago Ranco-Calcurrupe section.
Chile.



GENERAL STANDARD DISCLOSURES GRI G4

				Pages	Review	Omission/ Notes
STRATEGY AND ANALYSIS		GLOBAL COMPACT	SDG*			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.			Letter from the Chairman	✓	
G4-2	Provide a description of the key impacts, risks, and opportunities.			- Good Governance (pages 152-159). - ACGR E3: Indicate the main risks, including tax risks, which may prevent the company from achieving its targets.	✓	
ORGANIZATION PROFILE						
G4-3	Report the name of the organization.			- About this Report (pages 162-165).	✓	
G4-4	Report the primary brands, products and services.			- Strategy and Business Model (pages 32-85).	✓	
G4-5	Report the location of the organization's headquarters.			- About this Report (page 165).	✓	
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.			- OHL Group Profile 2016 (pages 12 and 13).	✓	
G4-7	Report the nature of ownership and legal form.			- Good Governance (pages 146-152)	✓	
G4-8	Report the markets served (including geographic breakdown, sectors involved and types of customers and beneficiaries).			- OHL Group Profile 2016 (pages 12 and 13). - Strategy and Business Model (pages 32-85).	✓	
G4-9	Report the scale of the organization, including: - Total number of employees. - Total number of operations. - Net sales or net revenues. - Total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.			- OHL Group Profile 2016 (pages 12 and 13). - Strategy and Business Model (pages 32-85). - Financial Capital (pages 88-95).	✓	
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers.		8.5	- OHL Group Profile 2016 (pages 12 and 13). - Human Capital (pages 113, 114 and 116).	✓	(11) (12)
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	P1; P3	8.8	- Human Capital (page 117).	✓	
G4-12	Describe the organization's supply chain.			- Industrial Capital (pages 102-105).	✓	(11)
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.			- Industrial Capital (pages 102-105). - Human Capital (pages 113, 114 and 116). - Good Governance (pages 146-152).	✓	

* Sustainable Development Goals (SDGs)

GENERAL STANDARD DISCLOSURES GRI G4 (cont.)

				Pages	Review	Omission/ Notes
COMMITMENTS TO EXTERNAL INITIATIVES						
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.			- ACGR E.1 and E.2.	✓	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.			- Strategy and Business Model (pages 44 and 45). - Industrial Capital (pages 102-105). - Human Capital (pages 122-124). - Social & Relational Capital (page 131).	✓	
G4-16	List memberships of associations and national or international advocacy organizations in which the organization: - Holds a position on the governance body. - Participates in projects or committees. - Provides substantive funding beyond routine membership dues. - Views membership as strategic.			- Strategy and Business Model (pages 44 and 45). - Industrial Capital (pages 102-105). - Human Capital (pages 122-124). - Social & Relational Capital (page 131).	✓	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES						
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.			- About this Report (pages 162 and 163). - Financial Statements: Appendix I and Appendix II.	✓	
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.			- About this Report (pages 162-165).	✓	
G4-19	List all the material Aspects identified in the process for defining report content.			- About this Report (pages 163 and 164).	✓	
G4-20	For each material Aspect, report the Aspect Boundary within the organization			- About this Report (pages 163 and 164).	✓	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.			- About this Report (pages 163 and 164).	✓	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.			D.A.	-	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.			- About this Report (pages 162-165).	✓	
STAKEHOLDER ENGAGEMENT						
G4-24	Provide a list of stakeholder groups engaged by the organization.			- Social & Relational Capital (pages 125-131). - About this Report (pages 163 and 165).	✓	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.			- Social & Relational Capital (pages 125-131). - About this Report (pages 163 and 165).	✓	
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.			- Human Capital (page 117). - Social & Relational Capital (pages 125-131). - About this Report (pages 163 and 165).	✓	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.			- Social & Relational Capital (pages 125-131). - About this Report (pages 163 and 165).	✓	

GENERAL STANDARD DISCLOSURES GRI G4 (cont.)

			Pages	Review	Omission/ Notes
REPORT PROFILE					
G4-28	Reporting period (such as fiscal or calendar year) for the information provided.		- About this Report (pages 162 and 163).	✓	
G4-29	Date of most recent previous report (if any).		- About this Report (pages 162 and 163).	✓	
G4-30	Reporting cycle (such as annual, biennial, etc.).		- About this Report (pages 162 and 163).	✓	
G4-31	Provide the context point for questions regarding the report or its contents.		- About this Report (page 165).	✓	
GRI CONTENT INDEX					
G4-32	a. Report the "in accordance" option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.		<i>Comprehensive</i> monitoring level: - GRI Table. - About this Report. - Independent Assurance Report.	✓	
ASSURANCE					
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.		- GRI Table OHL Group's practice is to submit the Annual Integrated Report to an assurance by an Independent Auditor. During 2016 this review has been carried out by Deloitte Advisory S.L. - Independent Assurance Report.	✓	
GOVERNANCE					
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		- Strategy and Business Model (pages 43-45). - Good Governance (pages 146 and 147).	✓	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.		- Good Governance (page 152).	✓	
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.		- Good Governance (page 152).	✓	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	16.7	- Human Capital (page 117). - Social & Relational Capital (pages 130 and 131). - Good Governance (pages 156 and 157). - About this Report (pages 163 and 165).	✓	
G4-38	Report the composition of the highest governance body and its committees.	5.5 16.7	- Good Governance (pages 146-152). - ACGR C.1.	✓	
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	16.6	- Good Governance (pages 146-152) - ACGR C.1.2.	✓	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting the highest governance body members.	5.5 16.7	- ACGR C.1.19.	✓	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	16.6	- Good Governance (page 149). - ACGR D.1.	✓	

GENERAL STANDARD DISCLOSURES GRI G4 (cont.)

				Pages	Review	Omission/ Notes
HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSES, VALUES, AND STRATEGY						
G4-42	Report the highest governance body's and senior executive's roles in the development, approval, and updating of the organization's purpose, values or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.			- Good Governance (pages 146-152).	✓	
HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION						
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.		4.7	- Good Governance (page 152).	✓	
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to the governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.			- ACGR C.1.19 and C.1.20.	✓	
HIGHEST GOVERNANCE BODY'S ROLE IN RISK MANAGEMENT						
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.		16.7	- Good Governance (pages 146-159).	✓	
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.			- Strategy and Business Model (pages 43-45). - Good Governance (pages 146-152).	✓	
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.			- ACGR C.1.20.	✓	
HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING						
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.			- Good Governance (pages 146-152).	✓	
HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING						
G4-49	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.			- Good Governance (pages 154-156). - ACGR F.1.2.	✓	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.			- Good Governance (pages 154-156) - ACGR F.1.2.	✓	

GENERAL STANDARD DISCLOSURES GRI G4 (cont.)

				Pages	Review	Omission/ Notes
REMUNERATION AND INCENTIVES						
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.			- Annual Reports on Remuneration of Directors. - Financial Statements: 4.7.- Remuneration of directors and senior executives.	✓	
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.			- Financial Statements: 4.7.- Remuneration of directors and senior executives. - Board of Directors' Regulations of Obrascon Huarte Lain S.A. Chapter VIII. Directors' remuneration. - Articles of Association. Article 24. Business Year.	✓	
G4-53	Report how stakeholder's views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		16.7	- Financial Statements: 4.7.- Remuneration of directors and senior executives. - Board of Directors' Regulations of Obrascon Huarte Lain S.A. Chapter VIII. Directors' remuneration. - Articles of Association. Article 24. Business Year.	✓	
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.			Confidential Information.	✗	(N.V)
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.			Confidential Information.	✗	(N.V)
ETHICS AND INTEGRITY						
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		16.3	- Good Governance (pages 154-158).	✓	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.		16.3	- Good Governance (pages 119-121).	✓	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		16.3	- Good Governance (pages 119-121).	✓	

* ACGR: Annual Corporate Governance Report.

SPECIFIC STANDARD GRI G4 DISCLOSURES

Indicator	GLOBAL COMPACT	SDGs	Pages	Review	Omissions/ Notes
ECONOMIC CATEGORY					
Economic Performance					
EC1	Direct economic value generated and distributed.	2.A 5.4 7.A; 7.B 8.1 9.1; 9.4; 9.5; 9.A	- Social & Relational Capital (page 125).	✓	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	P7; P8	13.1	- Natural Capital (Page 133).	✓
EC3	Coverage of the organization's defined benefit plan obligations.			The Group does not have commitments related to retirement.	✓
EC4	Financial assistance received from government.			- Financial Statements-Consolidated Balance Sheet-Subsidies.	✓
Market Presence					
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	P5	1.1 5.1 8.5	The Group provides an initial compensation package which is equal to or greater than the minimum legal required in each country for their employees.	✓ (1)
EC6	Proportion of senior management hired from the local community at significant locations of operation.	P6	8.5	- Human Capital (pages 113 and 114).	✓ (10)
Indirect Economic Impacts					
EC7	Development and impact of infrastructure investments and services supported.		2.A 5.4 7.A; 7.B 8.5 9.1; 9.4; 9.A 11.2	- Social & Relational Capital (pages 126-128).	✓
EC8	Significant indirect economic impacts, including the extent of impacts.		1.1, 1.2, 1,4 2.3 3.8 8.2; 8.3; 8.5 10.1; 10.B 17.3	- OHL Group Profile 2016 (pages 12 and 13)- - Industrial Capital (page 102)- - Human Capital (pages 113 and 114)- - Social & Relational Capital (pages 125-127).	✓
Procurement Practices					
EC9	Proportion of spending on local suppliers at significant locations of operation.		12.7	- Industrial Capital (page 102).	✓ (10) (11)
ENVIRONMENTAL CATEGORY					
Materials					
EN1	Materials used by weight or volume.	P7	8.4 12.2	- Natural Capital (pages 137-140). - GRI-G4 Environmental Indicator Tables.	✓ (2)
EN2	Percentage of materials used that are recycled input materials.	P7; P8	8.4 12.1; 12.5	- Natural Capital (pages 137-140). - GRI-G4 Environmental Indicator Tables.	✓ (2)
Energy					
EN3	Energy consumption within the organization.		7.2; 7.3 8.4 12.2 13.1	- Natural Capital (pages 141-43). - GRI-G4 Environmental Indicator Tables.	✓ (2) (13)
EN4	Energy consumption outside of the organization.		7.2; 7.3 8.4 12.2 13.1	- GRI-G4 Environmental Indicator Tables.	✓ (1)
EN5	Energy intensity.		7.3 8.4 12.5 13.1	- GRI-G4 Environmental Indicator Tables.	✓ (2) (13)
CRE1	Buildings energy intensity.			Not material due to OHL's activity.	-
EN6	Reduction of energy consumption.	P7; P8; P9	7.3 8.4 12.2 13.1	- Natural Capital (pages 141-143) - GRI-G4 Environmental Indicator Tables.	✓ (1)

SPECIFIC STANDARD GRI G4 DISCLOSURES (cont.)

Indicator		GLOBAL COMPACT	SDGs	Pages	Review	Omissions/ Notes
EN7	Reductions in energy requirements of products and services.	P7; P8; P9	7.3 8.4 12.2 13.1	- GRI-G4 Environmental Indicator Tables.	✓	(1)
Water						
EN8	Total water withdrawal by source.	P7	6.4	- Natural Capital (pages 137-140). - GRI-G4 Environmental Indicator Tables.	✓	(2) (13)
EN9	Water sources significantly affected by withdrawal of water.	P7; P8	6.4	- GRI-G4 Environmental Indicator Tables.	✓	(1)
EN10	Percentage and total volume of water recycled and reused.	P7; P8	6.3; 6.4 8.4 12.2	- Natural Capital (pages 137-140). - GRI-G4 Environmental Indicator Tables.	✓	(2)
CRE2	Buildings water intensity.			Not material due to OHL's activity.	-	
Biodiversity						
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	P7; P8	6.6 14.2 15.1; 15.4; 15.5	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables.	✓	(1)
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	P7; P8	6.6 14.2 15.1; 15.4; 15.5	- GRI-G4 Environmental Indicator Tables.	✓	(1)
EN13	Habitats protected or restored.	P8	6.6 14.2 15.1; 15.4; 15.5	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables.	✓	(1)
EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	P7; P8	6.6 14.2 15.1; 15.4; 15.5	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables.	✓	(2)
Emissions						
EN15	Direct greenhouse gas (GHG) emissions (Scope 1).		3.9 12.4 13.1 14.3 15.2	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables. - OHL Group GHG emission report 2016.	✓	(2)
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).		3.9 12.4 13.1 14.3 15.2	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables. - OHL Group GHG emission report 2016.	✓	(2) (13)
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).		3.9 12.4 13.1 14.3 15.2	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables. - OHL Group GHG emission report 2016.	✓	(2) (4)
EN18	Greenhouse gas (GHG) emissions intensity.		13.1 14.3 15.2	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables. - OHL Group GHG emission report 2016.	✓	(2)
CRE3	Greenhouse gas emissions intensity from buildings.			Not material due to OHL's activity.	-	
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.			Not material due to OHL's activity.	-	
EN19	Reduction of greenhouse gas (GHG) emissions.	P7; P8; P9	13.1 14.3 15.2	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables. - OHL Group GHG emission report 2016.	✓	(1)
EN20	Emissions of ozone-depleting substances (ODS).		12.4	No significant emissions of these substances have been identified.	-	
EN21	NOX, SOX, and other significant air emissions.		3.9 12.4 14.3 15.2	- Natural Capital (pages 141-143). - GRI-G4 Environmental Indicator Tables. - OHL Group GHG emission report 2016.	✓	(2)

SPECIFIC STANDARD GRI G4 DISCLOSURES (cont.)

Indicator	GLOBAL COMPACT	SDGs	Pages	Review	Omissions/ Notes
Effluents and Waste					
EN22	Total water discharge by quality and destination.	P7; P8	3.9 6.3; 6.6 12.4 14.1	- Natural Capital (pages 137-140). - GRI-G4 Environmental Indicator Tables.	✓ (2) (13)
EN23	Total weight of waste by type and disposal method.	P7; P8	3.9 6.3 12.4; 12.5	- Natural Capital (pages 137-140). - GRI-G4 Environmental Indicator Tables.	✓ (2)
EN24	Total number and volume of significant spills.	P8	3.9 6.3; 6.6 12.4 14.1 15.1	- Natural Capital (pages 133 and 134). - GRI-G4 Environmental Indicator Tables.	✓
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		3.9 12.4	OHL Group's activities do not include transport of waste.	-
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.		6.6 14.2 15.1; 15.5	The OHL Group does not generate water discharges or runoff water that could affect biodiversity or habitats affected by this water resources.	-
Land Degradation, Contamination and Remediation					
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations.			The OHL Group's Information Systems do not supply this information at a consolidated level.	-
Products and Services					
Management approach information					
EN27	Extent of impact mitigation of environmental impacts of products and services.	P7; P8; P9	6.4 8.4 12.2; 12.4; 12.5 13.1 14.3 15.2	- Natural Capital (pages 132-143).	✓
EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		8.4 12.2; 12.5	The activity of the OHL Group does not produce significant amounts of packaging materials.	-
Compliance					
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	P7, P8	16.3	- Natural Capital (page 136). - GRI-G4 Environmental Indicator Tables.	✓
Transport					
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.		11.1 12.4 13.1	- GRI-G4 Environmental Indicator Tables.	✓
Overall					
EN31	Total environmental protection expenditures and investments by type.	P9	7.A 9.4; 9.5 12.4; 12.5 13.1; 13.3 14.2; 14.3 15.1	- Natural Capital (page 136). - GRI-G4 Environmental Indicator Tables.	✓
Supplier Environmental Assessment					
EN32	Percentage of new suppliers that were screened using environmental criteria.	P9		- GRI-G4 Environmental Indicator Tables.	✓
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	P9		- GRI-G4 Environmental Indicator Tables.	✓
Environmental Grievance Mechanisms					
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	P9	16.3	- GRI-G4 Environmental Indicator Tables.	✓
SOCIAL CATEGORY : Labor Practices and Decent Work					
Employment					
LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	P6	5.1 8.5; 8.6	- Human Capital (pages 113 and 114).	✓ (5)
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	P1; P6	8.5	- Human Capital (page 117).	✓

SPECIFIC STANDARD GRI G4 DISCLOSURES (cont.)

Indicator		GLOBAL COMPACT	SDGs	Pages	Review	Omissions/ Notes
LA3	Return to work and retention rates after parental leave, by gender.	P6	5.1 8.5	At the present time, the OHL Group does not have enough information to provide representative information for this indicator, and this is not a material aspect for the Group.	-	
Labor/Management Relations						
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	P3	8.8	There is no minimum period of notice at the OHL Group. In any case, these have always been performed as specified in the Workers' Statute.	✓	(1)
Occupational Health and Safety						
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		8.8	All companies certified to OHSAS 18001 have safety and health committees. - Human Capital (page 120).	✓	(3)
CRE6	Percentage of the organization operating verified compliance with and internationally recognized health and safety management system.			- Human Capital (page 120).	✓	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.		3.3; 3.4; 3.9 8.8	- Human Capital (page 121).	✓	(6)
LA7	Workers with high incidence or high risk of diseases related to their occupation.		3.3; 3.4; 3.9 8.8	OHL Group states there is no evidence of the existence of workers whose profession has a high risk of disease.	-	
LA8	Health and safety topics covered in formal agreements with trade unions.		8.8	The formal obligations regarding health and safety of employees are covered by the different collective agreements signed by the Group. During 2015, the OHL Group has not established new formal agreements related to health and safety of their employees.	✓	
Training and Education						
LA9	Average hours of training per year per employee by gender, and by employee category.		4.3; 4.4; 4.5 5.1 8.5	- Human Capital (pages 118, 119 and 121).	✓	(7)
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		8.5	- Human Capital (pages 118 and 119).	✓	
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.		5.1 8.5	- Human Capital (pages 114 and 115).	✓	(1)
Diversity and Equal Opportunity						
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	P6	5.1; 5.5 8.5	- Human Capital (pages 115 and 116). - ACGR (C.1.5 and C.1.6).	✓	
Equal Remuneration for Women and Men						
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		5.1 8.5 10.2	- Human Capital (pages 115 and 116).	✓	(1)
Supplier Assessment for Labor Practices						
LA14	Percentage of new suppliers that were screened using labour practices criteria.		5.2 8.8 16.1	- Industrial Capital (pages 102-104).	✓	(1)
LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.		5.2 8.8 16.2	- Industrial Capital (pages 102-104).	✓	(1)
Labour Practices Grievance Mechanisms						
LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.		16.3	- Good Governance (pages 156 and 157).	✓	(8)
SOCIAL CATEGORY: Human Rights						
Investment						
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	P1; P2; P4; P5; P6		- Industrial Capital (pages 102-104). - Good Governance (pages 158 and 159).	✓	(1)

SPECIFIC STANDARD GRI G4 DISCLOSURES (cont.)

Indicator		GLOBAL COMPACT	SDGs	Pages	Review	Omissions/ Notes
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P1; P5		- Human Capital (pages 118, 122 and 123).	✓	
Non-discrimination						
HR3	Total number of incidents of discrimination and corrective actions taken.	P1; P2; P6	5.1 8.8 16.B	- Good Governance (pages 156 and 157).	✓	(8)
Freedom of Association and Collective Bargaining						
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	P1; P2; P3	8.8	- Industrial Capital (pages 102-104).	✓	(1)
Child Labour						
HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	P1; P2; P5	8.7 16.2	- Industrial Capital (pages 102-104).	✓	(1)
Forced or Compulsory Labour						
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	P1; P2; P4; P5	8.7	- Industrial Capital (pages 102-104).	✓	(1)
Security Practices						
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	P1	Of these,	The Project of self-assessment of Human Rights compliance with human rights shows that only 77.27% of companies hire private security firms. Of these, 80% include in their selection process the "non-violation of human rights", and also 30% demand accreditation of knowledge of human rights and their implementation.	✓	
Indigenous Rights						
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	P1	2.3	During 2016 there were no substantiated complaints related to indigenous populations.	✓	
Assessment						
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	P1		- Human Capital (pages 124 and 125).	✓	(1)
Supplier Human Rights Assessment						
HR10	Percentage of new suppliers that were screened using human rights criteria.	P1;P2; P3;P4;P6		- Capital Industrial (pages 102-104).	✓	(1)
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken Guidance.	P2		- Capital Industrial (pages 102-104).	✓	(1)
Human Rights Grievance Mechanisms						
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	P1	16.3	During 2016 there were no substantiated complaints related to human rights violations.	✓	
SOCIAL CATEGORY: Society						
Local Communities						
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	P1		- Human Capital (pages 123 and 124). - Social & Relational Capital (pages 125-127).	✓	(1)
SO2	Operations with significant actual or potential negative impacts on local communities.	P1	1.4 2.3	- Human Capital (pages 123 and 124). - Social & Relational Capital (pages 125-127).	✓	(1)
CRE7	Number of persons voluntarily and involuntarily displaced and/ or resettled by development, broken-down by project.			Not available.	-	
Anti-corruption						
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	P10	16.5	- Good Governance (pages 152-154).	✓	(1)
SO4	Communication and training on anti-corruption policies and procedures.	P10	16.5	- Good Governance (pages 152-154).	✓	

SPECIFIC STANDARD GRI G4 DISCLOSURES (cont.)

Indicator		GLOBAL COMPACT	SDGs	Pages	Review	Omissions/ Notes
S05	Confirmed incidents of corruption and actions taken.	P10	16.5	- Good Governance (pages 152-154). - ACGR F.1.2.	✓	(8)
Public Policy						
S06	Total value of political contributions by country and recipient/ beneficiary.		16.5	The Code of Ethics prohibits the realization of any gift, invitation or attention to authorities, public officials or individuals that exceeds the criteria established in the Anti-Corruption Policy.	✓	(1)
Anti-competitive Behavior						
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		16.3	Significant demands on unfair competition, on monopolistic practices or on restraints of free competition have not been identified.	✓	
Compliance						
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		16.3	Financial Statements (Note 3.19. Provisions and 4.6. Contingent assets and contingent liabilities).	✓	
Supplier Assessment for Impacts on Society						
S09	Percentage of new suppliers that were screened using criteria for impacts on society			- Industrial Capital (pages 102-104).	✓	(1)
S010	Significant actual and potential negative impacts on society in the supply chain and actions taken			- Industrial Capital (pages 102-104).	✓	(1)
Grievance Mechanisms for Impacts on Society						
S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.		16.3	- Good Governance (pages 156 and 157).	✓	(8)
SOCIAL CATEGORY: Product Responsibility						
Customer Health and Safety						
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.			- Industrial Capital (pages 96-98). - Intellectual Capital (pages 107-110).	✓	(1)
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.		16.3	Significant incidents resulting from non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services have not been identified.	✓	
Product and Service Labelling						
PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements.		12.8	- Industrial Capital (pages 98-102).	✓	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		16.3	Significant incidents of non-compliance with laws and regulations concerning product and service information and labelling have not been identified.	✓	
PR5	Results of surveys measuring customer satisfaction.			- Industrial Capital (pages 98-102).	✓	(9)
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment.			- Natural Capital (page 132).	✓	
Marketing Communications						
PR6	Sale of banned or disputed products.			Given the activity of the OHL Group, there has been no sale of prohibited products. However, there are litigations related to the development of certain projects. See OHL Group Consolidated Financial Statements (note 4.6).	✓	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.		16.3	The OHL Group is not part of any voluntary standard or code related to marketing communications. The OHL Group just complies with the law related to this topic. There are no significant fines for non-compliance with laws and regulations concerning marketing communications.	✓	

SPECIFIC STANDARD GRI G4 DISCLOSURES (cont.)

Indicator		GLOBAL COMPACT	SDGs	Pages	Review	Omissions/ Notes
Customer Privacy						
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		16.3; 16.10	There are no significant complaints for breaches of customer privacy and losses of customer data.	✓	
Compliance						
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		16.3	There are no significant complaints for breaches of customer privacy and losses of customer data.	✓	

✓ Content reviewed according to the scope described and through the procedures indicated in the Independent Assurance Report, which can be found in Chapter 7. Independent Assurance Report, on page 130 of this report.

– Not verified (N.V)

(1) Only qualitative or partial information is provided.

(2) The review of this information consisted of checking the process of compiling, consolidating and converting the data reported by the OHL Group companies and analyzing their evolution in relation to the previous financial year. It also consisted of a review of sample evidence of the data from the most significant companies in relation to the GN-EN3, G4-G4-EN15 and EN16 indicators.

(3) The percentage of sales is reported instead of the percentage of workers.

(4) Emissions derived from fuel consumption of stationary equipment and vehicles owned by subcontractors of OHL Construcción outside of Spain are not included.

(5) Average turnover of employees is reported without breakdown by age group, gender and region.

(6) Data on fatalities or information by region or information on contractors and subcontractors are not included.

(7) Total training hours are reported. These are not broken down by gender or by labor category.

(8) Only the complaints received through the Ethical Channel are reported, without breakdown by type.

(9) The sample basis of the surveys of the Group's clients is not statistically representative.

(10) It is not broken-down by country.

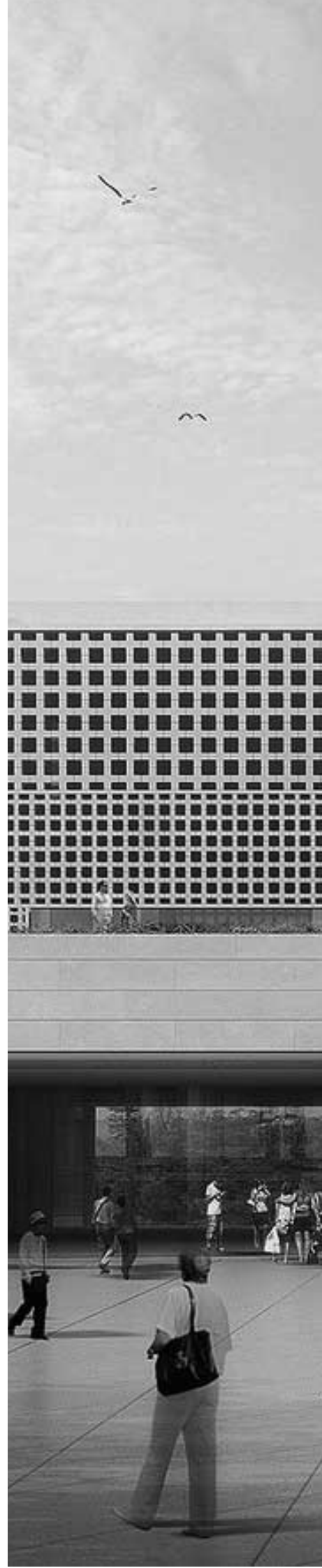
(11) The review of this information has consisted of the verification of the process of compilation and consolidation of the data reported by the OHL Group companies and their consistency with the accounting data.

(12) Induced employment has been estimated from the best available information of the subcontracted companies and the average number of employees of such companies in each geographical area.

(13) The data for USA Norte companies have been estimated based on data from the previous year and sales for the current year.

07.

Verification Report



National Museum of Archeology in the Lurin district.
Lima, Peru.





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Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Independent Assurance Report on the Obrascón Huarte Lain, S.A. Group's 2016 Integrated Report

To the Board of Directors of Obrascón Huarte Lain, S.A.:

Scope of the engagement

We have performed the review, with a limited assurance, of the corporate responsibility information of the 2016 Integrated Report of OHL's Group, the scope which is defined in the chapter "About the Integrated Report". Our work consisted on the review of the adherence of the corporate responsibility information to the Global Reporting Initiative Guidelines version G4 (GRI G4), on the comprehensive option, and the specific standard disclosures, including the Construction and Real Estate Sector Supplement, proposed in the GRI G4.

Review standards and procedures

We conducted our review work in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants.

Our review work consisted of making inquiries to management and to the Divisions of the OHL Group involved in the preparation of the 2016 Integrated Report and of carrying out the following analytical procedures and testing on a sample basis:

- Meetings with OHL Group's personnel to ascertain the principles, systems and management approaches applied.
- Analysis of the processes used to gather and validate the data reported in the 2016 Integrated Report.
- Review of the 2016 Sustainability Committee and the Audit, Compliance and CSR Committee meeting minutes.
- Review of the steps taken for the identification and consideration of the stakeholders during the year and of the stakeholder's participation processes through the analysis of the internal information available.
- Checking that the content of the 2016 Integrated Report does not contradict any significant information provided by the OHL Group in the Group's Consolidated Financial Statements for 2016.
- Review of the information relating to the management approaches applied to each group of disclosures.
- Analysis of the adherence of the content of the corporate responsibility information of the 2016 Integrated Report to that recommended in the GRI G4 Guidelines and verification that the general and specific standard disclosures and the Sector Supplement indicators agree with those recommended by the GRI G4 Guidelines.
- Review on a sample basis of the quantitative and qualitative information relating to the GRI disclosures included in the 2016 Integrated Report, and the adequate compilation thereof based on the data provided by the OHL Group's information sources.

Conclusions

The "GRI Content Index" provides details of the contents reviewed and the scope limitations of our review, and identifies any contents that do not cover all the criteria recommended by the GRI. Based on the procedures performed and evidence obtained, except for the issues identified in the 'GRI Content Index', nothing has come to our attention that causes us to believe that the corporate responsibility information included in the Integrated Report has not been prepared in all material aspects, in accordance with the guidelines of the GRI G4.

Responsibilities of OHL Group management and Deloitte

- The preparation of the 2016 Integrated Report is the responsibility of the Audit, Compliance and Corporate Social Responsibility Committee who has the support of the Innovation and Development Management of the OHL Group, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared solely in the interests of the OHL, S.A. Group in accordance with the terms and conditions of our Engagement Letter.
- We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.
- Deloitte maintains, in accordance with the International Standard on Quality Control 1 (ISQC1), a global system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
- Since a review is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the 2016 Integrated Report and this report is not to be considered an auditors' report.
- Our team consisted of professionals with assurance on Corporate Responsibility Reports qualifications and, specifically, on economic, social and environmental performance and stakeholders' participation processes.

Observations and Recommendations

In addition, we have presented to the Management of the OHL Group our recommendations relating to the areas of improvement to consolidate processes, programmes and systems associated with Corporate Responsibility management. The most significant recommendations are:

- The Group has published, for the first time, its corporate information based on the general principles of the International Integrated Reports Council (IIRC framework, seeking a more structured and effective presentation of its annual corporate information. In this sense, to respond to the requirements of the new regulation of non-financial information, OHL should continue strengthening its reporting system to provide the data in more demanding times and with the required quality.
- On the other hand, OHL has continued incorporating new policies in social, environmental and corporate governance matters that have been implemented mainly in Spain and gradually in other countries where the Group has a relevant presence. The completion of such implementation throughout the group, mainly in the Home Markets, should be a priority in order to have homogeneous models and systems throughout the organization.

DELOITTE ADVISORY, S.L.



Helena Redondo

Madrid, April 4th, 2017



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