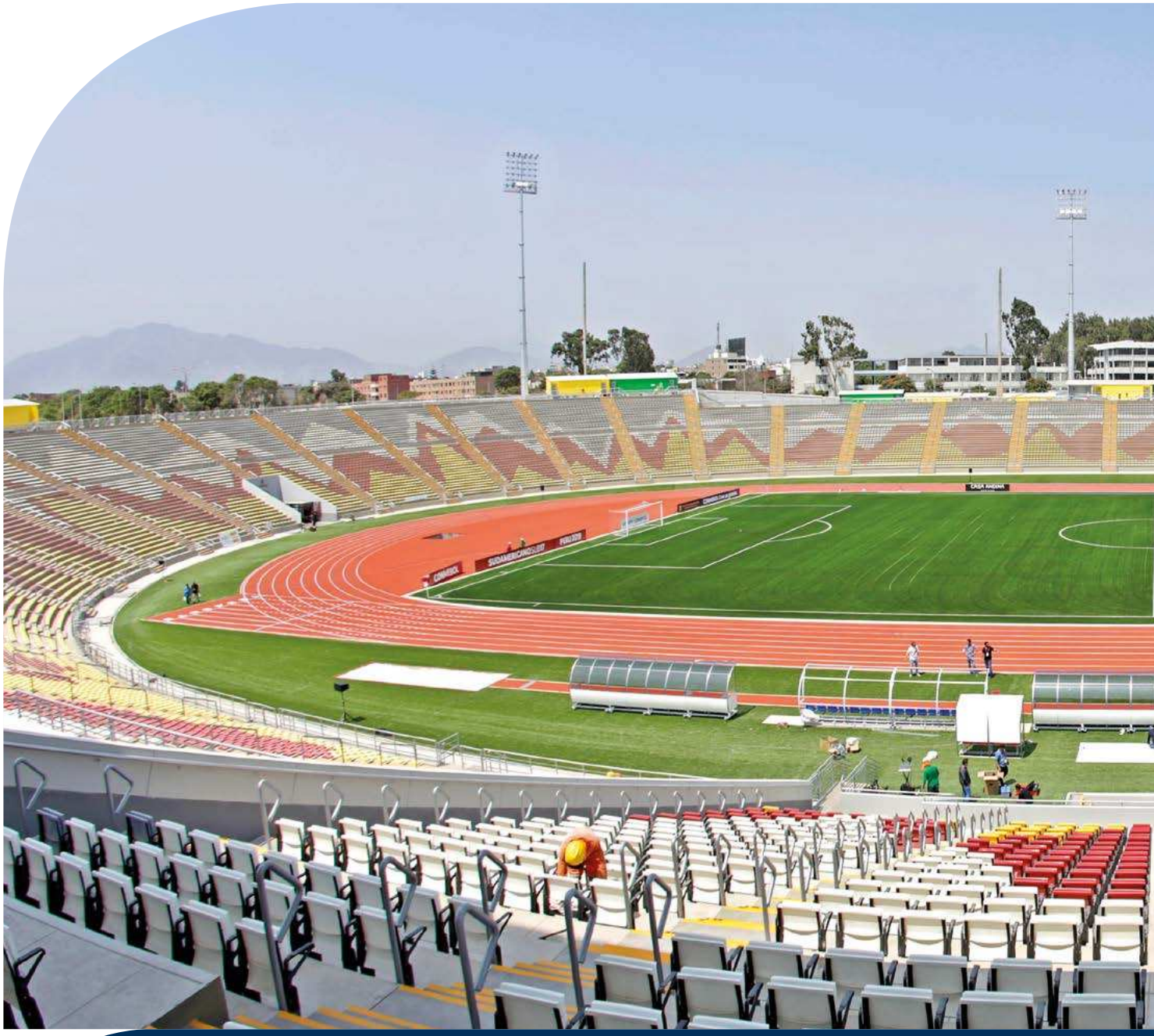
sacyr

Integrated Report

2018

Committed to
the challenges
to transform
our society



Football stadium of the Universidad Nacional Mayor de San Marcos, Lima. Peru

We face challenges
We provide solutions
We transform our society

Major advances
Huge achievements
Challenges overcome

Rutas del Algarrobo. Las Compañías intersection. Chile

Index

1

Key Figures 10
Sacyr in the world 12
We create shared value 14
Value creation indicators 16

2 Letter from the Chairman 19

3 Economic context 25

4 Business model and operating environment 33

4.1. Mission, Vision and Values 34
Organisational chart 37
4.2. Business model 38
4.3. Strategic vision 44
4.4. Performance of the Sacyr group 58
4.5. Sacyr Engineering and Infrastructures 62
4.6. Sacyr Concessions 68
4.7. Sacyr Industrial 72
4.8. Sacyr Services 78

5 Environmental Value 87

5.1. Climate Change Energy Efficiency 106
5.2. Water 118
5.3. Biodiversity 124
5.4. Circular economy, use of materials and waste prevention and generation 130

6 Social value 139

6.1. Corporate Social Responsibility Sacyr Foundation 140
6.2. Safety, Health and Well-Being 152
6.3. Sacyr Maintenance 158
6.4. Local Communities 162
6.5. Sacyr Facilities 172
6.6. Human Capital 176

7 Governance 185

7.1. General Meeting, Board and Committees 186
7.2. Good Governance practices 192
7.3. Remuneration and incentives 196
7.4. Anti-corruption Code of Conduct 198
7.5. Risks 200
7.6. Tax transparency 206

8 Appendices 209

I. About this Report 210
II. Materiality analysis Reliability 212
III. Contact details 222
IV. GRI Index 224
V. GRI tables 236
VI. Contribution to SDG 242

1

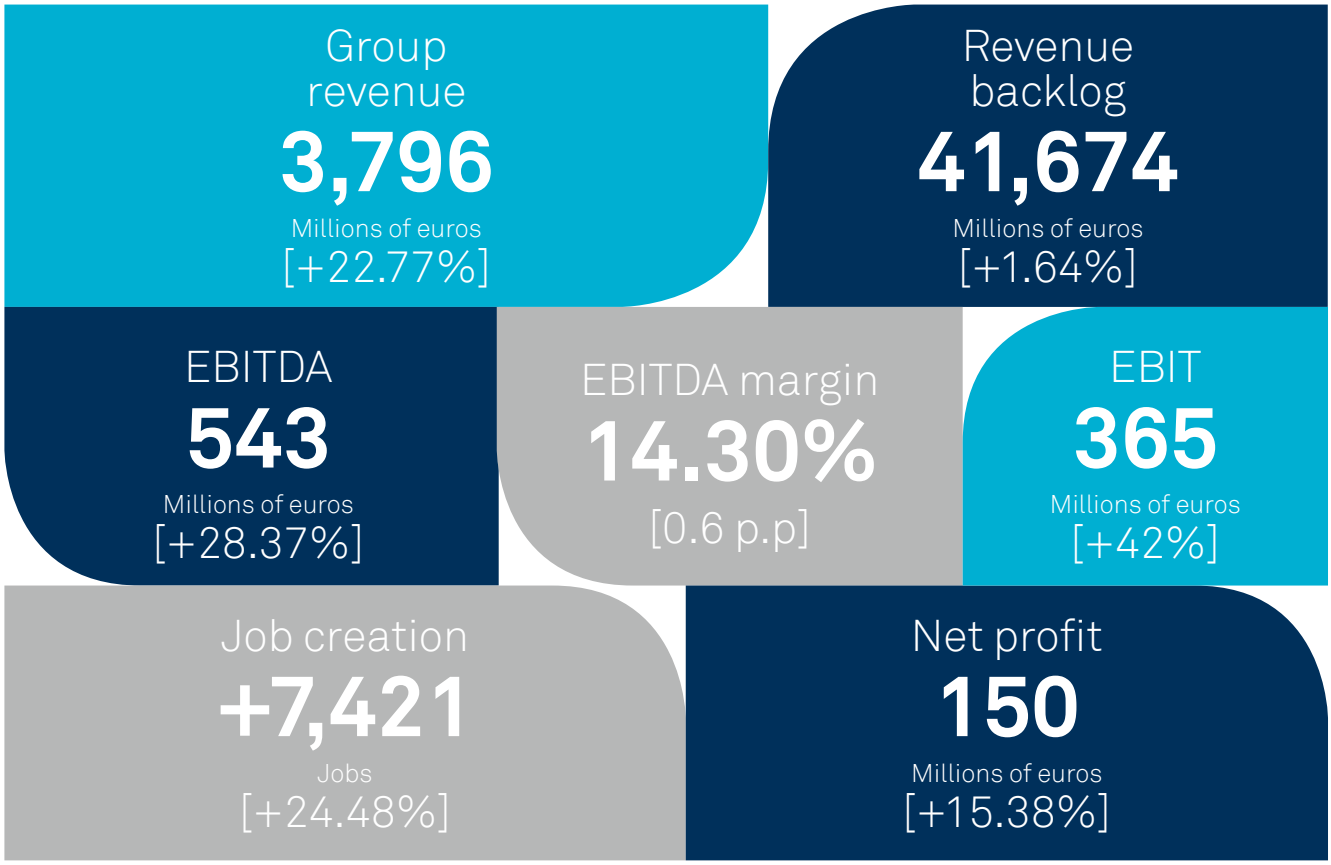
Key Figures

Construction of Puente Pumarejo. Colombia

Key Figures

(102-7)

Each project represents an opportunity for transforming society and improving the life of individuals

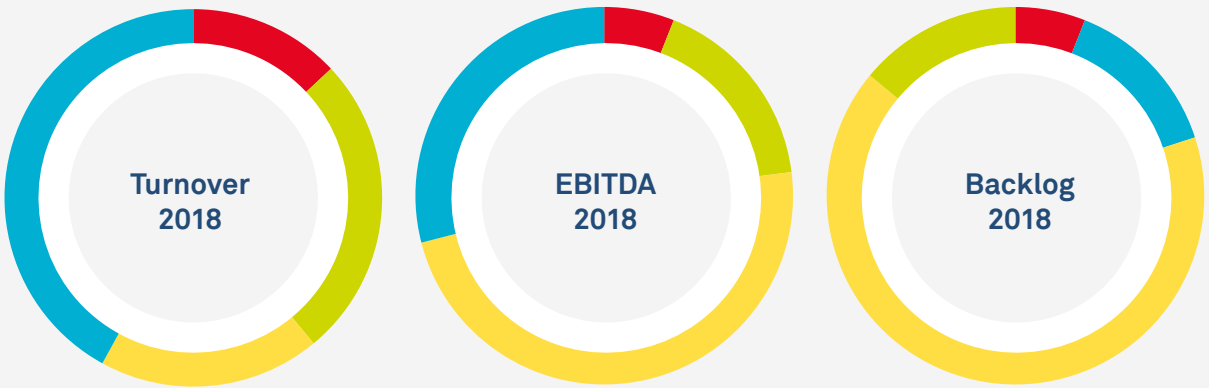


60% of this revenue and 71% of the backlog were generated outside Spain

Main indicators

Data in € million	2018	2017	%
Revenue backlog	41,674	41,001	+1.64%
Turnover	3,796	3,092	+22.77%
International	60%	58%	2 p.p.
EBIT	365	257	+42%
EBITDA	543	423	+28.37%
EBITDA margin	14.30%	13.70%	0.6 p.p.
Average workforce	37,730	30,309	+24.48%

Contribution by activity



Turnover 2018

- 42% Engineering and Infrastr.
- 26% Services
- 19% Concessions
- 13% Industrial

EBITDA 2018

- 48% Concessions
- 29% Engineering and Infrastr.
- 17% Services
- 6% Industrial

Backlog 2018

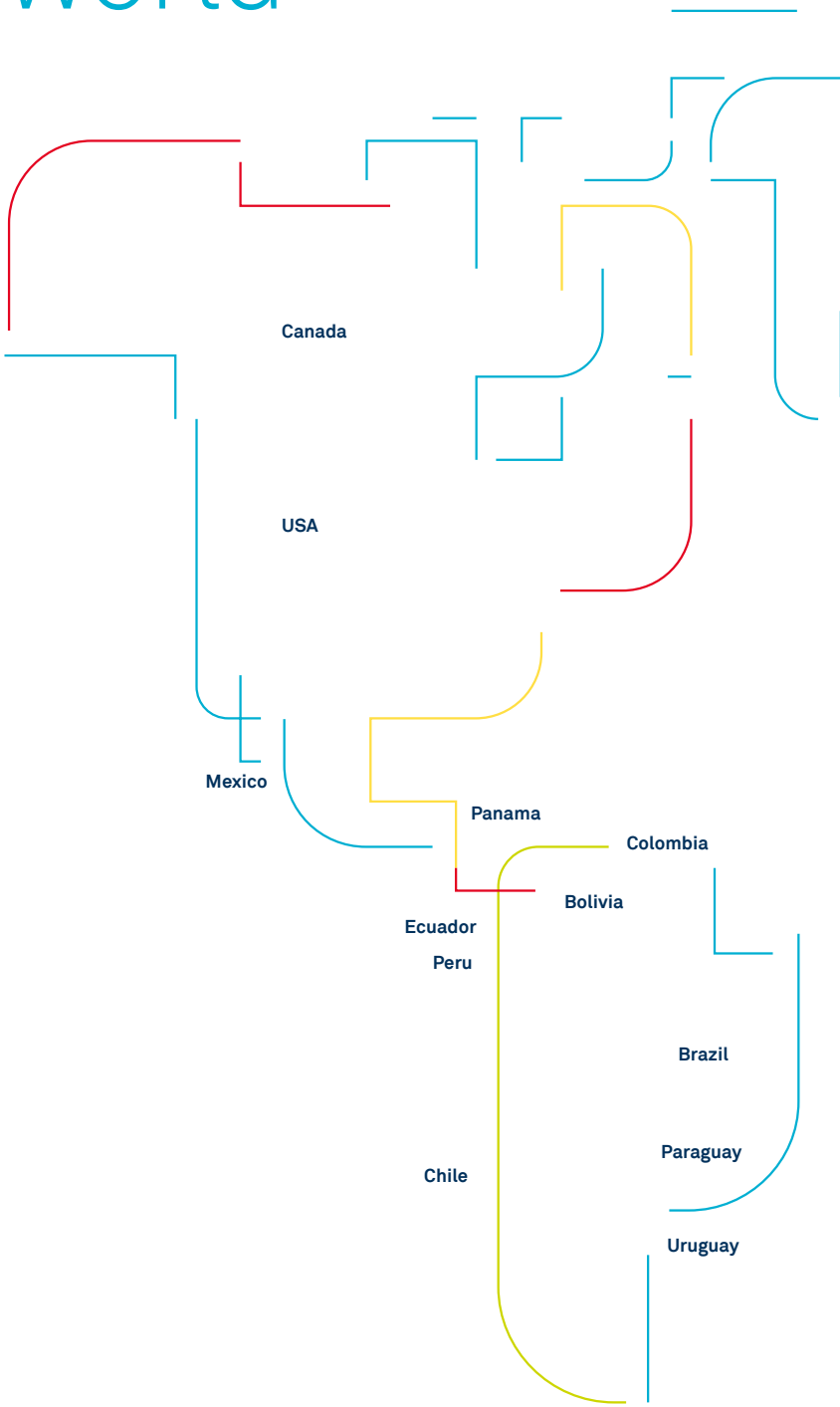
- 66% Concessions
- 14% Services
- 14% Engineering and Infrastr.
- 6% Industrial

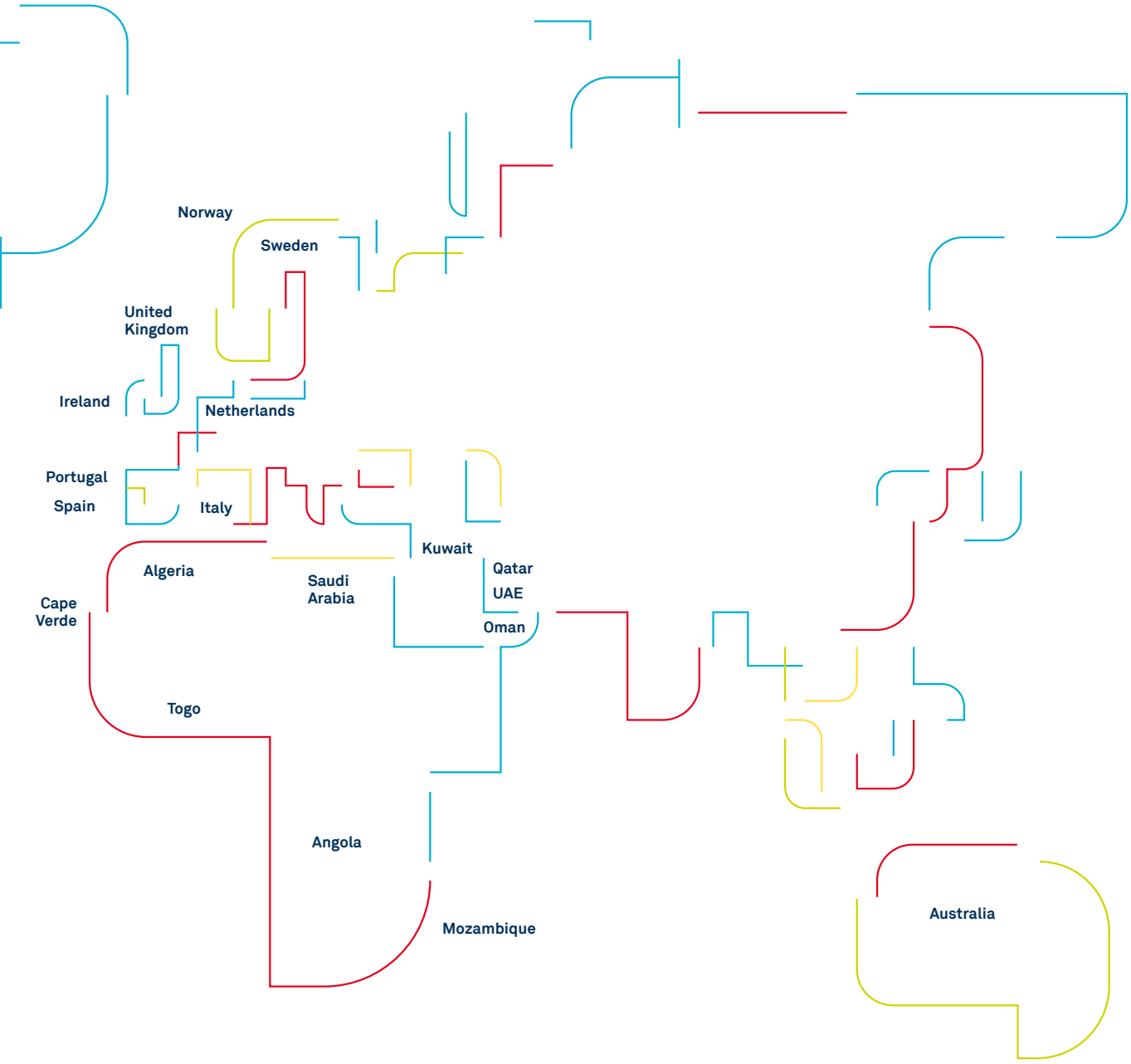
76% of EBITDA is from concession assets with low demand risk

Sacyr in the world

(102-4) (102-6)

Algeria				●		
Angola	●					
Australia			●	●		
Bolivia			●			
Brazil	●					
Canada		●				
Cape Verde	●					
Chile	●	●	●	●		
Colombia	●	●	●	●		
Ecuador			●			
Ireland	●	●				
Italy	●	●		●		
Kuwait	●					
Mexico	●	●	●	●		
Mozambique	●					
Netherlands					●	
Norway					●	
Oman			●	●		
Panama	●					
Paraguay	●	●		●		
Peru	●	●	●	●		
Portugal	●	●		●		
Qatar	●		●			
Saudi Arabia					●	
Spain	●	●	●	●		
Sweden					●	
Togo	●					
UAE					●	
UK	●	●				
Uruguay	●	●		●		
USA	●		●	●		





Engineering and Infrastructures

Concessions

Industrial

Services

Holding

We create shared value

Inputs

Financial Capital
Investment

Industrial Capital
Plant
Machinery

Intellectual Capital
Know how
Innovation

Human Capital
Employees
Partners
Stakeholders

Share Capital
Innovation

Natural Capital
Environment
Natural resources

Business Model

Governance

Social value

Environmental value

Engineering and infrastructures

Concessions

Industrial

Services

A sustainable business model that contributes value to employees, customers, shareholders and society

Outputs

Financial Capital
Solidity
Flexible financial structure
Returns for shareholders

Industrial Capital
High-quality delivered work
High-quality services
State-of-the-art facilities in water management
State-of-the-art facilities in waste management
Quality in concession management

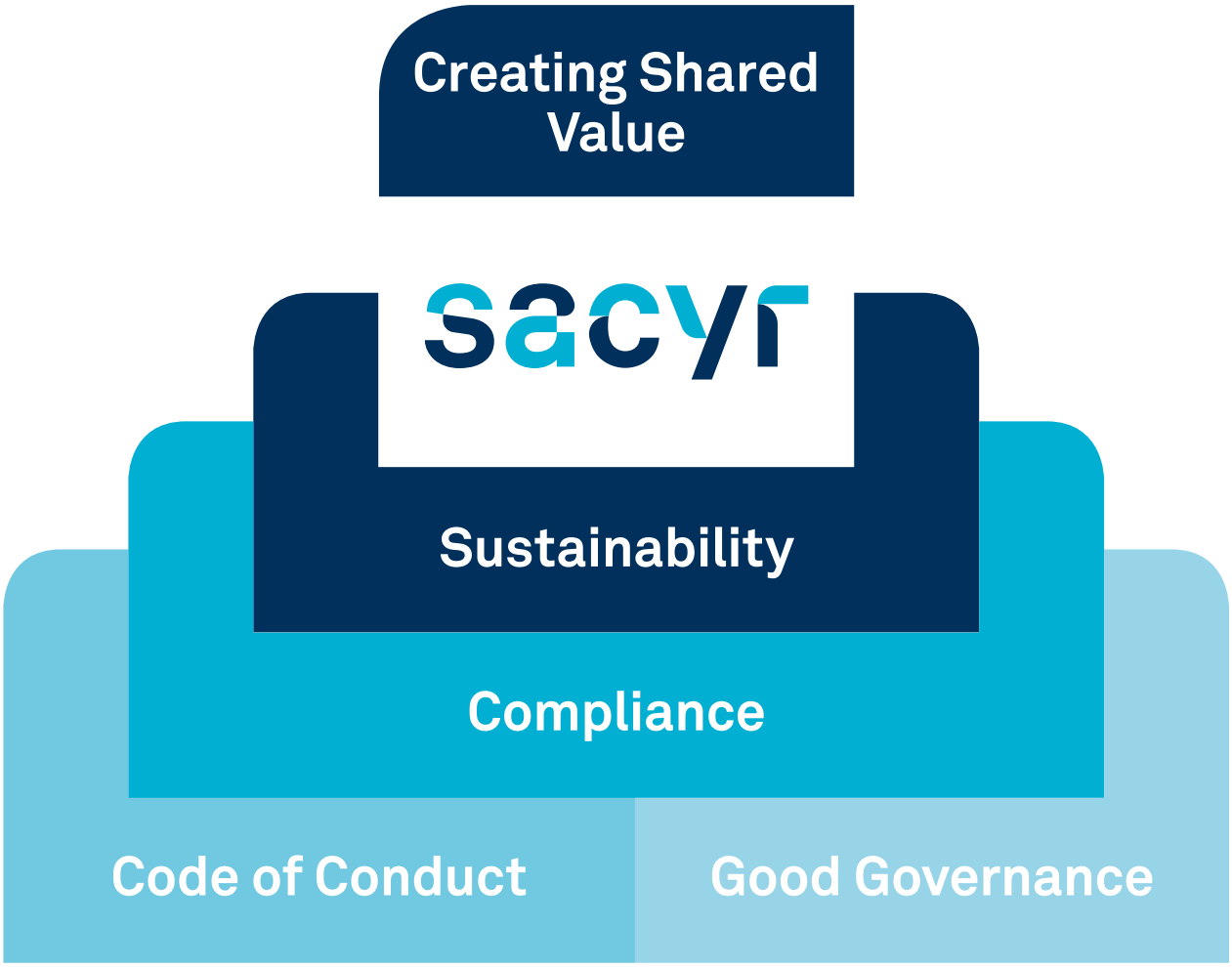
Intellectual Capital
New technologies
Better services
Better service quality
Patents

Human Capital
Skills development
Goal-based remuneration
Social benefits
Job creation

Share Capital
Asset regeneration
Better quality of life
Community revitalisation
Trust-based relationship with customers

Natural Capital
Reduce global warming
Protect natural resources
Protect ecosystems
Biodiversity

Value creation indicators



Total Tax Contribution (TTC)

Accrued
+256
Millions of euros

Levied
+299
Millions of euros

Share price

Market Capitalisation (12/31/2018)
965.4
Millions of euros

Value chain

Environmental impact assessment of a total of
1,438
suppliers

Products and services of the Company

Total backlog
41,674
Million Euros (30 countries)

Investments

Environment
+20
Millions of euros

Training
+931
Thousands of euros

Employment

Direct and indirect
37,730
employees

Sustainability

Order book for
+40
months of activity

Innovation

Investment in R&D&I of
+8
Millions of euros

2

Letter from the Chairman

Manuel Manrique Cecilia Chairman and CEO

2. Letter from the Chairman

(102-1) (102-10) (102-14)

Welcome to the Integrated Report for the financial year 2018.

In the following sections we would like to share with you the activities of the companies that conform the Sacyr group, to show you how we create value for societies where we develop our projects and services, striving every year to improve in all areas of sustainability: economic, social and environmental.

Through these pages we have focused on reflecting the issues of greatest concern to our stakeholders, based on the analysis of materiality updated in 2018, in accordance with the Integrated Report framework and with the global sustainability reporting standars of the Global Reporting Intiative.

At Sacyr, we truly believe that we can and must improve the life of people who enjoy our infrastructures and services, as well as helping to develop the communities where we are operating.

Based on this principle, all our hard work is framed in the concept of sustainability, which is permanently sought through our performance improvement, a balanced financial structure, commitment to our customers and with our employees and new processes of innovation to use materials, energies and environmentally friendly technologies.

In addition to this, we strive for all those who play a part in the companies of the Group to assume this policy as their own and develop a great care and respect for the environment and society, because taking care of this world is everyone's responsibility.

The aim of this report is to show you who we are and embark you on through the professional ethics that guide our journey and allows us to continue among the most outstanding companies in the sector.

We want all our stakeholders to feel that we are accessible so they can get all the information they need about our way of doing business which is ultimately what we believe is the best way.

The following is a summary of the main achievements in the management of the Sacyr group's activities and the companies that conform it during fiscal year 2018.

The Group's revenue amounted to 3,796 million euros, up 23% on 2017, as a result of a strong performance in all of its areas of business. The Group maintains its strong commitment to international growth, evidence of this is that 60% of revenue and 71% of the backlog is generated outside Spain.

EBITDA amounted to 543 million euros, 29% above the 2017 figure, as a result of our strategy of focussing on profitability and generating cash from projects,

as well as the strict risk management system and cost control. Net attributable profit amounted to 150 million euros, 15% higher than in 2017.

The significant reduction in the Group's debt over the last ten years continues to be of particular note, with net financial debt having been reduced from 19,526 million euros (at year-end 2008) to 4,045 million euros (at year end 2018), almost 80% lower; furthermore, the majority of that debt, 2,907 million euros, is linked to project financing and thus without recourse to the parent.

Continued business momentum at the Group is underpinned by the backlog, which at 31 December 2018 stands at 41,674 million euros, and 2% up on the previous year.

During this financial year, Sacyr continued to develop the Group’s strategy, based on strengthening those businesses in which we are leaders and experts, and continuing to promote the growth of concessions and associated construction, as well as debt reduction.

All the foregoing, tied to management measures based on reducing costs and debt will lead to a stronger, more innovative and more competitive Group, that is more committed to the traditional values of our Company: prudence, austerity, quality and compliance with the commitments assumed.

We have reduced debt by 80% over the last 10 years

General Roundabout Bonilla, Concepción. Chile

Antofagasta Hospital.
Chile

Construction division revenue in 2018 amounted to 1,713 million euros, up 40% on the previous year, due to the growth both at international level (+46%) and in the domestic market (+12%). The construction backlog stood at 6,183 million euros at 31 December. This was 5.4% higher than the previous year and 88% of it is based outside Spain. It ensures more than 43 months of activity at the current rate of revenue.

Revenue in the Concession division amounted to 793 million euros, up 30% on 2017, with income from concessions reaching 432 million euros, 22% higher than last year, thanks to improved traffic and the operational start-up of the Ruta de Limarí motorway in Chile, between the cities of Serena y Ovalle; and a section of the Pirámides-Tulancingo-Pachuca motorway in Mexico. The revenue backlog, at December 31, stood at 27,081 million euros, with 82% deriving from the international market.

The Services division's revenue amounted to 1,075 million euros, up 13% on 2017, as a result of a strong performance in all the divisions where it is active:

- **Multiservices** (+14%), as a result of the contribution from major contracts awarded, such as that of the operation and maintenance services for the Antofagasta University Hospital (Chile), those related to home care services in various Spanish cities and provinces, and the maintenance of road infrastructure, both in Spain and abroad (Chile, Peru, etc.);
- **Environment** (+12%), thanks to the contribution from the contracts for waste collection, road cleaning and maintenance of green spaces in many locations in Spain and abroad (such as Bogotá, Colombia);
- **Water** (+8%), thanks to the contracts awarded in the year, such as that for Integrated Water Cycle management in Sotogrande (Cádiz).

Sacyr Industrial's revenue in 2018 totalled 527 million euros. Sacyr Industrial's backlog at 31 December, stood at 2,511 million euros fully assuring its business over the next few years. Thanks to projects such as the construction of a Solid Urban Waste (MSW) treatment plant in Melbourne, Australia; or the construction of three solar photovoltaic plants in Ciudad Real, Spain.

For yet another year we have demonstrated that in 2015 we chose the right path when we set out the Group's new strategy, and in the next few chapters we will give you more detailed information on the management performance over the year in all the areas and businesses that have made these excellent results possible.

Manuel Manrique Cecilia
Chairman and CEO

3

Economic context

Mularroya reservoir. La Almunia de Doña Godina. Zaragoza

3.1. International economic environment

2018 has been characterised by the good performance of the world's major economies: United States, China, Japan, Canada and the majority of the Eurozone and EU countries.

However, a series of threats have also persisted throughout the year, putting in danger the long-awaited economic recovery. These include: the trade war between the US and China, the final Brexit deal between the UK and the European Union, and the downturn in commodity prices, which are causing problems for the economies of emerging countries.

In 2018, the United States recorded growth of 2.9% in GDP, compared with 2.3% the year before. This increase, the biggest since 2015, was due to higher consumer expenditure, non-residential fixed investment and exports.

Throughout the year, and as expected, the Fed once again raised, for the fourth consecutive time, its policy rate by four quarters of one point, to the range of 2.25%-2.50%, on the back of the recovery in prices and employment levels during the year.

Rate rises are expected to be much more moderate in 2019. With regard to employment, 2018 was another good year, with 2.88 million new jobs created, reducing unemployment to 3.9% (4.1% in 2017), its lowest rate for 18 years, and implying full employment. In terms of inflation, government figures show that 2018 closed with an increase of 1.9%, compared to 2.1% in 2017, due to the smaller increase in oil prices in the last few months of the year.

Turning to China, according to the government's own data, its GDP rose by 6.6% in 2018, down 0.3% on 2017 and the lowest rate since 1990, though in line with the expectations of the country's authorities. The three main sectors of the economy made important gains: the primary sector advanced +3.5%; the manufacturing sector +5.8% and the services sector +7.6%.

In 2018 a new trade record was reached: exports grew to 2.12 billion euros (+7.1%), while imports were up by almost 13% at 1.82 billion euros. The major challenges in 2019 will be: avoiding trade tensions with the United States, preventing financial risks and keeping pollution under control in the big cities.

The economic performance of the Eurozone was also very uneven in 2018. Although Eurostat has not published its definitive GDP figures, and in many cases the data we have is provisional, we can confirm that the Eurozone as a whole grew 1.8%, compared with 2.4% the previous year; the lowest increase since 2014, as a result of the slowdown of the German economy and Italy going into recession in the final quarter of the year.

The breakdown by countries shows Spain at 2.5%, as the fastest-growing of the 5 major Eurozone economies for the second-year running, followed by France at 1.5% and Germany at 1.4%. Italy, meanwhile, which has now experienced over a decade of economic stagnation, is advancing at just 0.9%. In the European Union as a whole, however, there was growth of 1.9% in the year, compared to 2.4% the previous year.

The United Kingdom, with growth of 1.4%, continues progressing slowly and hesitantly, alongside the tense negotiations which are being held to implement Brexit. The British economy, which, in the last few years had been performing at a similar rate to that of the Eurozone, appears to be running out of

steam. This year, the European Central Bank has continued to pursue its active liquidity policies, by systematically purchasing the public debt of peripheral countries, as well as through various liquidity auctions with the aim of stabilising lending in the economy. With regard to the economic forecasts for future years, the European Commission expects growth in the Eurozone to be 1.3% in 2019 and 1.6% in 2020, while for the European Union as a whole it is expected to be 1.5% and 1.7%, respectively.

These increases are modest due the weakness in domestic demand. Other weaknesses in Europe over the next few years will be: the development of the Brexit negotiations, for the possible disruption to trade that might result; the international trade tensions initiated by the United States, especially with China; the slowdown of the economies of the emerging markets, and the appreciation in the value of the euro, which could have a negative effect on exports.

Year-on-year inflation in the Eurozone, according to data provided by Eurostat, was -1.6% in 2018, compared to 1.4% the previous year. The increase has not been greater, thanks to the suppression of energy prices. Brent crude prices fell sharply from 66.87 US dollars at the end of 2017 to around 53.80 US dollars by the end of December: a 20% drop.

Core inflation (i.e. excluding the price of energy and fresh food) stood at 1.1% in the Eurozone, up 0.2% on the previous year. The outlook for 2019, once OPEC agreed to extend the cuts in the production of crude oil until the end of, at its meeting in December, it is likely that oil will continue its rise and reach 60-65 US dollars a barrel.

Spain, for the second consecutive year, is the fastest growing economy of the five largest in the Eurozone, with 2.5%

Oruro Cement Plant. Bolivia

The future of the construction sector in Spain faces numerous challenges

Hospital del Mar. Barcelona. Spain

3.2. Economic Environment in Spain

According to data from the Bank of Spain, the Spanish economy, measured in terms of GDP, grew by 2.5% in 2018, half a point lower than the growth recorded the previous year. This is the fifth year of positive growth, following six consecutive years of contraction. Domestic demand grew (2.7%), thanks once again to the boost from household consumption, the favourable performance of the labour market and the fall in the cost of borrowing for families.

Additionally, in 2018, and for the seventh year running, Spain saw a record number of overseas visitors, with 82.6 million tourists visiting the country, 0.9% more than in 2017. Spain was once again above the United States, putting it in second place for global tourism, behind France. Estimates indicate that the total expenditure by those travellers was 89,678 million euros, 3.1% more than the previous year, with average spend per tourist standing at 1,085 euros, 2.26% higher year-on-year.

The European Commission's 2019 and 2020 forecasts for Spain, are less optimistic than in previous years. This is a result of the slowdown in household consumption and increased uncertainty at home and abroad. Nonetheless, a moderate growth in GDP is still expected, which would continue to create jobs and reduce the unemployment rate.

A 2.1% increase in GDP is expected in 2019 and 1.9% in 2020. Exports should also continue to grow thanks to the improved competitiveness of the Spanish economy. Regarding the unemployment rate, levels of around 13.6% and 13.4% are expected in 2019 and 2020, respectively.

As regards the labour market, according to data published by the Spanish National Institute of Statistics (INE), the Labour Force Survey (LFS) reflects an increase of 566,200 jobs last year, 2.98% more than in 2017, with growth in the sectors of: Services (+428,100), Construction (+136,300), and Agriculture (+4,900), and only Manufacturing declining (-3,000).

Unemployment ended the year at 14.45% of the active population, compared to 16.55% the previous year. As for Social Security, 2018 closed with an average enrolment of 19.02 million employees, representing an average increase of more than 563,965 enrollees compared to the figures for the previous year, according to data from the General Treasury of the Spanish Social Security, the largest increase since 2006 and the second largest figure recorded since December 2007.

Turning to prices, according to INE inflation in Spain for 2018 was 1.2% compared to 1.1% in 2017. The sectors with the biggest price rises in the general index were as follows: Housing (+2.5%); Communications (+2.3%); Hotels, cafeterias and restaurants (+1.8%); Food and non-alcoholic beverages (+1.4%), Alcoholic beverages and tobacco (+1.3%). Core inflation, excluding food and energy products, was 0.9%; one-tenth higher than in 2017.

Spain's main stock market index, the IBEX-35, ended 2018 with losses. The last trading session of the year closed at 8,539.9 points, a loss in the year of 14.97%. In 2017, it had a 7.40% increase, the first in positive territory after three years in the red.

According to data published by the Spanish Association of Construction Companies (SEOPAN) public tenders ended 2018 with a total of 16,842.8 million euros of real investment, a sharp year-on-year increase of 31% versus tenders in the previous year. In terms of governmental bodies, Local Government accounted for 7,189.51 million euros (+41%); the General State Administration 5,435.22 million euros (+41%), and Autonomous Communities 4,218.03 million euros (+7%).

Of particular note within the investments made by the General State Administration are the 2,856.68 million euros invested by ADIF (including High Speed), the 953.46 million euros invested by the Directorate General for Roads, the 473.67 million euros invested by AENA, and the 454.14 million euros invested by the Port Authorities.

Regarding the future of the construction sector in Spain, the outlook is rather promising, as infrastructure is the key to becoming more competitive in a country whose economic pillars are tourism and exports.

Throughout the year, the Ministry of Economic Development has also continued developing the new infrastructure, transport and housing plan ("PITVI") introduced at the end of 2012, which replaced the strategic infrastructure and transport plan ("PEIT") and the strategic infrastructure plan ("PEI"). The new plan is expected to remain in place until 2024.

Of the total amount planned, approximately 90% is being allocated to transport policies and 10% to housing. Of the former, 52,403 million euros is being allocated to roads, including 18,668 million euros for the construction of 3,500 km of new high-capacity routes, with a further 1,265 million euros earmarked for the expansion of existing roads. A 25,000 million euros investment package has been allocated to Spain's high-speed "AVE" rail system. The bulk of this amount is currently being used for the connection to Galicia (8,517 million euros) and for the Basque “Y” (4,323 million euros), which will join the three capitals of the region. The other flagship projects will be the AVE to Badajoz, with 2,651 million euros, and the connection to Asturias, with another 1,719 million euros. Other noteworthy interventions include national ports, with 2,000 million euros, and modernisation of conventional railway transport, with 1,310 million euros.

In July 2017, the Government presented the new Extraordinary Road Investment Plan (PIC), a new financing mechanism for road infrastructure which entails an investment of 5,000 million euros, and which is enabling more than 2,000 km of roads to be worked upon over a 3-year period.

This plan, which is backed by European financing, under the very best terms, via the European Investment Bank (EIB), is based on collaboration with the private sector the objectives of which are to complete the outstanding sections of the Trans-European Transport Network, resolve current bottlenecks on the existing road network and improve and adapt the main motorways to the requirements of the new legislation on accident rates, noise and CO_2 emissions.

It is envisaged that work will be carried out on more than 20 major corridors which will enable a large part of the Spanish road infrastructure system to be improved, renovated, operated and maintained. Up to now, 3 projects have been announced: the Murcia ring-road, Mediterranean motorway between Crevillente (Alicante) and Alhama (Murcia) and new sections of the A-7 passing through Castellón.

The new political panorama in Spain will be decisive for these plans to be fully developed, but in any case an increase in investment is expected.

Elsewhere, the so-called "Juncker Plan" continues to be rolled out, which, since its launch in July 2015 has mobilised 335,000 million of euros into new infrastructure investment in the European Union,

High-speed train expects investments of 25 billion euros

well above its original target. This Plan was launched in response to the economic and financial crisis of the time, with the intention of fostering investment that focuses on key sectors to drive competition and potential growth in the European Union, especially with regard to research and development, the digital economy, energy and transport infrastructure, social infrastructure and the environment.

It has the backing of a first-loss guarantee of 21,000 million euros, provided from the EU budget and the European Investment Bank (EIB), making it possible for projects with a higher risk profile to be funded, and at the same time, leverage a greater volume of private investment. To date, and within the framework of this initiative, the EIB group has already approved 96 transactions in Spain, for a total volume of financing of 7,300 million euros, with which it is hoped to mobilise 37,200 million euros of investment.

Spain receives the third most funding among EU countries, after France and Italy. Among other actions, the new actions outlined in the European rail transport plan are taken into consideration. Spain, with five corridors crossing the entire country, is to be one of the main beneficiaries. The network, which will criss-cross the country, should be completed by 2030, and is expected to receive a total investment of 49,800 million euros, of which at least 10% will be covered with EU funds.

The Central Corridor will link Algeciras to France through the centre of the peninsula; the Atlantic-Mediterranean Corridor will run from Lisbon to Valencia; a branch of the corridor will run from Portugal to France, crossing the Castille plateau and the Basque Country; the Mediterranean Corridor will link Algeciras to Murcia, Valencia, Catalonia and the French border; and another corridor will run from the Cantabrian Sea to the Mediterranean, linking Bilbao to Valencia and passing through Pamplona and Zaragoza.

High Speed Train Los Gallardos-Sorbas. Almeria. Spain

4

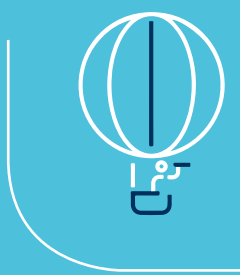
Business model and operating environment

Light rail construction. Guadalajara. Mexico

4.1. Mission, Vision and Values

Mission

To develop complex infrastructure projects and services that contribute to improving citizens' quality of life, providing opportunities for personal and professional development for our employees and creating value for our customers, partners and shareholders.



Vision

To be a leading Group with an international focus that is seen as a benchmark in developing innovative, high-value projects, that grows steadily and profitably, providing quality employment opportunities for our employees while being environmentally friendly.

Positioning

We are a global Group committed to meeting any challenge in order to transform our society; working with effort and passion to improve people's infrastructure and services.

Treasury

Our values guide us internally, and in relation to our external public, they help us build our competitive position and define ourselves in the market: mercado: Innovation, Excellence, Team spirit, Adaptability and Integrity.

We are talent at the service of progress

What we feel, what drives us

Passionate about excellence

- Committed to quality, things done right, detail and rigour.
- We like perfection, the recognition of those whose work is professional and reliable.
- We are passionate about what we do, and we do it better than anyone.

Integrity is our watchword

- No double meanings, transparent, honest and honourable. We work for those who put their trust in us and we repay them with work of the highest quality.

Believe you can do it

- We never give up, we are always moving forward, we overcome all our challenges through our conviction. We are commitment, energy and determination. We are optimism.

Dream tomorrow

- We believe in a better world that changes with us. We imagine, we dream and we create the future we want to live in. Creative and ingenious innovators, helping those around us to live a better future.

Challenges met

Challenges. Our ability to overcome every challenge. Our know-how, experience. Our business.
Achievements. The benefit of what we do, a job well done. The result for the Company, customers, shareholders and society.

Innovation	Excellence	Team spirit	Adaptability	Integrity
Imagination	Rigour	Trust	Resilience	Honesty
Creativity	Talent	Collaboration	Pragmatism	Transparency
Courage	Passion	Loyalty	Austerity	

226
R&D&I projects

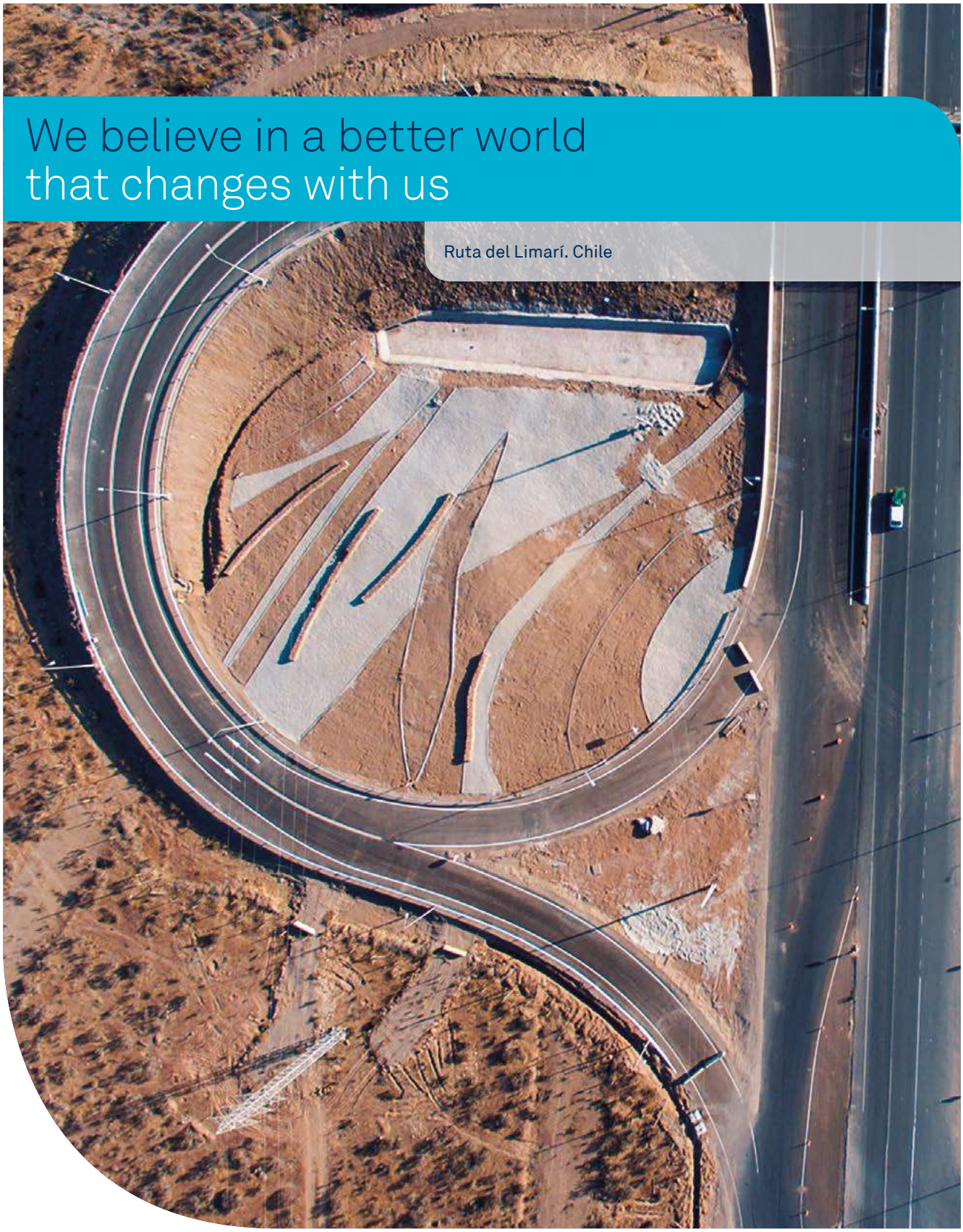
41,674
Backlog In Million Euros

37,730
Employees

80%
Debt reduction since 2008

0
Breaches of the Code of Conduct

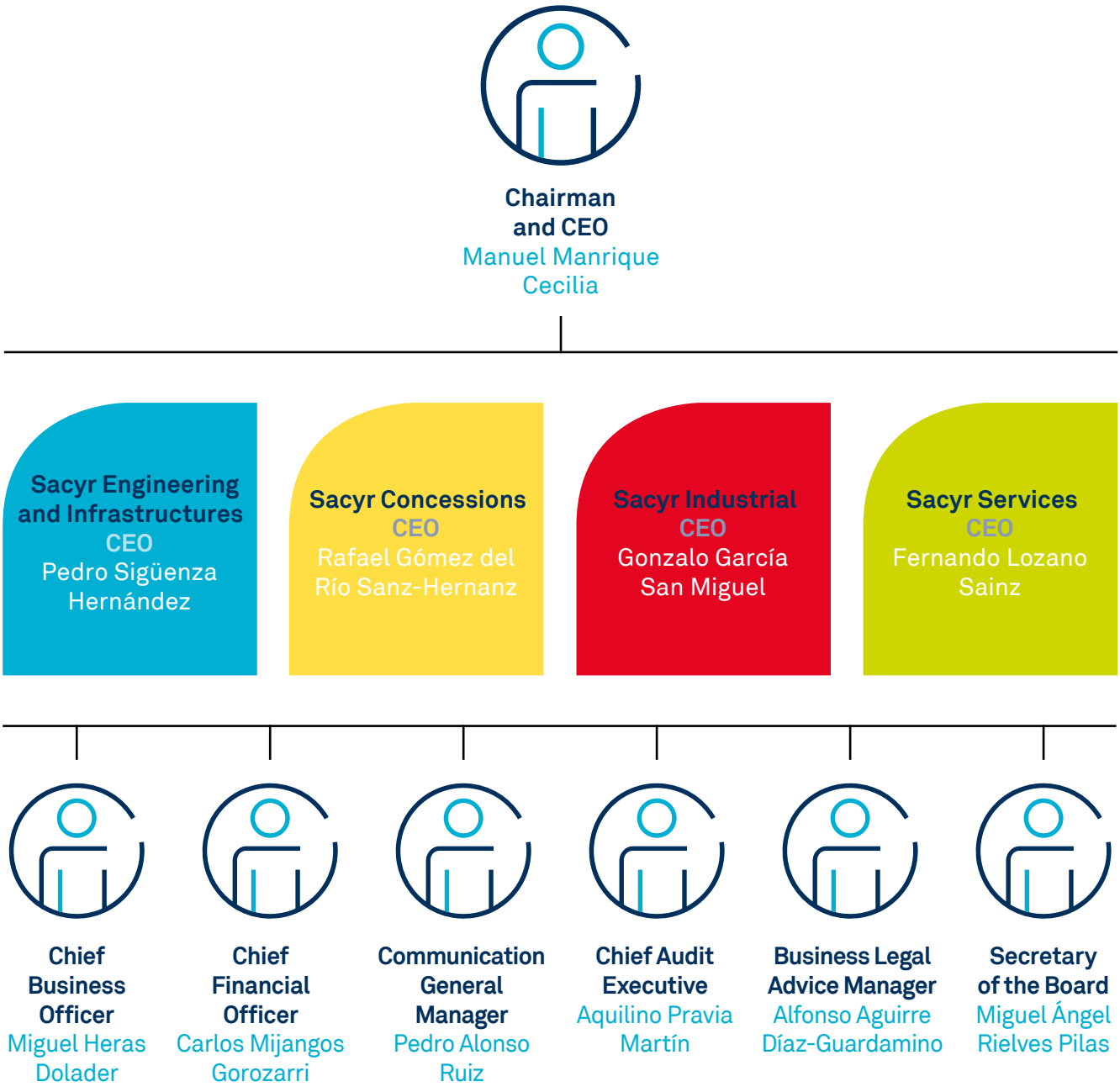
We believe in a better world that changes with us



Ruta del Limarí. Chile

Organisational chart

The Group's organisational structure is arranged around the figure of the Executive Chairman and the Chief Executive Officer, to which are accountable, firstly, the non-executive Chairmen, the CEOs of each business area, and secondly, a line of departments which provide support to the rest of the Group: the General Finance Department, the General Corporate Department, the General Communication Department, the Legal Advice of Business Department and the General Secretariat of the Board of Directors.



4.2. Business model

(102-2)

ENGINEERING AND INFRASTRUCTURES

WHAT IS THIS?

Focuses on construction activities, including:

- Civil Engineering
- Construction
- Turnkey/EPC

High technological capacity.

88% of international exposure.

KEY RESOURCES

- Financial capital
- Human capital
- Industrial capital
- Share capital
- Intellectual capital
- Natural capital

SIGNIFICANT INFORMATION

Sacyr Engineering and Infrastructures principles are: meeting deadlines; promoting innovation; internationalising its activity; and building in compliance with high safety and quality standards and with respect for the environment.

Leading infrastructures company that handles all kinds of projects across the world: civil construction, motorways, underground and railway, buildings, airports, ports and hydraulic infrastructure.

KEY FIGURES

CONSTRUCTION BACKLOG (Million €)

6,183

MONTHS OF GUARANTEED ACTIVITY

43

CONCESSIONS

WHAT IS THIS?

Diversified infrastructures portfolio:

- Asset diversity
- Several geographic markets
- Combination of mature assets and concessions with growth potential

38 assets in 10 countries.

28 years remaining on assets.

High growth potential and potential for increasing value.

SIGNIFICANT INFORMATION

Over more than 20 years of history, Sacyr Concessions has demonstrated its experience and technical expertise, as well as its financial capacity with 25 billion euros in overall investments.

It specialises in greenfield projects and handles design, funding, construction and asset management.

26 assets in operation.

Young assets with 28 years left to run.

7th largest Infrastructure Concessions Manager and 4th largest Greenfield project developer in the world.

KEY RESOURCES

- Financial capital
- Human capital
- Intellectual capital
- Share capital

KEY FIGURES

CONSTRUCTION BACKLOG (Million €)

27,081

% INTERNATIONAL

82%

SERVICES

WHAT IS THIS?

Focuses on public service concessions:

- Water, environment and multiservices
- Stable activity and long-term cash flow generator

Solid portfolio of public and private contracts.

Good history.

Improvement in turnover and margins.

KEY RESOURCES

- Financial capital
- Human capital
- Industrial capital
- Share capital
- Intellectual capital
- Natural capital

SIGNIFICANT INFORMATION

Environment:

- Municipal services
- Waste treatment
- Environmental work and regeneration

Water:

- End-to-end water cycle
- Water treatment plants
- Sacyr Water, 8th biggest international company based on desalinated water capacity (International Desalination Association)

Multiservices:

- Facility management
- Homecare assistance
- Infrastructure maintenance
- Restoration
- Mining

KEY FIGURES

REVENUE BACKLOG (Million €)

5,899

EBITDA MARGIN

8.8%

INDUSTRIAL

WHAT IS THIS?

EPC projects:

- Conventional and renewable energy generation
- Waste treatment and recovery
- Cement and mining
- Oil & Gas
- Water plants

Great potential for the development of projects of renewable energies.

International reference in water desalination and waste treatment.

Engineering capacity of 800,000h/year.

SIGNIFICANT INFORMATION

Industrial construction and engineering activities:

Energy generation, biomass, co-generation plants and waste-to-energy plants, conventional generation plants, co-generation and renewable energy plants, transmission lines and electrical substations, industrial factories and plants, oil and gas infrastructures and facilities, biofuel manufacturing, desalination of salt and brackish water, potable and waste water treatment, purification and reuse.

Strategic alliances:

- Sacyr Fluor: Strategic acquisition of 50% Fluor S.A. for EPC projects.
- Sacyr Nervión corporation: Maintenance of industrial facilities.
- Sadyt: integration of EPC activity into Sacyr Industrial for water projects.

KEY RESOURCES

- Industrial capital
- Social capital
- Intellectual capital
- Natural capital
- Human capital

KEY FIGURES

REVENUE BACKLOG (Million €)

2,511

EBITDA MARGIN

6.9%

Four differentiated areas of activity, operating in more than 30 countries

The Sacyr group, active for over 30 years, is structured into four different areas of activity and operates in more than 30 countries:

Engineering and Infrastructures:

Performed through the head units Sacyr Engineering and Infrastructures in Spain and Chile, Somague in Portugal, and SIS in Italy, focusing mainly on the construction of all types of civil works and residential and non-residential building infrastructures.

Concessions:

Activity performed by Sacyr Concessions, the seventh largest operator of infrastructure concessions in the world, with a presence in Spain, Italy, Ireland, Portugal, Canada, United Kingdom, Chile, Colombia, Mexico, Peru, Uruguay and Paraguay; this division is a leader in the management of infrastructures such as motorways, hospitals, transport hubs, etc.

Services:

Provided by Sacyr Services (formerly Valoriza), with a presence in Spain, Italy, Australia, Algeria, Portugal, Mexico, USA, Chile, Colombia, Peru, Uruguay, Paraguay and Oman, and specialising in the management of the following services:

- Environmental: provided through the head Valoriza Environment, a leading company in the operation of:
  - Municipal services: leader in the management of concessions, in the main towns in Spain for street cleaning, collection of municipal solid waste (including underground recycling containers), gardening and maintenance of green areas, management of parking metres, towing services and the removal of vehicles from public roads.

- Waste treatment: with important concessions in the scope of the construction and operation of plants to treat municipal solid waste, packaging and batteries, treatment facilities for construction and demolition, landfill gas removal, and plants for biomethanation, incineration, and waste-to-energy production, as well as facilities to treat, compost, and thermally dry sludge from wastewater treatment plants.
- Environmental works and regeneration: this area encompasses water quality control, atmospheric control and recovery of landscapes and woodlands.

- Water: performed via Sacyr Water and focussed on the operation and maintenance of all types of water-related plants (drinking water and water purification plants, desalination plants, tertiary treatments and recycling, industrial waste water treatment, agricultural treatment, etc.), and the integrated water cycle management under public sector concessions or in the private sector.
- Sacyr Facilities: company specialised in the provision of Facility services: technical and integral maintenance of installations, cleaning of all types of buildings and infrastructures, energy services, ancillary services (concierge, receptionists, messaging, gardening). Fifth operator by national turnover.
- Sacyr Social: Society of the Group leading in the provision of services to groups in situations of vulnerability and dependency: the elderly, the disabled and children. All through the management of residences and day centres, and through the provision of services in the user's own home.
- Sacyr Maintenance: Group company that specialises in the maintenance and preservation of roads and other specific infrastructure: dams, irrigation canals, ports and airports.
- Valoriza Mining: mining projects in Spain, mostly on copper, gold, tin, lithium and tungsten deposits.
- Cafestore: Group company specialised in the operation of motorway service areas (third leading Spanish operator in this market), and in the management of restaurants and cafeterias at large facilities: hospitals, transport hubs and public and private buildings.

Industrial:

Performed through Sacyr Industrial, which is present in Australia, Bolivia, Qatar, Chile, Colombia, Ecuador, USA, Spain, Mexico, Oman and Peru, and is the Group division, following the integration of various companies and areas of the company, in charge of engineering and industrial construction activities. Covering the promotion, performance, start-up and operation of projects in the following business areas:

- Industry and Energy: Sacyr Industrial is one of the leaders in the Spanish energy sector, and it is also a pioneer internationally in conventional and renewable power plants, in cogeneration plants, and in the development of biomass, solar energy and geothermal plants. It also operates and maintains power plants and industrial facilities.
- Environment and mining: Sacyr Industrial is one of the leading international companies in the design, construction and operation of waste treatment and waste-to-power plants. It also has experience in mining and processing plant projects.
- Oil&Gas: implementation of refinery, chemical and petrochemical, gas handling and treatment and liquefied natural gas (LNG) projects, and the transportation and storage of this type of fuel.
- Water: business activity via Sadyt, global leader in engineering activity, development and operation of all types of water treatment plants: desalination, purification, drinking water plants etc.
- Electrical facilities: engineering development and construction of high-voltage power lines, electrical substations and low-, medium- and high-voltage facilities, as well as the maintenance of medium and low voltage networks.

4.3. Strategic vision

Sacyr group's operating environment provides us with new challenges and opportunities as we continue along the path we embarked upon in 2015, when the entire Company's strategy was established.

Since Sacyr was set up in 1986, we have had good times and some more complicated moments. We have always overcome them, thanks to our people and our values.

We are a team

Thousands of people who have talent, rigour and the passion for doing a good job. We are driven by collaboration, trust in the Group, loyalty

Strategic vision

Based on: diversification, risk control and organic growth.

FOCUS

- Specialisation in priority business areas
- International growth with local presence in a select group of regions/countries

SCALE

- Sustainable position against large-sized competitors
- Growing internationalisation

SUSTAINABILITY

- Eliminate corporate debt
- Diversify sources of finance

ENGINEERING AND INFRASTRUCTURES

International leader in large projects

- International growth focusing on Latin America, North American and the Middle East
- Combination of organic growth, alliances and inorganic growth in North America (agreement with Manhattan Construction Group)

CONCESSIONS

Driver of growth and stability

- Greenfield investments focusing on Latin America and North America
- Rotation of mature assets

INDUSTRIAL

Positioning in energy

- Strong development in the sector focusing in oil & gas, renewable energies and water, and in Latin America, North America and the Middle East
- Reinforcement of capacities by a combination of organic growth, alliances and inorganic growth
- Joint venture with Fluor Fluor (Sacyr Fluor)

SERVICES

Quality & Technology

- Infrastructure maintenance: increase capacities/ specialisation and attain scale
- Environment and Facilities: organic development in Spain and explore internationalisation in line with the other divisions of the Group
- Water: development with international focus in Latin America, North America and the Middle East

2018 results (Million Euros)

Turnover	1,713	793	527	1,075
EBITDA	168	272	36	95
EBITDA/ Turnover	9.8%	63%	6.9%	8.8%

Larger concession profile

77% of the Group's EBITDA comes from concessional businesses with low demand risk

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (Thousand Euros)	2018	2017	% Chg 18/17
Net revenue	3,795,717	3,092,606	22.7%
Other income	322,391	176,877	82.3%
Total operating income	4,118,108	3,269,483	26.0%
External and operating expenses	-3,574,819	-2,846,891	25.6%
EBITDA*	543,289	422,592	28.6%
Depreciation and amortisation	-138,030	-137,097	0.7%
Provisions and other non-recurring expenses	-40,376	-28,669	40.8%
EBIT	364,883	256,826	42.1%
Financial result	-247,260	-174,253	41.9%
Gains/losses on exchange differences	48,206	-71,236	n.a.
Share of profit from equity-method companies	200,979	259,114	-22.4%
Provisions for financial investments	-57,600	86,210	-166.8%
Change in value of financial instruments at fair value through profit or loss	-11,140	-144,754	-92.3%
Gain/(loss) on disposal of non-current assets	-12,544	-362	n.a.
Profit before tax	285,525	211,545	35.0%
Income tax	-77,098	-42,967	79.4%
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	208,427	168,578	23.6%
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	0	0	
CONSOLIDATED PROFIT FOR THE YEAR	208,427	168,578	23.6%
Attributable to non-controlling interests	-58,030	-37,934	53.0%
NET ATTRIBUTABLE PROFIT	150,398	130,644	15.1%
Gross margin	14.3%	13.7%	

BALANCE

CONSOLIDATED BALANCE SHEET (Thousand Euros)	DEC. 2018	DEC. 2017	Chg. 18/17
Non-current assets	8,895,503	8,098,032	797,471
Intangible assets	25,901	17,188	8,713
Concession projects	1,353,656	1,370,054	-16,398
Property, plant and equipment	441,230	387,600	53,631
Financial assets	3,335,804	3,059,941	275,863
Receivables from concessions	3,552,834	2,854,735	698,099
Other non-current assets	19,444	241,714	-222,271
Goodwill	166,633	166,801	-167
Current assets	4,954,307	5,478,224	-523,916
Non-current assets held for sale	362,172	454,992	-92,820
Inventories	209,331	199,937	9,394
Receivables from concessions	293,238	260,278	32,961
Receivables	1,974,908	2,333,664	-358,756
Financial assets	124,446	113,361	11,085
Cash	1,990,212	2,115,992	-125,780
TOTAL ASSETS/LIABILITIES	**13,849,810**	**13,576,256**	**273,554**
Equity	1,507,190	2,004,421	-497,228
Shareholders' equity	1,145,833	1,652,140	-506,305
Non-controlling interests	361,358	352,281	9,077
Non-current liabilities	7,915,873	7,253,241	662,619
Financial debt	5,061,232	4,729,167	332,065
Financial instruments at fair value	105,917	192,800	-86,883
Provisions	313,917	294,882	19,035
Other non-current liabilities	817,365	547,141	270,212
Other hedged debt	1,617,442	1,489,252	128,190
Current liabilities	4,426,746	4,318,594	108,163
Liabilities associated with assets classified as held for sale	170,236	176,965	-6,729
Financial debt	1,097,331	921,205	176,127
Financial instruments at fair value	18,953	27,127	-8,174
Trade payables	2,431,138	2,460,967	29,818
Operating provisions	157,225	122,726	34,499
Other current liabilities	551,863	609,604	-57,741

Expansion stands at Las Palmas Stadium

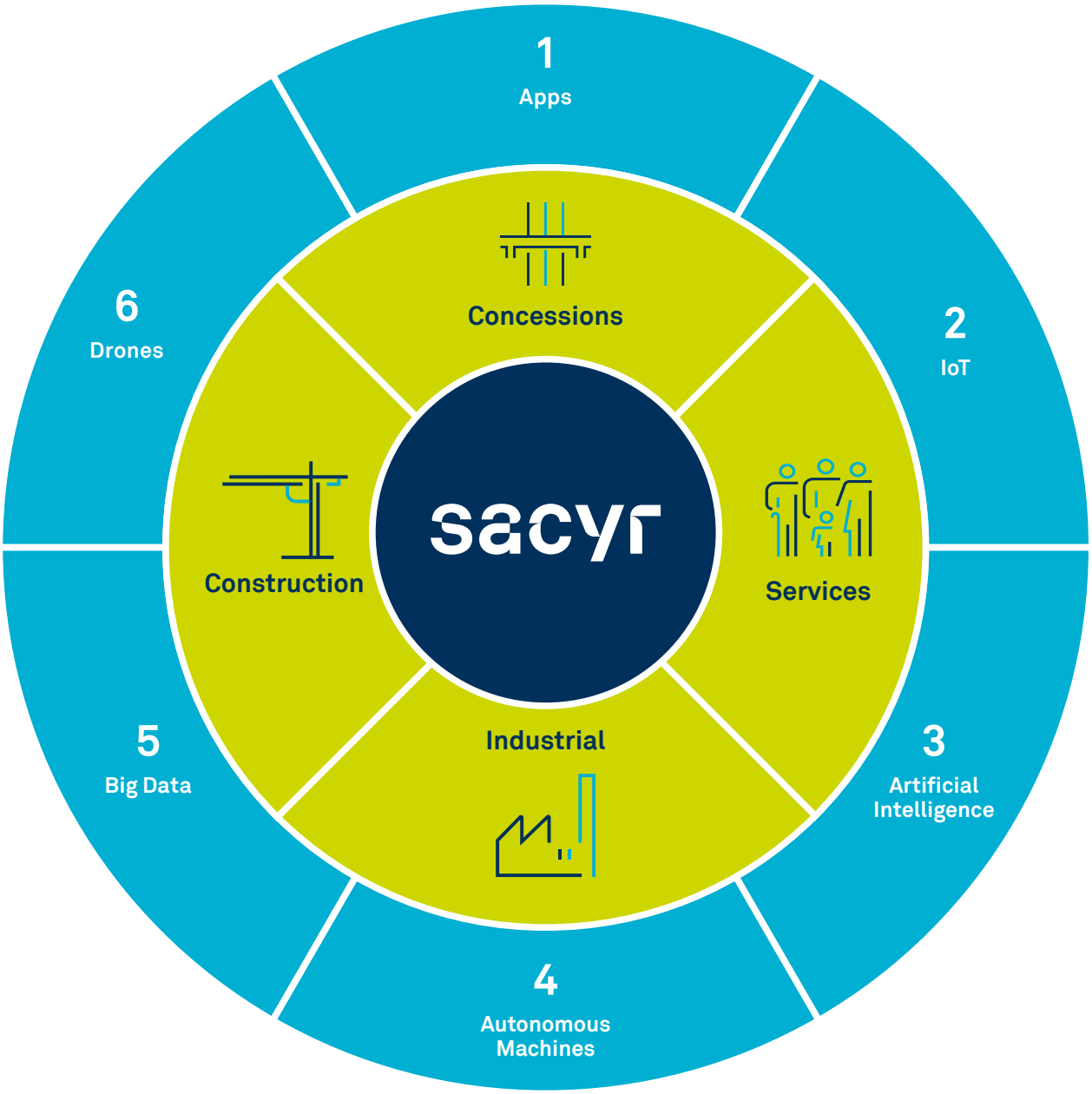
At Sacyr, creativity and innovation grow with every project we undertake

Number of projects under development	Number of employees who have participated in projects
40	189

Number of projects in progress	Investment in R&D&I	Percentage of Net Profit invested in innovation
226	+8 Million of euros	5.3%

Number of projects launched	Number of employees in R&D&I	Group companies certified under UNE 166002:2014
12	25	14

Priority technologies for the Sacyr group



We innovate to improve people's quality of life

Sacyr group innovation strategy

At Sacyr, we have developed a business model that allows us to strategically set ourselves apart in terms of our success and to create competitive advantages and that serves as the foundation for sustainable growth over time. Strategy that boosts innovation as a cross-cutting element throughout the entire company and becomes the driving force of our performance, a tool for creating value and a differentiating factor with companies in our industry at a global level.

Research, development and innovation activities are carried out at the various Group companies and the Innovation Department coordinates and serves as the backbone of and point of reference for driving progress and ongoing improvements in this field.

In this context, a large number of Group companies have their own Innovation Department responsible for implementing specific projects. These projects are always coordinated and supervised by the Group's Innovation Department. The innovation strategy and cross-cutting innovation activities are handled by the Innovation Team Committee.

At Sacyr our innovation-focused strategy differentiates us from other market players and enables us to work more efficiently and create added value for our customers. This strategy is reflected in a transversal model that covers the entire company and which is becoming the main instrument of value creation and the driver behind our performance. The aim of this model is to turn Sacyr into a pioneer company in the majority of the markets where it is present. This model is based on four principles:

- A clear business focus that allows us to prioritise those innovation projects that most contribute to improving the infrastructure users' experience and to reducing funding costs, which will have a positive impact on Sacyr's income statement in the short, medium and long term.
- An active governance of innovation, where the various Innovation Departments and Committees are responsible for establishing innovation and R&D guidelines, coordinating initiatives between the different business areas and structuring initiatives that incentivise innovation.
- An innovation culture that promotes an open innovation model, based on cooperation between external agents, such as entrepreneurs, scientists, universities and business partners; and the intrapreneurs that form part of Sacyr success. The success of this cultural change is the responsibility of a multidisciplinary team of innovation, talent management and communication
- A solid process of enhancing innovation, by obtaining project certificates from public authorities and by seeking out more advanced patents for our R&D&I developments.

Research, development and innovation activities are carried out at the various Group companies, and the Innovation and R&D&I Certifications Departments coordinate and serve as the backbone of and point of reference for driving progress and ongoing improvements in this field.

In addition, the various companies that comprise the Group have their own Innovation Departments responsible for implementing specific projects, which are coordinated and supported by the Group's Innovation Department. As a result, an Innovation Team Committee has been named, which is responsible for supervising innovation activities.

Developments in R&D&I activity at Sacyr

Sacyr is carrying out an ambitious development of its R&D&I activity. Since 2004, external and official recognition has been obtained in the form of financing, grants or certification of its content as an R&D&I activity, in a total of 226 projects through different public tenders.

Investment in R&D&I in 2018 once again exceeded 8 million euros in the Group. Excellence in research is the result of the capacity and knowledge of Sacyr's professionals and the company's permanent commitment to developing new technologies and processes.

One of the pillars of Sacyr group's innovation strategy is the identification of the challenges of innovation faced by each of the companies, and which to a large extent depends on the type of business sector they compete in. These businesses are not only defined by infrastructure type (roads, railways, ports, water treatment plants, industrial facilities, hospitals, etc.) but also by the level of involvement in their implementation and management cycle (design, financing, construction, integrated management, maintenance, etc.).

To identify these innovation challenges, the following two basic principles are established:

- Provide better service to end-users of the infrastructures, whether it be through safer roads; more efficient water or waste treatment plants, which are better integrated into the ecosystem; better equipped hospitals, etc.
- Introduce efficiency improvements throughout the infrastructures implementation and management cycle (design, financing, construction) so that the total cost is more competitive for our corporate customers, large enterprises and the public sector.

Innovation challenges

Some of the specific innovation challenges in our business lines are shown below:

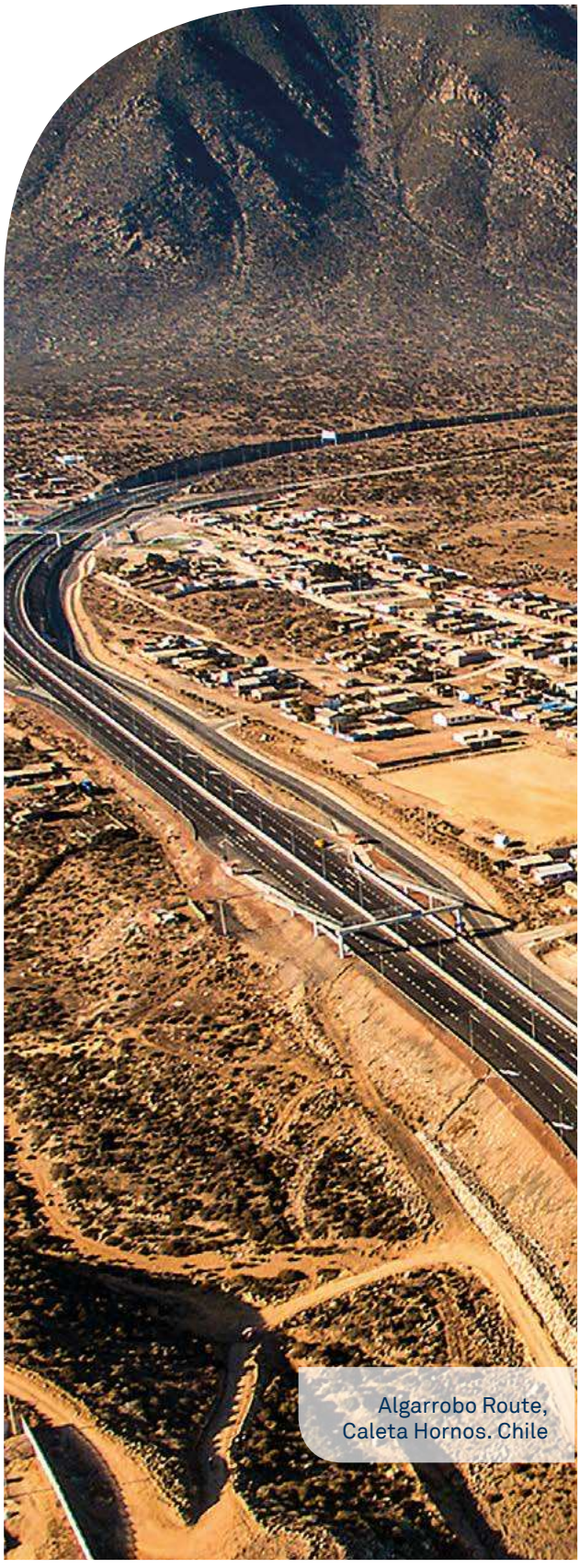
1. Use of mobile applications to connect with the general population, customers, suppliers, work teams, etc.
2. Development of the Internet of Things to gather information on the use and status of the infrastructures.
3. Application of artificial intelligence and big data to analyse the information from mobile apps and sensors, to enable optimal decision-making in infrastructure management.
4. Roll out of autonomous machines drones and robotics to streamline operating processes and avoid jobs that are dangerous for humans
5. Use 3D printing and modelling, along with augmented/virtual reality, to assist with the interaction between the physical and digital worlds

Certification of the R&D&I Management System

Sacyr's R&D&I Management system is certified by AENOR UNE 166002:2014. This tool helps us to efficiently organise and systematise all our R&D&I activities and enables us to:

- Fostering R&D&I activities
- Providing guidelines for organising and managing R&D&I effectively
- Improving growth, income and profits from innovations
- Bringing new ideas and values to the organization
- Gaining value proactively through a better understanding of future market needs and possibilities.
- Harnessing the creativity and collective intelligence of the organization
- Obtaining value from collaboration with other partners for R&D&I activities
- Stimulating employee involvement and encouraging teamwork and collaboration
- Helping identify and reduce risks
- Analyzing the internal and external technological situation
- Defining basic objectives of R&D&I activities
- Selecting and managing an appropriate project portfolio
- Ensuring that no activities are lost that could generate own technologies and patents.
- Promoting R&D&I as a differential factor of competitiveness and corporate reputation

In summary, the implementation of the R&D&I Management System at Sacyr contributes to continuous improvement, the global vision of the organisation, the deployment of the Group's R&D&I strategies and objectives, as well as the involvement of people and the management of change.



Algarrobo Route, Caleta Hornos. Chile

Sacyr iChallenges

A Sacyr Open Innovation Program

Sacyr iChallenges is our open innovation and co-creation programme focused on solving, in collaboration with agents of the innovative ecosystem, business challenges posed by the company.

In the last edition of Sacyr iChallenges, we analysed around 80 motions for challenges resolutions in which startups, entrepreneurs and different agents of the innovative ecosystem posed solutions to the challenges posed by Sacyr. On this occasion, the challenges we wanted to collaborate on were related to the application of virtual and augmented reality in water treatment plants, predictive maintenance of roads, the use of new hardware and software to promote recycling and the introduction of artificial intelligence into the planning of large construction works.

Presentation of virtual and augmented reality project

8th edition of the Sacyr Innovation Awards

Sacyr Innovation Awards

After eight years of these awards, the objective of the Sacyr Foundation continues to be to encourage and promote the development of high potential start-ups oriented towards the infrastructures and services sectors, and to provide them with all the support necessary during their process of maturing and entering the market.

The Sacyr Innovation Awards represent our company's commitment to innovation and the incorporation of new technologies into its activities. For Sacyr, innovation offers countless opportunities and new business models that are key to driving and leading technological change.

The selection criteria of the Sacyr Awards recognise the degree of technical innovation of the projects presented, their applicability to Sacyr's various business areas and their reach in the international market.

The winning projects receive the sum of 50,000 euros in the form of a convertible loan.

Sacyr also contributes to the project's business development, providing commercial, legal and financial advice, and giving the entrepreneurs access to a wide network of global partners.

The 8th edition of the Awards in Spain, delivered in December 2018, was participated by more than 80 proposals of high quality and future potential. The winning startup was Tyris AI, which won the other two finalists of the awards, Limmat Group and Talent Swarm. The Tyris AI project proposes an innovative system of predictive analysis using machine learning and big data technologies for the creation of detection models to predict the long-term deterioration of pavement on roads.

Similarly, as was done since the first edition of the awards, we recognized the talent and innovative spirit of its employees through the ideas presented in the collective intelligence platform, Ingenium. On this occasion, the campaign "Sacyr Circular" sought new ideas on how to achieve, within Sacyr, more profitable and sustainable businesses through the use of natural resources and, thus, to improve the environment and the quality of life of citizens.

The campaign had a remarkable success of participation with 171 ideas presented, among which the initiative "Textile Recycling applied to the biological mechanical treatment plant of La Rioja" was the winner.

More information on the previous years' Innovation Awards and new calls for projects can be found on Sacyr's website: www.sacyr.com

Natural Innovators

Once again this year we have recognized the talent, effort and commitment of our employees. The Natural Innovators Awards represent that commitment to innovation and a way of doing things differently that allows our activities to improve and drive business growth.

This recognition is given to those people who, through their work and innovative spirit, contribute to making Sacyr a better and more sustainable company. These people symbolize the company's vision, mission and values. These values include teamwork, commitment, excellence, dedication to excellence and innovative talent.

The 2018 Natural Innovators Awards

Sacyr Innovation Awards in Chile 2018

Sacyr Innovation Awards in Chile

Sacyr held its first Innovation Awards in Chile, with the winners being HEAT+L and Plasticpav projects, in the National and Regional categories, respectively.

This first year of the Awards had over 40 candidates linked to energy efficiency, sustainable construction and technological development. From these, five were selected to go forward to the final stage by a Technical Committee, where a jury made up of major personalities from the world of innovation chose the winners in the two categories.

Representatives of both the Chilean government and Sacyr were present at the award ceremony, along with the members of the media and well-known figures from the academic and business worlds. The presence on behalf of the government of the Under-Secretary for the Economy, Natalia Piergentili, and the Secretary of State for Innovation and Technology at the Ministry of Public Works, Nayib Tala, was of particular note.

4.4. Performance of the Sacyr group

(102-10)

2018 significant events

Some of the most significant events that took place during the year, are as follows:

a) Flexible Dividend

In January 2018, Sacyr implemented its Scrip Dividend programme, approved at the 2017 General Shareholders' Meeting. Shareholders could choose between receiving a new share for every 48 outstanding shares, or selling Sacyr their free allocation rights at a guaranteed fixed price of 0.052 euros, gross, per right.

95.86% of Sacyr shareholders chose the Scrip Dividend in shares, for which a total of 10,647,265 new shares were issued. On 1 March 2018, these new shares began trading on Spanish stock markets.

At the 2018 Annual Shareholders' Meeting, held on 7 June, two new Scrip Dividends were also approved, with similar characteristics to those carried out at the beginning of the year.

Over 95% of shareholders chose the Scrip Dividend in shares, for which a total of 15,039,736 new shares were issued, with Sacyr's new share capital now comprising a total of 568,595,065 shares. The new shares began trading on Spanish stock markets on 20 February 2019.

b) Stake in Repsol

In 2018, Sacyr remained a core shareholder of Repsol via a 7.87% interest in the oil company. In 2018, and as a result of the Repsol "Flexible Dividend" programme, Sacyr group, via its investees: Sacyr Securities S.A., Sacyr Investments S.A.U. and Sacyr Investments II S.A.U., received total dividends of 107.12 million euros (a dividend on account of 2017 profits, for 47.61 million euros, at the beginning of January and another, final, dividend of 59.51 million euros, at the beginning of July).

c) Euro Medium-Term Note (EMTN) programme

In 2018, Sacyr launched a fixed income securities for a maximum aggregate nominal balance of 500 million euros.

This issue will enable Sacyr, under the terms and conditions of the prospectus covering the programme and for a (renewable) period of 12 months, to carry out fixed income securities issues, which may be admitted to trading on the regulated market of the Irish Stock Exchange (currently trading as “Euronext Dublin”) or any other stock exchange or trading system.

d) New market: United States

In 2018, Sacyr was awarded its first projects in the United States, through which it achieved one of the main milestones in its 2015-2020 Strategic Plan.

Firstly, Sacyr Engineering and Infrastructures will undertake three projects for the Florida Department Of Transportation (FDOT): the remodelling, reconstruction and extension of over 17 km of road, including the construction of 26 bridges, of the First Coast Expressway, as it passes through the city of Jacksonville, for a total of 202 million euros; the reconstruction, remodelling and extension of over 12 km of road, in the intersection of the I75 and the SR70, to the East of Florida, for a total of 70 million euros; and the expansion into a dual-carriageway, of the 11 km, SR82 Road between Alabama Road South and Homestead South, for 36 million euros.

Sacyr was awarded its first projects in the United States, achieving one of the main milestones in its Strategic Plan

SR82 Road, dual lane widening, Florida. USA

Secondly, Sacyr will design and build three new streets and extend and improve two other existing ones, in the town of Palmetto Bay in Miami-Dade county, for 10 million euros.

e) Itínere

In July, reached a joint agreement with Abanca Corporación Industrial y Empresarial, S.L. and Kutxabank, S.A., to sell 55.6% of the stake in Itínere Infraestructuras to Globalvía.

Sacyr would dispose of its entire shareholding in Itínere for 202 million euros. The agreement was subject to a series of suspensive conditions, common in this type of transaction, and approval being obtained from the relevant authorities.

Gateway, Itínere's majority shareholder, exercised its right of first offer on Sacyr's stake, though it did not exercise its right of first refusal over the other two shareholders, referred to above. The Madrid Court of First Instance, number 82, granted injunctive relief which stopped the sale of this stake to Gateway.

In addition, as part of the arbitration process interposed by this latter company, granted injunctive relief that also stopped the sale of Globalvía.

After the lifting of the injunctive relief, in February 2019 the Group sold its entire shareholding in Itínere for 202 million euros, which it had classified as an asset held for sale for this amount, with the funds obtained from the sale being used for the partial reduction of corporate debt.

f) Panama Canal

On 12 December 2018, the International Chamber of Commerce (ICC) in Miami, United States, issued a ruling in relation to the economic advances received in 2009 by the consortium Grupos Unidos por el Canal (GUPC), for the costs of mobilisation and installation of plant, to carry out the Third Set of Locks on the Panama Canal construction project.

Faced with the specific financial obligations established by the ruling, Sacyr arranged a syndicated loan for 225 million euros, for a term of 5 years, with a 2 year grace period. This transaction was made regardless of the performance of Sacyr's business.

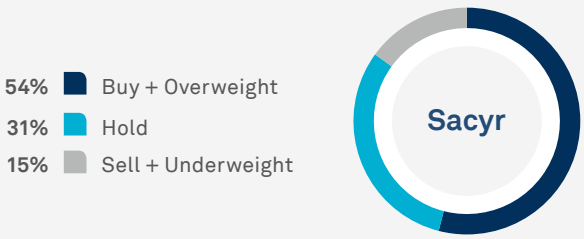
In March 2019, the second and final tranche of advances was settled, which in the case of Sacyr amounted to approximately 125 million euros.

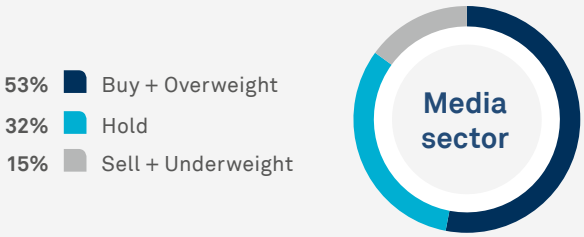
Share price

Financial analysts

At year-end 2018, 13 analysis firms actively followed Sacyr's share. Of these, 85% were positive - either "buy", "overweight" or "maintain".

The share price reached its intraday high of 2.77 euros on 30 July, and its daily closing high of 2.749 euros on 3 August. The intraday low was 1.535 euros on 13 December, while the daily closing low, also on 17 December, stood at 1.563 euros per share.





Potential average share revaluation came to 58%, well above that of the competition.

MAIN STOCK MARKET INDICATORS IN 2018		
STOCK MARKET INFORMATION	2018	2017
Share price (euros) (1)		
High	2.770	2.785
Low	1.535	1.900
Method	2.357	2.345
Year-end	1.744	2.359
Average daily trading volume (no. of shares) (1)	2,430,538	3,325,145
Annual trading volume (thousands of euros) (1)	1,466,440	1,987,529
No of shares admitted for trading at year-end	553,555,329	533,110,718
Market capitalisation (Thousand euros) (1)	965,400	1,257,608
Earnings per share (euros/shares)	0.27	0.25
Price/carrying amount(2) (No. of times) (3)	0.84	0.76
PER (4)	6.42	9.63

(1) Source: Continuous Market of Spanish stock markets

(2) Equity/number of shares outstanding as of close of year

(3) Capitalisation/Equity

(4) Share price at close/Benefit per share attributable to parent company

Shareholders, analysts and investors

Personalised customer service

Sacyr's Investor Relations Department provides minority shareholders, financial analysts and investors with a number of direct and personalised contact channels:

- Telephone - shareholder hotline: 900.101.930 and investor hotline 902.196.360
- Website: www.sacyr.com
- E-mail: accionistas@sacyr.com - ir@sacyr.com

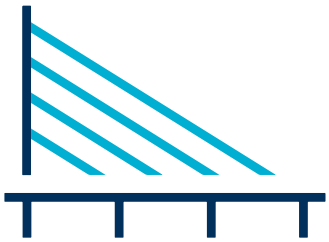
Face-to-face meetings: Investor Relations Department personnel meet with these minority shareholders and attend meetings with various financial stakeholders.

General Shareholders' Meeting: This is an excellent forum for exchanging information between company directors and shareholders. At these meetings, directors report on the progress of the company, its profits, and the main milestones reached and planned, while shareholders can request information and clarification and make any comments they deem appropriate.

Financial information: In accordance with prevailing legislation, the Sacyr group prepares the annual report, half-yearly and quarterly financial results and the annual corporate governance report on a regular basis and the Annual Directors' Remuneration Report. These reports may be viewed on the CNMV's website, www.cnmv.es, and on Sacyr's website, www.sacyr.com

Sacyr's website (www.sacyr.com) contains all relevant corporate and financial information regarding the Company's performance, and all information made public through various financial and economic reports and communications (annual report, quarterly results, etc.).

4.5. Sacyr Engineering and Infrastructures



The Infrastructures division, the primary engine of our Group, has continued to grow significantly both in Spain and, in particular, internationally.

Our international expansion model has to take into account the need for local deployment, taking advantage of both the ability we have demonstrated to compete with sector-leading companies in other countries as well as our peers, and our know-how in particular segments.

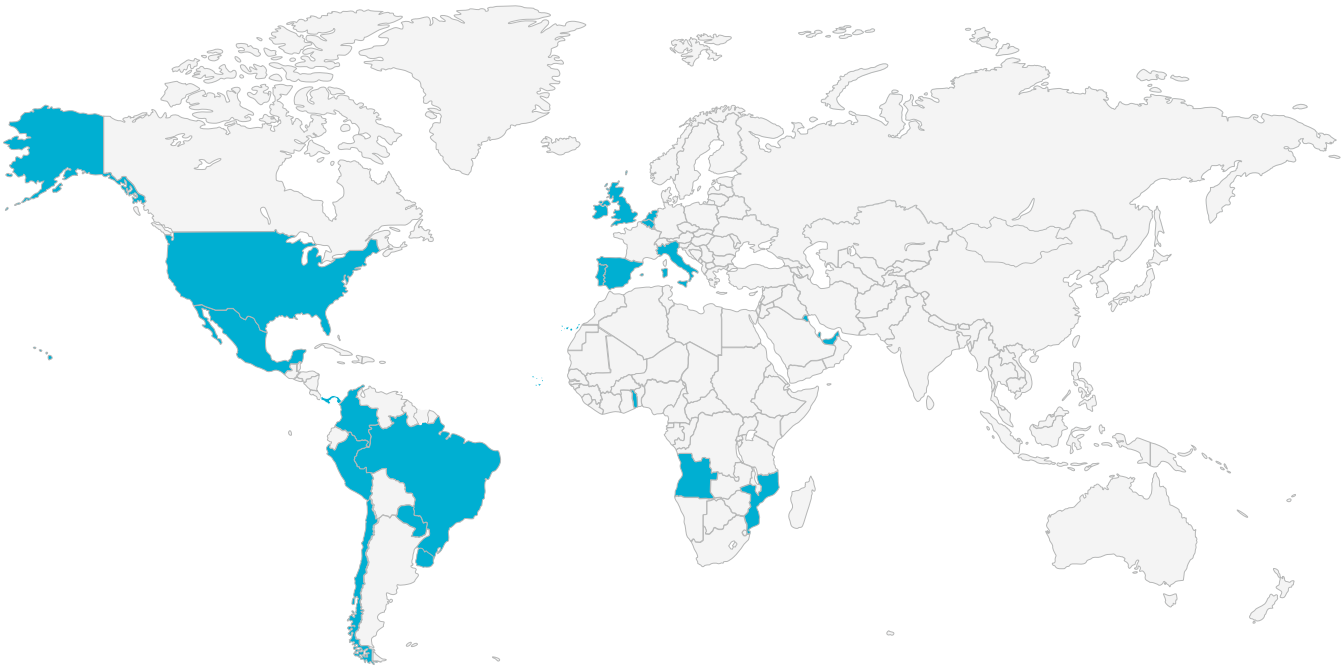
We lead the industry ranking for longest backlog with more than 43 months of secured activity

Key figures (2018 Million euros)	
Revenue	1,713 (+40%)
EBITDA	168 (+82%)
EBITDA margin	9.8% (+2.2 p.p.)
Backlog	6,183 (+5.4%)
Months of activity	43

+5.4%

6,183
Backlog
(Million euros)

1,713
Revenue
(Million euros)



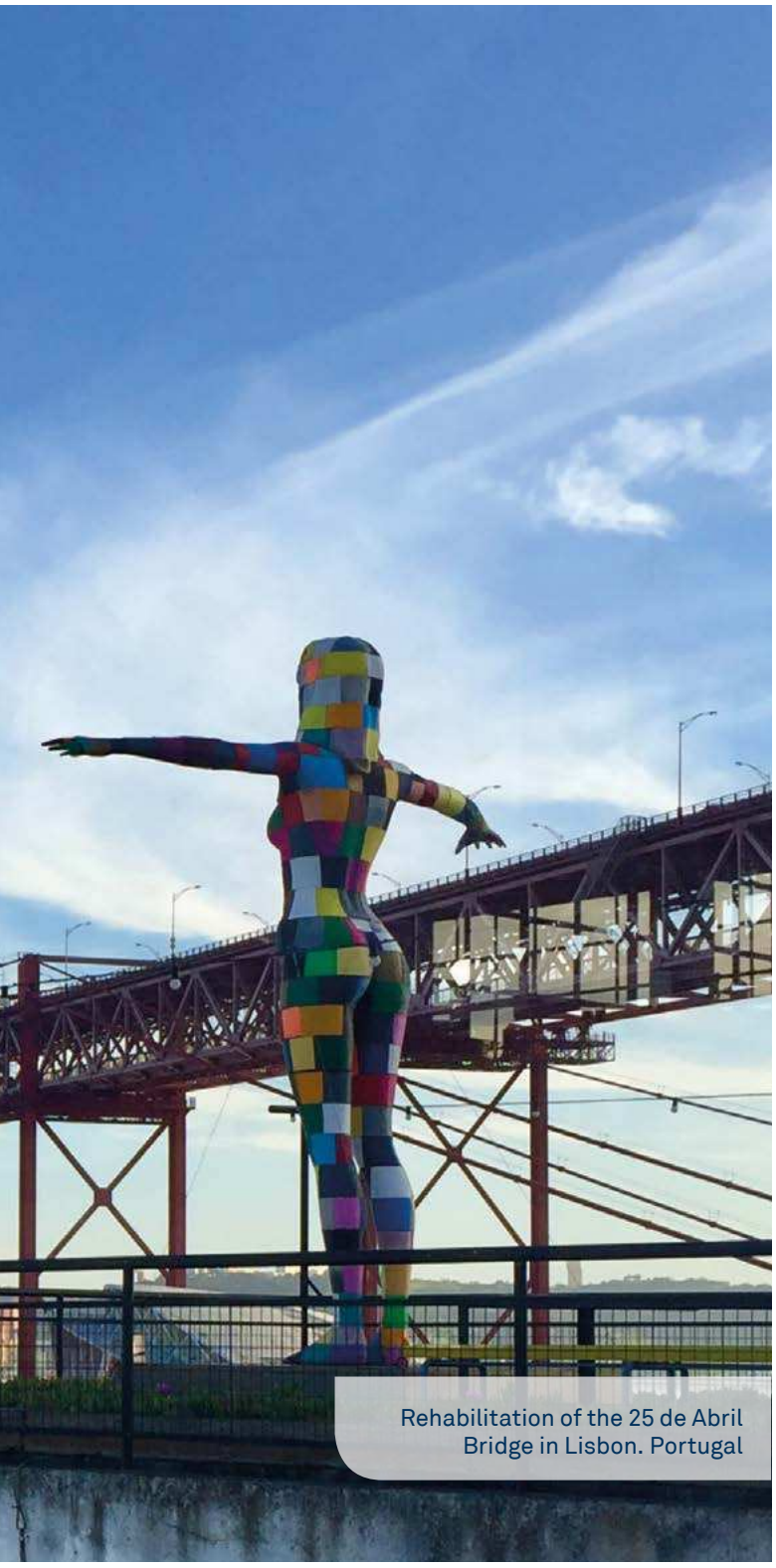
ANGOLA
BRAZIL
CAPE VERDE
CHILE
COLOMBIA
IRELAND
ITALY
KUWAIT
MEXICO
MOZAMBIQUE
PANAMA
PARAGUAY
PERU
PORTUGAL
QATAR
SPAIN
TOGO
UAE
UK
URUGUAY
USA

CONTRACT WINS 2018

	Million euros
United States Remodeling, reconstruction and widening of more than 17 kilometers of highway roads, including the construction of 26 bridges, of the First Coast Expressway, as it passes by the city of Jacksonville.	202
Reconstruction, remodeling and widening of more than 12 kilometers of highway roads at the intersection of I75 and SR70, west of Florida.	70
Expansion of the SR82 between Alabama Road South and Homestead South, 11 kilometers long.	36
Design and construction of three streets and the expansion and improvement of two others in the municipality of "Palmetto Bay" in Miami-Dade County.	10
Uruguay Remodelling of the Montevideo – Paso de los Toros Central Railway	82
Brazil Phase 1 of the East Line of Fortaleza Metro.	350
UK A6 motorway, in Northern Ireland.	161
Colombia Construction, refurbishment and modernisation of various urban areas in Bogotá	38
Construction of the enhanced water intake for the La Esmeralda reservoir for the Chivor hydroelectric power plant in Santa María.	32
Mozambique Construction of the first two phases of the Nacala Port development project.	108
Chile Design and construction of the new hospital in Villarrica. 21,000 square metres 115 beds.	44
Design and construction of the new Alto Hospicio hospital in Iquique 95 million euros Serving +108,000 residents. 235 beds	108
Construction of the new El Tepual Airport in Puerto Montt.	33

CONTRACT WINS 2018

	Million euros
Mexico Construction of the new San Alejandro hospital, in San Andrés de Cholula, Puebla state	70
Peru Refurbishment of Capitán FAP José A. Quiñones International Airport in Chiclayo.	32
Construction and remodelling of various sporting facilities for the Pan-American Games "Lima 2019"	44
Spain Construction of the new San Sebastián Metro (Guipúzcoa).	53
Remodelling and expansion of the South Dock building at Terminal 1, of the El Prat Airport in Barcelona.	28
Construction of various tunnels in Plaza de "Les Glories Catalanes".	25
Marine civil works in the outer port of Punta Langosteira, Coruña.	25
Expansion and depth improvements at the new port facilities at Punta Langosteira.	23
Expansion and renovation of the Quirón University Hospital, Madrid.	18
Construction of the new surgery block at the Gregorio Marañón University General Hospital, in Madrid.	16
Construction of a hotel in Los Urrutias in La Manga del Mar Menor, Murcia.	11
Portugal Restoration of 25 de Abril bridge in Lisbon.	13
Construction of three new hotels: The Emerald House, Hotel Casla Ribeiro and Hotel Principe.	15
Electrification, repair, replacement, improvement and maintenance works on various of the country's electricity power lines, through the investee, Neopul.	13
Angola execution of the second phase of the Namibe Port renovation works in the south of the country.	7



Rehabilitation of the 25 de Abril Bridge in Lisbon. Portugal

Sacyr Somague was awarded "The Year in Infrastructure 2018"

2018 HIGHLIGHTS

Brazil

Opening of the new 5.5 km extension of Line 15 (Silver) of the São Paulo Metro. This includes 4 new stations: San Lucas, Camilo Haddad, Vila Tolstoi and Vila Unión.

This extension enables integration with Line 2 (Green) and provides users with access to the 351 km network in 23 different towns, for a flat-rate fare. When the project is fully completed it will serve some 400,000 users a day.

Portugal

Sacyr Somague receiving "The Year in Infrastructure 2018" award in the "Energy Generation" category, for its Foz Tua hydroelectric power plant project in Bragança (Portugal). The prize, given by the Bentley Institute, highlights Sacyr Somague's exceptional work in this major engineering project, which is 108 m in height and has a 275 m crest, which houses a 251 MW hydroelectric power plant.

Angola

Opening of the Mutu-Ya-Kevela secondary school in Luanda (Angola), after its complete refurbishment carried out by our Group. The spirit of the original building - which dates back to 1936-1942 and is classified as a National Monument - has been maintained.

4.6. Sacyr Concessions

Sacyr Concessions has a portfolio of 38 concessions distributed throughout 10 countries, together with two road-maintenance companies. The diverse nature of these assets, both as a result of their location and type of asset, is noteworthy of mention.

The concession business, which continues to grow, must continue to be firmly committed to greenfield investments in transport and social infrastructure in key markets. Mature assets are rotated as the same time local structures are consolidated.

Growth engine of the Sacyr group

Key figures (2018 Million euros)	
Revenue	**793 (+30%)**
Concession revenue	**432 (+22%)**
Revenue backlog	**27,081 (-0.3%)**
International backlog	**82%**
EBITDA	**272 (+17%)**
EBITDA margin	**63%**
Young assets with	**28 years**

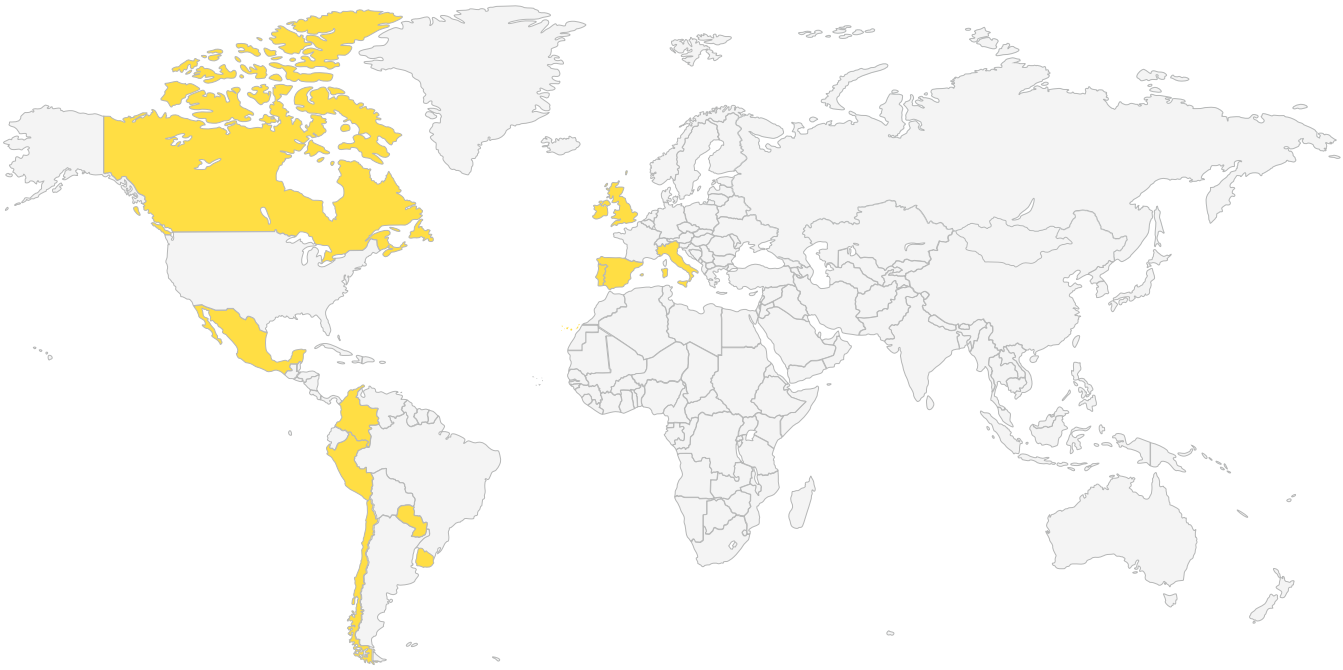
+30%

793

Revenue
(Million euros)

27,081

Revenue backlog
(Million euros)



CANADA
CHILE
COLOMBIA
IRELAND
ITALY
MEXICO
PARAGUAY
PERU
PORTUGAL
SPAIN
UK
URUGUAY

At year-end, the Group had 38 concessions distributed throughout 10 countries (Spain, Italy, Ireland, Chile, Colombia, Mexico, Uruguay, Peru, Paraguay and Portugal) 26 of which were in operation and 12 of which were under development. There are 26 motorway and road concessions in the EU and America (8 in Spain, 7 in Chile, 4 in Colombia, 1 in Italy, 1 in Ireland, 1 in Peru, 1 in Uruguay, 1 in Mexico and 1 in Paraguay), in addition to concessions for 7 hospitals, 2 transport hubs, 2 airports and a railway.

CONTRACT WINS 2018

	Million euros
Uruguay Remodelling of the Montevideo – Paso de los Toros Central Railway	**735**
Chile Expansion, construction, improvement and concession of “El Tepual” Airport	**58**

Rumichaca-Pasto motorway. Colombia

Tláhuac Hospital. Mexico.

2018 HIGHLIGHTS

	Million euros
Colombia Funding of the fourth-generation Rumichaca-Pasto and Montes de María motorways Ranked as the **seventh infrastructure concessions manager in the world**, according to "Public Works Financing" (PWF).	**98**
Mexico Funding of the design, construction and operation, for a period of 25 years, of the new General Hospital in the Southern Regional Area of Mexico City (Tláhuac Hospital)	**88**
Funding of the new 10-year concession Pirámides – Tulancingo – Pachuca motorway in Mexico. Inauguration the first 11 km, of a total of 183 km, of its project for the renovation and subsequent operation of the Pirámides-Tulancingo-Pachuca motorway in Mexico.	**75**
Chile Securing of funding for the ring-road project in the eastern part of Santiago de Chile.	**820**
Inauguration of the Ruta de Limarí motorway, between the towns of La Serena and Ovalle, in the Coquimbo region in northern Chile. The new 86 km road greatly improves connectivity in the region, cutting journey times by up to 30%. 30-year term.	**180**
Spain Refunding of the AP-46 Málaga - Las Pedrizas toll motorway (Guadalmedina motorway).	**229**

4.7. Sacyr Industrial

We develop all types of EPC projects for industrial plants, including energy, oil&gas, waste treatment and water plants

Key figures (2018 Million euros)	
Revenue	527 (+1%)
EBITDA	36 (+5%)
EBITDA margin	6.9% (+0.3 p.p.)
Backlog	2,511 (+8.7%)
International backlog	11%

+8.7%

527
Revenue
(Million euros)

2,511
Backlog
(Million euros)

AUSTRALIA
BOLIVIA
CHILE
COLOMBIA
ECUADOR
MEXICO
OMAN
PERU
QATAR
SPAIN
USA

Oruro cement plant.
Bolivia

SACYR INDUSTRIAL

Revenue in million €

ELECTRICAL INFRAESTRUCTURES

49	+8,000 km of lines maintained	1,400 MVA installed capacity	Substations and electricity lines up to 400 kV	Service to more than 900,000 people in LATAM

ENVIRONMENT AND MINING

92	150 MW in SUW energy recovery	9,000 Tm/day of clinker production	43 SUW plants designed and built	International benchmark in MBT and SUW recovery

OIL&GAS

140	Engineering capacity of 800,000 hours/ year	+6.7 million man-hours without an accident	1.8 million hours refinery maintenance	Safety management. OHSAS 18001 certificate

INDUSTRY AND ENERGY

159	+100 cogeneration projects	+1 million hours of operation	Own engineering with over 450 professional staff	Electricity for +2 million homes

WATER

87	TOP 6 in the world in desalination of seawater	Over 3Hm3/day of water treated	+300 plants designed and built	+250 specialist professionals

The following milestones in 2018 are worth particular mention:

ENVIRONMENT AND MINING business:

Construction of the urban solid waste (USW) treatment plant in Melbourne. Australia

30.16 million euros

NOTEWORTHY PROJECTS

- Oruro cement plant
- Potosi cement Plan
- Chimborazo cement Plan

OIL&GAS business:

Start-up of the La Pampilla refinery extension in Peru, for Repsol.

162 million euros

Opening of the natural gas compression plant "Nuevo Mundo", located in the Peruvian Amazon jungle, in the Department of Cuzco

172 million euros

Construction of a fuels storage and distribution terminal in the town of Mollendo in Arequipa. Peru

31 million euros

NOTEWORTHY PROJECTS

- Margarita II gas field
- Desulphurisation of middle distillates
- Cartagena LNG terminal
- RLP21 refinery units
- Nuevo Mundo compressor station

WATER business:

Design and construction of a water treatment plant for agricultural use, in the north of the city of Adelaide. Australia

46 million euros

NOTEWORTHY PROJECTS

Ashdod desalinisation plant

Honaine desalinisation plant

Perth II desalinisation plant

Mantoverde desalinisation plant

Abrera water purification plant

Águilas desalinisation plant

Sohar desalinisation plant

Skikda desalinisation plant

INDUSTRY AND ENERGY business:

EPC project of three solar photovoltaic plants (Picón I, II and III) for 150 MW, in the province of Ciudad Real, for Naturgy. Spain

46 million euros

Construction of a granulate terminal for "Bergé Martítimo", in Huelva. Spain

B.O.P. of three wind farms in Galicia for 128 MW, for Naturgy. Spain

NOTEWORTHY PROJECTS

Linares biomass plant

Cochabamba cogeneration plant with natural gas turbogenerators

Santa Cruz cogeneration plant with natural gas turbogenerators

4.8. Sacyr Services

We perform a wide range of operations. Always focussed on a comprehensive customer service

Key figures (2018 Million euros)	
Revenue	1,075 (+13%)
· Facilities + Social	380 (+14%)
· Maintenance + Mining	83 (+20%)
· Cafestore	44 (+7%)
· Environment	439 (+12%)
· Water*	128 (+8%)
EBITDA	95 (+14%)
EBITDA margin	8.8 %
Backlog	5,899 (+4.20%)
International backlog	29%

*124MM Water and 4MM Central

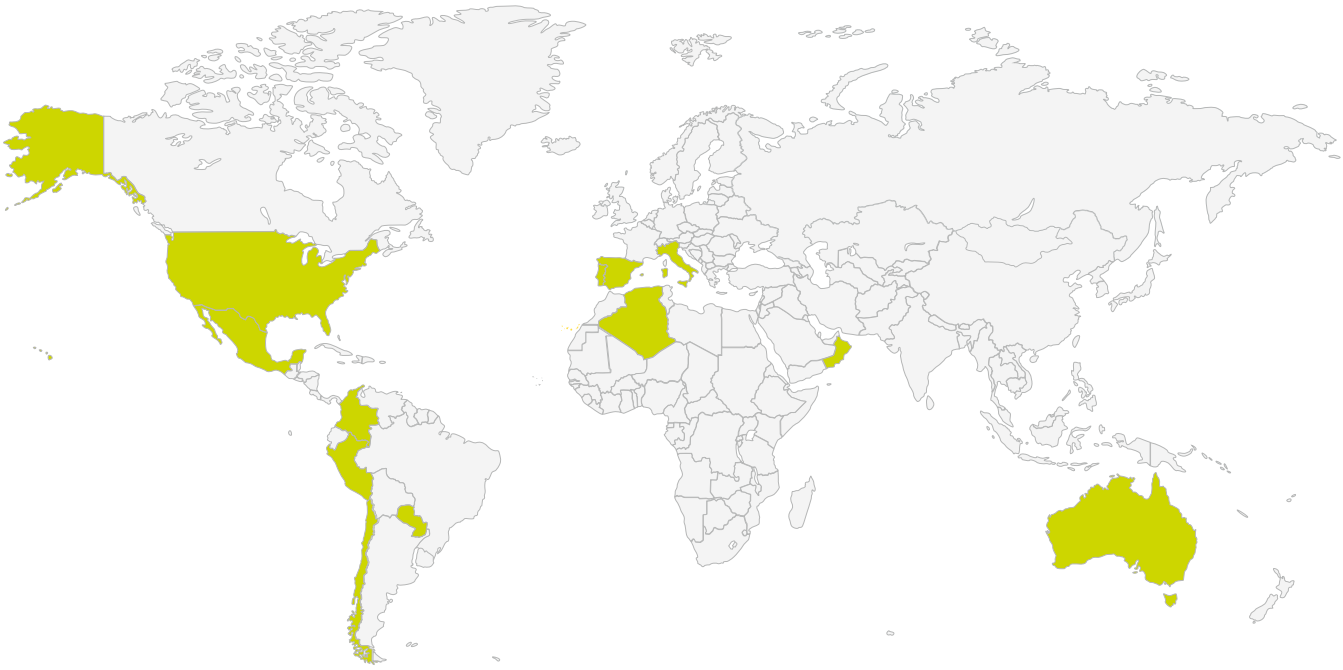
+13%

1,075

Revenue
(Million euros)

5,899

Backlog
(Million euros)



ALGERIA
AUSTRALIA
CHILE
COLOMBIA
ITALIA
MEXICO
OMAN
PARAGUAY
PERU
PORTUGAL
SPAIN
USA

Environment

VALORIZA ENVIRONMENT

Benchmark Group. The areas in which it conducts its business are outlined below:

MUNICIPAL SERVICES:

- Growth driver of the Environment Group
- Concession management of street cleaning, collection of municipal solid waste (including underground recycling containers), gardening and maintenance of green areas, management of parking meters and towing services.

MILESTONES AND CONTRACT WINS IN 2018

Colombia	€ million
Waste collection, road cleaning, maintenance of green spaces and waste transport for special services area number 5 in Bogotá, serving more than 1.5 million residents. **Term of 8 years.**	**170**

Portugal	€ million
Solid Waste Collection, urban cleaning, public hygiene and the cleaning of beaches in Ovar, Aveiro. **Term of 8 years.**	**10**

Waste collection vehicles, Área Limpia Colombia

MILESTONES AND CONTRACT WINS IN 2018

Spain	€ million
Management of public urban solid waste and street cleaning services in Arona (Santa Cruz de Tenerife). **Term of 8 years.**	53
Road cleaning and waste collection service for the Autonomous City of Melilla. **Term of 4 years.**	51
Service contract covering urban cleaning and the collection and transport of municipal waste in Barakaldo (Vizcaya). **Term of 4 years.**	33
Street waste collection and cleaning service in the city of Lérida. **Term of 6 years.**	28
Provision of the municipal waste collection and transport services and street cleaning in Esplugues de Llobregat (Barcelona). **Term of 4 years.**	13
Maintenance and conservation of green spaces and trees, batches 1 and 9, of the city of Seville.	9
Service of unscheduled and immediate actions in the areas of green spaces and municipal woodlands in Madrid (SER + Verde).	9
Municipal solid waste collection and transport services, batch II, for the towns in the province of Badajoz. **Term of 3 years.**	4

Road cleaning and waste collection service for the Autonomous City of Melilla.

WASTE TREATMENT:

- Major long-term concessions awarded in recent years.
- Builds and operates plants to treat urban solid waste, packaging, and batteries; treatment facilities for construction and demolition debris and landfill gas removal; and plants for biomethanation, incineration, and waste-to-energy production; as well as facilities to treat, compost, and thermally dry the sludge from waste-water treatment plants.

2018 HIGHLIGHTS

Spain	€ million
Operation of the southern thermal sludge drying plant for Canal de Isabel II in Madrid. **Term of 4 years.**	21
Renovation and subsequent operation of solid urban waste in Montoliú (Lleida) **Term of 10 years.**	20

ENVIRONMENTAL WORK AND REGENERATION:

This area encompasses water quality control, atmospheric control and recovery of landscapes and woodlands.

Sacyr Water
Operates and maintains all types of plants and manages the integral water cycle

Sacyr Water

This activity covers the maintenance and operation of all types of water-related plants (drinking water and water purification plants, desalination plants, tertiary treatments and recycling, industrial waste water treatment, agricultural treatment, etc.) and integrated water cycle management under public sector concessions or in the private sector.

Integrated water cycle management activities are carried out by Sacyr Water in Spain and Somague Ambiente in Portugal, serving a total over of 1.3 million people.

More information on Sacyr Water can be found in Chapter 5.2 of this report

Sacyr Facilities

Reference company in the provision of facility services: maintenance of facilities, cleaning, energy services and ancillary services.

Sacyr Social

Leader in social services, management of residences and day centers and in home care services, both for the elderly and for people with disabilities, as well as for other groups in situations of social dependency and vulnerability.

Sacyr Maintenance

Specialises in road maintenance and upkeep, both in Spain and abroad.

Valoriza Mining

Mining projects in Spain, mostly on copper, gold, tin, lithium and tungsten deposits.

Cafestore

Group company specialising in the operation of service areas on motorways (the third largest national operator in this market), and in the management of restaurants and cafeterias in large facilities: hospitals, transport hubs and public and private buildings.

More information on these businesses can be found in Chapters 5.4, 6.3 and 6.5 of this report.

Purifier in Navia.
Asturias

cafestore

Group company that specialises in catering services in concessions

Cafestore has a presence in motorway service areas (third-leading Spanish operator in this market), social-health services and public-sector organisations, serving more than 5 million customers a year. In addition it manages the operation of four petrol stations and a hotel.

At year-end, the Group had a total of 43 points of sale: 26 motorway service stations throughout Spain, restaurants at 3 hospitals in the Madrid region and 2 cafeterias in transport hubs, along with others at AVE rail stations, in 7 elderly care homes and in 4 public organisations of Madrid, and a restaurant under the new brand Deliquo, also in Madrid.

The following contracts won are noteworthy:

CONTRACT WINS 2018

Spain	€ million
Food service in the hospitals of Parla and Coslada (Madrid). **Term of 4 years.**	5
Catering services for the Juan Jorge old people's home in Alicante. **Term of 3 year.**	2
Cafeteria, dining room and events service for the communications company, Publicis (Madrid) **Term of 3 year.**	1

Deliquo

Cafestore, the independent brand with a different concept. A modern concept which revolves around four cornerstones:

1. Subtle decoration and timeless atmosphere, to transmit peace, calm and cleanliness
2. Streamlined service, for customers with limited time.
3. Personalisation, with different meal options every day.
4. Create more customer value, so that they see the service as impeccable and special.

For more information, please see our website: www.deliquo.es/en/inicio

Deliquo staff in Madrid

Deliquo facilities in Avenida del Partenón, Madrid. Spain

5

Environmental Value

Vial Union. Pamplonita River. Colombia

Environmental value

The ecosystem where we live provides natural services to people and all the other species that are essential to our health, quality of life and survival

Sacyr, through its quality, environment and energy management policy and its climate change policy, aims to ensure its strategic objectives meet the needs and expectations of its stakeholders, whilst encouraging an environment-friendly business model, improving energy use and showing a commitment to climate change.

In addition, through its environmental strategy, Sacyr promotes transition to a circular economy, to keep products, materials and resources (water, energy etc.) in the economic cycle for as long as possible, thereby reducing the generation of waste.

(103-1) (103-2) (103-3)

Fauna Development
Vial al Mar, Colombia

Sacyr's integrated management system model is aligned with the Company's strategy, the main elements of which are:

- Corporate environmental policies.
- Environmental performance indicators, based on GRI methodology.
- Quantification of environmental investments and expenses.
- Setting of objectives at a company level, which are then incorporated into each contract.
- Environmental risk management.
- Leadership in circular economy.

CHALLENGES MET IN 2018

- Extension of the ISO 9001 and ISO 14001 certifications to new activities.
- EA0050 efficient driving certification.
- ISO 14064 carbon footprint certification in the construction division.
- Extension of the scope of the energy management system to new activities.
- Implementation of UNE 150008 “analysis and assessment of environmental risks”, in various facilities
- EC mark for modified bitumens for paving.
- Strengthen communications with our various stakeholders.
- Social awareness of the circular economy and climate change.
- Design and launch of the Sacyr Circular campaign to all Sacyr employees.
- Verification of Sacyr's GHG inventory pursuant to ISAE 3410.

CHALLENGES IN 2019

- Development and implementation of a corporate climate change strategy.
- Participate in the Carbon Disclosure Project (CDP) Climate Change Programme.
- Enhance the integration of the circular economy model, "Sacyr Circular" as a central aspect of our activities.
- ISO 14064 carbon footprint certification for new activities.
- Expansion of the scope of the ENAC Accreditation of the consumption water analysis laboratory at Emmasa.
- Extension of the scope of the energy management system to new activities.
- Extension of the ISO 9001 and ISO 14001 certifications to new activities.
- Environmental Product Declaration (EPD) of new materials.
- Renewal of the Considerate Constructors Scheme (CCS) certificate.
- Analysis of environmental risks, according to UNE 150008, at new facilities.

Certifications

Sacyr has an integrated management system, in which all partial certifications of each of the companies that form the Group are gathered. It currently has 128 certifications, as part of its Integrated Management System, based on internationally recognised standards: ISO 9001, ISO 14001, ISO 50001, ISO 27001, ISO 17025, ISO 14064, EMAS; UNE standards: UNE 158301, UNE 158101, UNE 1176-7; and other sector standards, such as, Especificación EA0050 and Madrid Excelente. For years Sacyr has also worked on construction projects requiring LEED and BREEAM certification, and added to this in 2018 with CES HOSPITALES and GSAS DESIGN & BUILD. All these have environmental requisites, among which water efficiency, energy efficiency, reuse of materials etc.

Currently, the activities the Group undertakes are certified or accredited in accordance with the following sector standards (the number of companies is indicated in each case):

ISO 9001	ISO 14001	ISO 50001	UNE 158301	UNE 158101
53	48	11	1	1

ISO 27001	UNE EN 1176/7	EMAS	Madrid Excelente	ISO 17025
2	1	3	1	1

ISO 14064	EA0050	EC MARK	UNE 216701	UNE 216701	UNE 216701
1	1	1	1	1	1

The milestones reached in 2018, as part of its continuous improvement, were:

New certifications and expansions to the scope of ISO 9001 and ISO 14001:

COMPANIES NEWLY CERTIFIED

- Valoriza Centro Especial Empleo.
- Cirtec.

EXTENSION OF SCOPE

- Sacyr Concessions: Turia Highway Concessionaire of the Generalitat Valenciana.
- Sacyr Concessions Colombia: Road Concessionaire Montes de María.
- Sacyr Concessions Mexico: Pirámides-Tulancingo-Pachuca Highway.
- Sacyr Social: “Nuevo Versalles” care home and day centre (ISO 9001). Residencia Nuestra Señora de Peñarroya (ISO 14001).

New certifications and expansions to the scope of other standards

NEW CERTIFICATION

ISO 50001 “Energy management systems” at Sacyr Engineering and Infrastructures and its subsidiaries Cavosa and Scrinser, at Sacyr Industrial and its subsidiary Gestión de Energía y Mercados and at Sacyr Facilities for the National Art Gallery of Catalonia.

NEW CERTIFICATION

ISO 14064 “Greenhouse gases” and ENCORD certificate at Sacyr Engineering and Infrastructures.

NEW CERTIFICATION

EA0050 “Efficient driving management system for professional fleets” at Valoriza Environment (USW collection service and street cleaning in Alcalá de Henares).

NEW CERTIFICATION

EC mark for modified bitumens for paving at Cirtec.

NEW CERTIFICATION

As an energy service provider, Sacyr Facilities is UNE 216701 Audit and Consultancy, Operation and Investment certified.

EXTENSION OF SCOPE

UNE 158101 “Services for promoting personal autonomy. Management of residential centres and residential centres with integrated day and night care" at Sacyr social (Residencia Nuestra Señora de Peñarroya).

The environmental declarations correspond to the three centres certified under EMAS regulations, last validated by AENOR, in compliance with Regulation (EU) 1221/2009, amended by Regulation (EU) 2017/1505, on the following dates: the Majadahonda road cleaning and waste collection service, 13 November 2018; the Lérida road cleaning and waste collection service (ILNET UTE), 20 November 2018; the concession for the conservation and operation of the Plaza Elíptica transport exchange (ITEPESA), 18 January 2019. These declarations are published on the Group's website, where they can be freely consulted at the following link:

http://www.sacyr.com/es_en/channel/innovation-channel/commitment-to-quality/our-experiences/

Sacyr has held a Madrid Excelente seal since 2003, which recognises us as a company committed to excellence, reflecting the Group's commitment to innovation and ongoing improvement, stakeholder satisfaction and active support of economic, social and environmental development.

A number of Sacyr activities were acknowledged by independent entities in 2018, notable among which were the Sacyr Industrial subsidiary, Sacyr Industrial, Operation and Maintenance, renewing its PEFC (Programme for the Endorsement of Forest Certification) certificate and FSC (Forest Stewardship Council) certificate addressing the custody of forest and biomass products used at the Group's power plants.

The percentage of activity certified to these voluntary requirements under ISO 9001 and ISO 14001 at year-end 2018 were as follows:

PERCENTAGE OF CERTIFIED ACTIVITIES IN SACYR (2018)				
	Engineering and Infrastructures	Services	Industrial	Concessions,
ISO 9001	94.67%	77.93%	34.17%	57.80%
ISO 14001	95.86%	76.57%	34.17%	50.48%

Environmental and risk management system

One feature of the mainstays of Sacyr's quality, environment and energy management policy is the principle of precaution, applied through its environmental management system which, pursuant to the ISO 14001 standard, identifies the Group's environmental risks-threats and risks-opportunities, appraising each of them and drawing up action plans to mitigate the risks and boost the opportunities.

In addition, the commitment to environmental and social sustainability of certain Sacyr projects in Colombia and Peru is reflected their compliance with the Equator Principles, a standard employed in the finance sector to determine, evaluate and manage environmental and social risks in the financing of projects, based on the performance standards of the World Bank's International Finance Corporation (IFC).

Before financing a project, investors perform social and environmental diligences, as part of which they assess aspects such as: environmental and social risk and impact assessment and management; efficiency in the use of resources and the prevention of pollution, community health and safety, acquisition of land and voluntary resettlement, conservation of biodiversity and sustainable management of natural resources, indigenous peoples and cultural heritage, amongst others. Thus, in addition to economic criteria, as part of their decisions to grant financing, financial institutions include the environmental and social evaluation criteria of the International Finance Corporation.

In both countries, Sacyr projects have obtained very favourable evaluations as part of due diligence procedures performed by the banks.

EQUATOR PRINCIPLES. A FINANCIAL SECTOR STANDARD FOR DETERMINING, ASSESSING AND MANAGING ENVIRONMENTAL AND SOCIAL RISKS IN PROJECT FINANCING

The commitment to environmental and social sustainability of certain Sacyr projects in Colombia and Peru is reflected their compliance with the **Equator Principles**, based on the performance standards of the World Bank's International Finance Corporation (IFC), the objective of which is to ensure that project financing activities have positive results in environmental and social topics.

Sacyr projects in Colombia and Peru have obtained very favourable evaluations as part of due diligence procedures performed by the banks and independent engineers, the required financial closures permitting. Furthermore, the environmental and social management systems that enhance the management of social and environment risks inherent to each of the specific features of the projects currently under way

EQUATOR PRINCIPLES

- **Principle 1:** Review and Categorisation.
- **Principle 2:** Environmental and Social Assessment.
- **Principle 3:** Applicable Environmental and Social Standards.
- **Principle 4:** Environmental and Social Management System and Equator Principles Action Plan.
- **Principle 5:** Stakeholder Engagement.
- **Principle 6:** Grievance Mechanism.
- **Principle 7:** Independent Review.
- **Principle 8:** Covenants.
- **Principle 9:** Independent Monitoring and Reporting.
- **Principle 10:** Reporting and Transparency.

Environmental risk analyses in Sacyr's priority-1 facilities were drawn up in 2018, with strict methodologies approved by official bodies, in compliance with Ministerial Order APM/1040/2017, and the Responsible Declarations for these were submitted.

In 2018, Sacyr also renewed its international Corporate Environmental Civil Liability insurance policy to cover all Sacyr group subsidiaries. This Environmental Liability insurance policy sufficiently complies with the qualitative and quantitative demands set out in the laws applicable in each country. The compensation limit for the Insurance Programme was raised, and is now 40 M€ per event, and 75 M€ per policy term. In the specific case of Portugal, the local policy has been maintained for facilities declared to be located in the country, with the same limit as in 2012 (5 million per event and year), and other local policies were issued during the current year in Chile and Peru, also with a compensation limit of 5 million USD.

Sacyr's environmental costs and investments increased significantly in 2018 compared to 2017. Specifically, the costs of waste treatment, treatment of emissions and restoration in 2018 are the highest over the past three years, with a very significant increase compared to 2017, of almost 30%.

It is a priority for Sacyr to comply with all statutory environmental provisions in carrying out its activities, regardless of the country in which they take place.

Hisgaura Bridge, Santander. Colombia

Environmental expenses and investments and regulatory compliance

With the aim of improving our environmental performance, at Sacyr group we carry out a series of environmental initiatives to reduce environmental risks, guarantee compliance with legal environmental requirements, the prevention of pollution, the adoption of energy-saving and efficiency measures, the preservation of biodiversity, the improvement of waste management and the increase of environmental training and awareness, among others.

Expenditure and investment in relation to these initiatives totalled more than 20 million € in 2018, an increase compared to 2017.

(102-11)

The costs associated with the environmental initiatives carried out in 2018, are as follows:

SACYR ENVIRONMENTAL EXPENDITURE AND INVESTMENTS (€)

	Costs of waste treatment, treatment of emissions and restoration	Prevention and environmental-management costs	**Total**
2018	12,032,329.33	8,336,660.49	20,368,989.82
2017	9,331,634.03	7,957,083.89	17,288,717.92
2016	9,486,098.58	12,046,671.42	21,532,770.01

COSTS OF WASTE TREATMENT, TREATMENT OF EMISSIONS AND RESTORATION

PREVENTION AND ENVIRONMENTAL-MANAGEMENT COSTS

To do this, it constantly monitors environmental legislation, to ensure it knows the impact on its activities and that it takes the necessary measures to comply with any new requirements.

As part of its objectives, Sacyr ensures compliance with all legal provisions applicable to the environment. Therefore, as part of its environmental management system, it plans and undertakes audits to check legal compliance with these regulations. It does this through a, systematic and objective, evidence-based review, that ensures that the applicable legal requirements are met in each workplace with the aim of avoiding possible sanctions.

(103-1) (103-2) (103-3)

In 2018, a total of 3 sanction proceedings were closed, and 4 proposals for sanction proceedings were received. The total monetary value of the archived sanctions in 2017 was 3,000 euros. Of the three proceedings closed, in 2 it was declared that the company was not liable and therefore, no cost was borne.

(307-1)

The breakdown of this is as follows:

	2018	2017
Total amount of sanctions	3,000.00€	1,067.81€
Proceedings closed	3	6
Proceedings closed without monetary cost	2	4
Proposed sanctions proceedings received	4	6

Environmental value in Colombia.

ENVIRONMENTAL SUPERVISION VISITS AND INTERNAL AUDITS									
Engineering and infrastructures		Services		Industrial		Concessions		**Total**	
2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
157	171	471	746	11	22	18	15	657	954

805 days of internal audits

Department staff

It is a priority for Sacyr to establish the organisational measures, the human resources and the economic means necessary to guarantee and optimise the functioning of its management system, in which continuous improvement is the principal objective.

Sacyr's strategy has a clear international focus and every year it carries out its activities in an increasing number of countries. To ensure the success of these activities, it is vital to join synergies and create global teams, with people that combine talent and the necessary rigour to do a good job.

Sacyr's Department of Quality, the Environment and Energy is a corporate service that serves all of the Group's business areas in all the countries in which it operates and which in 2018 comprised 228 employees.

Supervision of contracts

Audits are a powerful tool for controlling and monitoring the efficiency of management systems.

Therefore, Sacyr carries out regular controls at each of its work centres, to determine compliance with the objectives set and based on the outcome of the audits, proposed recommendations and actions for improvement.

Sacyr is also externally audited by its stakeholders, such as customers and suppliers.

System documents

In 2018, the Sacyr group Quality, Environmental Management and Energy Management System created 18 new documents and updated 97 others (for a total of 115). This documentation, available on the corporate Intranet and the app, has helped support the continuous improvement of the processes and tools on which it is based.

In 2018, Sacyr updated its corporate Intranet, My.Sacyr, in addition to the quality, environment and energy channel, thus improving the way in which we interact with the work environment, as this is a global tool that can be accessed anywhere and using any mobile device. This channel, which allows users to share

aspects related to quality, the environment and energy management as part of Sacyr's activities, in addition to offering information on quality and providing people with knowledge of Sacyr's Management Systems, experienced a growth of 24.21% in the number of users in 2018, demonstrating the level of interest in these topics. These users visit the channel from the different countries in which the country operates, mainly from Spain, Chile, Colombia, Peru, Mexico and Portugal.

These results demonstrate the level of interest in these topics. To this end, this mini-site seeks to serve as a point of reference within the Group, offering quality information and providing users with knowledge of Sacyr's management systems.

In 2018 a total of 746 suppliers were initially assessed using these environmental criteria, and 475 met the criteria, or 63.7%, well above the 40% recorded the previous year.

Supply chain

Sacyr is aware of the need to establish control and influence over its suppliers' environmental and social impact. To that end, some of the criteria which the Group considers when assessing potential suppliers are: the company's certification to an internationally recognised environmental standard, whether the product has ecolabels, whether the company provides environmental information on its activities for third parties, whether it measures its carbon footprint and/or water footprint, whether it uses returnable packaging, and whether it is a local supplier.

(103-1) (103-2) (103-3) (102-9)

Sacyr also assesses the performance of it suppliers and subcontractors, considering requirements such as:

- Their degree of compliance with environmental standards set out in documents relating to the activity performed: procurement specifications, environmental commitments in the contract, construction procedures, good environmental practices, etc.
- The adoption of environmental initiatives including the use of advanced, environment-friendly technologies, minimisation of waste, restoration of land occupied by its facilities etc.
- Awareness, through employee training, to achieve greater commitment to environmental protection matters.

The environmental impact of a total of 1,438 suppliers was evaluated, either in the regular reassessments or at the end of the service provision period, and 30 showed a significantly negative impact. As a result, 26.67% of these have agreed to make improvements to their environmental behaviour and the commercial relationship with the rest has been ended.

(308-1) (308-2)

Environmental awareness

The expertise of Sacyr's human capital is fundamental to the Organisation's sustainability and progress

ENVIRONMENTAL TRAINING SACYR	2018	2017	2016
Time as part of training days dedicated to the environment	3,703	1,195	2,704
Participants	41,615	17,959	15,504

Sacyr's commitment to the environment extends to staff working for the Organisation. To this end, continuous environmental training is imparted, both to internal staff and external staff working under the company's control.

This training allows Sacyr to count on a group of professionals capable of applying the most advanced knowledge and techniques when carrying out their various jobs, in addition to enhancing improvements to its environmental performance.

Furthermore, the local communities that may be affected by Sacyr performing its activities receive training on environmental and archaeological topics.

In 2018, training days were held that lasted a total of 3,703 hours, with total attendance coming to 41,615 participants worldwide. The table above compares these figures to the preceding two years.

Sacyr provides its employees with Environmental Best Practice Manuals, which define the possible implications of its activities on the environment and the most appropriate activities aimed at:

- Minimise its impact on the natural environment;
- Promote resource use and consumption efficiency;
- Improve the management of waste generated, applying appropriate measures for their reduction;
- Waste recovery and recycling, ensuring the correct elimination of non-recoverable waste;
- Prevent pollution of the environment (ground and surface water, soils, atmosphere, etc.);
- Inform and raise awareness about the importance of correct energy management and the impact of its activities on energy performance.

Thermal solar panels

ARCHAEOLOGY IN LATIN AMERICA

As part of its commitment to the conservation of cultural heritage, in 2018 Sacyr organised 129 archaeology training sessions with more than 1,500 employees and member of local communities from different Latin American countries, including Peru, Colombia and Chile. These sessions served to explore awareness and dissemination of protected heritage in greater depth, in addition to raising awareness of the procedure to follow in the event of a discovery, protection measures and the legal framework.

We work for our community in preventive archaeology. Unión Vial Río Pamplonita concession.

In the vicinity of Pamplona, in the UF2, in the area projected for the construction of the new carriageway, a variety of archaeological materials and items were discovered that had to be rescued, conserved and disseminated, pursuant to the legal protection system for the Archaeological Heritage of the Nation. When these studies are completed, the outcome will be disseminated amongst communities in the project's area of influence.

ENVIRONMENTAL WORKSHOP IN ATLÁNTICO

Last September, Road Concessionaire **Montes de María** held the first large-scale integrated workshop as part of the Environmental and Social Responsibility Plan (PRAS) in the village of Santa Rita, Ponedera (Atlántico), at which sporting items were donated to Agricultural Technical Educational Institution La Candelaria. At the event, training was imparted to the community on road safety in construction areas and the efficient use of water, energy and paper. An ecological point was also set up and a plastic recycling workshop held, with electronic and electrical appliances collected.

Road corridor between Rumichaca-Pasto. Colombia

SACYR AMONGST THE 500 TOP SOCIAL AND ENVIRONMENTAL PROJECTS AT THE LATINOAMÉRICA VERDE AWARDS

Road Concessionaire Unión del Sur S.A.S., in which Sacyr Concessions Colombia holds a stake, is entrusted with the management, construction, improvement and maintenance of the roadway corridor between Rumichaca and Pasto.

As part of the Latinoamérica Verde Awards, the objective of which is to recognise regional initiatives in line with the **Sustainable Development Goals of the United Nations Development Programme** (UNDP), the concession operator submitted two projects which were selected amongst the best 500:

- Leveraging of the effluent of domestic waste water (Water category, position 47): direct effluent towards artificial wetland, where it is treated and the water leveraged for plant growth.
- Life Plan for Community enhancement with Indigenous Tribes (Human Development category, position 97): enhance the identity of indigenous communities through community participation, considering socio-economic characteristics, female empowerment, conservation and uses and customs and environmental protection.

This international recognition acknowledges best practices and the great impact that our projects have on communities and the areas in which we operate, demonstrating our high level of commitment to sustainable development.

Environmental grievance mechanisms

(103-1) (103-2) (103-3)

The purpose of Sacyr's environmental commitment is to avoid involvement in any action that could lead to a grievance or claim for our stakeholders.

Sacyr establishes formal mechanisms through communication channels for queries, claims and/or complaints.

Any query and complaint in this respect can be made through the Sacyr website at the following address: http://www.sacyr.com/es_en/contact/default.aspx and rcorporativa@sacyr.com.

Sacyr employees also have additional channels to report or complain about any violations of codes of conduct, whether they are internal, relate to markets, or to society and the environment. These are the General Query and Report Line (codigoconducta@sacyr.com) and the green line, both of which are available on the Sacyr intranet (https://my.sacyr.com/group/calidad/buzon-verde).

In 2018, Sacyr received no environmental grievances through any of these channels.

In terms of environmental grievances imposed directly to contracts by Customers, Environmental Organisations, the Community affected by our activities and other stakeholders, Sacyr has a procedure that regulates how these grievances are handled.

In 2018, 9 grievances were reported and addressed via this channel; 7 were closed satisfactorily during the period (5 through remediation) and the other 2 have been addressed pending a definitive resolution

Environmental communication

Communication is an essential element in Sacyr's activities and in ensuring that the organisation runs smoothly, because good communication makes the business more competitive, makes it easier for it to adapt to environmental change, helps it achieve the objectives it has set for itself, satisfies both its own and its stakeholders' information requirements; at the same time, it serves as a tool for the motivation, commitment, responsibility, involvement and participation of its employees, thereby building and strengthening its corporate identity.

Based on this philosophy, the Company has fluid communication channels, both internal and external, that enable it to provide relevant and transparent information on its environmental performance and to gather information on our stakeholders' main concerns in this area.

Sacyr is a member of several associations dedicated to promoting sustainable development from different perspectives, including:

- Forética
- AEC - Asociación Española para la Calidad (Spanish Quality Association)
- SEOPAN Comisión de Calidad y Comisión de Medio Ambiente (Quality and Environment Committee)
- ASEFM - Asociación española de Fabricantes de mezclas asfálticas (Spanish Association of Asphalt Mixes Manufacturers).
- Spanish Technological Roads Platform (PTC)
- PLANETA - Spanish Technology Platform for Environmental Technologies
- Member of the Advisory Board for the certification of construction companies, made up of the Ministries of Justice, Environment and Development and representatives of construction companies
- Member of the AEN/CTN 198 "Sustainability in Construction" Committee
- Member of the BREEAM Certification Advisory Board

COLOMBIA, DISSEMINATION AND SOCIALISATION OF OUR PROJECTS IN COMMUNITIES

Periodically, different concessions in Colombia make publications, using different channels, with a view to disseminating and socialising projects carried out in the neighbouring communities. These publications include the content of each of the programmes performed as part of the project, including progress with works and environmental news relating to the activities performed.

Road Concessionaire Unión del Sur publishes the newsletter "**Paletón**", Road Concessionaire Montes de María and Union Road Concessionaire Río Pamplonita publishes the newsletter "**Al Día con la Vía**" and Road Concessionaire Devimar publishes the newsletter"**Entérate**". In addition the dissemination channels of the four projects include a Youtube channel with monthly videos, a TV programme that is broadcast on regional channels including the progress of works and environmental and social projects, videos on social networks and infomercials and free press releases with local and national media.

The Department of Quality, Environment and Energy actively participates in the working groups of these organisations, whose objective is to discuss specific sustainability topics to generate documents and standards that serve as a guide for companies in the sector. Subsequently, these publications are shared with the company.

In addition, Sacyr group and its companies regularly sponsor and participate in a range of conferences and events fostering environmental protection. In this way, the Group shares its experiences and best practices with the wider community.

Environmental volunteering

Sacyr, on the basis of its commitment to environmental care and respect, promotes and collaborates with environmental volunteering organisations and projects, involving all sectors of society. The actions are aimed at improving the environment and protecting and conserving natural resources. It represents a form of education and social participation in the environmental management of a region.

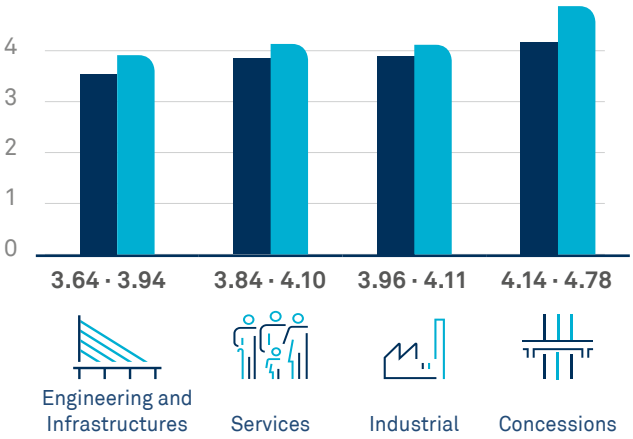
ROAD CONCESSIONAIRE MONTES DE MARÍA. PARTICIPATION IN WORLD CLEANUP DAY

To contribute to the conservation of natural resources in the project's area of influence, we brought forward a cleanup workshop at a building close to the Los Colorados Flora and Fauna Sanctuary, in San Juan Nepomecuno. As part of these activities, accompanied by the region's environmental authorities, approximately five tonnes of solid waste were recovered, which were transported to authorised final waste disposal sites.

Customer satisfaction

We consider customer satisfaction[1] as a key factor in the company's success, but this implies knowing about both their perceptions and their needs and expectations. For this reason we frequently analyse the information that comes from them.

Performance between 2017 and 2018 is as follows:



4.23 / 5.00 (+5.75%) average customer satisfaction in 2018

CUSTOMER SATISFACTION INDEX

	Engineering and Infrastructures	Concessions	Services	Industrial
2017	4.01	3.84	3.99	4.14
2018	3.94	4.10	4.11	4.78

1 Scores go from 1 to 5, with 1 being the least favourable and 5 the most favourable.

5.1. Sacyr's commitment to the fight against climate change

For Sacyr, climate change offers major opportunities for the growth, development and competitiveness of its companies, and thereby to contribute to the improvement of our environment, society and future

Sacyr is fully aware of its responsibility in the fight against climate change, and considers management of CO_2 a priority within the organisation.

(103-1)(103-2)(103-3)

For years Sacyr's concern for this major environmental issue has taken the form of an environmental policy that is committed to saving energy and controlling atmospheric emissions, coupled with a business strategy that focuses on developing alternative energy sources.

Sacyr's commitment to environmental sustainability and climate change materialises with specific action such as calculation of its carbon footprint and verification in accordance with ISAE 3410 "Assurance Engagements on greenhouse gas statements", renewal of the entry of its Carbon Footprint in the MAPAMA Register of Carbon Footprints, Compensation and Carbon Dioxide Absorption Projects, and measures to save energy and boost energy efficiency and the use of renewable energies.

Sacyr has taken one step further and is currently immersed in developing a corporate climate change strategy that makes it possible to establish a common framework in order to reduce the carbon footprint of the entire company, coordinate efforts in all business and management areas, pursue new lines of action and improve its position in this connection. This strategy will consider the recommendations of the Task Force on Climate-related Financal Disclosures (TCFD). In addition, Sacyr is expected to participate in the Carbon Disclosure Project (CDP) by submitting the CDP form.

Specific actions are implemented to increase energy savings and boost energy efficiency at the companies making up the Sacyr group within the framework of the main principles governing its environmental policy. A raft of measures were taken in 2018, among which the following:

- Energy saving and efficient measures, such as the renewal of devices and facilities, replacing them with more efficient alternatives (for example, replacing conventional bulbs with LED bulbs, generating electricity with renewable sources [solar power] rather than using fossil fuels).
- Raising awareness by disseminating environmental best practices in order to promote attitudes that contribute to reducing energy consumption, in addition to improving energy use, training in more efficient driving techniques and participation in forums and work groups related to climate change.

- Renewal of the fleet of vehicles, establishing efficiency criteria for purchases, renting or leasing, considering vehicles with the most efficient technology and alternative propulsion systems, such as electricity and compressed natural gas.
- As part of the execution of works, wherever possible, for tipping materials, the closest locations are chosen in order to decrease the use of fuel and excavation material is reused, thus reducing both the acquisition of new material and the generation of waste and, therefore, decreasing fuel consumption and emissions.
- Expansion of the implementation and certification of the energy management system pursuant to ISO 50001 to Sacyr Industrial and Sacyr Engineering and Infrastructures, with the intention of improving its performance and energy efficiency, in addition to reducing greenhouse gas emission rates and contributing to climate protection.
- Contribution to the conservation of natural carbon sinks, preventing unnecessary tree-felling, and, when strictly necessary, carrying out transplants to other areas and preserving and protecting flora and fauna and their habitats.
- Optimisation of business trips and implementation of technologies to minimise travel.
- Provisions of Energy Services (ESC) offering customers the most technologically advanced solutions, adapting to their needs, and guarantees both energy supply and cost savings, and environmental improvement and protection.

In addition, one of Sacyr's activities is the generation of renewable energy in Spain by means of the recovery of biomass, a fuel that is not only renewable, but that also comes from the olive industry, using materials that were traditionally burned in the fields and caused emissions of particles from uncontrolled burning, not to mention energy waste.

TWO PHOTOVOLTAIC PLANTS IMPLEMENTED FOR SELF-CONSUMPTION IN EMMASA

Our commitment to environmental sustainability is reflected in the actions we promote, such as those performed by our investee company **EMMASA** (Empresa Mixta de Aguas de Santa Cruz de Tenerife), which has implemented two photovoltaic facilities at its head office in Santa Cruz and the Barranco Grande pumping station.

These infrastructures are dedicated to self-consumption and have a total power of 88 kilowatts, with which it seeks to cover approximately 23% of annual energy expenditure and prevent the emission of 122,851 kg of CO_2 per year into the atmosphere.

Furthermore, Emmasa is Energy Management certified, thus guaranteeing that the company satisfies the requirements of ISO 50001. These regulations accredit the continuous search for efficiency, security and energy savings as part of its daily activities and requires that the company continue working on these areas in order to periodically renew this certification.

Efficient leveraging of water

Emmasa has also promoted preventive actions that improve the efficient leveraging of water: the leak control plan, the installation of water pressure management systems, in addition to the selective renewal of meters, in addition to others.

These actions make clear Sacyr's drive to make rational use of energy resources in its activities and facilities; with the purpose of optimising the consumption of these resources, reducing greenhouse gas emissions and contributing to the transition to a low-carbon model.

Internal energy consumption over the last two years is shown in the following table.

(302-1)

INTERNAL ENERGY CONSUMPTION (GJ)

	2018	2017
CONSTRUCTION	482,888.55	680,146.57
SERVICES	880,410.88	750,998.21
INDUSTRIAL	9,931,356.26	9,972,014.53
CONCESSIONS	136,732.42	84,204.11
TOTAL SACYR	**11,431,388.11**	**11,487,363.42**

Natural gas
64.47%

2017
11,487,363.42
2018
11,431,388.11

Biomass
22.00%
Diesel A 6.58%
Electricity 4.53%
Biodiesel 0.74 %
Diesel B 0.70%
Petrol 0.34%
Liquefied petroleum gas 0.29%
Compressed Natural Gas 0.12%
Fuel oil 0.12%
Diesel C 0.07%
Propane 0.04%

Sacyr uses a renewable fuel such as biomass to generate electricity, accounting for 22.00% of total internal energy consumption. This electricity that is consumed comes from a renewable energy source and in the form of a biofuel, certified as coming from a sustainable origin. This provides a double commitment to sustainable development, both in terms of the circular economy and the fight against climate change.

All energy consumption outside the organisation corresponds to business travel, and this is taken into account for the calculation of scope 3 greenhouse gas emissions.

External energy consumption over the last two years is shown in the following table.

EXTERNAL ENERGY CONSUMPTION (GJ) (302-2)

	2018	2017
CONSTRUCTION	33,304.22	67,681.55
SERVICES	10,603.96	13,453.75
INDUSTRIAL	16,995.73	21,742.15
CONCESSIONS	7,491.95	12,578.53
TOTAL	**68,395.86**	**115,455.98**

Energy intensity is calculated from Sacyr's total energy consumption and its revenue. The trend in energy intensity is shown in the following table:

SACYR ENERGY INTENSITY (302-3)

	2018	2017
Total energy consumption (Gj)	11,499,783.98	11,602,819.40
Revenue (€ thousand)	3,795,717.00	3,092,606.00
Energy intensity	3.03	3.75

The energy intensity figures in 2018 with regard to the Engineering and Infrastructures business in Spain and abroad are as follows:

(CRE1) (CRE2) (CRE3)

- Energy intensity: 41.07 Kwh/m²
- Water intensity: 0.149 m³/m²
- Greenhouse gas emissions intensity: 13.51 $KgCO_2/m^2$

The intensity of the greenhouse gas emissions from new buildings and urban development in 2018 amounted to 5.75 $TnCO_2$/million euros, which represents a fall of 29.95% versus 2017 (8.21 $TnCO_2$/million euros).

(CRE4)

Sacyr saved 9,837.54 Gj of energy in 2018, which prevented the release of 618.482 Tn of CO2 into the atmosphere. The savings are the consequence of action in relation to lighting, the use of low-pressure steam, using renewable sources instead of fossil fuels to generate electricity, and replacement of old and obsolete machinery with more efficient high-tech models and alternative propulsion systems such as electricity and compressed natural gas (CNG). (scope 1 and scope 2).

(302-4) (305-5)

In terms of Sacyr's fleet of leasing/renting vehicles, average emissions have decreased significantly, down by 37.33% compared to 2017, from 119.89 $grCO_2$/km in 2017 to 82.56 $grCO_2$/km in 2018. This difference is attributable to the increase in the number of low-emission vehicles (electric vehicles, ECO or CNG mark) and the replacement of industrial with a "B ecolabel" with vehicles with a "C ecolabel".

(302-5)

Sacyr, as part of its commitment to the sustainability of construction, has been working for years in the execution of construction projects with LEED and BREEAM Certification requirements, in addition to the CES HOSPITALES certification obtained in 2018 as part of the “Hospital Biprovincial Quillota Petorca” works in Chile and GSAS DESIGN & BUILD as part of the “Ras Bufontas Special Economic Zone” works in Qatar, which have a bearing on environmental, economic and social aspects for all those associated with the life of a building.

Currently, there are three projects which are being built in line with LEED certification: the “Hospital Tlahuac” in Mexico and two construction works in Spain, “New Lodge Expansión” and “Nuevo Vestuario Petronor”, which has now been completed. Under BREEAM requirements, the ongoing works in Spain include “Torre Australis”, "252 properties Kronos Badalona”, “Airbus Getafe prevention centre” and “Quabit 63 properties San Feliu”, which has now been completed, and “Ulster University” in Ireland.

(CRE8)

SACYR ENGINEERING AND INFRASTRUCTURES BUILDS THE FIRST CES HOSPITALES SUSTAINABILITY CERTIFIED HOSPITAL IN CHILE

Hospital Biprovincial Quillota-Petorca that we have constructed in Chile has obtained the preliminary CES sustainability certification, following the architecture and facilities inspection performed on the building.

The Sustainable Building Certification (CES) System considers two main phases: preliminary certification and certification in terms of compliance with a series of variables, mandatory and voluntary requirements that provide a score, and also contemplates a voluntary optional stamp, structured as follows:

- "Sustainable Building" preliminary certification: The building's architecture and facilities are inspected.
- "Sustainable Building" certification: The building's architecture, facilities and construction are inspected.
- "Plus Operación" stamp: The management approach during the building's operation is assessed.

The general scope of the environmental performance of a building assesses five key aspects: 1. Indoor Air Quality, 2. Energy, 3. Water, 4. Waste, 5. Management. These aspects are grouped into four categories: A. Passive Archaeological Design (Architecture), B. Active System Design (Facilities), C. Construction, D. Operation.

Construction on this hospital began in January 2017 and the project is run by the Directorate of Architecture at the Valparaíso Ministry of Public Works and the Viña del Mar Quillota Health Service. The project encompasses hospital care (closed) and outpatient care (open), will have the capacity for 282 beds, 542 parking spaces and will be located in the Valparaíso Region, in the city of Quillota, in the Quillota district.

The "Sustainable Building Certification" (CES) makes it possible to assess, rate and certify the environmental performance of both new and existing public-use buildings in Chile, without distinguishing between administration or whether they are publicly or privately owned.

The system was developed by the Institute of Construction with the formal participation and support of 13 public and private institutions, in line with the objective of incentivising the design and construction of buildings with sustainability criteria and encouraging the market to value this type of construction.

As it has for many years now, in 2018 Sacyr has extended the scope of its energy management system to include new activities. Specifically, the energy management system has been certified in the construction area for Sacyr Engineering and Infrastructures and its subsidiaries Cavosa and Scrinser, and in the industrial area for Sacyr Industrial and its subsidiary Energy and Market Management, with the intention of improving its performance and energy efficiency, in addition to reducing greenhouse gas emission rates and contributing to climate protection.

This Energy Management certificate, as defined in international standard ISO 50001, recognises a company that is responsible for and committed to the rational use of energy resources in its facilities.

SACYR FACILITIES AS AN ENERGY SERVICES PROVIDER RECEIVES UNE 216701 CERTIFICATION FOR AUDIT AND CONSULTANCY, OPERATION AND INVESTMENT ACTIVITIES

Sacyr Facilities has been certified under this new standard, published in 2018, which seeks to contribute to the roll-out of energy services, improving transparency and reliability when they are contracted, setting up a ranking of energy service providers (PSE) that makes it possible to distinguish between them and select the most appropriate type based on the customer's needs. Furthermore, the standard includes minimum capacity and technical experience requirements that provide the customer with a quality guarantee.

Specifically, this standard establishes three types of energy service providers depending on the types of activity in question and Sacyr Facilities has been classified in all these types: auditing and consultancy, operation and investment. Auditing and consultancy PSEs are energy service providers that perform energy auditing, consultancy or engineering actions or energy efficiency projects that must be performed pursuant to the technical rules in force, including ISO 50001; operating PSEs are energy service provides that perform maintenance, operation or control tasks at any type of energy consuming facility, building or industry; and investment PSEs are energy service provides that perform the energy services pertaining to an Energy Services Company (ESC), as defined in Royal Decree Law 6/2010, in other words, that include investment in construction, supplies or intangibles and binding the payment of these services to energy savings achieved.

Improving energy efficiency entails identifying, performing and verifying a series of actions; it is essential that these actions are performed with the necessary rigour to ensure the final result is effective and reliable. Sacyr Facilities, as an energy services provider (ESP), focuses its efforts on applying the aforementioned actions to its customer's activities, considering the complexity of these activities and ultimately in order to improve its energy efficiency.

Sacyr group Emissions

(103-1) (103-2) (103-3) (305-1) (305-2) (305-3)

Direct emissions in Sacyr come from its various centres of operations and are associated with:

- Fuel combustion from mobile sources: emissions from fuel consumption associated with travel and machinery.
- Fuel combustion from fixed sources: emissions from fuel consumption associated with stationary or fixed equipment and fixed facilities.
- Leaks emissions: emissions from leaks of cooling gases from air conditioning equipment.

Sacyr prepares its emissions inventory according to the GHG Protocol methodology, and submits it for independent review in accordance with the standard ISAE 3410 “Assurance Engagements on Greenhouse Gas Statements".

The consolidation of Sacyr's greenhouse gas emissions is carried out with a focus on operational control, in other words, on those activities and contracts where it has the authority to implement its operating policies.

As part of its environmental targets, Sacyr intends to reduce scope 1 and 2 emissions by the year 2020

RENEWED REGISTRATION WITH THE CARBON FOOTPRINT, COMPENSATION AND CARBON DIOXIDE ABSORPTION PROJECTS REGISTER

Sacyr has renewed the registration of its carbon footprint in the Ministry's Register of Carbon Footprint, Compensation and Carbon Absorption Projects for the Ecological Transition, with the inclusion of emissions corresponding to 2017.

This renewal responds to the commitment assumed by the company to environmental sustainability and climate change, and provides significant added value before customers and investors who include environmental sustainability in their business model, as it is included as additional information in environment sections and as a scoring requirement in energy and climate change aspects of tenders.

This registration is sought on a voluntary basis by Sacyr and includes all its activities in Spain.

Registro de huella de carbono, compensación y proyectos de absorción de CO_2 del Ministerio para la Transición Ecológica

La organización:

SACYR, S.A.

Ha inscrito su huella de carbono en la sección a) de Huella de carbono y de compromisos de reducción de las emisiones de gases de efecto invernadero, con los siguientes datos:

Año de cálculo: 2017

Alcances: 1+2 y 3

Alcance 3 incluye los viajes de negocio / empresa de la actividad de la organización en España.

Límites de la organización incluidos en el cálculo: Se incluyen toda la actividad del Grupo Sacyr en España: construcción, concesiones (gestión de infraestructuras), servicios (tratamiento de aguas, facilities service, limpieza viaria, sociosanitarios, etc.), industrial y corporativo.

y se le otorga el derecho al uso del siguiente sello:

2017 CÁLCULO 2

Valvanera Ulargui Aparicio
Directora General
Oficina Española de Cambio Climático
Ministerio para la Transición Ecológica

Fecha de inscripción: 21 - 11 - 2018
Código: 2018_00_a267

The following table shows the evolution of Sacyr's direct emissions over the past two years.

DIRECT GREENHOUSE GAS EMISSIONS TCO_2 (SCOPE 1) SACYR (305-1)

	2018	2017
CONSTRUCTION	27,273.71	44,809.75
SERVICES	34,490.24	31,977.35
INDUSTRIAL	415,999.16	404,837.61
CONCESSIONS	3,988.22	1,347.17
TOTAL	**481,751.33**	**482,971.87**

Indirect emissions in Sacyr come from its various centres of operations and are associated with the electricity consumption of the facilities in these centres.

The following table shows the evolution of Sacyr's indirect scope 2 emissions over the past two years.

INDIRECT GREENHOUSE GAS EMISSIONS TCO_2(SCOPE 2) (305-2)

	2018	2017
CONSTRUCTION	1,556.04	3,888.90
SERVICES	33,346.04	33,228.71
INDUSTRIAL	4,527.92	10,708.56
CONCESSIONS	7,188.45	7,277.04
TOTAL	**46,618.45**	**55,103.21**

Scope 3 includes emissions associated with business travel, i.e. those caused by employees travelling by air and train. Sacyr is now working to report emissions arising from the use of goods and services (e.g. those associated with waste management and production of materials used).

The trend in scope 3 indirect emissions is shown in the following table.

OTHER INDIRECT GREENHOUSE GAS EMISSIONS TCO_2 (SCOPE 3) (305-3)

	2018	2017
CONSTRUCTION	2,589.03	4,869.66
SERVICES	834	983.97
INDUSTRIAL	1,322.53	1,565.38
CONCESSIONS	581.44	902.93
TOTAL	**5,327.01**	**8,321.94**

The intensity of CO_2 emissions is calculated from Sacyr's total emissions and its revenue. The trend in Sacyr's greenhouse gas emission intensity is shown in the following table

SACYR'S GREENHOUSE GAS EMISSIONS INTENSITY (305-4)

	2018	2017
Total Emissions (Gj)	528,369.78	538,075.08
Revenue (€ thousand)	3,795,717.00	3,092,606.00
GHG emissions intensity	0.14	0.17

At Sacyr's facilities the substances that affect the ozone layer are found in the air conditioning units, which are maintained in accordance with existing legislation. In addition, the working of this equipment is closely controlled, with the aim of minimising the chances of leaks.

In 2018 Sacyr emitted 0 metric tonnes of CFC11 (trichlorofluoromethane) equivalent, as no R-22 gas leaks were recorded for the air conditioning units. This is the only gas present in the Company's equipment that has the potential to harm the ozone layer.

(305-6)

Sacyr's sulphur dioxide (SO_2) emissions and nitrogen oxides (NO_x) originate from electricity consumption. The trend in these emissions is shown in the following table.

EMISSIONS OF NO_x AND SO_x BY SACYR (305-7)

	2018		2017	
	Electricity (tonnes SO_2)	Electricity (t NO_x)	Electricity (tonnes SO_2)	Electricity (t NO_x)
CONSTRUCTION	1.82	1.30	3.95	2.82
SERVICES	39.01	27.82	29.52	21.05
INDUSTRIAL	4.37	3.11	9.15	6.53
CONCESSIONS	7.48	5.33	6.21	4.43
TOTAL	**52.68**	**37.56**	**48.84**	**34.83**

Perth Desalination Plant, Australia

Renewed registration with the carbon footprint, compensation and carbon dioxide absorption projects register

Pirámides-Tulacingo-Pachuca motorway. Mexico

NOISE POLLUTION

Some activities carried on by Sacyr generate noise in the natural environment and also in the urban environment. In all these cases noise measurements are carried out in order to ascertain whether it is necessary to adopt mitigating measures, in which case the most appropriate courses of action are established in each contract, and any legislation or regulations applicable are adhered to at all times.

Noise mitigation measures are also applied in areas in close proximity to nesting zones or areas inhabited by birds on project sites, mainly construction sites, as stipulated in environmental impact statements, in coordination with the environmental bodies concerned, and periodic monitoring is carried out to ascertain that the measures have been properly applied.

(103-1) (103-2) (103-3)

LIGHT POLLUTION

In contracts with a light pollution impact on the surroundings, mitigatory measures are established for the proper maintenance of lighting units, with checks to ensure they are working properly, and lighting is applied with lower intensity and directed to the work place (instead of towards the sky). Whenever possible, measures are also established to reduce or turn off lighting.

Legislation concerning light pollution is also observed at all times.

VALORIZA ENVIRONMENT, FIRST COMPANY IN THE SECTOR TO BE CERTIFIED IN EFFICIENT DRIVING

In 2018, Valoriza Environment, a Sacyr company, obtained the Efficient Driving certification pursuant to the EA 0050 specifications " Efficient driving management system for professional fleets" as part of the SUW collection and street cleaning service in Alcalá de Henares, becoming the first company in the services sector in Spain to receive efficient driving certification in the process.

This certification establishes control over a series of parameters such as fuel consumption, engine type or inertia, amongst others, making it possible to improve energy efficiency, optimise the consumption of resources and reduce noise and greenhouse gas emissions, which represent key company commitments, in order to ultimately provide quality services and enhance the satisfaction of the needs and expectations of its customers, suppliers, investors and society as a whole.

In recent years, Valoriza Environment has invested significantly in renovating its fleet of vehicles in order for it to become more efficient and sustainable, in addition to fitting vehicles with devices dedicated to monitoring driving and training and raising awareness amongst staff to this end.

Following the implementation of the Efficient Driving Management System (SGCE), the renewal of the fleet of old machinery with latest generation, more efficient technology using alternative propulsion sources, such as electricity and compressed natural gas (CNG) and the installation of monitoring systems and efficient driving aids in the new fleet, the SUW collection and street cleaning service in Alcalá de Henares has experienced a notable decrease in emissions in 2018 compared to 2017.

Conducción Eficiente
EA 0050
AENOR conform

This new certification sets us apart and makes us more competitive; it entails pooling our efforts once again in terms of sustainable growth and as part of our commitment to environmental sustainability and the fight against climate change.

5.2. Water

The management of water remains one of Sacyr's main objective and commitments; this,is a scarce resource worldwide which is affected by climate change and is essential in our activities. Thus, in line with our environmental policy and sustainable development goals, we constantly strive to reduce water consumption in all lines of business.

(103-1) (103-2) (103-3) (303-1) (303-3)

TOTAL WATER CONSUMPTION (M³)

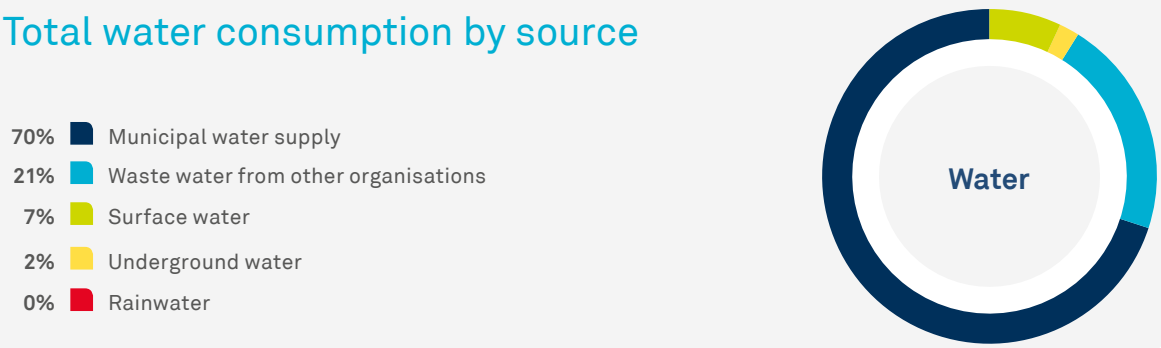
Sacyr's water consumption by source and business area, in the last two years, is shown below:

(303-1)

	2018	2017
SURFACE WATER	232,448.68	377,250.72
MUNICIPAL WATER SUPPLY	2,471,773.05	5,493,633.56
UNDERGROUND WATER	83,050.50	123,345.86
WASTE WATER FROM OTHER ORGANISATIONS	743,140.95	1,196,655.65
TOTAL	**3,530,413.17**	**7,190,885.79**

	2018	2017
CONSTRUCTION	262,658.71	588,097.89
SERVICES	2,999,826.31	6,266,350.03
INDUSTRIAL	211,976.46	290,463.29
CONCESSIONS	55,951.70	45,974.59
TOTAL	**3,530,413.17**	**7,190,885.79**

% Total water consumption by source



Port of Garrucha, Almeria. Spain

Sacyr continues to increase the use of reused and recycled water in its processes, thereby reducing the impact of water withdrawal on the environment. In 2018 the volume of recycled and reused water consumption was 743,140.95 m³, which accounted for 21.05% of total consumption, up by 4.39% year-on-year.

(303-3)

Sacyr does not carry out water withdrawals that affect water sources, because, before doing so, it requests permission from the relevant bodies in each country, which establish and authorise the permitted volumes, thus ensuring that it does not affect either the water resources and related habitats, or the needs of the local population. In addition, the bodies that grant this authorisation, undertake monitoring and control to ensure compliance with the conditions set.

Most of Sacyr's activities generate liquid effluents, and disposal quality is guaranteed because it has water quality measurement systems at its treatment plants to ensure that water is returned to the environment (the sea, reservoirs or rivers) in the proper conditions, meeting the requirements of environmental legislation at all times and reducing the risk of pollution in disposal through preventive control tools.

Sacyr also has emergency plans and protocols available to provide a suitable and rapid response in case of a discharge or spill which has a negative impact on the external environment:

- Transparency of information and close collaboration with the relevant bodies until the incident is resolved.
- Subsequent analysis of the reason for the discharge or spill.
- Adoption of the appropriate preventive measures to reduce the chances of a reoccurrence.

Sacyr implements its technology of water treatment, purification and desalination in all parts of the globe, and in that way contributes to the sustainable development of the water sector.

The total volume of Sacyr's disposals in 2018 was 11,423,099.34 m³. Of this volume, over 95% relates to the brine produced in the seawater desalination process (11,213,884.00) m³ at desalination plants

(103-1) (103-2) (103-3)

WASTE DUMPED (306-1)

2018	2017
11,423,099.34	13,077,344.98

No incidents involving liquid effluents generated by the organisation causing significant damage to water bodies and related habitats were recorded at Sacyr in 2018.

(306-5)

Arroyo Quiñones
WWTP. Madrid. Spain

Sacyr Water

At Sacyr Water, we optimise water resources, in the production of water through desalination, minimising distribution losses and making it possible for used water to be regenerated for new uses, or to be returned to nature in optimal conditions.

Population growth, the transformation of lifestyles and economic development have greatly increased pressure on water resources.

Water is an economic asset on which social development depends. Technology allows us to provide human beings with the quantity of water they need, and with the required quality for each use, without generating waste or contaminants.

The most significant activities that Sacyr Water performs include the end-to-end water cycle of the city of Santa Cruz de Tenerife through the joint venture Emmasa; the supply of water and sanitation in Guadalajara; the operation of desalination plants in Perth (Australia) and Honaine and Skikda (Algeria) and the desalination concession in Sohar (Oman).

Revenue:

124

Million euros [+8%]

EBITDA:

23

Million euros [+22%]

EBITDA margin:

18.5%

Main wins

The following major contracts were awarded in 2018:

In Spain:

- Management of the integrated water cycle at the Centre of Tourist Interest Centre of Sotogrande and Pueblo Nuevo de Guadiaro, in Cadiz.

  Worth 400 million euros and running for a period of 35 years, providing services to a population of 5,000 customers, in an area which in summer has over 25,000 inhabitants.

- Operation and maintenance services for the industrial waste water purification plant owned by "Helados Alacant".

  This 20-year contract is worth 11 million euros.

- Improvement and maintenance services for the wastewater treatment plants at Canal de Isabel II, in the Autonomous Community of Madrid.

  Worth 2 million euros.

- Operation and maintenance service of the Arroyo Quiñones wastewater treatment plant, in Madrid.

  This 1-year contract is worth 1 million euros.

Internationally:

- Operation of the Water treatment Plant for agricultural use, in the north of the city of Adelaide (Australia). 15-year term.

Engineering for water

Sacyr Water's R&D&I, applied to processes, has resulted in synergies between energy generation and environmental care.

In 2018, we successfully completed projects related to environmental impacts (odours, discharge of brine), improving processes (reducing energy consumption, using renewables, improving and reusing membranes), intelligent control solutions, and the development of new technologies (forward osmosis, elimination of emerging contaminants).

Water desalination and purification

Sacyr Water's experience and technical response come into play through our capacity not only to exploit the different sources of supply but also to contribute by designing and constructing the facilities required to optimise natural resources and minimise the environmental impact.

At Sacyr Water, we lead the sector of water desalination for human consumption, industry and irrigation.

Our facilities, equipped with cutting-edge technology, are capable of incorporating into the water cycle more than 1.9 million m^3 per day (equivalent to the consumption of a city of 10 million inhabitants) with low energy consumption, making the most of existing natural resources.

Water production in the management of the integrated water cycle (IWC) is as follows:

- 15,608,197 m^3 of purified water
- 32,034,644 m^3 of desalinated water
- 17,459,935 m^3 of water purchased

Integrated water cycle management

We manage the largest public-private partnership (PPP) for water supply in Spain (EMALSA) in Las Palmas de Gran Canaria, which services over 378,000 people.

We also manage the biggest PPP contract in Spain in the last 10 years, in the privatisation of EMMASA (Santa Cruz de Tenerife), which services over 203,000 inhabitants.

Quality water is much more than potable water. At Sacyr Water, the quality of supply is second to none, and the management of meter reading and billing according to consumption make things easy and convenient for users. We offer water quality that improves the quality of life, provides the capacity to quickly respond to new demands, and gives households peace of mind.

Sewers and collectors

Among the many uses of water, one of the most important is for cleaning.

Both used water as well as rainwater must be removed from the urban environment and channelled in order to subsequently be treated before being returned to its natural cycle.

At Sacyr Water, aware of this fact, we ensure that all of our actions include cleaning, maintenance and the incorporation of modern remote control systems; discharge into the urban sewer and collector network;

as well as systems for the pre-treatment of wastewater required for better purification.

Wastewater treatment

Wastewater from towns, crops and industry contains toxic elements that, if discharged directly into nature, would contaminate it and destroy the environment.

Sacyr Water closes the water cycle with its treatment in water purification plants before returning the water to nature.

The wastewater treatment plants (WWTP) built or operated by Sacyr Water in cities such as Madrid, Puertollano (Ciudad Real) or Murcia are capable of efficaciously treating a total of 890,000 m^3/day.

In 2018, CIA has purified 55,703,179 m^3, and also pre-treated 21,765,448 m^3.

The most important milestones included:

- General sanitation and treatment infrastructure work in the Arroyo de La Reguera (Madrid) basin, with a capacity of 80,000 m^3 per day.
- Project to execute and carry out WWTP work in Arroyo Quiñones (San Sebastián de los Reyes) in order to treat 45,700 m^3 per day.
- Project for the building and expansion of the Puertollano WWTP in order to treat 30,000 m^3 per day.

Reuse of treated wastewater

Treated wastewater is an essential component for the efficient use of water resources and sustainable development.

We are working in Sacyr Water on implementing new treatment processes, through our R&D&I department, for the effective development of technologies applicable to water reuse and regeneration, always seeking to optimise existing procedures and improve upon cutting-edge technologies.

In addition, the technology developed by Sacyr Water for wastewater treatment plants dovetails perfectly with the specific needs for water from field drainage, with solutions that make it possible to reuse wastewater for agriculture and golf course irrigation, thus contributing to environmental protection and water conservation.

What is more, the environmental-surveillance plans we make guarantee the monitoring and control of the effect of our facilities on the environment.

In 2018, 1,211,465 m^3 of water was regenerated through the management of the integrated water cycle (IWC).

How we manage wastewater

Sacyr has available in its processes, treatment plants and water quality measurement systems that guarantee the return of water to its source (sea, reservoir or river) in the desired conditions, always ensuring compliance with applicable environmental legislation and reducing the risk of possible pollutant discharges through the use of preventive controls:

- Consolidated information systems of anomalies or incidents to establish the plans to minimise the risk of discharges, implementing preventive measures that guarantee a suitable state of the water.
- ISO 14001 and EMAS certificates, as continuous improvement tools.

Sacyr makes it possible for used water to be regenerated for new uses or to be returned to nature in optimal conditions

Compliance with legislation and the search for methods of minimising the risk of discharges is applicable to all Sacyr facilities.

Sacyr also has emergency plans and protocols available to provide a suitable and rapid response in case of a discharge or spill which has a negative impact on the external environment:

- Transparency of information and close collaboration with the relevant bodies until the incident is resolved.
- Subsequent analysis of the reason for the discharge or spill.
- Adoption of the appropriate preventive measures to reduce the chances of a reoccurrence.

SUMMARY OF ACTIVITIES AND COLLABORATIONS IN 2018

- Collaboration with the most important cultural activities of Santa Cruz de Tenerife, highlighting the Carnival (contest for the most sustainable costume), Christmas Party and Three Wise Men.
- Environmental workshops to educate children about respect for the environment and the responsible use of water.
- Tejepeques Project for the occupational training of 12 people at risk of social exclusion.
- Sports activities and environmental awareness: X-Extreme Race, women's football match, EMMASA Foundation Golden Minute.
- Donations to social entities in the municipality: Food Bank, Aspronte Association, folkloric group "VALLESECO PRINCESA DÁCIL" and the campaign to collect toys at Christmas with the initiative "200 gifts, 200 smiles".
- Activities to improve environmental awareness: visits, talks and workshops with educational centres, celebration of World Environment Day, Sustainable Mobility Week and Celebration of World Water Day (the Foundation's 2nd photography competition).

EMMASA channels its commitment to strengthen and enrich its relations with the chicharrera society through the EMMASA Foundation

5.3. Biodiversity

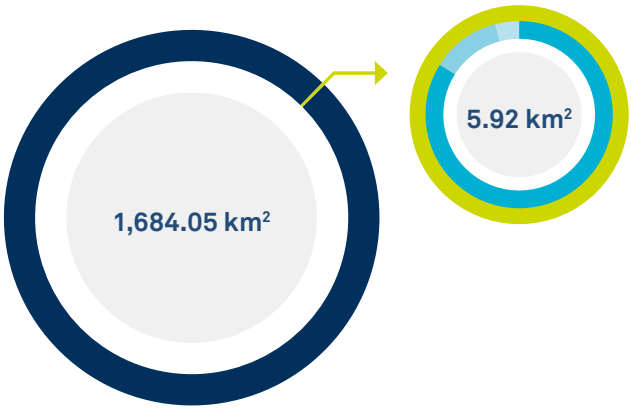
Preserving biodiversity is one of our strategies at Sacyr, in addition to being one of the pillars of our environment policy

(103-1) (103-2) (103-3)

Sacyr includes respect for biodiversity in the development of its projects and operations. As a result, a part of its strategy is directed at conservation, the restoration and sustainable use of terrestrial ecosystems; the halting of biodiversity loss; the rehabilitation of degraded land and soil; and the mobilisation and increase in financial resources for its conservation and sustainable use in line with the Sustainable Development Goals.

The activities that Sacyr carries out require the use of land, either on a temporary or permanent basis. In addition, the occupation of this land may take place within a protected area, of high biodiversity value, in the area of influence of them, or outside such areas altogether. The breakdown of data for 2018 is shown below:

OPERATIONAL CENTRES OWNED, LEASED OR MANAGED INSIDE OR NEXT TO PROTECTED AREAS OR AREAS OF CONSIDERABLE IMPORTANCE IN TERMS OF BIODIVERSITY OUTSIDE PROTECTED AREAS (304-1)



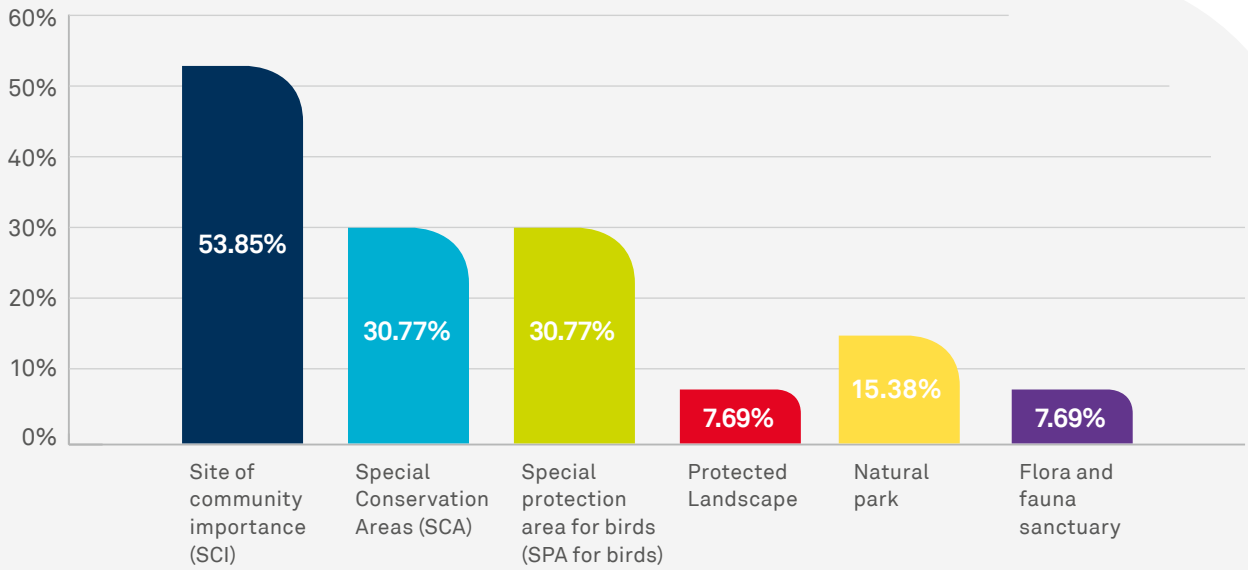
1,684 km²	Total surface of protected areas (km²)
4.97 km²	Area affected by business activities (km²) including sections of protected area
0.72 km²	Area affected by business activities (km²). Interior
0.23 km²	Area affected by adjacent activities (km²)

In 2018 several activities were carried out in the habitat of 394[1] different species. Preventive measures are adopted in all projects to minimise the impact on these species

1 Some species may be catalogued with different degrees of protection depending on where they live.

In 2018, Sacyr identified a total of 13 protected areas, where it carried out some activities, located in places other than those mentioned above (inside, adjacent to or including sections of the protected area). Of these areas, 7 are Sites of Community Interest (LIC), 4 are Special Conservation Areas (ZEC), 4 are Special Protection Areas for Birds (ZEPA) and the remainder are under different protection schemes[1] (protected landscapes, national parks, and flora and fauna sanctuaries).

(304-1)



The protected areas identified are in Spain (La Palma (Canary Islands), Jaén, Asturias, Cantabria and Zaragoza) and in Colombia (Pasto). They are for the most part terrestrial ecosystems, except for Jaén and Cantabria which have an aquatic ecosystem. Construction, road maintenance, integrated water cycle management and electricity generation activities have all been carried out in these areas.

The company has also carried out activities in areas containing some protected species (on international, national or regional lists). In total, in 2018, activities were carried out in the habitat of 394[2] different species, with the following levels of protection: 7 in critical danger, 25 in danger, 53 vulnerable, 28 almost threatened, 271 of minor concern, 2 of community interest, 2 special protection and 4 of special interest and 2 of interest for Canary Island ecosystems. Preventive measures were taken on all projects to minimise impacts on these species.

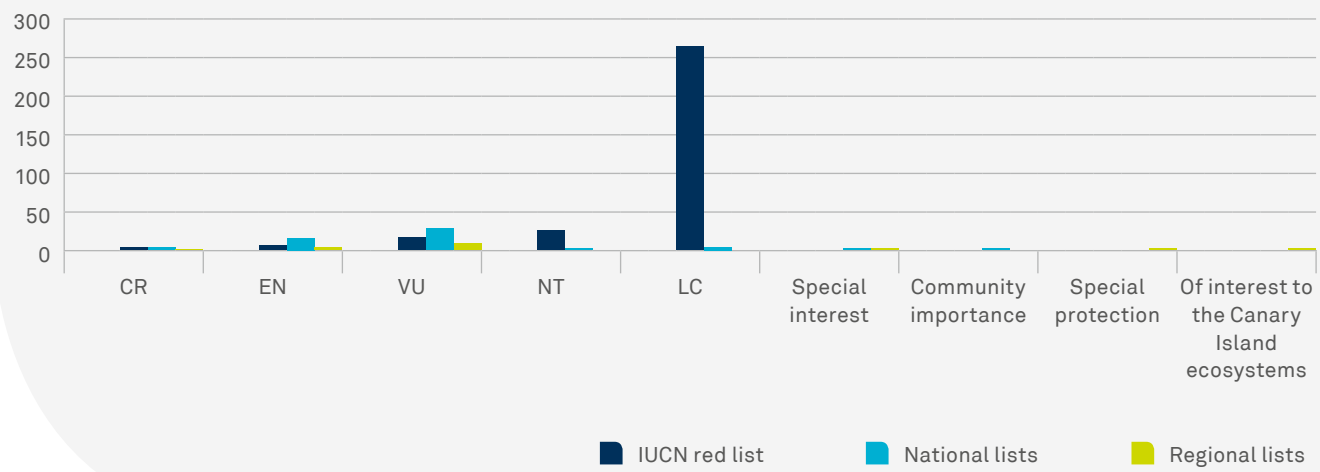
(304-4)

1 A single protected area may contain more than one protection concept (LIC, ZEC, ZEPA etc.) A total of 13 protected areas were identified, with 19 protection concepts.

2 Some species may be catalogued with different degrees of protection depending on where they live.

SPECIES ON THE IUCN RED LIST AND ON NATIONAL CONSERVATION LISTS WHOSE HABITATS ARE LOCATED IN AREAS AFFECTED BY OPERATIONS (304-4)

	Nº OF SPECIES			
Degree of protection	IUCN Red List	National lists	Regional lists	Location
Critically endangered (CR)	3	3	1	Colombia: Barranquilla, Bolívar, Spain: Huesca, Isla de la Palma, Jaén
Endangered (EN)	6	16	3	Colombia: Antioquía, Barranquilla, Bolívar, Chile: Copiapó. Spain: Asturias, Huesca, Isla de la Palma, Jaén, Zaragoza
Vulnerable (VU)	17	28	8	Colombia: Antioquía, Barranquilla, Bolívar, Chile: Copiapó. Spain: Asturias, Huesca, Isla de la Palma, Jaén, Lugo, Zaragoza
Near threatened (NT)	26	2	-	Colombia: Antioquía, Barranquilla, Bolívar, Chile: Copiapó. Spain: Asturias, Cantabria, Huesca, Isla de la Palma, Jaén, Lugo, Zaragoza
Least concern (LC)	267	4	-	Colombia: Antioquía, Barranquilla, Bolívar, Pasto. Chile: Copiapó. Spain: Asturias, Cantabria, Huesca, Jaén
Special interest	-	2	2	Spain: Huesca
Community importance	-	2	-	Spain: Jaén
Special protection	-	-	2	Spain: La Palma Island
Of interest to the Canary Island ecosystems	-	-	2	Spain: La Palma Island



The rescue and relocation of fauna are a priority in the projects that we undertake in various parts of the world. The aim of these is to preserve our natural resources and develop the existing biodiversity, reducing the impact associated with the construction and operation phases of the project.

Criteria, such as the following, are used when selecting the relocation areas:

- Places close to the areas of capture;
- Places well away from the works area;
- Surroundings with similar environments to their original location.

WE PROMOTE CITIZENS INITIATIVES TO HIGHLIGHT THE IMPORTANCE OF CONSERVING AVIFAUNA RESIDING IN THE URBAN ENVIRONMENT

Coinciding with World Bird Day and as part of the Seville Parks and Gardens Maintenance Service contract, Valoriza Environment organised a workshop aimed at participants aged between 16 and 25 from the Centro de Educación Especial Virgen Macarena de Sevilla, at the city's Torreperdigones gardens, aimed at:

- Facilitate the settlement of birds in Seville's gardens and parks and enhance biodiversity.
- Emphasise the importance of integrating nature in urban spaces.
- Promote respect for fauna and flora in the urban environment amongst young people, in addition to the importance of becoming involved in conservation and protection.
- And promote an interest in ornithology and a respect for nature.

The activities scheduled were as follows:

Talk on "Less common birds in Seville" and identifying their calls.

Participants were provided with an introduction to urban ornithology with a brief description of the less common species in Seville's parks and gardens, with recordings of the calls of these birds, while small signs were prepared with images of them.

Construction of bird feeds and next boxes.

Three different types of feeders were made using recycled plastic bottles, wooden platforms and bottle covers, in addition to pine cones. The recipients were smeared with peanut butter and sprinkled with different seeds and pieces of fruit.

Furthermore, nest boxes were built and assembled for sparrows, chickadees and owls.

Seeds of fruit species planted.

Seeds were planted in flowerboxes for different species of trees and shrubs, including hackberries and myrtles, etc. which provide the birds with fruit.

Talk on integration into the world of work.

Attendees were provided with an explanation of tasks performed by the service, the tools used and on-the-job experience.

At Sacyr, we promote environmental restoration activities to mitigate the impact occurred. If there is a definite restoration project, the guidelines set for it are followed; where no such project exists, the specific restoration actions that have the most potential for success under the contract are studied and developed.

In both cases, the measures compensate for the environmental impact the activities could have caused. These actions typically involve environmental restoration, with the aim of integrating the structure with the landscape, restoring vegetation cover, restoring temporarily occupied areas, etc.

The performance of our contracts may impact biodiversity as a result of occupying, altering and fragmenting the habitat. Sacyr always takes all preventative, mitigating and corrective measures necessary to reduce any possible impacts. The most significant impacts arising from the activities carried out by Sacyr in 2018 were as follows:

(103-1) (103-2) (103-3)

SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS AND SERVICES ON BIODIVERSITY (304-2)

Impacts	Protective measures
¬ Alteration/ destruction of habitat ¬ Impact on fauna ¬ Loss of vegetation due to clearing and felling. ¬ Fauna run over	¬ Vehicles moving at a moderate speed ¬ Monitoring of fauna populations, specific surveys of use of territory. ¬ Maintenance of routes used by fauna. ¬ Wild fauna found within the area of influence of company activities scared off, rescued and relocated. ¬ Protection of areas in proximity to activities in order to prevent any alteration of vegetation. ¬ Transplanting of flora species to nurseries to be reused for project integration. ¬ Transfer of flora species to adjoining areas unaffected by work. ¬ Reforestation of felled species. ¬ Monitoring plan for relocated flora and forest management plan. ¬ Collection of seeds, experimental sowing and monitoring of germination/propagation rate etc. for sowing on completion of the project.

The activities that cause these impacts take place over an area of 28.316 km^2, in which there are over 332 different species. The majority of impacts are direct and reversible. Moreover, their duration is associated with the activity itself, and is in no way significant.

(304-2)

Sacyr encourages ecological protection activities in all its projects to prevent any impacts on the environment in which they are carried out. In 2018 protection was provided for a total of 0.704 hectares of the area adjoining the company's activities, the results of which were satisfactory.

(304-3)

SACYR ADOPTS RESPONSIBLE BIODIVERSITY MANAGEMENT PRACTICES IN PERU

With a view to protecting biodiversity, Sacyr Engineering and Infrastructures has undertaken a conservation project for plant species located on the site of the Andrés Avelino Cáceres Sports Complex in Villa María del Triunfo, Lima for the 2019 Lima Pan American and Parapan American Games.

The aim of this project is to guarantee the survival of all species located in the area in which works are being carried out and increase the surface area of creeping plants.

As part of this environmental project, more than 800 specimens of more than 20 different species found in the area were transferred to a nursery, for their protection and conservation; as a result of this work, within the space of a few months, the number of specimens had doubled, coming to more than 1,600, which have been reintroduced into the landscape of the sports complex.

At the same time, work has been ongoing in the propagation of creeping plants in the sandy areas of the project where there is no plant cover, as they are capable of fully covering the land surface, creating a lush space using cuttings from mother plants. The results obtained have been just as successful. It is worth noting that creeping plants require little maintenance and a minimum of water to survive; therefore, they are used as an alternative to traditional grass.

As part of this environmental plant protection initiative, Sacyr contributes to the attainment of Goal 15 of the UN's Sustainable Development Goal (SDG), adopting significant measures to reduce the impact on natural habitats, preventing a loss of biological diversity and protecting threatened species. And to goal 12 by adopting responsible production and consumption measures and promoting the efficient use of water.

5.4. Circular economy, use of materials and waste prevention and generation

Circular economy

At Sacyr we see the circular economy as a model of production and sustainable growth, which uses and optimises stocks and flows of materials, energy and waste to attain maximum efficiency in the use of our resources. This is a transversal concept that has been present in the projects of all our business areas for some time: we work on integrating sustainability as a central element of our activities by applying the principles of the circular economy and the commitment to innovation.

(103-1) (103-2) (103-3)

Committed to this new economic model, we have joined the Circular Economy Pact, which is promoted by the Spanish Ministries of Agriculture and Fisheries, Food and the Environment (now the Ministry for Ecological Transition) and the Ministry of Finance, Industry and Competitiveness, and currently underpins the EU's 2020 strategy for generating growth and employment.

In order to promote and enhance the integration of this circular economy model as a central element of our activities, we have designed and launched the Sacyr Circular campaign to all Sacyr employees, through which, current projects have been identified and new initiatives that include this criteria compiled.

The ideas included in the campaign are in line with the approaches of our circular strategy, aimed at promoting the reuse of materials and harnessing of products; optimising production processes and consumption; "ecodesigning" projects; converting products into services; extending the useful life of materials and assets; and acquiring locally produced, sustainable products.

The **Circular Economy** is a concept that we have always seen at Sacyr as an opportunity for sustainable growth, which optimises stocks and flows of materials, energy and waste to attain maximum efficiency in the use of our resources.

After implementing a wide range of initiatives that contribute to the circular economy, we launched **"Sacyr Circular"**, a campaign to group together ongoing projects

ECODESIGNING OUR PROJECTS

Projects and services designed to mitigate the environmental impact.

REENVISAGING PRODUCTS AS SERVICES AND SHARING RESOURCES BETWEEN PROJECTS

Services like "mobility, lighting and information" rather than products like "cars, light bulbs and newspapers". Synergy of resources between different projects/services.

EXTENDING THE USEFUL LIFE OF MATERIALS AND ASSETS

Promoting the use of products with greater durability and promoting inverse logistics.

CAMPAIGN

Sacyr Circular

and invigorate ideas suggested by company employees on how to achieve more profitable and sustainable business at Sacyr by giving resources a new use. Furthermore, it served to **involve and raise awareness amongst employees** about the circular economy model.

The ideas submitted as part of this campaign are in line with the **approaches of our circular strategy**, which are as follows:

PROMOTING A LOCAL AND SUSTAINABLE SUPPLY

Acquisition of material from local and sustainable trade networks. Optimisation of the transportation of resources.

REUSING MATERIALS AND HARNESSING BY-PRODUCTS

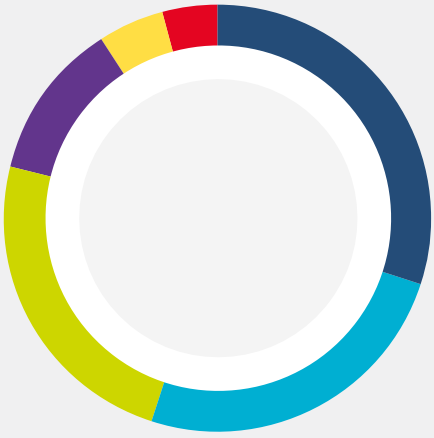
Reuse and recycling of materials for new uses, reducing the extraction of new materials.

OPTIMISING PRODUCTION PROCESSES AND CONSUMPTION (ENERGY, WATER, ETC.)

Improving our efficiency by using renewable energy and raw materials. Optimising the value of the natural resources extracted.

And the percentage of initiatives received, associated with each approach, was as follows:

- 30% Reusing materials and harnessing by-products
- 25% Optimising production processes and consumption
- 24% Project ecodesign
- 12% Transformation of products into services
- 5% Extending the useful life of materials and assets
- 4% Local and sustainable supply



Among the Sacyr projects that promote the circular economy are the following:

REUSE OF AGRICULTURAL WATER DRAINED FOR NEW USES

Focussed on the issue of the pollution of water bodies caused by the infiltration of nutrients from agricultural waste water, Sacyr Water is immersed in the implementation of the **Life Deseacrop project**. It is designing a treatment system based on the use of hydroponic crop drains that makes it possible to reuse treated water in agricultural irrigation, recovering the main nutrients for fertilisation and eliminating water contamination and eutrophication. This is a by-product optimisation and harnessing system, which is additionally powered by solar power to reduce emissions of CO_2.

LED STRIP LIGHTING IN TUNNELS

In order to reduce power consumption, Sacyr Concessions has created a lighting patent using a continuous LED strip to improve lighting in tunnels. Focussing on the replacement of sodium-vapour lamps currently used with LED bulbs, this promotes the harnessing of the lumen per watt ratio and the features of directional light in different locations. As part of the "ecodesign" initiative, this technology makes it possible to reduce electricity consumption by 66%, preserving the 100% homogeneity of lighting and freely regulating equipment.

WASTE COLLECTION AND STREET AND CLEANING SERVICE MANAGEMENT

In collaboration with Safe Industrial, Valoriza Environment has implemented the **S4Citizens** project, a management system for street cleaning and waste collection services. They are implemented along two lines: an ultrasound sensor to control the filling of waste containers, which is of high-precision and based on acoustic lens technology. It is also equipped with artificial intelligence; and the creation of a tool to manage smart and optimised work routes in real time. This project prioritises waste management process optimisation, reducing the consumption of raw materials and the emissions of CO_2.

IOHNIC Project of LED tunnel lighting

Consumption of materials

(103-1)(103-2)(103-3)

One of the Sacyr group's commitments in each activity it undertakes is to guarantee sustainable consumption and production models. The lines of action followed by the Group are:

- Promoting the use of recycled materials.
- Selection of products, processes and suppliers that are most respectful of the environment.
- Reuse of materials and harnessing of by-products.
- Efficiency in the use of materials.
- Promotion of purchases from local suppliers, which also promotes a sustainable relationship between products and the environment.

The variety of Sacyr's activities involves the use of a wide range of materials, with the consumption of the most significant of these, by business area detailed in 2018 shown in Appendix V of this report.

In 2018 Sacyr used 4.06 million tonnes of materials in its activities. Of these, 15.28 % were recycled.

(301-1) (301-2)

In order to boost efficient use of raw materials, Sacyr focuses on innovation, with several R+D+i projects to enable it to work with materials offering higher performances and with recycled materials.

Measures have also been established to reduce consumption of materials. For example, the managed-printing **Papyro Project** was set up at Sacyr's headquarters in 2018 to reduce the company's consumption of paper.

Minimising food waste

With respect to food waste, Cafestore is a member of the Catering Brands Board, and the association proposed a regulation to the Spanish Parliament (similar to Italy's Good Samaritan Law 155/2003) to comply with all sanitary requirements and prevent food being wasted by channelling it to donations.

Cafestore is moving forward in terms of management models and technological resources to make production target the envisaged demand; in 2019, therefore, it intends to work with artificial intelligence models that will further reduce the bare minimum of food waste in its operations.

SACYR PROMOTES THE CIRCULAR ECONOMY THROUGH THE IMPROVEMENT IN LOCAL ROADS IN MEXICO

Sacyr has delivered 10,990 m³ of recyclable materials for the improvement of local village roads as part of the road building project, "Carretera Pirámides Tulancingo", which is in its execution phase. This project promotes a sustainable environment through the working of the circular economy.

The bitumen waste that comes from the material milled for asphalt is considered inert material and can be reused as wet-mix macadam. among other applications.

The reutilisation of the milled material offers a great economic and energy saving as it requires less additional bitumen than new asphalt concrete; less energy is needed in the production of recycled paving and the transport costs are lower.

With these types of initiatives, Sacyr, through signing inter-institutional agreements with local governments, strengthens its environmental commitment with its search to find ways to optimise resource consumption and reduce waste generation.

Waste prevention and management

The optimisation of the use of natural resources, the reutilisation of waste as raw materials, the prioritisation of recycling and reutilisation of waste and the inclusion of eco-design criteria, are all key elements of the new economic model: the Circular Economy, to which Sacyr has signed up.

Sacyr's environmental management system has a waste procedure which, within the framework of legislation in force in each country or region, establishes the mandatory requirements of contracts with respect to the identification, classification, labelling, storage and management of the waste generated, and the criteria related to the reutilisation and recycling of waste.

(306-2)

Sacyr's objective is the reduction of the generation of hazardous and non-hazardous waste in any of its processes or activities. To this end it works on the following premises:

- Measures aimed at minimising waste generation.
- Prioritisation of waste reutilisation, recycling and recovery.
- Prevention, treatment and management of waste, in line with the legislation in force in each country.
- Raising awareness and sensitivity among all employees.

Sacyr does not transport, import, export or process hazardous waste.

(306-4)

Los Hornillos waste processing plant. Valencia Spain

SACYR MEXICO PARTICIPATES IN THE "MOCHILA COMPLETA" PROJECT

Sacyr Mexico has entered into a partnership with the charitable organisation **Dignifica Tu Vida** in order to collaborate in the Mochila Completa programme. The company donates paper to be recycled, with the income generated allocated to the provision of school equipment, clothing and footwear and items of personal hygiene for children enrolled at primary schools. In addition, it supports the promotion of financial education, preventing racism and non-discrimination and holds workshops for children, parents and teaching staff on rights, gender equality, saving and the protection of resources.

In 2018, Sacyr handed over approximately 900 kg of paper, collaborating in the delivery of 1,172 "mochilas completas" (full rucksacks).

Initiative
Sacyr plastic-free

Sacyr plastic-FREE

A PLANET WITHOUT PLASTIC POLLUTION. WE PARTICIPATE IN INITIATIVES TO RAISE AWARENESS OF RESIDENTS ABOUT THE COMMITMENT TO RECYCLING

The slogan of **2018 World Environment Day** placed a focus on the plastic crisis affecting our oceans and in finding ways of reducing the indiscriminate use of this material, under the slogan "A Planet without Plastic Pollution".

At Sacyr, we have shared this concern for some time now and have participated in various initiatives to prevent plastic waste polluting our planet. **By recycling this waste, we promote the circular economy**, by giving a second use to plastic, in addition to reducing emissions and the use of raw materials.

We also perform awareness raising activities to inform society of the need to work towards a more sustainable world. An example of this is Valoriza Environment's collaboration in 2018, with organisations and institutions, in the organisation of **Soria Recycling Week**, where the company provides urban solid waste collection services. Under the slogan "If the air belongs to everybody, so does pollution", the aim of this week, which coincided with **Global Recycling Day** was to emphasise the importance of recycling and raise awareness of residents about the correct use of selective collection containers.

This type of initiative forms part of the United Nations 2030 Agenda for Sustainable Development and the 17 SDGs (Sustainable Development Goals).

The EU Council approve the new recycling targets that are legally binding on Member States through to 2035, which will require waste recycling efforts to be stepped up and which will contribute to the creation of a circular economy, improving the way in which waste is managed, promoting the reuse of the useful materials they contain.

TOTAL WEIGHT OF WASTE (306-2)

	2018	2017	2018	2017	2018	2017	2018	2017
	CDW		NHW		HW		TOTAL	
CONSTRUCTION	586,912.33	1,203,497.56	6,582.83	13,416.37	125.39	226.17	593,620.55	1,217,140.10
CONCESSIONS	0.00	0.00	1,232.53	337.62	298.72	6.46	1,531.25	344.08
INDUSTRIAL	71.98	26,446.98	2,194.36	1,853.02	78.85	2,124.92	2,345.19	30,424.92
SERVICES	0.00	0.00	53,284.46	55,859.14	467.71	5,367.43	53,752.18	61,236.57
TOTAL	**586,984.31**	**1,229,944.53**	**63,294.19**	**71,476.15**	**970.67**	**7,724.98**	**651,249.17**	**1,309,145.66**

TOTAL WEIGHT OF WASTE BY PROCESSING (T)

TYPE OF PROCESSING	IN SITU STORAGE	COMPOSTING	INCINERATION Mass combustion
NON-HAZARDOUS WASTE	606,113.50	5,312,705.60	295,038.00
HAZARDOUS WASTE	46,970.45	305	23,098.58
CONSTRUCTION AND DEMOLITION WASTE	813,255.00	1,952,060.00	1,800.00
TOTAL	**1,466,338.95**	**7,265,070.60**	**319,936.58**

TOTAL WEIGHT OF WASTE BY PROCESSING (T)

TYPE OF PROCESSING	RECYCLING	REUTILISATION	DUMP
NON-HAZARDOUS WASTE	11,675,094.87	874,739.51	44,530,493.76
HAZARDOUS WASTE	527,816.78	4,162.75	368,316.47
CONSTRUCTION AND DEMOLITION WASTE	64,144,894.85	22,395,165.00	497,677,137.00
TOTAL	**76,347,806.50**	**23,274,067.26**	**542,575,947.23**

Spills

Sacyr develops adequate procedures aimed at identifying, preventing and responding to possible incidents, accidents or potential emergencies that may have an impact on the environment. Consequently, these types of incidents arise infrequently and do not have serious consequences.

In 2018, Sacyr had five minor incidents involving accidental oil and fuel spills, none of which had a significant impact on the environment. These incidents were dealt with in accordance with the action protocol, preventing and correcting environmental pollution. The estimated total volume of hazardous substances spilled is 1.064 m^3.

(306-3)

In 2018, no soil pollution occurred in the locations in which we have performed activities, although activities have been carried out in areas with previously contaminated. Specifically, a surface area of 63.59 m^2 of contaminated soil has been removed and treated by a waste manager; and, in addition, 7,600 m^2 of contaminated soil, located when starting construction work in a plot of land located on a former industrial site, meaning that soil decontamination work was required.

(CRE5)

Valoriza Environment

Valoriza Environment is a benchmark company in the provision of services to citizens in Spain, which, through efficient management, meets its social commitment to the goal of achieving sustainable development

Revenue:

439

Million euros

+12%

EBITDA:

52

Million euros

+7%

This commitment has been channelled through an extraordinary specialisation and technological development that has allowed the Company to attain a leadership position in the environmental and energy sector in Spain.

Our values:

- Experience
- Innovation
- Service to the general public
- Results oriented

At VE, we contribute to generating value for the community by carrying out our activities in the division's business areas:

Municipal services:

- Manages street cleaning concessions and services
- Waste collection
- Gardening and maintenance of green areas and trees
- Urban mobility (management of parking meters, tow trucks, priority residential areas, processing of complaints, etc.)
- Maintenance of urban infrastructure (underground containers, road upkeep, public lighting, maintenance of fountains and sports facilities)

Waste treatment and management:

- Operation of USW plants and containers
- Transfer plants
- Plants to process used tyres and waste from construction and demolition
- Organic composting plants
- Degasification and post-closure maintenance of disposal facilities
- Biomethanisation plants
- Incineration
- Cogeneration
- CSR (selected waste fuel)
- Waste-to-energy production
- Facilities to treat, compost, and thermally dry sludge from wastewater treatment plants

Environmental regeneration work:

- Water quality control services
- Silvicultural treatment and forestry work
- Landscape restoration
- River restoration
- Bioengineering

6

Social value

Maintenance works at Reina Sofía Art Gallery. Madrid. Spain

6.1. Corporate Social Responsibility

Sacyr helps to generate sustainable value in the communities where it operates by carrying out its activities and promoting sustainable initiatives.

Through our **corporate social responsibility policy** (hereinafter, CSR policy) and our corporate social responsibility strategic plan (hereinafter, CSR plan) we assume a global commitment with the societies where we operate. This commitment is the basis of our business culture and the source of excellence-based management.

CSR Policy

The CSR policy, approved by the Sacyr group Board at the end of 2017, is aligned with Sacyr's Code of Conduct, which establishes the principles and guidelines of behaviour in accordance with the Group's values and is the central pillar of successive corporate social responsibility strategic plans.

These principles include the following:

- **Compliance with legislation**. The Sacyr group's business and professional activities will be carried out in strict compliance with the legislation in force in each of the countries and territories in which it operates.
- **Integrity**. Maintaining irreproachable conduct, in accordance with ethics, honesty and integrity, avoiding all forms of corruption and respecting all parties involved in the Group's activities.
- **Transparency**. Disclose adequate and reliable management information; which is clear, truthful and verifiable.
- **Safety**. Provide optimal health and safety conditions in the workplace.
- **Respect for Human Rights**. All action taken by the Group and its employees must respect the human rights and civil liberties set out in the Universal Declaration of Human Rights.

2020 Global company plan

To define the CSR plans of the Sacyr group, we have launched a dialogue process with our stakeholders regarding the most relevant topics that must inspire our strategies and decisions. This has helped us to attain a clearer idea of the role we wish to play as social and economic actors.

As a result of this dialogue, we have been able to identify the goals and commitments that make up the basis of our CSR policy; also, we have determined the courses of action that represent the structure of our sustainability strategy, which we follow to respond to the challenges presented by the societies where we operate, and we do all this through our corporate social responsibility strategic plan. 2020 Global company plan.

Global company plan

4 Objectives	**10** Material issues
28 Lines of action	**105** Projects

Objectives and action commitments:

1. Dialogue and accountability:

- "We want to become the leading management example in the sector by ensuring constant dialogue with our stakeholders and upholding a basic principle of transparency with all such stakeholders".
  - Solvency and the long term: we are and want to keep being a solvent business Group where financial prudence and long-term vision are defining characteristics in the eyes of our shareholders and investors.
  - Listening: we are always aware of our surroundings; we establish communication channels that are always open, and transparency is the basis of our links to our stakeholders.
  - Ethics: zero tolerance to unethical behaviour.

2. People:

- "We want to place people at the heart of our activities and become the first choice for the sector's professionals".
  - Safety: our constant ambition is to achieve zero accidents.
  - Development: we strive to offer the best professional development conditions.
  - Rights: we respect and protect the rights of who works with us – partners, contractors and suppliers.

3. Company:

- "We want to be closer to the societies where we operate".
  - Social value: with each project, we look for options that add more value to the society we are serving.
  - Diversity: we promote diversity inside and outside the company.

4. Environment:

- "We want to provide the most efficient solutions".
  - **Efficiency:** we commit to developing the most efficient option.
  - **Impact:** we always propose solutions with the least impact on the environment.

At Sacyr we also contribute to the development and welfare of the communities where we work through our Foundation. The **Sacyr Foundation** implements a wide range of social initiatives, which can be divided into two categories: promoting innovation and social action.

Also, the **17 UN Sustainable Development Goals (SDGs)** work in addition to the CSR strategy to focus the efforts of the Sacyr group on striving to offer better development for our communities.

Monitoring system for CSR practices with stakeholders:

- The CRS policy of the Sacyr group is developed and implemented through the Corporate Responsibility area that is part of the Communication Department.
- All CSR initiatives are promoted by the Corporate Responsibility Committee, composed of one or several representatives of each business area and one representative of each of the corporate departments most directly involved in guaranteeing the company's responsible management.
- Sacyr performs an annual follow-up on the CSR plan and the risks associated with the initiatives derived from this plan and, subsequently, reports the results by writing the Annual Integrated Report. This document is drawn up as per internationally accepted standards and it is checked externally by an independent organisation in accordance with international standards on assurance commitments. This report is made available to shareholders on the corporate website at the time of the General Shareholders' Meeting.

Stakeholder Relations

(102-40) (102-42)

At Sacyr, we base our management on excellence, responding to the needs of our stakeholders, contributing value to society and seeking economic and environmental sustainability.

At Sacyr, we consider stakeholders to be any social group that is or may be affected by the Company's activity, now or in the future, and/or that legitimately affects or may affect the Company's activity and, therefore, our results.

- Employees
- Analysts and investors
- Shareholders
- Media
- Customers
- Local communities
- Public authorities
- NGOs and other members of civil society
- Suppliers and contractors

Transparency and dialogue with stakeholders are fundamental for the progress and development of our strategic plan as well as for our CSR plan.

Social media

sacyr life

Sacyr group has launched a new app to connect with their stakeholders all around the world. The app, **Sacyr Life**, opens a window on your mobile phone and tablet to everything that happens in the construction, infrastructures and services multinational. With this app, Sacyr strengthens its communication channels at a time of expansion all around the world.

The app is principally aimed at the more than 37,000 employees that work in one of Sacyr group's companies, but it is open to anyone who is interested in the firm, who wants to download it and discover the latest about the Group.

In Sacyr Life, the user can navigate using a menu which groups together the main areas of the app: Sustainability, People, Wellbeing at Work, News and Innovation.

We are also present in the main social networks to maintain contact with our public.

Facebook, LinkedIn, Youtube, Twitter, Instagram and Innovation blog.

Transparency is our key to build trust

General Shareholders' Meeting 2018

Shareholders, Analysts and Investors

Personal assistance: Sacyr's Investor Relations Department provides minority shareholders, financial analysts and investors with a number of direct and personalised contact channels:

- Telephone - shareholder hotline and investor hotline: 902 196 360
- Website: www.sacyr.com
- E-mail: ir@sacyr.com - accionistas@sacyr.com

Personal meetings: Investor Relations Department personnel meet with these minority shareholders and attend meetings with various financial stakeholders.

General Shareholders' Meeting: This is an excellent forum for exchanging information between the Company's directors and shareholders. At these meetings, directors report on the progress of the company, its profits, and the main milestones reached and planned, while shareholders can request information and clarification and make any comments they deem appropriate.

Financial information: In accordance with prevailing legislation, the Sacyr group prepares the annual report, half-yearly and quarterly financial results and the annual corporate governance report on a regular basis and the Annual Directors' Remuneration Report. These reports may be viewed on the CNMV's website, www.cnmv.es, and on Sacyr's website. www.sacyr.com

Sacyr website: www.sacyr.com contains all relevant corporate and financial information regarding the Company's performance, and all information made public through various financial and economic reports and communications (annual report, quarterly results, etc.).

Collaboration with leading R+D+i institutions

(102-13)

Sacyr is a member of various benchmark organisations in the field of innovation and takes part in forums that promote its development. Participation in these initiatives makes it possible to exchange experiences and good practices with other professionals, and encourages joint reflection by a large number of specialists regarding the varied aspects of R+D+i. Some of the organisations or forums in which Sacyr actively participates are:

- Mobility City: a pioneering initiative, supported by the Ministries of Industry and Ecological Transition, to publicise and promote the mobility of the future. The project, in which 28 leading companies and institutions are participating, aims to promote innovation in the automotive industry and sustainable mobility worldwide.
- Spanish Construction Technology Platform (PTEC): this Platform, of which the Group is a member, aims to unite all agents in the construction sector for: Identifying the challenges of innovation in construction, developing the strategies and plans needed to meet these challenges and implementing the results that are achieved.

Sacyr is on the board of trustees of the PTEC Foundation, and sits on the Permanent Commission and the Strategy Council. Within the PTEC Foundation, Sacyr heads the Strategic Transport Networks taskforce and participates in the "Sustainable Construction"and "Materials" taskforces.

- Spanish Technological Environmental Technologies Platform: responsible for defining and supporting the implementation of the R+D+i strategic agenda in the field of environmental technologies.
- Building Research Establishment Environmental Assessment Methodology (Breeam) Spain Advisory Board: The world's leading and most technically advanced method of building sustainability assessment and certification.
- Participation in the Spanish Road Technology Platform: Forum for all agents in the science-technology-business system which play a major

role in fostering employment, competitiveness, and growth in the road infrastructure sector in Spain.

Sacyr plays an active role in the platform through its presence on the Management Board and in working groups:

- SEOPAN R&D committee: Sacyr actively participates in this committee of the Spanish Association of Construction Companies (SEOPAN) through its Head of Innovation.
- Disruptive Innovators Network: network of innovation managers from major corporations that are very active in terms of innovation and open (with start-up entrepreneurs and other market agents)
- Know-How and Innovation Executive Club: Sacyr belongs to this private initiative that promotes and stimulates improved productivity and competitiveness through the management of intellectual capital, know-how and innovation.
- R+D+i Committee of the Spanish employers' confederation ("CEOE"): this committee reaches out to government authorities and ministries responsible for R+D+i and groups into sectors to strengthen and expedite R+D+i projects.

Moreover, to support each other in the development and implementation of R+D+i activities, Sacyr and a number of universities and research centres and organisations have entered into cooperation agreements, such as, for example:

Universities:

- Madrid Polytechnic University
- Valencia Polytechnic University
- Alfonso X el Sabio University
- University of Granada
- Polytechnic University of Catalonia
- University of Huelva
- University of Almería
- University of Cordoba
- University of Cantabria
- Madrid Complutense University
- University of Salamanca
- University of Alicante
- Catholic University of Chile
- University of Extremadura
- Carlos III University of Madrid
- University of Vigo
- University of Castilla La Mancha
- Polytechnic University of Cartagena

Public Research Centres and Foundations:

- University of Western Australia
- Centre for Public Works Research and Innovation (CEDEX)
- Spanish National Research Council (CSIC)
- Gómez Pardo Foundation
- Eduardo Torroja Institute
- NCDA (National Centre of Excellence in Desalination Australia)
- CIEMAT - Almería Solar Platform
- CIDAUT (Foundation for Transport and Energy Research and Development)
- IMDEA AGUA (Madrid Institute of Advanced Water Studies)
- Centre for Development, Research and Application of New Technologies (CEDIANT)
- Advanced Mining Technology Centre (part of the University of Chile)
- Energy and Environment Technology Centre (Cetenma)

Sacyr Foundation

FUNDACIÓN sacyr

Sacyr Foundation, set up in 2008, enables the Group to maximise the impact of the company's social initiatives for its beneficiaries and contribute more effectively to the well-being and development of the communities in which the Group conducts its activities.

Aims of the Foundation:

- To promote human rights, to foster respect for all persons and cooperation in the development of disadvantaged regions and groups.
- To provide social and healthcare assistance, to support the voluntary sector, and to promote community action and care for persons at risk of marginalisation.
- To safeguard the environment and to raise awareness of, provide training in and support research into environmental matters.
- To support all types of education to advance career development and to promote training, scientific research and technological development in any sphere, but in particular, though not limited to, areas related to construction and engineering.
- To promote and support sport as an essential element in the balanced and full development of the human race and as a means of teaching about competition and respect for rules.
- To protect our historical and artistic heritage.
- To raise awareness of and provide institutional support for civil education, to promote constitutional values and to strengthen the rule of law and democracy.
- To foster and disseminate art and culture in the broadest sense, to encourage cultural and artistic talent and to bring culture close to society.
- To support victims of acts of terrorism or any other form of violence.

In 2018 the Sacyr group assisted various community projects, which can be broken down into 2 different categories: Promoting innovation and social action.

These projects are channelled through the Sacyr Foundation, which establishes objective criteria to be used as reference points for the selection of projects:

- The project must be aligned with the aims of the Sacyr Foundation set out in its bylaws.
- Social return on investment: assessment of the need for and urgency of aid, and of the number of potential beneficiaries.
- Regional balance: the Group seeks to prioritise projects in the areas in which it is active and to avoid distortions in the geographical distribution of aid.
- Funding balance: the Group aims to avoid excessive concentrations of aid in any one of its specific remits.
- Technical and financial solidity of the partner or beneficiary organisation.
- Budget adequacy.

Donation of gifts from the Sacyr Foundation to children hospitalized in the Infanta Cristina Hospital in Parla. Christmas campaign.

The following are highlights of the agreements and collaborations closed during the year:

Ondine Syndrome Foundation

SOS Aldeas Infantiles España (SOS Children's Villages of Spain): Aldea de Pachacamac, Perú

Association Vihda and Gota a Gota

Bocalán Foundation. Assistance or therapy dogs

Volunteering in Spain with the Madrid Down's Foundation

Volunteering in Spain with the Food Bank

Volunteering in Spain with Reforesta Association: planting of trees and river cleaning

Volunteering in Spain with Toda Ayuda Foundation: Toy Drive

Volunteering in Colombia #Pintando futuro

Volunteering in Colombia with Ayuda en Acción: The Water Van Project

Volunteering in Colombia: planting of trees in San Cristóbal de Medellín

Volunteering in Colombia
#Construimos futuro,
Sucre

Volunteering in Colombia
Support for women in
Montes de María

Eyes of the
World (Bolivia)

Seres Foundation

8th Sacyr Innovation Awards

1st Sacyr
Innovation Awards in
Chile

Princess of Asturias Foundation Trustees

Juan XXIII Roncalli Foundation trustees and financial contribution to expand the kitchens at the Special Employment Centre

Fundación Chile-España

Chile-Spain Foundation Trustees

FUNDACIÓN CONSEJO ESPAÑA COLOMBIA

Colombia-Spain Board Foundation Trustees

Dirección General de Servicios Sociales e Integración Social
CONSEJERÍA DE POLÍTICAS SOCIALES Y FAMILIA
Comunidad de Madrid

Collaboration with the Family and Social Affairs Department of the Madrid regional government

UIMP Universidad Internacional Menéndez Pelayo
CSIC Consejo Superior de Investigaciones Científicas

Collaboration with CSIC and UIMP on the Masters at SEDUREC

Fundación Caminos

Caminos Foundation

Corporate Volunteers Club

Furthermore, in December 2018, work began on a new project at the Sacyr Foundation: the creation of a Volunteers Club that will represent the community of cooperative employees who will work together on different corporate volunteering projects proposed over the course of 2019. A section of the Group's Intranet will be dedicated to the Volunteers Club, which will serve as the main channel of communication between the Foundation and volunteers. This project is expected to result in a significant increase in the number of corporate volunteering projects and participants compared to the previous year, thus enhancing the scope and impact of the Sacyr Foundation's collaboration with representatives from different groups and environmental protection agents.

6.2. Safety, Health and Well-Being

At Sacyr, the maximum safety of all our employees in the performance of their tasks is a priority. We aspire to building a differential preventive culture, which makes it possible to achieve the highest security standards, by involving the entire organisation, its suppliers and contractors and partner companies, in all its activities and in all the countries in which it operates.

We are committed to the concept of integrated safety, to which end we have established an occupational health and safety policy as a performance template for our activities and as a reference for our occupational health and safety management system. We are taking one step further, integrating security, health and well-being into our business strategy. We are not content with having safe and protected workers: we want to include the promotion of health in the workplace to ensure our workers are happy at a healthy company with which they can identify.

In line with prevailing occupational health and safety regulations, preventative initiatives at the Group are carried out both through own resources and those arranged with an external risk prevention service.

- Health and Safety Department
- Support Structure
- External Prevention Service

The internal requirements as part of the Management System for safety go beyond the legal requirements in the countries in which the company operates. Therefore, during 2018, we have performed an inspection on the System once again, adapting it to the new needs of the Group in each country, transforming it into an international standard operation procedure. As a result of this work, we have successfully passed legal audits and OHSAS 18001:2017 compliance audits on the occupational health and safety management system implemented at the work centres of Sacyr group companies.

To guarantee and reinforce its preventive culture, Sacyr periodically imparts training courses that include education and awareness raising for employees on aspects of health and safety. In 2018, the Health and Safety Department's training division handled a total of 27,095.5 hours of training. In addition to these hours of training, the training imparted by the team of prevention experts at the Health and Safety Department in Spain is worth particular mention, taking the total number of training hours imparted in 2018 to 46,750 and the total number of attendees to 3,638. The investment in training in 2018 came to €230,916, of which €176,853 was subsidised.

Certified Occupational Health and Safety Management System

In addition to fully complying with all legal requirements, all Sacyr companies are implementing occupational health and safety management systems certified under OHSAS 18,001, the principal international benchmark for occupational health and safety, accredited by ENAC for companies in Spain and UKAS for companies outside Spain.

The system has been implemented in 81 subsidiaries of the Group worldwide, 34 of which also hold the OHSAS 18,001 certification (6 more than in 2017), which represents over 72.61% of the Group's workers internationally and 95.33% of workers in Spain.

(103-1) (103-2) (103-3) (CRE-6)

Of all Sacyr group employees in Spain, 68.3% are represented on health and safety committees.

In addition, 6.96% of the Group's total workforce has union representation through prevention officers. Although these officers do not form part of a Health and Safety Committee because the minimum number of employees is not met, they actively participate in health and safety-related issues by periodically attending meetings with executive company representatives.

(403-1)

This OHS management system helps to correctly identify, review, manage and improve monitoring of the occupational risks to which Group employees are exposed and to comply with prevailing legislation and the continuous improvement of the system itself.

Sacyr Sports Club hiking expedition, Spain

Unicef race in Colombia

Objectives met

Standardise Occupational Health and Safety Management Systems internationally, adapting to the new needs of the Group in each country, transforming it into an international standard operation procedure.

Development of the PRESYV computer application as a tool of prevention management, developing new functionalities and adapting the application to new OHSMS.

Implementation of an external subcontractor-validation system at Sacyr Water and Valoriza Environment.

Creation of a Healthy Habits Programme within the company, covering different domains such as sports, food and health.

Future challenges

Short term:

- Reducing the rate of accidents involving a leave of absence by 10% with respect to the rate achieved last year.
- Reduce the rate of accidents not involving a leave of absence by 10% with respect to the rate achieved last year.
- Exceeding the average score of the previous year in both documentary and field safety terms, as stipulated in the management review.
- Reduce the rate of accidents with leave of absence by 10% for subcontractors in those companies that have the most subcontracting.
- Continuing to maintain and expand the Prevention Departments in all countries where we are present.
- Implement and achieve ISO 45001 certification of the new Occupational Health and Safety Management System.
- Migrating the PRESYV computer application to a different programming language that allows for a multisite and multilanguage environment, which can be used across the world.

Medium term:

- Implementing an external subcontractor-validation system at the remaining Group companies.
- Implementing and certifying the road safety system at the remaining Group companies.

Long term:

- Creating internal OHS awards.

TYPE (%)						
	2018	2017	2016	2015	2014	2013
Physical overexertion Musculoskeletal system	44	41	47	38	39	41
Crush injuries as a result of a fall	30	23	17	19	21	20

Results of ORP management

The Sacyr group's endeavours in the field of occupational health and safety have significantly raised workplace quality, as measured by an internal scoring system that assesses each work centre in relation to the fulfilment of prevention obligations.

Thanks to the involvement and dedication of Senior Management, employees, suppliers, contractors and partner companies, the Sacyr group has made progress towards forging the desired safety culture. Evidence of this can be seen in the downturn in accident rates in recent years, demonstrating that the measures adopted are taking us in the right direction.

(403-2)

In terms of accidents involving subcontractors, eighteen serious accidents were recorded worldwide in 2018. The Prevention Service carried out the usual investigation for these cases, analysed the causes and took the necessary measures to prevent any reoccurrences.

In terms of types of accidents, the most significant accidents in recent years were those indicated in the table above.

Contractors and occupational risks

The Sacyr group takes the necessary measures to ensure that employees, contractors, suppliers and associates constitute an active part of its Health and Safety Policy.

(102-9)

It deploys a specific "Business Coordination" procedure to this end, the main objectives of which are as follows:

- To ensure that subcontracted workers are fully informed about the risks to which they are exposed in their respective jobs and about the protective and preventive measures they must apply.
- To ensure that subcontractors effectively undertake their responsibilities, taking all necessary measures and providing their employees with the appropriate means to ensure their safety.
- In 2018, Sacyr complied with construction industry subcontracting regulations, limiting the number of levels in the subcontracting chain by using subcontracting records and requiring subcontractors to produce evidence of compliance.

Awards

- **SACYR Industrial Perú**
  RLP21 Project "Adapting to new fuel specifications" – Repsol Award in recognition of having performed 5,290,320 hours of work with no work-related accidents.

Circulation of the prevention policy

Management at the Sacyr group believes knowledge of its Health and Safety Policy at all levels is essential, as a fundamental step in terms of the performance of all activities at the company. To this end, the Sacyr group encourages all staff to discover the guidelines on which the Health and Safety Policy is based and include them in their approach to work; this Policy represents a pillar of the Management System, establishing the following standard operating procedures, in addition to others:

- Analyse the procedures, technical processes, techniques, means and raw materials in order to eliminate, reduce or control the different types of existing occupational risks.
- Guarantee that workers themselves, suppliers, contracts and partner companies receive sufficient and appropriate occupational health and safety training to correctly perform their duties.
- Ensure the human and material resources required to perform preventive activities.

Both the Occupational Health and Safety Manual and the General Procedures are available to all employees through the Sacyr Portal and the "PRESYV" application. Employees can also use the Sacyr Portal to pick up technical guides, prevention documentation and technical notes relating to occupational risk prevention.

Sacyr Sports Club

The purpose of the Club is to promote participation in both team and individual sports activities, depending on the sport, and the personal development and sports training of the partners and participants in the activities organised by the Club.

The Club's aim is basically to make participating in sports activities a habit for a large number of employees at Sacyr, to help them be in the best health possible, and to encourage relationships between employees in activities outside the work environment, thereby favouring the creation of a corporate culture and increasing their sense of belonging.

The main objective of the Sacyr Sports Club is to be a meeting point for many Sacyr employees whose quality of life and relationships with other colleagues are benefited by participating in the Club.

At its core, Sacyr has many points in common with sports culture: sacrifice, effort, teamwork, fellowship and the desire to succeed. And this culture is one of the best ways for Sacyr to transmit its concern for the internal and external health and well-being of its employees.

For more information, please visit the Club's website: http://clubdeportivo.sacyr.com

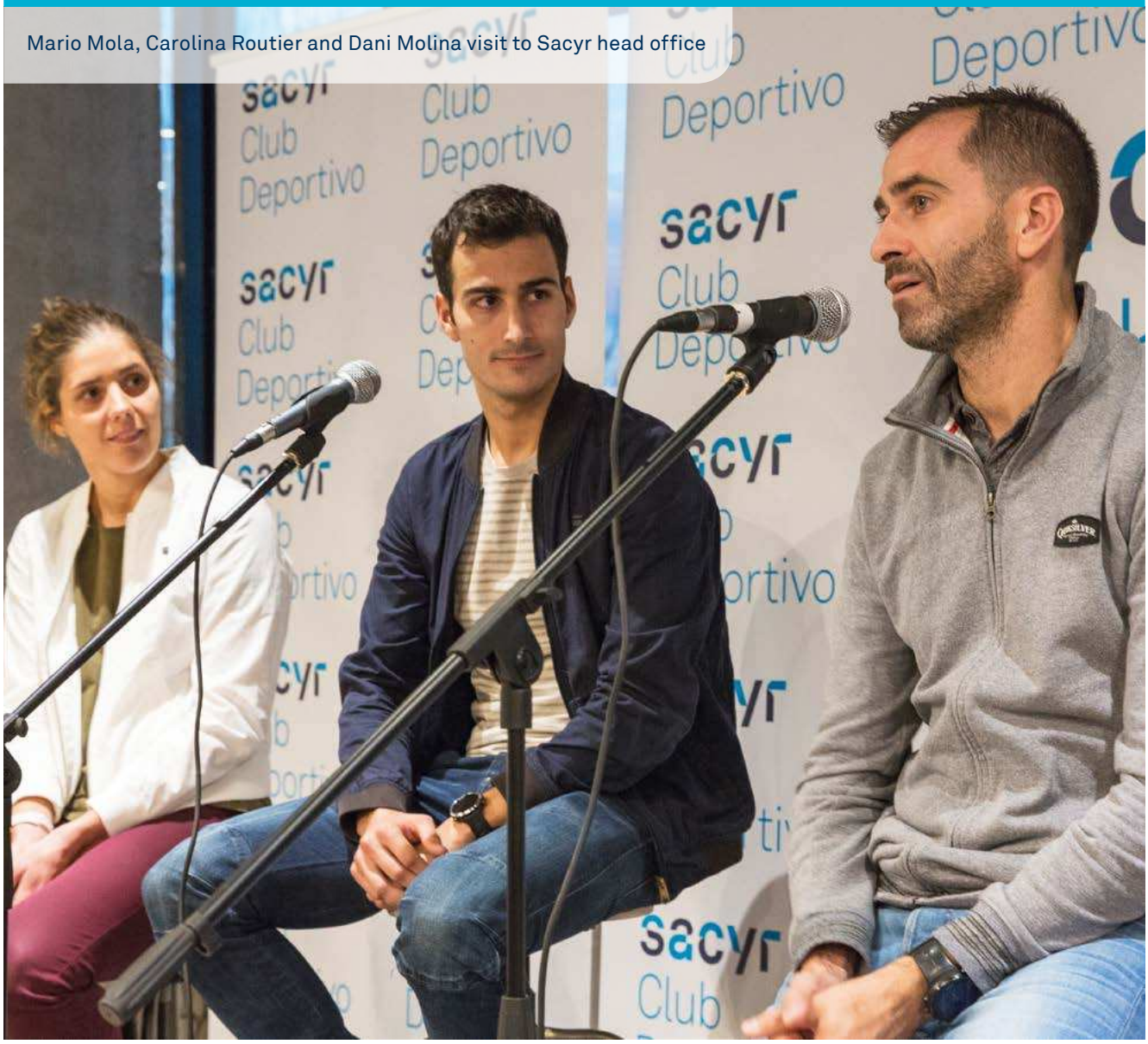
Sacyr Sports Club mountain bike expedition, Spain

+650 participants

+50 activities carried out

The goals of the Club are the promotion and practice of physical and sports activity, both in teams and individually

Mario Mola, Carolina Routier and Dani Molina visit to Sacyr head office



6.3. Sacyr Maintenance

Its main activities are the maintenance and operation of roads, ports, airports, dams and canals

In its maintenance function, the main operations that it carries out are maintaining all infrastructure components in perfect operating condition, carrying out conservation, operation and maintenance of roads, ports, airports, dams and canals.

In order to provide full-service maintenance, we have the latest materials and machinery:

- Winter maintenance simulator
- Dron for infrastructure inspection
- 98 winter road maintenance trucks
- 56 trucks for conservation operations
- 25 truck cranes, including 8 rescue teams for heavy 35 t drag
- 9 sweeper trucks
- 8 ambulances
- 8 automatic horizontal signaling machines
- 1 acrylic marking truck
- 3 telescopic cranes
- 3 motor graders
- 5 loaders
- 20 backhoe loaders
- 10 mini-excavators
- 8 brushcutter tractors
- 17 pole-driving machines
- 2 elevating platforms
- 1 hot recycling equipment
- 1 joint sealer

+1,700	+11,500	5	+140	Port
Employees	Km of roads	Dams	Km of irrigation channels	of Bilbao

Seal of Innovation Excellence, the highest distinction (ORO) granted by TÜV Rheinland Ibérica Inspection.

Certification of the R&D&I management system pursuant to UNE 166002

Maintenance and conservation works

Ruta del Limarí. Chile

Innovation

- 34 lines of research in 25 projects and 2 registered patents.
- 15.4 M€ of financing.
- Participation in Consortium aimed at optimizing the complete cycle of road management and its interaction with users, providing a essential technological leap towards Vision 0 (0 deaths, 0 injuries, 0 withholdings and 0 emissions).
- Creation of the first start-up for training and evaluation of drivers of winter maintenance. Snowplough truck simulator of high performance.
- Development and commissioning of a system anti-trapping to improve the conditions of during conservation operations.
- Development and commissioning of the first “serious game” for the training of workers of the infrastructure conservation sector.
- Participation in the first innovative public purchase of the Ministry of Public Works.¬ Development and commissioning of the first system of the world for the thawing of vials based on the use of inert gases as a vector fluid in geothermal installations.
- Development and commissioning of a system capable of predicting the life span of large structures (bridges, viaducts and slopes) through evolution of its vibrations by its own atmospheric variables (without artificial excitation).

Noteworthy wins:

- Conservation and maintenance for the León-Campomanes section of the AP-66, Autopista de la Plata. This 6-year contract is worth 10 million euros.
- Conservation and maintenance of the Victoria – Eibar (Álava) section of the AP-1 toll motorway. This 8-year contract is worth 8 million euros.

- Operation and maintenance, on behalf of Sociedad Concesionaria Valles del Bío-Bío in Chile. This 30-year contract is worth 106 million euros.
- Operation and maintenance, on behalf of Sociedad Concesionaria Rutas del Desierto in Chile. This 30-year contract is worth 57 million euros.
- Operation and maintenance, on behalf of Sociedad Concesionaria Ruta del Limari in Chile. This 4-year contract is worth 9 million euros.
- Conservation of Global Mixta motorways in the province of Ranco, in the Los Ríos region (Chile). This 4-year contract is worth 8 million euros.
- Management and conservation of a 380-km long link road in Peru. This 3-year contract is worth 7 million euros.
- Management and routine conservation of a 254-km long link road in the Cusco Region of Peru. This 3-year contract is worth 6 million euros.
- Conservation of Global Mixta motorways in the province of Valparaíso, in the Valparaíso region (Chile). This 4-year contract is worth 5 million euros.

How do we create value in the communities where we operate?

With all conservation contracts, the entire workforce must live near the conversation site and, as such, the workforce is hired locally. Also, the company pays taxes on economic activities to the local councils; and we tend to outsource smaller jobs to local companies.

Future challenges

We remain committed to improving our activities and services in order for the company to be the sector leader and experience sustainable growth over time.

Short term:

- Increase our presence internationally.
- Consolidate the company as the fourth largest Spanish company in maintenance services.
- Increased commercial presence at the national level.
- Consolidate the market in Peru.

Medium term:

- Creation of structure in Peru, Colombia, Uruguay and Paraguay.
- Become a benchmark in maintenance in Chile.
- Enter the British market.
- Creation of new offices in Spain (Eastern office).

Long term:

- Opening new lines of business.

How do we face these challenges?

- Through concessions, and by leveraging synergies to open new markets in the countries where we have implemented our business.
- Increasing business figures by diversifying works and opening new business lines with growth potential.
- Increasing contracts at national level by enhancing commercial action (Business Development Director).
- Consolidate our position in the countries where we already operate and open new markets, mainly in LATAM.

6.4. Local communities

At Sacyr, we are concerned for the communities where we work and live

Sacyr helps to generate sustainable value in the communities where it operates by carrying out its activities and promoting sustainable initiatives. Activities that we structure around maintaining the best relations with different social agents, users of infrastructures, communities in the area of influence of projects, municipal authorities and educational institutions, amongst others.

(102-12)

Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are challenges to be addressed prior to 2030 to put an end to poverty, protect the planet and guarantee peace and prosperity for all nations.

These **17 SDGs, with their 169 milestones**, represent a spirit of collaboration to be adopted by all the world's governments, based on their own priorities and that will guide them to choose the best options in order to improve the life of future generations in a sustainable manner.

At Sacyr, we have joined this initiative and the SDGs are part of our new CSR policy.

For the table of Sacyr group contribution to the achievement of the SDGs, see Appendix VI

United Nations Global Compact

In 2007, Sacyr adhered to the Global Compact, an ethical commitment promoted by the United Nations to create corporate citizens that make it possible to reconcile corporate interests and processes with the values and demands of civil society.

In becoming a signatory of the Global Compact, the Group undertook to support and implement the ten ethical principles underpinning the initiative, which are based on universal declarations and conventions and encompass four areas: human rights, labour, the environment and anti-corruption.

This commitment is specified in our Code of Conduct and forms part of our Basic Ethical Principles.

We are proud to support and make the difference in our communities

PRIOR CONSULTATION OF INDIGENOUS COMMUNITIES

Due diligence in the consultation process with ethnic communities present in the Rumichaca Pasto road link (Colombia) made it possible to identify the potential impacts that the project may have on the region; to this end, any impacts that cannot be prevented, corrected or mitigated must be offset through the different measures established, which for the large part were agreed with each of the ethnic communities, with the Prior Consultation Directorate at the Ministry of the Interior serving as the guarantor of the process.

Respect for human rights

(103-1) (103-2) (103-3) (406-1) (408-1) (411-1)

The 10 principles which are basis of this Code of Conduct, include those referring to human rights and employment, and we respect them wherever we operate. They apply to all subsidiaries, or companies in which we are a majority shareholder, over which Sacyr exercises effective control, directly or indirectly.

Furthermore, Sacyr group provides the necessary resources to ensure compliance with the provisions of the ILO, particularly those related to under age workers, and assumes the commitment to developing their business and professional activities in accordance with the effective legislation in each of the locations where it operates, and promotes and drives this recognition and respect among contractors, sub-contractors and suppliers.

(102-9) (103-1) (103-2) (103-3) (408-1) (409-1)

In 2014, the Sacyr group signed a Framework Agreement with the International Federation of Building and Wood Workers and Comisiones Obreras (CC.OO.) of Construction and Services and UGT - MCA (decent wage, non-discrimination etc.). This agreement is based on the joint commitment of the signatories to respect and promote the principles defined in the Universal Declaration of Human Rights, the Tripartite Declaration of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Companies, and the United Nations Global Compact.

RECRUITING LOCAL LABOUR

The Concessionaire Vial Unión del Sur agreed to different employment quotas with each of the ethnic communities in response to the "change in employment dynamics" impact. Below is a list of the recruitment status of ethnic communities in 2018:

INDIGENOUS COMMUNITY	COMMITMENT LABOUR RELATIONSHIP CONSULTATIVE PROCESS
San Juan Indigenous Reservation	35
Aldea María Indigenous Council	35
Iles Indigenous Reservation	20
Montaña Fuego Indigenous Council	20
Tangua Indigenous Council	20
Catambuco Indigenous Council	15
TOTAL	145

Through this agreement the following guidelines are established:

1. Freedom of association and the right to collective bargaining is respected

All the workers have the right to set up and join trade unions if they choose to.

2. Employment is freely chosen

There is no forced, bonded or involuntary prison labour.

3. Non-discrimination

All workers will have the right to equal opportunities and treatment without consideration of their ethnic origin, religion, political views, nationality or social origin (ILO Conventions 100 and 111).

4. Protection of migrant workers

Migrant and expatriate workers enjoy the protection and conditions established by the existing national legislation. Agencies that send workers to other countries will be required to repatriate these workers when their employment terminates.

5. Child labour is not used

Child labour shall not be used. Only workers above the age of 15 years, or over the compulsory school-leaving age, if higher, shall be employed (ILO Convention 138).

6. Living wages are paid

Workers shall be paid wages and benefits that must conform, at least, with the conditions of the national legislation or the collective bargain applicable to the sector or industry in question.

7. Hours of work are not excessive

Hours of work shall be in accordance with national legislation and national agreements. All workers shall receive, a minimum of one day-off per week or its equivalent if an irregular working time distribution is

the case, always as permitted by the valid legislation of each country.

8. Health and Safety of the workers

A safe and healthy working environment shall be provided.

9. Workers' welfare

At every work place the company shall provide adequate facilities for the provision of work.

10. Specialised training

SACYR, S.A. undertakes to provide the means to contribute to learning and training of its employees and to update their knowledge and skills.

11. Employment relationship

SACYR, S.A. will respect obligations towards all the workers established under the labour and social security laws and regulations and the regulations relating to the employment contract.

The Conduct Hotline is the mechanism for accessing help, or whistle-blowing channel, made available to deal with any Code of Conduct related question or issue and, in general, together with the Regulatory Compliance Model and through which any breaches or risks relating to the guidelines and behaviour regulated by the Code of Conduct or the Regulatory Compliance Model can be safely reported.

(102-17) (406-1)

Suppliers are a strategic part of Sacyr's performance and, therefore, when contracting their services, we assess the extent to which they are aligned with our ethical values and regulations and promote their adhesion to them.

Regarding the management of human rights-related risks, in the risk maps (operational and criminal) all existing risks have been identified (which are managed via the control procedures established to mitigate them), which also include those related to human rights in the company's actions.

(102-15)

Social cashflow

Sacyr helps the communities where it operates to develop economically and socially, by means of a solid business model. The generated economic value has made it possible to distribute wealth among our key stakeholders. In 2018, the economic value distributed was 2,714 million euros.

SACYR GROUP (MILLION EUROS)	2018	2017
Operating cash flows	412	292
Disposals	48	69
Cash flows from dividends	115	106
Cash flows from financial assets	2,013	3,322
Economic value generated	2,588	3,789
Economic value retained	126	1,495
Payments for investments	1,160	379
Financial payments	1,495	1,915
Payment of dividends	59	0
Economic value distributed	2,714	2,294

CITIZEN OVERSIGHT COMMITTEES

We have opened up spaces to allow residents in towns and cities within the area of influence and as part of this initiative, **in June, in El Carmen de Bolívar, the Citizen Oversight Committee was set up**, which monitors and oversees the execution of our Project. With this group of citizens, we have visited the works and socialisation projects that we manage.

Citizen Oversight is understood as the **democratic mechanism of representation** that allows citizens or different community organisations to oversee public management in terms of the authorities, administrations, policies, elections, legislation and control bodies.

Projects with communities

Sacyr group establishes different communication strategies with its interest groups through the mass media (radio, television and press), the use of social networks and the Group's websites. And a more customised strategy aimed at the users of infrastructures and communities in the projects' area of influence and through leaflets, meetings and our community outreach offices.

Road surveillance vehicles that travels the entire length of the road without stopping

24 hours a day
365 days a year.

Garage vehicles that provide mechanical assistance to users who require it. In 2018 we handled:

+6,300 calls
+2,650 mechanical services.

Lightweight cranes to transport all kind of vehicles. In 2018 we handled:

+2,000 crane services.

Ambulances to respond to accidents and users in need of them. On staff there is one doctor, one nurse and one paramedic driver. In 2018, we responded to:

+450 accidents.

+349 community services with the concession's ambulances.

+688 ambulance services.

FREE SERVICES

To monitor the road and the response to incidents, accidents and emergencies, **Concesionaria Vial Montes de María and Concesionaria, Unión del Sur and Río Pamplonita** (Colombia) have two Operations Bases. Each is equipped as follows:

Challenges:

- **To define** the strategy for our relationship with the communities in the area of influence of the road project, based on an analysis of impact, influence, interest and expectations.
- **To identify, prioritise and characterise** the following groups: authorities, employees, suppliers and associations.
- **To consolidate** a comprehensive relationship strategy that contains all of our stakeholders by setting goals, initiatives, communication channels and monitoring indicators.

The greatest challenge faced by large infrastructure development and road construction projects is social legitimacy. They must integrate legal compliance with regulations, obligations and the requirements in the concession contract with the interests of the affected groups in the project's area of operation as well as their contribution to the region's sustainable development in the context of full respect for human rights.

In line with this challenge and through the **Corporate Social Responsibility Plan**, the 2020 Global Business Plan, we orchestrate our contractual social management programmes with the environmental demands of road projects and based on our Comprehensive Management System. This plan is aimed at implementing the best organisational practices to generate sustainable development. Therefore, the corporate social responsibility elements have considered international standards such as the Equator Principles, ISO 26000, GRI standards, AA 1000 accountability standard and the Sustainable Development Goals.

We generate sustainable development for society

SOCIAL DONATIONS

With a view to ensuring the welfare of children and residents in the areas surrounding the **Montes de María** road link (Colombia), the concession managed social donations to educational institutions located in the area of influence, initially identifying the educational institutions with the greatest needs in terms of improving the learning conditions of students. **Three social donations were made in 2018** to Institución Educativa Candelaria, Sede Santa Rita, Centro Educativo Todo Sonrisa and Centro Educativo San Francisco, Sede El Campin, consisting of the donation of sports equipment so that students are able to participate in physical education to the fullest of their ability, promoting and supporting learning and the improvement of health.

Faced with challenges derived from the interaction of different groups in our globalised world, all organisations need to work with others and depend on them to achieve their strategic goals. As a result, appropriate management of the relations between the company and its stakeholders is a key factor of business success insofar as it facilitates sustainable organisational operations and generates aggregate value for the stakeholders.

Given this challenge, we have defined a stakeholder relation model with the main aim of strategically administering our interactions with stakeholders so as to consolidate the trust-based relationships and social legitimacy of our operations.

(102-11)

Consequently, the relation strategies we are currently defining with each of our stakeholders stem from an exhaustive analysis of the impact of our activities on each of them, their interests and expectations vs. how this impact is managed, their influence on the organisation or other stakeholders and the type of initiatives we have developed to manage our relationship with them.

OUR COMMUNITIES IN MEXICO

- Sacyr Foundation and Síndrome de Ondine A.C., have entered into a collaboration agreement to investigate the cure for Congenital Central Hypoventilation Syndrome (CCHS). Sacyr Foundation will make a financial contribution to cover the foundation's activities, and will also promote and monitor the CCHS investigation programmes in the dissemination of useful information to families who suffer from this illness and society as a whole.
- Support to “Fundación Quinta Carmelita, I. A. P.”, which has 31 years of experience in children's rights, in particular those lacking parental care, through the promotion of their right to live in a loving family, through family reintegration or adoption.
- Dignifica tu Vida I. A. P. Donation of 900 kg of paper, which have been sold in order to purchase school equipment for children with limited resources as part of the “mochila completa” programme.

Training, education and raising of awareness among the community affected by the projects

In the context of our commitment with the social and environmental circumstances, we have created a training and awareness programme for communities that allows them to gain deeper knowledge of the importance of the environment, their role in maintaining neighbourly relationships with other individuals and their active role in the decisions and activities that impact the region's growth and development.

TRAINING ON SAFETY AND THE ENVIRONMENT

Convial Sierra Norte

Awareness raising on road safety and care for the environment in the area of influence of the **"Carretera Longitudinal de la Sierra"** Section 2 concession project, entrusted to Convial Sierra Norte (Peru).

As part of its commitment to residents and in order to create a culture of responsible use of roads, the Convial Sierra Norte concession operator held **31 talks** on road safety and caring for the environment **at more than 3,500 schools** in the Cajamarca and Libertada regions in 2018.

To this end, we carried out the following activities in 2018:

- Diagnosis of the training needs to then draw up a training plan with the communities and educational institutions.
- Environmental training generating knowledge about this subject and led to the creation of school groups called "Environmental Guardians", which look after the surroundings and environment.
- Seminars have been imparted on Social Control, Governance for Peace and Human Rights through an agreement with the Higher School of Public Administration.
- Implementation of four inter-institutional agreements with SENA, ESAP, EMAS and the DITRANS police to develop training sessions. Also, training sessions on healthy life styles for older people on the road link, in coordination with EMSSANAR and Instituto Departamental de Salud.

We generate wealth wherever we develop our projects. We create economic and social value

SOCIAL FEES AND PROCEDURES IN THE EVENT OF DEFAULTS

At Sacyr, we wish to help achieve the 6th Sustainable Development Goal, Water, through our water resources management activities and our **Corporate Social Responsibility** policy.

We are aware that in the places where we carry out our activities access to drinking water and to sanitation services is possible thanks to the infrastructure put in place by the governments of the contracting countries; however, even in developed countries, there are groups that are impoverished and at risk of exclusion and that lack the economic resources to gain access to water.

For this reason, in all the services managed by **Sacyr Water**, we analyse, in particular, cases of users who have the intention to pay but who have short-term difficulties in doing so, and we postpone the suspension of the service or reach agreements on partial payments, and thus finance their debts.

These are some of the 2018 social actions:

- **Valdáliga**

  50% rebate to families with income below the national minimum wage (two and one-half times the national minimum wage in the case of large families).

- **Las Palmas de Gran Canaria**

  When more than four persons live in a housing unit, raising the second consumption block by 7 m^3 in each two-month period, for each person above that number.

- **Santa Cruz de Tenerife**

  Average rebate of 25% on the two highest consumption blocks for large families.

  Agreement with the city government to not suspend the supply/reconnect the service for users who the Council of Social Affairs considers to be at risk of social exclusion.

6.5. Sacyr Facilities

Sacyr Facilities, a company in the Sacyr group, specialises in providing facilities services: premise maintenance, cleaning, auxiliary services, energy services and social services.

17,912
employees (+7.88%):

345
million euros
in contracts

Revenue:
+382
million euros (+14%)

Backlog: **+1,190** million euros

"The largest figure in the company's history" for the second consecutive year

Development of New Services

In recent years, Sacyr Facilities has maintained a very high rate of growth while remaining committed to searching for new businesses that will allow us to offer more comprehensive solutions to our customers.

This growth led to the creation of Sacyr Social, which performs services for different groups that are in a situation of dependency (senior citizens, minors, the physically or mentally disabled) and which in just a few years has become one of the main providers in this sector in Spain.

Sacyr Social provides home help services to more than 35,000 people in Spain (Madrid, Barcelona, Albacete, Ávila, Burgos, Valladolid, Segovia, Zamora, Lugo, Ferrol, Orense, Eibar and Lasarte), positioning it as the third largest company in the sector. Furthermore, it manages 32 centres across Spain, including residential and day centres, assisting more than 1,500 users.

Another, more recent example is the clear and decisive commitment to energy services.

In the **international arena**, the "oil stain" growth strategy designed for Chile has been a success, with major contracts being won. These include: the cleaning and maintenance of two lines of the Santiago de **Chile** Metro. The service includes the cleaning of 32 stations, inter-modal terminals, workshops, tracks and trains.

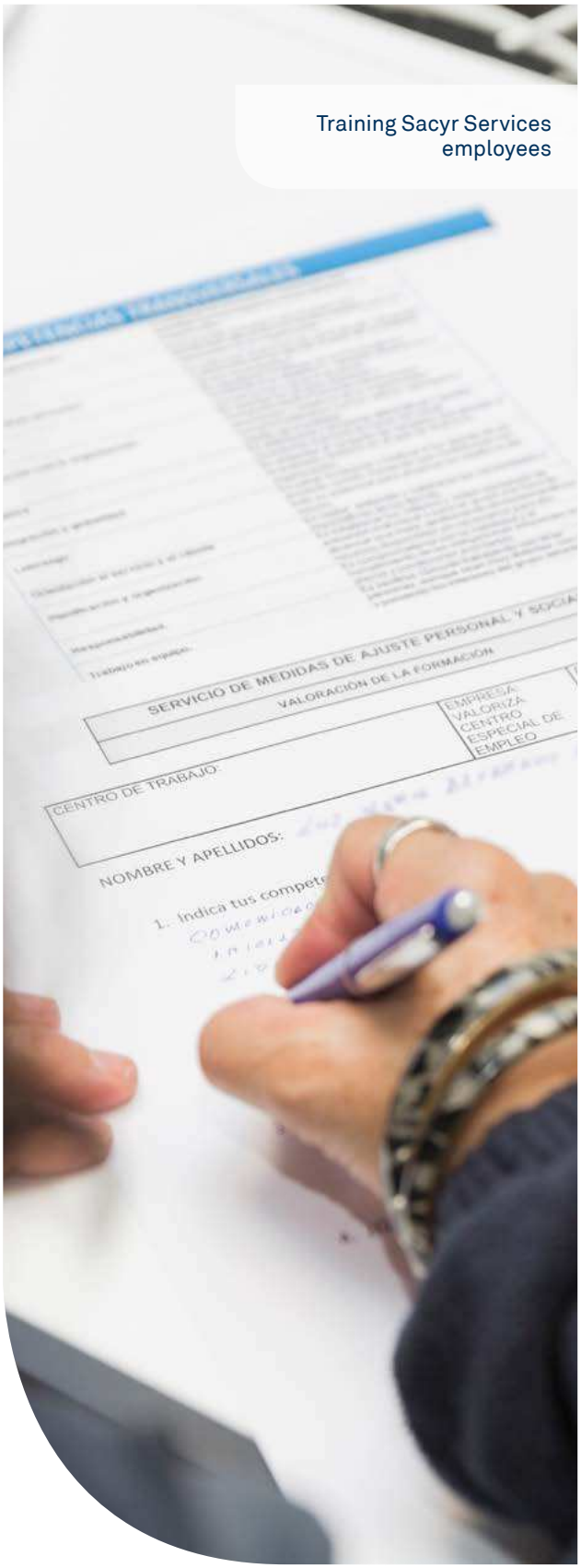
Also in 2018, we began operations in Mexico, taking advantage of the allocation of the concession agreement for Hospital de Tláhuac in Mexico City, owned by the ISSSTE (National Institute of Social Security and Social Services for Workers) to Sacyr group. At this Hospital, expected to be commissioned in 2020, with more than 250 beds and a constructed area of more than 24,000 m^2, we will provide all non-medical services: cleaning, facilities maintenance, fixtures and medical and general equipment, patient and employee catering services, security, laboratory and blood bank, hemodialysis, sterilisation and pharmacy services, among others.

SACYR FACILITIES WINS 2018

Chile	€ million
Cleaning and maintenance of lines 2 and 6 of the Santiago de Chile Metro. **Term of 42 months.**	26
Spain	**€ million**
Cleaning of stations on lines 3, 6 and 11 of the Metro de Madrid. **Term of 4 years.**	34
Cleaning service for buildings, premises and offices located in the Region of Madrid, the Ministry of the Presidency, Relations with the Cortes and Equality and the Ministry of Justice. **Term of 3 years.**	17
Cleaning of the internal and external installations of buildings belonging to the Department of Health of the Generalitat Valenciana (Valencia regional government). **Term of 2 years.**	15
Cleaning of the buildings, facilities and outside spaces of the University of Castilla La Mancha. **Term of 2 years.**	9

SACYR SOCIAL WINS 2018

Spain	€ million
Home help services to dependent persons in the Region of Madrid. It serves over 4,600 users. **Term of 2 years, extendable for a further two years.**	56
Home help service in the provinces of Valladolid and Ávila. **The concessions have a 3 and 2 year term, respectively.**	30
Home help service for Barcelona City Council. **Term of 1 year.**	16
Management of the “Nuevo Versalles” old-people's home and day centre in Fuenlabrada (Madrid) **Term of 3 years.**	9
Home help services to dependent persons in the province of Burgos. **Term of 1 year.**	4



Training Sacyr Services employees

SIGNIFICANT EVENTS

- In meeting the objective of increasing the Company's operating income, **in 2018 various actions were continued in** three different areas: **Systems improvements, process optimisation, and loyalty and training of people**.

FUTURE CHALLENGES

The key objectives we have set ourselves for 2019 are as follows:

- Improvement of the operational results of the company, through the triple set of measures begun in 2017: Systems, processes and people.
- Write-off plan or termination of unprofitable contracts.
- Maintain the level of contracts awarded in the domestic public sector.
- Increase commercial activity in the private sector.
- Continue to expand our business in Chile and Mexico.
- Enter new markets:
  United States, Canada, Portugal, Colombia.

valoriza centro especial de empleo

Committed to social inclusion

A key centre for the occupational integration of people with disabilities

VALORIZA SPECIAL EMPLOYMENT CENTER

Valoriza Special Employment Center is a multiservices company in the Sacyr group that has employed people with disabilities since 2016 and which currently has a staff of 153 people, 90% of whom have some form of disability.

Special employment centres, companies at which disabled people make up more than 75% of the workforce, work to bring vacancies and people together, responding to the needs of both and under the principle that "all disabled people are capable of working"

6.6. Human capital

At Sacyr, we are committed every day to our employees, offering them the opportunity to grow as people and professionals, to developing their skills and promoting diversity

At the Sacyr group, we have more than 37,700 direct employees throughout the world, in our workplaces, engineering and infrastructures works, concessions, industrial projects and our broad network of services.

Our employees are the foundation of the Sacyr group. The key for the success of our activities and projects is to attract, develop and retain the most talented professionals.

Our workforce is made up of persons with a high degree of commitment to a job well done. The diversity and excellence of our work teams are the source of the development of the best services and constructions, and this comes from their application of their knowledge and transmission of the values of the organisation when carrying out their work.

These differences help us remain more in touch with the needs of our projects in all the countries where we have a presence.

Description of the workforce

Our success is based on the dedication and technical experience of our employees. We do our utmost to attract and retain the best. To this end, we offer them secure and attractive positions, opportunities for development and comprehensive training and a human resources policy oriented to the long term. We also have a variety of measures to allow employees to balance work with private life.

(103-1) (103-2) (103-3)

The Sacyr headcount in 2018 was 37,730 employees (consolidated average headcount). Numbers were up by 24% compared to the previous year. Of total staff, 18,658 are men and 19,072 women.

(102-8) (405-1)

At Sacyr, 74 % of the total work force is employed in Spain, although the Group also has a large number of employees in Chile, Colombia, Peru, Italy, Portugal and Mexico, among other countries.

At 31 December 2018 the Sacyr headcount was 42,824 active employees. Of total staff, 21,724 are men and 21,100 women.

(102-8) (405-1)

Recruitment

We invest in continually attracting and training talent. This allows us to ensure that our human resources needs are met in a volatile environment. The Sacyr group's comprehensive package encompasses a series of measures from professional training to high-potential programmes for managers.

In this regard, performance evaluations were carried out for 3,259 employees, of which 68% were men and 32% were women. These figures, by professional category, are broken down as follows: 0.2% senior management, 2.5% management, 23.7% middle management y 73.6% technical personnel.

(404-3)

The Talent acquisition at Sacyr is carried out through transparent, confidential and rigorous processes, which guarantee respect for the principles of equality and non-discrimination. Under a Global and shared methodology and model to the Group.

These procedures include objective tests to exclusively assess the merits, qualifications and skill profile of each candidate in order to optimise the job-person match.

The Sacyr group selection processes are governed by the Smart Recruiting Model (SmartRec). SmartRec is a talent attraction, recruitment and assessment methodology developed by Sacyr during 2017.

This methodology aims to:

- Homogenise, provide rigor and objectivity, and optimise the efficiency of selection processes at global level (all businesses and all countries).
- Base the fundamental operating principles in the field of talent acquisition on diversity and equality.
- Provide those managers who need to recruit personnel with the necessary tools to make an appropriate choice of people for their team.

Training

(103-1) (103-2) (103-3) (404-1) (404-2)

Through our training model we want to guarantee the permanent development of our employees, globally; aligning training with the needs generated by business strategies, within the framework of a business culture of innovation, integrity and excellence. The intention is for our employees to secure a rapid, accessible training CV through the online training tool “My virtual point”, on all professional training programmes in the areas of business in which Sacyr group business and management models operate, and in all countries in which we work.

The deployment of all kinds of training initiatives, underlines Sacyr group's commitment to enhance the skills and abilities of its employees, optimising their performances and boosting their levels of competitiveness. This also helps attract and retain talent.

TRAINING HOURS BY GENDER:

	2018	2017
Men	142,533	82,103
Women	58,683	49,938
TOTAL	**201,216**	**132,041**

HOURS OF TRAINING BY STAFF CATEGORY*:

	2018
Manager	4,702
University graduate	68,800
Intermediate qualifications	29,990
Non-qualified technicians	24,077
Administrative staff	8,117
Other	65,530
GENERAL TOTAL	**201,216**

* Data for 2017 not available due to reclassification of job categories

Given the recent technological breakthroughs in the areas of our business activities, as well as wide-ranging changes in the labour market, the ongoing training of our employees is increasingly important. Our training courses attempt to cover the existing needs in this field by promoting the individual strengths of our workers, and among them our senior managers. For example, the executives management plan includes languages courses among others.

HOURS OF TRAINING BY CONTENT AREA

Our training model is structured into 5 main "Schools" or Content areas.

- **Skills development centre (COM).** Training in skills and attitudes that translate into critical, observable and measurable behaviours that drive the success of the people who make up Sacyr.
- **Language school (IDI).** As part of Sacyr's strategic plan, it establishes expansion and international positioning, as one of its key objectives. To undertake this process with complete confidence, a critical element is to be able to rely on teams of professionals capable of communicating and carrying out their activities in various languages.
- **Functional skills (FUN).** Transversal training programmes to all business lines in subjects like: Finance, personal data protection law, Legal, Compliance, office IT, induction of new entrants and so on.
- **Technical schools (TEC).** 4 technical schools: Engineering and Infrastructures, Concessions, Industrial and Valoriza. Specific training programmes with a high technical component aimed at boosting the income of the business.
- **ORP school (PRL).** Classroom, online and distance training, to provide the knowledge, abilities and attitudes in relation to ORP.

COM

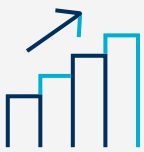
19,425

10%

TEC

54,890

27%



FUN

41,086

20%

IDI

44,473

22%

PRL

41,342

21%

We carry out both external and internal (71% hours of training), the latter at the hands of our expert employees.

In 2018, we addressed several training itineraries whose characteristics justify that they be specified here:

Sacyr Skills

1. Skills Programme

During 2018 we continued to roll out our Skills Model, having produced various training programmes to develop the following skills.

SKILL GROUP	
Internal Communication	Technicians
Email Usage	Support
How to give bad news	Managers
Effective Presentations	Technicians

Blended methodology:

- Online: 6 hours.
- Classroom: 2 hours in the School of Industrial Organization

Sacyr Construye Futuro

Sacyr Builds Future Program

Sacyr Builds Future is a programme of employer branding and attracting young talent that we develop in collaboration with the School of Roads, Canals and Ports of the Polytechnic University of Madrid.

The programme consists of a series of sessions through which participants can get to know both our Group in great detail, as well as the global role of the of the ICCP in our Organization.

During 2018 we have carried out the second edition of this programme, with 33 students of the second year of master's degree.

3. 2018 e-learning language course

Our e-learning programmes enable every employee to undertake training from anywhere at any time, at a pace that fully adapts to the employees' needs.

The "Learnlight" language programme consists of a study plan for each level with between 20 and 40 units structured and aligned with the Common European Framework of Reference for Languages.

Students also have access to a weekly magazine with entertaining and up-to-date content, which gives them the freedom to learn about the topics they like the most.

It is a global award-winning learning environment, used by 50,000 students in over 100 countries in the world.

4.Road to Health

During 2018 we have launched a program at My Virtual Point through which we offer our employees who so desire a series of tools and knowledge to acquire healthy habits and have a better quality of life.

Based on a microlerning modality, our employees have had access to different advice and information on food, wellbeing, sleep and sport.

Encouraging a work-life balance

We support our employees in their search for a healthy work-life balance. To achieve this, we offer a wide range of tools to make their work hours and workplaces more flexible and to help them with caring for children and other dependent persons who require attention.

(103-1) (103-2) (103-3)

Sacyr group has an action procedure in relation to the reconciliation of work, private and family life. To help achieve this commitment, the following improvements have been implemented:

- Flexible working hours

Employees enjoy a degree of flexibility in terms of their arrival, departure and lunch breaks. In this way, it seeks to make the working day compatible with other personal and family needs of workers.

- Shorter working day without breaks

Employees have a compressed working day from 8:00 to 15:00 every Friday of the year and over the summer months.

- Reduced working day for legal guardians
- Cumulative breastfeeding breaks
- Leave of absence

The initial text of Article 88 of Organic Law 3/2018 of 5 December on Data Protection and the guarantee of digital rights with regard to digital disconnection outside the workplace is an initiative with approximately one hundred articles to regulate the right to digital disconnection, in order to guarantee due respect for rest and holidays outside the legal working hours or the hours established in employment agreements, and also respect for personal and family privacy. The Sacyr group compiles data and promotes this initiative in all areas of internal employment regulations approved to this end in March 2017 concerning the Policy on working hours.

(103-1) (103-2) (103-3)

Sacyr Concilia

Programme that aims to undertake actions to improve employees' work-life balance:

- School Holidays

  On working days when there is no school, activities are organised for employees' children aged between 3 and 14. Since 2015, more than 1,300 children and more than 600 parents have benefited from this initiative.

- Availability of childcare options.

  There are agreements with various nurseries and schools. In addition, leisure activities are often provided for employees' children during the summer and Christmas holidays.

- Design/modification of the work calendar in line with the school calendar

Diversity and Inclusion

Equal opportunities and non-discrimination

Equality, social inclusion and diversity have important benefits for society, for the communities in which we operate, for companies and for the economy. Sacyr is committed to managing its human resources strictly on the basis of professional criteria, preventing all types of discrimination due to race, religion or beliefs, political or trade union views, nationality, language, gender, marital status, age or disability.

(103-1) (103-2) (103-3) (405-1)

Our employee hiring process begins with the Talent Selection Department filling in a form with the profile requirements. In this document, gender is not allowed to be included in candidate requirements.

Inclusion in the Thomson Reuters D&I Index. Signature of the Diversity Charter. Incorporation in the Corporate Development Programmes of activities to raise awareness on diversity issues

Before the selection process begins, salary range is assigned to the position which is defined by the job role. This salary range is maintained regardless of the gender of the final candidate receiving the offer. The guideline in all cases, from the Corporate Talent Acquisition departments, and from the different businesses and holdings, to the interviewers from the businesses, is that, on equal terms, preference should be given to hiring the gender with the lesser representation in the department, level of responsibility etc.

(103-1) (103-2) (103-3)

In 2016 the Sacyr group signed the **"Inserta" Agreement** with the ONCE Foundation, and it is still in force today, promoting training, employment and global accessibility for people with disabilities. Likewise, since its beginnings Sacyr has had a commitment to non-discrimination and the principles of equal opportunities, integration and respect for diversity. At 31 December 2018, Sacyr group employees with disabilities in Spain totalled 1,215[1].

(405-1)

The Sacyr group's corporate buildings always take account of universal accessibility for people, and all of them are accessible to the disabled or the elderly.

In early 2018 Sacyr approved the Group's **new Equality Plan** and the Equality Committee will ensure that the Sacyr group adheres to it.

In the same year it also approved the Group's **Diversity Plan**, with a number of activities representing Sacyr's commitment to diversity among individuals in the societies in which we operate. A commitment that is reflected by our signature of the Diversity Charter, as a group that promotes due observance of regulations in force with regard to equal opportunities and non-discrimination, and we also undertake basic principles such as raising awareness, promoting inclusion and encouraging a work-life balance.

We have participated in the Promotion Project ("Proyecto Promociona"), driven by the Ministry of Health, Social Services and Equality, that aims to build skills, both technical and women's leadership, in their rise to the top of the organisation.

The management of the company, and in particular the area of Compensation and Benefits, guarantees compliance with the confidentiality requirements and for the establishment of a remuneration policy with equal criteria, irrespective of gender.

1 In other countries of the group, disability data are not reported.

Equality training

Subsequently, as part of the Sacyr Group' Code of Conduct training programme, training was provided for a total of 2,297 trainees, over a total of 4,948 hours. There are sections covering equality and non-discrimination in this training. Therefore Sacyr is firmly committed to ensuring that all employees receive equal treatment at all Group companies.

(205-2)

In addition, those responsible for the talent acquisition processes have received specific training in equality.

Employee turnover, sick leave and absenteeism:

Sacyr considers the "turnover rate" to be the proportion of the workforce leaving the Company over a given period (month and year), which indicates the percentage of employees within the Group whose status changes as compared with the average headcount.

We consider that the reasons for of turnover are as follows:

- Voluntary departure by employees
- Leave
- Permanent disability
- Loss of temporary discapacity
- Retirement
- Death

Sacyr adapts to the conventional realities of the sectors in which it operates, and the following reasons are not considered "departures" in connection with the turnover rate: Contract termination - Subrogation - Consecutive changes

The information is calculated on a monthly basis by business units.

A annual breakdown of the data is made by gender, autonomous community, reason and age.

The highest turnover is recorded in the Services and Concessions divisions, due to the special circumstances of these business units.

Freedom of association and labour/management relations

Social dialogue is critical in achieving the ILO objective of promoting equal opportunities between men and women, to offer productive and decent employment, in conditions of freedom, safety and dignity. The Sacyr group supports freedom of association, union representation and collective bargaining among all its employees, pursuant to prevailing legislation in each country.

(103-1) (103-2) (103-3)

In 2014, the Sacyr group signed a Framework Agreement with the International Federation of Building and Wood Workers and Comisiones Obreras (CC.OO.) of Construction and Services and UGT - MCA (decent wage, non-discrimination etc.). This agreement is based on the joint commitment of the signatories to respect and promote the principles defined in the Universal Declaration of Human Rights, the Tripartite Declaration of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Companies, and the United Nations Global Compact. Among these commitments we wish to single out application of ILO Conventions 87, 89 and 98, focusing on ensuring freedom of association and the right to collective bargaining for our employees. The scope of application of the agreement affects the Sacyr group and all its subsidiaries, irrespective of the company in which they work, and therefore it applies to the entire Group workforce.

The 280 Collective Bargaining Agreements for various sectors and provinces lay down the working conditions for Sacyr group employees in Spain in 2018. 99.88% of the Group's employees in Spain are covered by Collective Bargaining Agreements, and there are no official employment agreements in other countries with a considerable number of employees. In any case Sacyr undertakes the commitment to adhere to any national legislation and/or agreements that may be applicable.

(102-41)

Celebration of International Women's Day

Social benefits

(401-2)

Sacyr currently has two policies taken out for employees that meet the following requirements: have an indefinite contract, are employees that cannot be subrogated, have been with the company for more than one year, belong to a technical or higher professional category, being the following:

- Private medical insurance: The Group has a private health insurance policy, with "a list of doctors", for employees that meet the following requirements: Have an indefinite contract with a salary of more than the minimum under the applicable collective bargaining agreement, employees that cannot be subrogated, that have been with the company for more than one year and belong to a technical or higher professional category or equivalent.
- Life insurance: The company offers life insurance for employees that meet the following requirements: Have an indefinite contract with a salary of more than the minimum under the applicable collective bargaining agreement and that cannot be subrogated. The insured capital varies depending on the following criteria:
  - Staff covered under insurance prior to 31/12/2016: The greater of the following capitals, whether 1.5 x the employee's fixed annual gross salary or €72,121.46.
  - New additions to insurance from 01/01/2017: The capital will be 1.5 x the fixed annual gross salary.

Tax benefits

Flexible Compensation Plan (Sacyr Flex)

Sacyr Flex is a programme that allows company employees that meet the following requirements to voluntarily and individually modify the structure of their current remuneration, by exchanging part of it for certain goods or services:

- Employees with an indefinite contract
- Employees that cannot be subrogated
- Employees whose tax residence is in Spain
- Employees that have more than 500 euros in fixed remuneration with regard to the salary set forth in the agreement
- Employees of joint ventures that are wholly owned by Sacyr may also belong to this group.

Personal income tax exemption for work carried out abroad

Article 7.p of the Personal Income Tax Law is currently applicable, which exempts income received for work effectively carried out abroad from taxation, when certain requirements are met, and when the services were rendered abroad for a minimum of 15 days per year.

7

Governance

Querétaro Regional Hospital. Mexico

7.1. General Meeting, Board and Committees

Governing bodies

(102-18) (102-19) (102-20) (102-22) (102-33) (405-1)

The Company's ultimate decision-making body is the General Shareholders' Meeting. It represents all Sacyr group shareholders, and thus all of its share capital.

At the General Meeting, the shareholders make decisions on matters placed within their review either by law or the Company bylaws, including, merely by way of example, the approval of the financial statements, the allocation of profit or loss and the approval of corporate management, as well as the appointment and removal of directors, amendments to the Company bylaws, and approval of the director remuneration policy.

(102-26)

In all areas other than those reserved for shareholders at the General Meeting, the Board of Directors is the Company's main decision-making body. The main responsibilities thereof include the approval of the Company's general strategies and policies.

Sacyr's Board of Directors had 13 members at 31 December 2018: 1 executive director, 5 proprietary directors, 6 independent directors and 1 non-executive director.

(102-27)

This composition ensures that the Board remains vigilant concerning profitability for all shareholders and monitors strict compliance with the company's strategy.

Executive directors include those that carry out management functions at the Company or its Group, whatever its legal relationship therewith may be. Nonetheless, directors that serve in positions of senior management or that are directors of companies belonging to the parent's Group shall be considered as proprietary directors at the latter.

Non-executive directors include all of the Company's remaining directors, which may be proprietary, independent or other non-executive:

- Proprietary directors are directors that have a shareholding greater than or equal to three percent of share capital, or that have been appointed due to their status as shareholders, even if their stake is less than this amount, and those representing this type of shareholder.
- Independent directors are directors that are appointed in view of their personal and professional characteristics, and can carry out their functions without being affected by relations with the Company, its significant shareholders or executives. A director with a shareholding in the Company may be considered independent when he/she satisfies all the legal conditions and, in addition, his/her stakeholding is not significant.
- External directors shall be considered as non-executive directors that cannot be considered as proprietary or independent directors based on the legally established requirements.

NAME	POST	REPRESENTATIVE	DIRECTORSHIP	REPRESENTING	% VOTING RIGHTS ATTRIBUTED TO DIRECT SHARES	% VOTING RIGHTS ATTRIBUTED TO INDIRECT SHARES	% TOTAL VOTING RIGHTS
Manuel Manrique Cecilia	Chairman and CEO		Executive		0.00	1.53	1.53
Demetrio Carceller Arce	First Vice-Chairman		Proprietary	Disa Corporación Petrolífera, S.A.	0.00	0.10	0.10
Isabel Martín Castella	Director		Independent		0.00	0.00	0.00
Grupo Satocán Desarrollos, S.L.	Director	Juan Miguel Sanjuán Jover	Proprietary	Grupo Satocán S.A.	0.00	0.00	0.00
Matías Cortés Domínguez	Director		Other external		0.00	0.00	0.00
María Jesús de Jaén Beltrá	Director		Independent		0.00	0.00	0.00
José Joaquín Güell Ampuero	Director		Independent		0.00	0.00	0.00
Prilou, S.L.	Director	José Manuel Loureda Mantiñán[1]	Proprietary		3.33	4.67	8
Cristina Álvarez Álvarez	Director		Independent		0.00	0.00	0.00
Grupo Corporativo Fuertes, S.L.	Director	Tomás Fuertes Fernández	Proprietary	Gr. Empresarial Fuertes S.L.	6.29	0.00	6.29
Francisco Javier Adroher Biosca	Director		Proprietary	Disa Corporación Petrolífera, S.A.	0.01	0.00	0.01
Augusto Delkader Teig	Director		Independent		0.00	0.00	0.00
Juan María Aguirre Gonzalo	Lead Director		Independent		0.01	0.00	0.01
Miguel Ángel Rielves Pilas	Non-Director Secretary						
Alfonso Aguirre Díaz- Guardamino	Non-Director Vice-Secretary						

The information contained in this section is that recorded at 31 December 2018, with the Spanish securities register and clearing house "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("Iberclear").

(1) José Manuel Loureda Mantiñán holds 49% of the share capital of Prilou, S.L. and Prilou, S.L. holds 86% of the share capital of Prilomi, S.L.

Construction of Torre Australis. Madrid

Significant shareholdings represented on the Board of Directors and included in the financial statements are as follows:

2018	
Concerted action (Disa Corporación Petrolífera, S.A. + Grupo Satocán, S.A.)	14.50%
Beta Asociados, S.L.	10.39%
Grupo Empresarial Fuertes, S.L.	6.29%
Prilomi, S.L.	4.67%
OTHER	64.15%
TOTAL	**100.00%**

(102-19) (102-20)

The Board of Directors' Regulations, which govern its organisation and functioning, provide for three committees to help it fulfil its duties:

- The Executive Committee, which is delegated all the Board's powers other than those reserved exclusively for the Board by law or by Company bylaws or the Board's own regulations.
- The Audit and Corporate Governance Committee, pursuant to recommendation 42 of the Code of Good Governance, which, in addition to the legal provisions, is responsible for the following functions:

1. With respect to internal control and reporting systems:

a) Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve

its priorities and work programmes, ensuring that it focuses primarily on the main risks the Company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the Company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the Company's risk and accounting positions.

e) Ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

- The Appointments and Remuneration Committee, which has the powers described in the Article 17 of the Board Regulations of Sacyr, in accordance with recommendation 50 of the Code of Good Governance, highlighting, among others, the following:

(102-24) (102-36)

a) Propose to the Board of Directors the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the Company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the Company.

d) Ensure that conflicts of interests do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

As set out in the Board Regulations, in general the Board delegates day-to-day management of the Company to executive bodies and the management team to enable it to focus on its general supervisory role.

At individual business level, it is the chief executive officers of the different business units who are responsible for day-to-day company management and, at the corporate level, it is the CEO with the assistance of the Management Committee:

NAME	POST/S	SENIOR MANAGEMENT
Manuel Manrique Cecilia	Chairman and CEO of Sacyr, S.A.	X
Rafael Gómez del Río Sanz Hernánz	CEO of Sacyr Concessions, S.L.	X
Pedro Antonio Sigüenza Hernández	CEO of Sacyr Construcción, S.A.	X
Fernando Lozano Sainz	CEO of Sacyr Servicios, S.A.	X
Gonzalo García San Miguel Rodríguez Alarcón	CEO of Sacyr Industrial, S.L.	X
Carlos Mijangos Gorozarri	Chief Financial Officer	X
Miguel Heras Dolader	Corporate General Manager	X
Pedro Alonso Ruíz	Communication General Manager	X

Digital Day at Sacyr

7.2. Good Governance practices

(102-5) (102-23) (102-34) (102-45)

For further information, see our website: www.sacyr.com or the CNMV website and download our Corporate Governance Report.

Our corporate governance practices are geared towards guaranteeing efficient governance of the Company, safeguarding the rights of all shareholders and ensuring maximum transparency in reporting the Company's operations and financial position.

Sacyr complies with all legally imposed corporate governance requirements and uses the recommendations set out in the Unified Good Governance Code issued by the Spanish Securities Market Commission ("CNMV") as its principal reference for best practices in its management tasks.

This structure is governed by internal regulations consisting of the company bylaws, the Board of Directors' Regulations, the General Meeting Regulations, and the Internal Code of Conduct, all of which can be consulted on the Group's website.

Sacyr chiefly complies with best corporate governance practices in the following areas:

- The Sacyr Bylaws do not contain any "poison pills" limiting the maximum number of voting rights that can be exercised by any one shareholder or any other type of restriction designed to block a potential takeover bid through purchase of shares on the market.
- Sacyr has increased its percentage of compliance with the applicable recommendations. Total compliance with Good Corporate Governance recommendations is 81.25%, up 20% year-on-year.
- Sacyr is aware of the importance of balanced participation of women and men in the Company's governance bodies, and to that end, the Board of Directors has approved a director selection policy which expressly aims to ensure that at least 30% of the total number of Board members are female by the year 2020. In this connection, female participation has progressively grown on the Company's Board of Directors. The increase in participation of female directors, at year-end 2018, compared to the previous year, was 15.93%.
- The Board of Directors at the Company has a balanced composition, with a significant majority of non-executive directors and a suitable balance between proprietary and independent directors, in compliance with Corporate Governance recommendation number 17. In 2018, to achieve this composition of directors, the Board at the Company agreed to complete and amend the "Director selection policy" approved in 2016, replacing the wording in force previously, with the "Director selection, appointment and re-election policy of Sacyr, S.A.", the objective of which is to ensure that the selection process and subsequent director appointment proposals are in line with the principles of transparency and objectiveness and that they are based on a preliminary analysis of the Board's needs, promoting the diversity of knowledge, experience and gender. This diversity among proprietary directors encourages a culture of mutual oversight that benefits all shareholders. There is also a vice-chairman, who is a non-executive proprietary director. Power is further decentralised through the Executive Committee, which is composed of five directors.
- By means of co-option, until their ratification and appointment by the 2018 General Shareholders' Meeting, the Board of Directors appointed three independent directors with the knowledge, experience and merits required to form part of the Board of Directors. These three new members of the Board replaced three proprietary directors who presented their resignation due to the reorganisation of this body. To this end, it has been

Sacyr 2018 Board of Directors

in connection with the independent directors that the Board of Directors and the Appointments and Remuneration Committee has had the greatest scope for action, taking into consideration the wider number of potential candidates to perform director duties. The Company has a "Diversity Plan", which is verified by the Appointments and Remuneration Committee.

- The Company's governance structure does not operate as a mere figurehead. In 2018 the various governing bodies were active in many genuine areas of the Group's operations requiring a total of twelve meetings of the Board of Directors, nine of the Executive Committee, twelve of the Audit and Corporate Governance Committee and seven meetings of the Appointments and Remuneration Committee.

(102-32)

- The Audit and Corporate Governance Committee (comprising four independent directors and one proprietary director) performs a wide range of functions that seek to enhance the transparency of corporate management, in addition to supervise the Group's corporate social responsibility plans and the Integrated Annual Report.

- The procedures for proxy voting at General Meetings have been broadened and improved, as have attendance procedures, with the introduction of remote appointment of proxies and remote voting through electronic and postal communications, and rollout of a shareholder e-forum.

- To help shareholders exercise their vote to the best effect, separate votes are taken at the annual general meetings on materially separate items, so shareholders can express their preferences in each case, notably on the appointment or ratification of directors.

International Women's Day

Good governance practices create value for our stakeholders

(102-28)

- The Sacyr Board of Directors takes steps to regularly check and assess the quality and efficiency of its own operation and that of its committees, based on reports prepared by the committees. The Appointments and Remuneration Committee also evaluates the work of the Chairman.
- The Board of Directors conducted a self-assessment of its functions in 2018 pursuant to current legislation, and it was found that these were efficient and of good quality.
- In 2018, a tool known as "Gobertia" has been rolled out that improves the efficiency of Board meetings and Committee meetings.
- The risk management and control policy is formally presented to and reviewed and approved by the Board of Directors.
- There is a Code of Conduct and the Regulatory Compliance Unit is the body responsible for its oversight and application for the Group as a whole.
- As part of the Code of Conduct, there is a Conduct Hotline, which serves two purposes: one for consultation, and another to report breaches of the rules set out in the Code of Conduct. The latter function ensures the confidentiality of the person reporting the breach and respect for the rights of the person reported.

(102-25)

- The Board of Directors' Regulations specifically govern the procedures for avoiding conflicts of interest within the maximum governing body. In this regard, directors are required to notify the Board of any potential direct or indirect conflict between their own interests and those of the Company. In the event of a conflict, the director affected shall restrain from participating and voting in the deliberations on the transaction to which the conflict relates.
- The Board Regulations also state that the Audit and Corporate Governance Committee is responsible for reporting information regarding transactions with Sacyr directors or related parties.
- The Internal Code of Conduct regulates management of insider information, significant events, transactions carried out on their own account by individuals subject to this code, and transactions involving treasury shares.

(102-21)

- The Board of Directors encourages informed participation by shareholders at the annual general meetings and is committed to taking all appropriate measures to ensure that shareholders participating in these meetings can carry out their work efficiently and in compliance with the law and Company Bylaws. In particular, the Board of Directors adopts the following measures:
  - Prior to the General Meeting, the Board shall distribute to shareholders all information that may be of interest and may reasonably be distributed, in addition to all the information that is legally required.
  - The Board shall respond, to the best of its ability, to requests for information made by shareholders prior to the annual general meeting.
  - The Board shall respond, to the best of its ability, to questions posed by shareholders during the annual general meeting.

7.3. Remuneration and incentives

The individual breakdown of the amounts received by directors for the exercise of their duties in 2018 may be found in the Annual Remuneration Report on our website (www.sacyr.com) and on the CNMV's website.

Directors' remuneration

(102-36) (102-37)

The remuneration system for directors acting as such requires that it meet the following characteristics:

- It must be in line with Corporate Governance standards and market circumstances based on the Company's characteristics and its business activities.
- It must provide incentives and compensate dedication, ability and responsibility, based on the positions and responsibilities assumed by each director on the Board of Directors and in its Committees.
- The directors acting as such should not receive variable remuneration, in accordance with recommendations on good corporate governance and the Sacyr remuneration policy.

Pursuant to the company bylaws, members of the Sacyr, S.A. Board of Directors are entitled to receive remuneration from the Company consisting of a fixed annual amount.

(102-35)

For 2018, remuneration accrued in favour of members of the Board of Directors was €5,072, that includes: (i) The gross amounts received by the directors, in their capacity as members of the Board of Directors and, (ii) The total remuneration of the executive director (fixed, variable and medical insurance) amounting to 3,756 (in thousands of euros). The total amount has been taken into account the remuneration of all the members of the Board during fiscal year 2018.

Total remuneration received by senior management (thousand euros) came to 3,297.

At the end of the year the Group had no commitments to members of the Board of Directors acting as such in respect of pension obligations, life insurance premiums or any share-based payments.

The executive director remuneration policy, therefore, is oriented towards generating value for the Company, with a view to bringing this aspect in line with the interests of shareholders, with prudent risk management and strict compliance with the regulations in force in terms of director remuneration.

The directors' remuneration system is aligned with Corporate Governance standards

Pedemontana-Veneta
Highway Works. Italy

7.4. Anti-corruption

Code of Conduct

(102-16) (103-1) (103-2) (103-3) (206-1)

The Sacyr group's Regulatory Compliance Model includes a Code of Conduct and it has established the Regulatory Compliance Unit as the body responsible for its oversight and application for the Group as a whole.

The Regulatory Compliance Model, including the Conduct Hotline, serves two purposes: one for consultation, and another to report breaches of the rules set out in the Code of Conduct and, in general, in the Regulatory Compliance Model. In addition to this, and as a sign of its commitment to prevent and act against possible sexual and workplace harassment, the Sacyr group has set up a second Hotline, in this case, a specific Hotline against Harassment that will coexist with the current general Hotline for Consultation and Complaint. The latter function ensures the confidentiality of the whistleblower and respect for the rights of the person reported.

The Board of Directors' Regulations specifically govern the procedures for avoiding conflicts of interest within the maximum governing body. In this regard, directors are required to notify the Board of any potential direct or indirect conflict between their own interests and those of the Company. In the event of a conflict, the director affected shall restrain from participating and voting in the deliberations on the transaction to which the conflict relates.

The Board Regulations also state that the Audit and Corporate Governance Committee is responsible for reporting information regarding transactions with Sacyr directors or related parties.

The Internal Code of Conduct regulates management of insider information, significant events, transactions carried out on their own account by individuals subject to this code, and transactions involving treasury shares.

Measures against corruption and bribery

(103-1) (103-2) (103-3) (205-1) (205-2) (415-1)

In 2015 the Sacyr group's new Code of Conduct was approved, bringing our commitment to good governance into line with the regulatory requirements and recommendations of the control and supervisory bodies. In July 2017, a new version of the Code of Conduct was approved with the purpose of including the Sacyr Foundation within its scope.

The Code of Conduct expressly prohibits any behaviour by its employees which could be considered to entail corruption or bribery.

All of the employees and members of the governing bodies of Sacyr group and Sacyr Foundation, as well as the joint ventures and companies over which it has management control, have been informed of the Company's policies and procedures to fight against corruption through our Code of Conduct and the circulars issued.

Among other provisions, the Code expressly prohibits Sacyr employees from offering any type of payment to illicitly obtain benefits, and from accepting gifts or any considerations that could compromise employees' objectivity or influence a commercial, professional or administrative relationship.

The Regulatory Compliance Unit, in coordination with the Group Internal Audit Department and other areas of the Group, is responsible for detecting and investigating any cases of corruption that may arise.

The Department has specific fraud-detection software and avails itself of external experts whenever necessary, and also deploys specialist personnel to prevent and detect any such instances.

Any signs of corruption are analysed in depth, and specific action is taken accordingly. In all cases the Department reviews and analyses possible solutions for the specific business procedure which did not serve to preclude corruption practices, and improvements are sought.

(102-17)

Any questions can be channelled through the following addresses:

- Money laundering prevention:
  sacyr.prevencionbc@sacyr.com
- Data Protection:
  lopd@sacyr.com
- Hotline against Harassment:
  denunciaacoso@sacyr.com
  General Query and Report Line:
  codigoconducta@sacyr.com

Various information campaigns were carried out internally during the year in relation to money laundering, the code of conduct and data protection:

The Code of Conduct expressly prohibits any behaviour by its employees which could be considered to entail corruption or bribery.

There is a Code of Conduct and a body responsible for oversight and enforcement throughout the Group

7.5. Risks

Due to its considerable international presence, the Sacyr group carries out its activity in a number of sectors, social and economic environments, and regulatory frameworks. In this context, the company is exposed to a variety of risks, inherent to the changing environment, affecting the businesses and sectors in which it operates.

Comprehensive Risk Management System (CRMS)

(102-15) (102-29)

Sacyr has established a comprehensive and ongoing risk management system, organised by business units and support areas at corporate level, and has a sound policy in place to efficiently identify, evaluate and manage risks in order to reasonably guarantee the efficiency and effectiveness of operations, reliability of information and compliance with legislation. This model is based on the international reference standard ISO31000.

The objective of the Sacyr group's **Risk Control and Management Policy** is to establish the scope, values, principles, governance model and operational bases of the comprehensive risk management system for the control and management of the risks inherent to Sacyr's business activities. This Policy is developed through the Risk Analysis Regulation (RAR) whose objectives are:

- Key business decisions to be taken, under a common risk culture, establishing a systematic and structured method of controlling and managing critical risks inherent to the Group's activity.
- Establish the process of risk identification, analysis, treatment, monitoring and control.
- Define the distribution of responsibilities in the above processes to ensure escalation in decision making to the appropriate level.
- Promote continuous improvement in business decision making.

The comprehensive risk management system is divided into six stages:

- **Planning:** during this phase, system management tools are deployed and the parties responsible and risk owners are designated for the lifespan of the project.
- **Identification:** this phase includes activities to identify the subrisks and critical risks associated with each major decision.
- **Assessment:** this phase includes activities to evaluate, in accordance with the scales defined, filter and prioritise the project's subrisks and critical risks.
- **Treatment:** the purpose of the activities carried out during this phase is to implement Mitigation Plans to reduce or eliminate exposure to risk before and after maximum tolerances are breached.
- **Monitoring:** this phase identifies new risks and appraises developments in existing risks, an assessment is conducted of the Mitigation Plans deployed, tolerances and risk assessment scales are calibrated, and Contingency Plans are implemented if the tolerances defined are breached.
- **Control:** this phase includes activities carried out by the Risk Management and Control Department throughout project lifespans in a bid to secure the lessons learned for continuous improvement of the System and its management.

Another fundamental pillar of the SGIR is the governance model that the Group has established to provide an integrated vision in the control and management of the Company's most relevant risks. The main company bodies responsible for the Sacyr's Risk Control and Management Systems are: the Board of Directors and the Audit Committee. In addition, the Risk Committee and the Risk Control and Management Department are executive bodies. The Annual

Corporate Governance Report details the functions of each of them.

It is the responsibility of the Board of Directors to formally approve the Group's Risk Control and Management policy. With the assistance of the Audit Committee, which supervises the Risk Committee, it oversees information and control systems. This guarantees the Board of Director's direct involvement in overseeing the risk identification process and implementation and monitoring of adequate control and information systems.

The Risk Committee is the most senior body responsible for Sacyr's risk control and management system and for all decisions associated with this. It is designated by the Company's chief executive and its functions include establishing risk tolerance

thresholds and defining and promoting a risk culture within the organisation.The Risk Committee is the most senior body responsible for Sacyr's risk control and management system and for all decisions associated with this. It is designated by the Company's chief executive and its functions include establishing risk tolerance

thresholds and defining and promoting a risk culture within the organisation.

The Risk Control and Management Department assists the Risk Committee and, with the assistance of the Control and Risk Management Departments of the Group's different business areas, it monitors risk assessments and supports the CEO and the businesses in taking critical decisions.

Additionally, the general objective of the Internal Audit Department, which reports directly to the Sacyr group Chairman and the Audit Committee, is the systematic assessment of the efficiency of risk identification, control and management procedures. To do this, an Internal Audit Plan is drawn up annually and submitted to the Audit and Corporate Governance Committee for approval.

Main risk factors

(102-30) (102-31)

The Group is exposed to a variety of risks inherent to the various activities, countries and markets in which it operates, for example, risks related to business environment, regulation, brand and reputation, human resources, operations, financial, information for decision-making, technology and IT systems, and good governance, etc.

The IRMS covers the Group's main risks grouped into several categories (strategic, reporting, regulatory compliance (including fiscal) and operational risks), to ensure that they are properly identified, evaluated, managed and controlled, as well as to facilitate the early involvement of relevant persons and bodies in key business decision making.

Each risk category includes the critical risks identified by the business, distinguishing the root cause that creates them in order to guarantee their accurate evaluation, treatment and control, as well as the appointment of the proper owners. In addition, the catalogue has been structured considering the risk areas in which these critical risks may have a negative impact.

In the IRMS impacts are classified into the following risk areas:

- **Economic-financial:** Refers to the impact of risks on economic-financial aspects (cash generation, liquidity, results, use of funds, etc.).
- **Deadlines:** Refers to the impact of risks on a project's timeframe and/or on the achievement of key milestones.
- **Quality:** This refers to the impact of risks on quality indicators, the adequacy or inadequacy of the resources, human resources and materials allocated

- **Third party:** Refers to the impact of risks on the relationship with customers, partners and the supply chain.
- **ESG:** refers to the impact of environmental, social and governance risks.

The Group's Risk Control and Management Policy is developed and complemented by the rest of the specific Policies and Procedures for the management and control of the main risks inherent to its activity.

The following are some of the risks to which the Group is exposed and to which the aforementioned methodology is applied.

- **Environmental, social and corporate governance (ESG) risks**

  This category of risks relating to environmental aspects, good governance, social responsibility, sustainability and reputation and/or corporate image has grown in relevance in recent years as it potentially affects the objectives of companies and their relationship with their stakeholders. For this reason, identification and prioritisation of the material issues, of the Group's four areas of business, single out the need to control this type of risks, such as social initiatives entailing extraordinary investment not contemplated at the outset of a project, action taken with local communities, adverse climate conditions and/or external elements affecting the project, geotechnical risks, industrial conflict, non-compliance with quality specifications, S&H and environmental issues and noncompliance with good governance guidelines, among others.

  The Group has a series of policies (Climate Change Policy, Quality Policy, Environment and Energy Management Policy, Corporate Responsibility Policy, Occupational Risk Prevention Policy, Information Security Policy, etc.) and specific procedures for the management and control of this type of risks.

  The Sacyr group's CRMS has a catalogue of the main business risks applicable at project level, which also includes Environmental, Social and Corporate Governance risks (commonly known as "ESG" or"sustainability" risks), and this helps to appraise responsible management of operations, the supply chain and the services of the Sacyr group.

- **Regulatory compliance risks**

  Sacyr's Code of Conduct, which includes the guidelines for professional and personal conduct that the Board of Directors considers necessary to obtain added value for its shareholders, its employees and the Group companies through which it carries out its activities, considers respect for the law as one of the basic ethical and establishes that the Group's business and professional activities will be carried out in strict compliance with the laws applicable in each of the countries and territories in which they are carried out. principles that must govern the conduct of the Group and its employees,

  Supervision of compliance with the different legal provisions is mainly carried out by the Regulatory Compliance Unit, which relies on the Internal Audit Department and the Regulatory Compliance Department, and may also request the collaboration of other Group bodies, departments, areas, individuals or companies in the exercise of its functions. In addition to this, the Quality and Environment Department or the Occupational Risk Prevention Service contribute to ensuring compliance with legislation in their respective areas of activity.

  In view of the high volume of the Group's activities and its diverse and complex nature, claims occasionally arise in respect of the supply and use of products and services or other causes derived from the different regulatory and sector regulation environments applicable to Sacyr subsidiaries. These claims are dealt with promptly, by agreement or opposition, and do not represent significant magnitudes in relation to the Group's volume of activity.

Sacyr is committed to respectful compliance with all legal obligation to which it is subject in any country in which it carries out its activities.

- **Other risks**

  In addition to the aforementioned risks, the Group's Risk Management and Control Policy also establishes control and mitigation mechanisms for a number of other risks, including the following:

Press room, Sacyr headquarters

- Risk of inadequate adaptation to the environment or new markets.
- Risks related to human capital: talent management, positioning, training, flexibility, dependence on key personnel, work climate, etc.
- Financial risks: credit, interest rate, exchange rate and liquidity risks.
- Technological and information system risks: network management, physical and program security and integrity of information.
- Risks that may damage our image and reputation (publication of manipulated information that generates unfavourable opinions about the Company, negative influence of interest groups, etc.)

The Sacyr group establishes control and mitigation mechanisms for the main risks inherent to its activity.

Activities carried out in 2018 in the area of Risk Control and Management

Our efforts during 2018 have focused on the effective implementation of the Risk Analysis Regulations specific to each business area covering the entire life cycle of the projects, updating the existing risk maps and the preparation of the Group's consolidated risk map and consolidation of the criminal risk map.

In addition to this, high level risk maps have been updated, evaluating the risks associated with new regulatory frameworks; supervision of internal control over financial reporting by the Audit and Corporate Governance Committee have been also reviewed.

In general, the Sacyr group has monitoring plans for the main risks inherent in its activity, for example:

- Impairment testing of all its non-financial assets at the end of each reporting period.
- Analysis of the Group's exposure to financial risks. To a greater or lesser extent depending on the business area, the Sacyr group is exposed to the risks discussed below, especially credit risk, liquidity risk and market risk, particAularly changes in interest rates and less so foreign exchange rates.

- **Credit risk:** the Group is exposed through its operating activities, basically trade receivables, and its financing activities. Every business unit performs a pre-contracting evaluation of clients, which includes a solvency study. A large part of the revenues coming from these customers come directly from State, Autonomic and Local Administrations of the countries where the Group operates, with a high level of solvency and reduced collection period. During the contract execution phase, the debt assessment is continuously monitored and the amounts recoverable are reviewed and the necessary corrections are made.
- **Liquidity risks:** To deal with liquidity risks, the Group has identified probable scenarios through monitoring and control of the annual budget and daily updates of its cash flow forecasts, enabling it to take decisions early. Factors that help mitigate liquidity risk are:(I) the recurring cash generation of the businesses on which the Group bases its activity, arranging credit lines when necessary; (II) in the case of infrastructure concessions, the projects themselves guarantee and self-finance their investments with the cash-flow generated by them; (III) the Group's ability to sell assets. The asset rotation strategy allows the Sacyr group to unlock value from the maturity of top-quality investments and manage the liquidity raised in an attempt to enhance its competitiveness and profitability.
- **Market risk** (interest rate, exchange rate): The underlying borrowings that require the greatest degree of hedging against interest rate fluctuations are project financing loans and those associated with specific assets, because of their exposure for longer periods of time given the terms involved and the strong correlation with the cash flows of the projects. The Group arranges financial hedging instruments, such as interest rate swaps, which reduce the exposure of businesses to upward changes in interest rates or exchange rate hedging instruments.

New Corporate Identity

- **Customer concentration risk:** the Group has a diversified customer portfolio backed by public entities.
- **Insurable risks:** the Group, in line with industry practice, maintains insurance coverage against certain insurable risks as part of its policy of contracting and maintaining policies.
- **Demand risk for concession projects:** the Group has measured the recoverability of the investment by continuously reviewing its valuation models based on trends in traffic and the economic growth outlook for the market where each concession operates.

In addition to this, the Sacyr group intends to continue expanding the business into new countries, which carries expansion risk as it involves markets in which the Group does not have the same degree of experience as it has in its current markets. To this end, within the SGIR, the Group has established how to identify, analyse, control and respond to this type of risk, in such a way that it can be minimised or avoided.

In summary, the Sacyr group focuses its activity on society through a sustainable and profitable business management model that provides added value to all stakeholders, applying innovation, technological development and excellence in execution to all the activities carried out by the different business areas.

Risk management is an integral component of effective management and governance

7.6. Tax transparency

+585 Million Euros Total Tax Contribution in 2018

In this chapter we break down Sacyr's Total Tax Contribution (TTC) for 2018 considering all the territories in which the Group has a presence.

TAX CATEGORY (Million euros)	ACCRUED TAXES	LEVIED TAXES
I. Income tax	37	6
II. Property tax	7	0
III. Employment related taxes	192	129
IV. Product and service taxes	36	155
V. Special taxes	14	8
TOTAL	286	299
TOTAL TAX CONTRIBUTION 2018		**585**

15.41%

7.88% Levied

7.53% Accrued

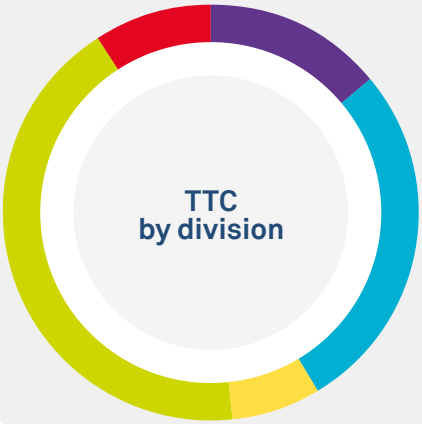
For every 100 euros of company turnover, 15.41 euros are used to pay taxes.

73%	Spain
11%	Italy
5%	Colombia
3%	Chile
2.5%	Portugal
1.5%	Peru
1.2%	Mexico
1%	Angola
0%	Other

This information is line with the transparency and corporate social responsibility principles of Sacyr and seeks to identify and demonstrate the economic and social contribution made by the Company by paying taxes to the administrations in all countries in which it operates.

The projects carried out by our four business divisions and subsidiaries are a means of directly creating value for society, building and maintaining infrastructure and providing essential services for the growth of the community. However, we also make an indirect contribution to the generation of wealth of countries through payment of taxes to various Authorities either directly or indirectly as a result of our economic activity.

42%	Services
27%	Engineering and Infrastr.
14%	Holdings and others
9%	Industrial
7%	Concessions



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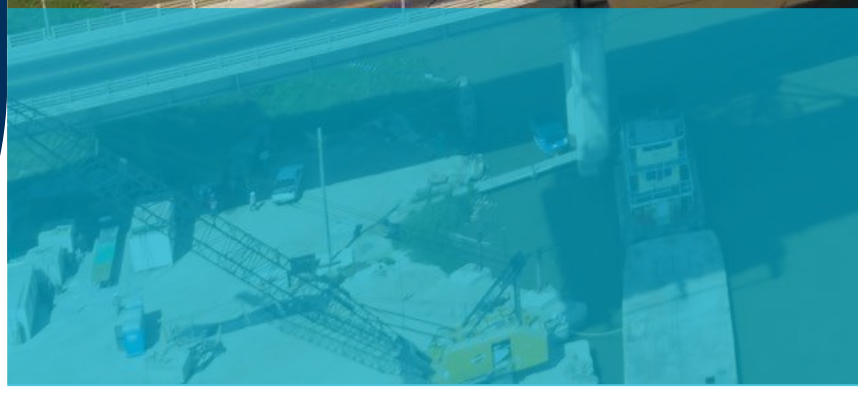

Appendices

Construction of Pumarejo Bridge. Colombia

Appendix I. About this report

(102-46) (102-48) (102-49) (102-50) (102-51) (102-52) (102-53) (102-54) (102-55) (102-56)

This is the sixth INTEGRATED REPORT published by Sacyr, corresponding to 2018, and it covers the situation of the Group at 31 December 2018.

This document was drawn up in accordance with the standard published by the International Integrated Reporting Council (IIRC). It was also drawn up in line with the Global Reporting Initiative's Corporate Responsibility directives (GRI guidelines), in accordance with its comprehensive option, and its financial information has been set out pursuant to the International Financial Reporting Standards adopted by the European Union.

This report has been externally verified by an independent entity (Price Waterhouse Coopers) pursuant to the ISAE 3000 standard. Its financial content (consolidated financial statements of the parent and its subsidiaries) has also been verified by the independent entity Ernst & Young.

The information contained in this report is balanced, including the achievements attained during the year and the objectives set for the future.

To facilitate comparability, quantitative data from previous years are included, without prejudice to the information supplied in the previous year's report. The data provided are as precise as possible and are given in sufficient detail to meet stakeholders' expectations. Clarity is one of our requirements in writing this report, so as to avoid explanations or ambiguities.

(102-48) (102-49)

To ensure reliability, the content of this Report has been reviewed by all internal departments and divisions responsible for managing the entity's stakeholders and for the information reported. In some cases, and generally owing to an absence of comprehensive data, the information contained in this report cannot refer to the Group overall. This circumstance has been expressly reflected in the corresponding sections of the report. Nevertheless, Sacyr management aims to establish the necessary mechanisms to gradually eliminate these limitations to available information.

(102-32)

Any additional information, consultation, suggestions for improvement and comments may be sent to:

(102-53)

Corporate Responsibility Department

Email: rcorporativa@sacyr.com
Corporate Responsibility
Sacyr, S.A.
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Telephone:+34.91.545.50.00
Shareholder hotline: 900 101 930

Pamasa
0646 JPY

Appendix II: Materiality analysis

The objective is to identify the topics that may generate an impact at Sacyr and about which we need to dedicate our communication and social commitment efforts in terms of the Company's key stakeholders

1. Objective of the Materiality Analysis

In line with the guidelines of the International Integrated Reporting Framework and the requirements of the Global Reporting Initiative's Guidelines for drawing up sustainability reports. In the preparation of this report, Sacyr has carried out a materiality analysis in order to represent the most relevant matters to the company and its stakeholders in its report.

Material aspects are those that affect the company's capacity to create value in the short, medium and long-term, and that allow our stakeholders to obtain a true and fair view of Sacyr's performance in the corporate sphere and with regard to sustainability.

2. Methodology

The methodology decided on by Sacyr for carrying out the materiality analysis and defining the material issues to be dealt with in its 2018 Integrated Annual Report includes the conducting of five phases.

(102-43)

3. Outline of the process

(102-43)

Works of Pyramids-
Tulancingo-Pachuca. Mexico

Group Materiality Analysis - 2018

INTERNAL PERSPECTIVE

- **Overall trends**
- **Key commitments**
  Management Committee
  Interviews

→ Differential qualities of Sacyr according to the **Internal vision**

EXTERNAL PERSPECTIVE

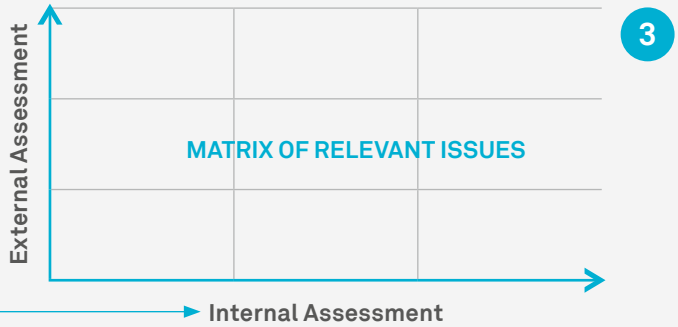
- **Analysts: RobecoSAM** → **Extra financial matters** that ESG* analysis take into account for the DJSI
- **SASB**
  Sustainability Accounting Standards Board (USA) → Material issues in the **scope of Sustainability Reporting (USA)**
- **Law 11/2018 and correspondence with GRI** → Material issues in the **scope of CSR Reporting in Spain**
- **Media analysis**
  Negative news analysis → Review of possible **reputational crises and relevant** controversies
- **Relationship with SDGs** → **Global Sustainable Development** Goals

**Environmental, Social and Governance*

Material issues are identified and prioritised

1
- Media analysis
- RobecoSAM analysis
- SASB analysis
- Law 18/2017 analysis
- SDG analysis

2
- Interviews with corporate and business managers
- Country managers: 13 countries



4
Relevant issues by business division

Results by country

5
Matrix of relevant issues

4 RELEVANT ISSUES BY BUSINESS DIVISION

Relevant issues by division

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Engineering and Infrastr.	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Concessions	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Industrial	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Services	■	■	■	■	■	■	■	■	■	■	■	■	■	■

RESULTS BY COUNTRY

Relevant issues by country

Human capital, retention of talent, training and development	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Ethics, compliance and governance	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Solvency and economic performance	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Occupational safety and health	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Environmental impact	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Energy efficiency	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Human rights and employment rights	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Innovation	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Climate change	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Relations with local communities	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Equality and diversity among employees	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Water resources	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Management of the supply chain	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Social and economic contribution to development	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Consumption of materials	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

■ High Relevance ■ Medium Relevance ■ Low Relevance

4. Relevant issues and prioritisation

(102-44) (102-47)

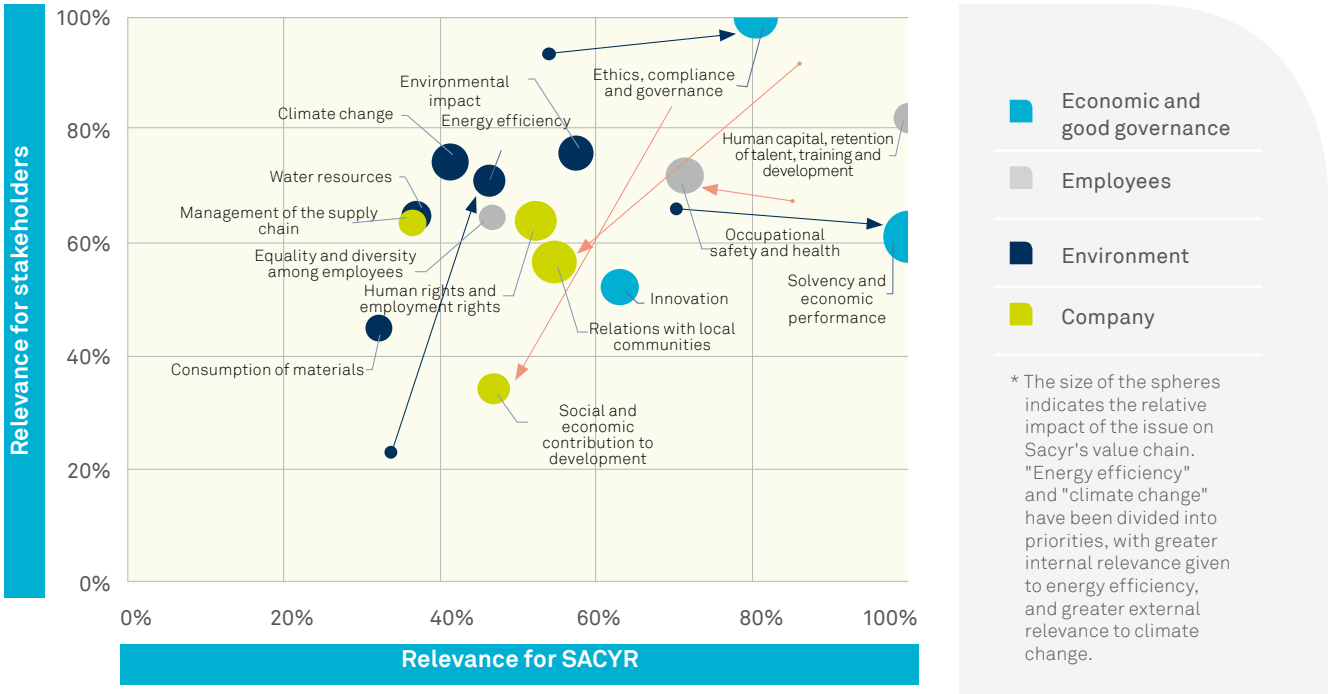
The following is the final list of material issues ordered according to their relevance that should be covered in the Sacyr Integrated Report 2018.

Internal coverage (i)

External coverage

- 1. Climate change and energy efficiency
- 2. Water resources
- 3. Occupational health and safety (i)
- 4. Innovation (i)
- 5. Management of the supply chain
- 6. Human capital, retention of talent, training and development (i)
- 7. Environmental impact
- 8. Equality and diversity among employees (i)
- 9. Ethics, compliance and governance (i)
- 10. Solvency and economic performance (i)
- 11. Social and economic contribution to development
- 12. Human rights and employment rights
- 13. Consumption of materials
- 14. Relations with local communities

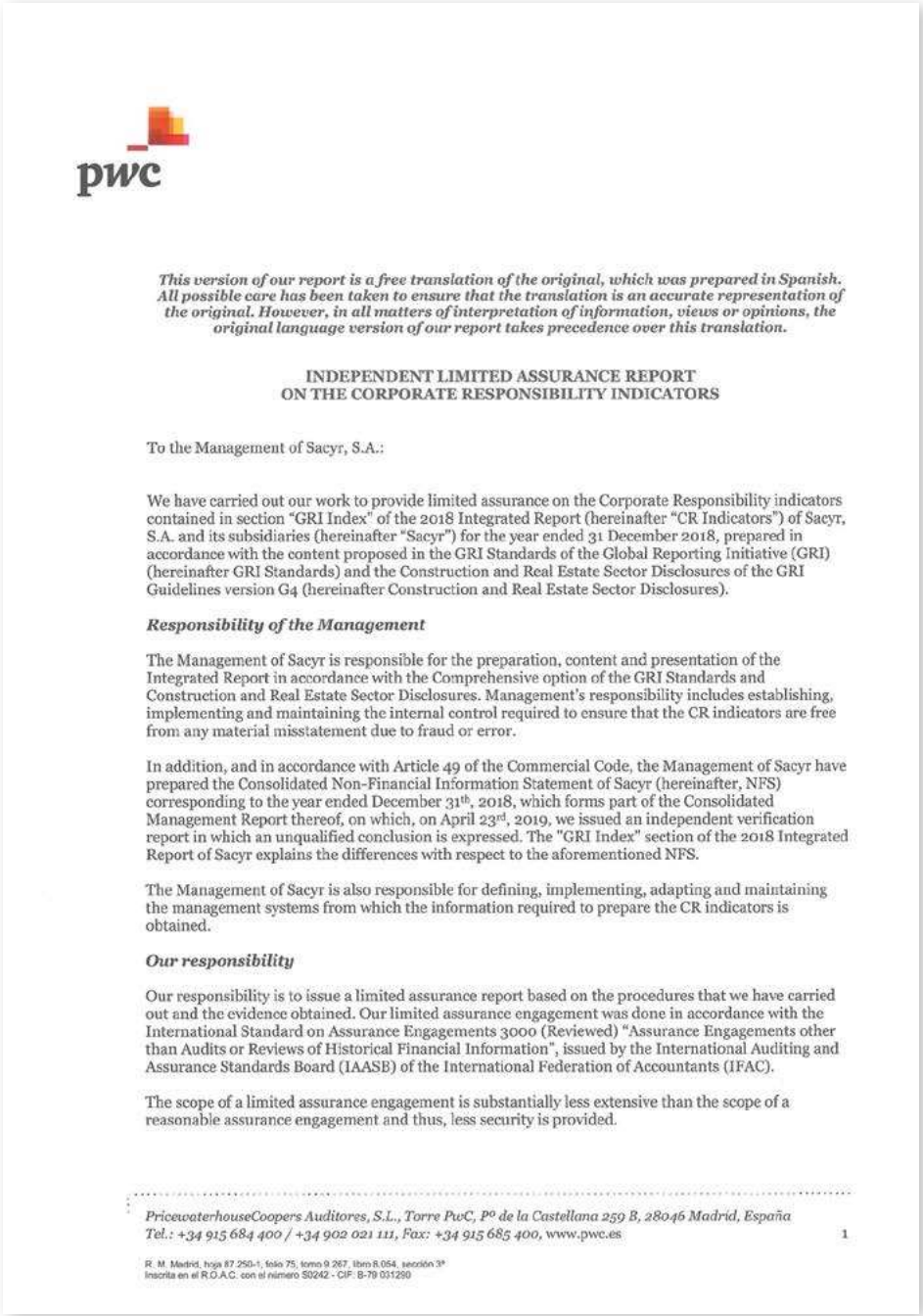
5 MATRIX OF RELEVANT ISSUES



Our report is in line with the results obtained, so as to faithfully reflect all material issues for the company in the corporate and sustainability sphere and thus satisfy the reporting expectations of our stakeholders and facilitate their decision-making.

Appendix II: Reliability

(102-56)



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This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CORPORATE RESPONSIBILITY INDICATORS

To the Management of Sacyr, S.A.:

We have carried out our work to provide limited assurance on the Corporate Responsibility indicators contained in section "GRI Index" of the 2018 Integrated Report (hereinafter "CR Indicators") of Sacyr, S.A. and its subsidiaries (hereinafter "Sacyr") for the year ended 31 December 2018, prepared in accordance with the content proposed in the GRI Standards of the Global Reporting Initiative (GRI) (hereinafter GRI Standards) and the Construction and Real Estate Sector Disclosures of the GRI Guidelines version G4 (hereinafter Construction and Real Estate Sector Disclosures).

Responsibility of the Management

The Management of Sacyr is responsible for the preparation, content and presentation of the Integrated Report in accordance with the Comprehensive option of the GRI Standards and Construction and Real Estate Sector Disclosures. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CR indicators are free from any material misstatement due to fraud or error.

In addition, and in accordance with Article 49 of the Commercial Code, the Management of Sacyr have prepared the Consolidated Non-Financial Information Statement of Sacyr (hereinafter, NFS) corresponding to the year ended December 31th, 2018, which forms part of the Consolidated Management Report thereof, on which, on April 23rd, 2019, we issued an independent verification report in which an unqualified conclusion is expressed. The "GRI Index" section of the 2018 Integrated Report of Sacyr explains the differences with respect to the aforementioned NFS.

The Management of Sacyr is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CR indicators is obtained.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

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The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Sacyr's personnel from various departments who have been involved in the preparation of the 2018 Integrated Report of Sacyr.

- Analysis of the procedures used for obtaining and validating the data presented in the CR indicators.

- Analysis of the Sacyr's CR indicators adaptation to the requirements established by the GRI Standards for the preparation of sustainability reports and to the Construction and Real Estate Sector Disclosures.

- Verification, through random sampling tests revisions, internal control tests and substantive tests on the information used to determine Sacyr's CR indicators. We have also verified whether they have been appropriately compiled from the data provided by Sacyr's sources of information.

Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

Limited assurance conclusion

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that Sacyr's CR indicators, for the financial year ending December 31st, 2018, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the GRI Standards and with the Construction and Real Estate Sector Disclosures.

Use and Distribution

Our report is only issued to the Management of Sacyr, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Sacyr's Management.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Pablo Bascones

May 17th, 2019

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This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

INDEPENDENT LIMITED ASSURANCE REPORT ON GREENHOUSE GAS (GHG) STATEMENT 2018

To the Management of Sacyr, S.A.:

Scope of work

We have undertaken a limited assurance engagement of the Greenhouse Gas Statement (hereinafter GHG Statement) of Sacyr, S.A. and its subsidiary companies (hereinafter referred to as Sacyr) for the financial year ended December 31st, 2018, included in the Appendix of this report. This engagement was conducted by a team of sustainability and climate change assurance practitioners.

Responsibility of Sacyr's Management

Sacyr's Management is responsible for the preparation of the 2018 GHG Statement in accordance with the procedure 'Calculation of Carbon Footprint' of Sacyr, available on the following website link http://www.sacyr.com/es_en/channel/innovation-channel/commitment-to-quality/sustainability/. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a GHG statement that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the GHG Statement based on the procedures we have performed and the evidence obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410), *'Assurance Engagements on Greenhouse Gas Statements'* issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). That standard requires that we plan and perform this engagement to obtain limited assurance about whether Sacyr's 2018 GHG Statement is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of Sacyr's use of applicable criteria as the basis for the preparation of the GHG Statement, assessing the risks of material misstatement of the GHG Statement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG Statement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assesses risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

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Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries and meetings with personnel of Sacyr's various departments who have been involved in the preparation of the GHG Statement, obtained an understanding of Sacyr's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.

- Evaluated whether Sacyr's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Sacyr's estimates.

- Verification, through analytical and substantive tests based on the selection of a sample of the quantitative information (activity data, calculations and information generated) used to determine Sacyr's 2018 GHG Statement and the correct compilation of information based on the internal procedure applied by Sacyr.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if we had performed a reasonable assurance.

Our independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

The firm applies the International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention which may lead us to believe that Sacyr's GHG Statement for the financial year ended December 31st, 2018 is not prepared, in all material aspects, in accordance with the procedure applied 'Calculation of Carbon Footprint' of Sacyr.

Use and distribution

Our report is only issued the Management of Sacyr in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Sacyr's Management.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Pablo Bascones

May 17th, 2019

sacyr

Appendix

SACYR'S GREENHOUSE GAS (GHG) STATEMENT CORRESPONDING TO THE YEAR ENDED DECEMBER 31st, 2018

2018 GHG Statement	tCO2-e
Scope 1: GHG Direct emissions	**481,751.33**
Emissions from mobile combustion and fixed combustion sources	481,540.64
Fugitive emissions	210.69
Scope 2: GHG Indirect emissions	**46,618.45**
Scope 3: Other GHG indirect emissions	**5,327.01**
Bussiness Travel	5,327.01

Quantification criteria

Sacyr's emissions are calculated based on operational control, i.e. on those activities/contracts over which it has the authority to introduce and implement its operational policies.

Scope

The emissions from Sacyr's activities and facilities are calculated taking into account the following scopes:

Scope 1: GHG Direct emissions (greenhouse gases)

Direct emissions at Sacyr come from its various operating centers and are associated with:

- Emissions from mobile combustion sources: emissions derived from fuel consumption associated with travel (vehicles) and machinery.
- Emissions generated from fixed combustion sources: emissions from the consumption of fuel in equipment stationary or fixed facilities.
- Fugitive emissions: refrigerant gas leaks from refrigeration equipments in the facilities, either owned by the organisation or maintained by it.

Scope 2: GHG Indirect emissions (greenhouse gases)

Indirect emissions at Sacyr come from its various operating centers and are associated with the consumption of electricity from the installations of these centers.

Scope 3: Other GHG indirect emissions (greenhouse gases)

These emissions are a consequence of the company's activities, but originate from sources that are not owned or controlled by the company.

Within this scope, the emissions associated with business travel are calculated, i.e., the emissions derived from staff travel by air, train and bus

1

"Pirámides – Tulacingo – Pachuca" motorway. Mexico

Appendix III: Contact details

(102-1) (102-3)

SACYR ENGINEERING AND INFRASTRUCTURE

SACYR INFRAESTRUCTURAS, S.A.U.
Pº de la Castellana, 83-85
28046 Madrid. Spain

CAVOSA OBRAS Y PROYECTOS, S.A.
Pº de la Castellana, 83-85
28046, Madrid. Spain

NEOPUL SOCIEDADE DE ESTUDOS ECONSTRUÇOES, S.A.
Fernán González, 57- 1º izda.
28009 Madrid. Spain

SCRINSER
Avda. Corts Catalanes, 2-2º. local 3
08173 San Cugat del Vallés (Barcelona)

SOMAGUE S.G.P.S.
Rua da Tapada da Quinta de Cima-Linhó
2714-555 Sintra, Portugal

SIS, S.C.P.A.
Vía Invorio, 24/A
10146 Torino, Italia

SOMAGUE ENGENHARIA BRASIL
Rua Fidencio Ramos, 195-14º andar-
Conjuntos 142/144-Cep 04551-010 Sao Paulo. Brazil

SOMAGUE ENGENHARIA CABO VERDE
Achada Grandeapartado 242- Cidade da Praia
Cape Verde

SOMAGUE ENGENHARIA ANGOLA
Rua Ho-Chi Min, 1º Andar.
Corpo D do Complexo da Sededo MPLA. Luanda-Angola

SACYR SERVICES

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Pº de la Castellana, 83-85
28046 Madrid. Spain

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28046, Madrid. Spain

PRINUR
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Edf. Cristal, Sevilla

SACYR FACILITIES, S.A.U.
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28046 Madrid. Spain

VALORIZA MEDIOAMBIENTE
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28007 Madrid. Spain

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Pº de la Castellana, 83-85
28046 Madrid. Spain

SACYR FACILITIES
Avda. del Partenón, 16-18
28042 Madrid. Spain

HOLDING COMPANY

SACYR, S.A.
Pº de la Castellana, 83-85
28046 Madrid. Spain

SACYR INDUSTRIAL

SACYR INDUSTRIAL
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28046 Madrid. Spain

SADYT, S.A.
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28046 Madrid. Spain

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SACYR CHILE
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Las Condes, Santiago de Chile

SACYR CONCESSIONS

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28046 Madrid. Spain

SACYR CONCESIONES CHILE
Av. Vitacura 2939. Piso 18. Oficina 1801. Edificio Millenium.
Las Condes, Santiago de Chile. Chile

SACYR CONCESSIONS LTD
5th floor, Harmony Court, Harmony Row
Dublin 2, Ireland

Appendix IV. GRI Index

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
	Organisational profile			
102-1	Name of the organisation		20, 222	√
102-2	Activities, brands, products and services		38	√
102-3	Location of head office		222	√
102-4	Location of operations		12	√
102-5	Ownership and legal format		192	√
102-6	Markets served		12	√
102-7	Size of the organisation		10	√
102-8	Information on employees and other staff	No information available on subcontractors.	176, 239	√
102-9	Supply chain		99, 155, 163	√
102-10	Significant changes in the organisation and its supply chain		20, 58	√
102-11	Precautionary approach or principle		96, 169	√
102-12	External initiatives		162	√
102-13	Affiliation to associations		144	√
	Strategy			
102-14	Statement of senior managers responsible for decision making		20	√
102-15	Key impacts, risks and opportunities		165, 200	√
	Ethics and integrity			
102-16	Values, principles, standards and codes of conduct		198	√
102-17	Consultancy mechanisms and ethical concerns		165, 199	√
	Governance			
102-18	Governance structure		186	√
102-19	Delegation of authority		186, 188	√
102-20	Executive-level responsibility for economic, environmental and social matters		186, 188	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
102-21	Stakeholder consultation on economic, environmental and social matters		195	√
102-22	Composition of the highest governing body and its committees		186	√
102-23	Chairman of the maximum governing body		192	√
102-24	Appointment and selection of the highest governing body		189	√
102-25	Conflicts of interest		195	√
102-26	Function of the maximum governing body in the selection of objectives, value and strategies		186	√
102-27	Collective knowledge of the highest governing body		186	√
102-28	Performance assessment of the highest governing body		195	√
102-29	Identification and management of economic, environmental and social impacts.		200	√
102-30	Effectiveness of risk management processes		201	√
102-31	Review of economic, environmental and social matters		201	√
102-32	Function of the maximum governing body in the preparation of sustainability reports		193, 210	√
102-33	Communication of critical concerns to the highest governing body		186	√
102-34	Nature and total number of ethical concerns		192	√
102-35	Remuneration policies		196	√
102-36	Processes for determining remuneration		189, 196	√
102-37	Involvement of stakeholder groups in remuneration		196	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
102-38	Total annual compensation ratio	This indicator is not reported because it is confidential information.		
102-39	Percentage increase ratio of total annual remuneration	This indicator is not reported because it is confidential information.		
	Stakeholder participation			
102-40	List of stakeholders		142	√
102-41	Collective bargaining agreements		182	√
102-42	Stakeholder identification and selection		142	√
102-43	Approaches to stakeholder participation		212	√
102-44	Main topics and concerns mentioned		215	√
	Report preparation practices			
102-45	Entities included in the consolidated financial statements		192	√
102-46	Definition of the content of reports and coverage of the topic		210	√
102-47	List of material issues		215	√
102-48	Restatement of information		210	√
102-49	Changes in report preparation		210	√
102-50	Period included in the report		210	√
102-51	Date of last report		210	√
102-52	Report preparation cycle		210	√
102-53	Point of contact for questions about the report		210	√
102-54	Statement of report preparation pursuant to GRI standards		210	√
102-55	GRI list of contents		210	√
102-56	External Assurance		210, 216	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
	ECONOMIC DIMENSION			
Anti-corruption				
103-1	Explanation of the material issue and its coverage		198	√
103-2	Management approach and its components		198	√
103-3	Assessment of the management approach		198	√
205-1	Operations assessed for corruption-related risks		198 Each year, all business lines operating in countries are assessed in terms of corruption-related risks	√
205-2	Communication and training on anti-corruption policies and procedures		182, 198	√
205-3	Confirmed cases of corruption and measures taken		In 2018, no incidents of corruption have been registered at Sacyr through the established channels for reporting incidents	√
Unfair competition				
103-1	Explanation of the material issue and its coverage		198	√
103-2	Management approach and its components		198	√
103-3	Assessment of the management approach		198	√
206-1	Legal action relating to unfair competition and monopoly practices and anticompetitive behaviour		198	√
	ENVIRONMENTAL DIMENSION			
Materials				
103-1	Explanation of the material issue and its coverage		133	√
103-2	Management approach and its components		133	√
103-3	Assessment of the management approach		133	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
301-1	Materials used by weight or volume.		133, 236	√
301-2	Recycled inputs		133	√
301-3	Reused products and packaging materials	In view of the nature of the products and services sold by Sacyr, this indicator is not applicable.		
Energy				
103-1	Explanation of the material issue and its coverage		106	√
103-2	Management approach and its components		106	√
103-3	Assessment of the management approach		106	√
302-1	Energy consumed at the organisation		108	√
302-2	Energy consumed outside the organisation		110	√
302-3	Energy intensity		110	√
302-4	Reduction of energy consumption		110	√
302-5	Reduction in energy requirements of products and services		110	√
CRE1	Energy intensity of buildings		110	√
Water				
103-1	Explanation of the material issue and its coverage		118	√
103-2	Management approach and its components		118	√
103-3	Assessment of the management approach		118	√
303-1	Water withdrawal by source		118	√
303-2	Water sources significantly affected by withdrawal of water		In Sacyr, during 2018 no significant effects were detected on water sources resulting from water withdrawal.	√
303-3	Recycled and reused water		118, 119	√
CRE2	Water intensity of buildings		110	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
Biodiversity				
103-1	Explanation of the material issue and its coverage		124, 128	√
103-2	Management approach and its components		124, 128	√
103-3	Assessment of the management approach		124, 128	√
304-1	Operational centres owned, leased or managed inside or next to protected areas or areas of considerable importance in terms of biodiversity outside protected areas		124, 125	√
304-2	Significant impacts of activities, products and services on biodiversity		128, 129	√
304-3	Protected or restored habitats		129	√
304-4	Species on the IUCN red list and on national conservation lists whose habitats are located in areas affected by operations		125, 126	√
Emissions				
103-1	Explanation of the material issue and its coverage		113	√
103-2	Management approach and its components		113	√
103-3	Assessment of the management approach		113	√
305-1	Direct GHG emissions scope 1		113, 114	√
305-2	Indirect GHG emissions when generating energy scope 2		113, 114	√
305-3	Other indirect GHG emissions scope 3		113, 114	√
305-4	Intensity of GHG emissions		114	√
305-5	Reduction of GHG emissions		110	√
305-6	Emissions of ozone-depleting substances ODS		114	√
305-7	Nitrogen oxides NO_x , sulphur oxides SO_x and other significant air emissions.		115	√
CRE3	Intensity of greenhouse gas emission from buildings.		110	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
CRE4	Intensity of greenhouse gas emission from new buildings and urban redevelopment.		110	√
Effluents and waste				
103-1	Explanation of the material issue and its coverage		119, 130	√
103-2	Management approach and its components		119, 130	√
103-3	Assessment of the management approach		119, 130	√
306-1	Water discharge by quality and destination.		119	√
306-2	Waste by type and method of elimination		134, 136	√
306-3	Significant spills		136	√
306-4	Transport of hazardous wastes		134 Sacyr does not transport, import, export or process hazardous waste.	√
306-5	Bodies of water affected by water discharges and/or run-offs		119	√
Environmental compliance				
103-1	Explanation of the material issue and its coverage		97	√
103-2	Management approach and its components		97	√
103-3	Assessment of the management approach		97	√
307-1	Incompliance with environmental laws and regulations		97	√
Soil degradation, contamination and remediation				
103-1	Explanation of the material issue and its coverage		119	√
103-2	Management approach and its components		119	√
103-3	Assessment of the management approach		119	√
CRE5	Land recovered and in need of rehabilitation		136	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
Environmental assessment of suppliers				
103-1	Explanation of the material issue and its coverage		99	√
103-2	Management approach and its components		99	√
103-3	Assessment of the management approach		99	√
308-1	New suppliers that have passed assessment and selection filters using environmental criteria		99	√
308-2	Negative environmental impacts on the supply chain and measures taken		99	√
	SOCIAL DIMENSION			
Employment				
103-1	Explanation of the material issue and its coverage		176	√
103-2	Management approach and its components		176	√
103-3	Assessment of the management approach		176	√
401-1	New recruitment and staff rotation	Information reported with scope Spain	236, 237	√
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		183	√
401-3	Parental leave	Information reported with scope Spain	237, 238	√
Labour/company relations				
103-1	Explanation of the material issue and its coverage		182	√
103-2	Management approach and its components		182	√
103-3	Assessment of the management approach		182	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
402-1	Minimum notice periods for operational changes		Sacyr Group follows the minimum notice periods established in employment legislation or those included in the collective agreements applicable to each business, as minimum notice periods have not been defined at corporate level.	√
Occupational safety and health				
103-1	Explanation of the material issue and its coverage		152	√
103-2	Management approach and its components		152	√
103-3	Assessment of the management approach		152	√
403-1	Employee representation on formal labour/company health and safety committees		152	√
403-2	Type of accidents and accident rates, occupational illnesses, lost days, and absenteeism and total number of deaths caused by occupational accident or illness		155, 238, 239, 241	√
403-3	Workers with high incidence or high risk of occupation-related illnesses		241	√
403-4	Health and safety issues addressed in formal agreements with trade unions		Official agreements are in place with trade unions with safety and health clauses for construction projects	√
CRE6	Percentage of the organisation that shows verified compliance with an internationally recognised health and safety management system		152	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
Training and education				
103-1	Explanation of the material issue and its coverage		177	√
103-2	Management approach and its components		177	√
103-3	Assessment of the management approach		177	√
404-1	Average hours of training per year and per employee		177	√
404-2	Programmes to improve employee skills and programmes to support the transition		177	√
404-3	Percentage of employees receiving periodic performance and career development reviews		177	√
Diversity and equal opportunity				
103-1	Explanation of the material issue and its coverage		176, 180	√
103-2	Management approach and its components		176, 180	√
103-3	Assessment of the management approach		176, 180	√
405-1	Diversity of governing and employee bodies		176, 180, 181, 186	√
405-2	Ratio of basic salary and remuneration of women compared to men	Only the remuneration data is provided, and not the basic salary data	241	√
Nondiscrimination				
103-1	Explanation of the material issue and its coverage		163	√
103-2	Management approach and its components		163	√
103-3	Assessment of the management approach		163	√
406-1	Cases of discrimination and corrective actions taken		163, 165	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
Child labour				
103-1	Explanation of the material issue and its coverage		163	√
103-2	Management approach and its components		163	√
103-3	Assessment of the management approach		163	√
408-1	Operations and suppliers with a significant risk of child labour		163	√
Forced or bonded labour				
103-1	Explanation of the material issue and its coverage		163	√
103-2	Management approach and its components		163	√
103-3	Assessment of the management approach		163	√
409-1	Operations and suppliers with significant risk of forced or bonded labour cases		163	√
Rights of indigenous peoples				
103-1	Explanation of the material issue and its coverage		163	√
103-2	Management approach and its components		163	√
103-3	Assessment of the management approach		163	√
411-1	Incidents of violations involving rights of indigenous peoples		163	√
Assessment of human rights				
103-1	Explanation of the material issue and its coverage		163	√
103-2	Management approach and its components		163	√
103-3	Assessment of the management approach		163	√
412-1	Operations that have been revised or assessed in terms of impact on human rights		In 2018, no operations have been assessed in terms of impact on human rights	√
412-2	Employee training on human rights policies and procedures		In 2018, no training has been carried out in terms of impact on human rights	√

CODE	CONTENTS	OMISSION	PAGE / DIRECT RESPONSE	REVIEW
412-3	Significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening		In 2018, no agreements have been entered into that include human rights clauses or that have undergone human rights screening.	√
Public policy				
103-1	Explanation of the material issue and its coverage		198	√
103-2	Management approach and its components		198	√
103-3	Assessment of the management approach		198	√
415-1	Contributions to political parties and/or representatives		198 Sacyr makes no contributions to political parties and/or representatives	√
Customer privacy				
103-1	Explanation of the material issue and its coverage		198	√
103-2	Management approach and its components		198	√
103-3	Assessment of the management approach		198	√
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data		In 2018, no such complaints or incidents were reported	√
Labelling of products and services immaterial indicator				
CRE8	Type and number of sustainability labelling certifications, classifications and systems for new constructions, management, occupation and reconstruction		110	√

This document includes information in addition to that presented by the Company in the Sacyr Group's Consolidated Statement of Non-Financial Information. This additional information corresponds to the following GRI contents: 102-5, 102-9, 102-10, 102-14, 102-18 to 102-40, 102-42 to 102-56, 206-1, 302-3, 303-2, 305-4, 307-1, 401-1, 401-2, 401-3, 402-1, 404-2, 404-3, 411-1, 412-2, 415-1, 418-1, CRE1, CRE2, CRE3, CRE4, CRE5, CRE6 and CRE8. On the other hand, the information corresponding to the remuneration of employees, senior management and directors, as well as that relating to grants, may be consulted in the Non-Financial Information Statement.

Appendix V. GRI tables

MATERIALS USED BY WEIGHT OR VOLUME (301-1)

CONSTRUCTION		
Steel	TN	80,453.96
Cement	TN	77,776.69
Concrete	TN	1,562,149.41
Asphaltic materials	TN	299,809.62
Aggregate	TN	1,428,787.86
Reused land	TN	553,380.22
INDUSTRIAL		
Concrete	TN	18,970.60
Hexane	TN	31.30
Hydrochloric acid	TN	13.43
Hypochlorite	TN	22.52
Aggregate	TN	18,841.72
Reused land	TN	0.00
Steel	TN	1,270.88
CONCESSIONS		
Fluxes	TN	290.41
Asphaltic materials	TN	3,520.79

SERVICES		
Reused land	TN	2,202.65
Fertilisers	TN	9.20
Oils	TN	146.26
Sulphuric acid	TN	24.45
Adblue	TN	108.66
Carbonic anhydride	TN	65.86
Iron chloride	TN	276.86
Coagulant	TN	1,257.47
Calcium hydroxide	TN	140.80
Sodium hypochlorite	TN	448.12
Paints	TN	68.73
Cleaning products	TN	319.13
Polyelectrolyte	TN	72.50
Pesticides	TN	18.05
Fluxes	TN	12,642.02
Caustic soda	TN	76.89

"PERMANENT" RECRUITS AND TURNOVER IN SPAIN BY GENDER (401-1)

	RECRUITS			TURNOVER		
	2018	2017	%18/17	2018	2017	%18/17
Men	2,050	2,102	-2.47%	785	672	16.82%
Women	3,849	2,767	39.10%	1,364	1,081	26.18%
TOTAL	**5,899**	**4,869**	**21.15%**	**2,149**	**1,753**	**22.59%**

RECRUITS, DISMISSALS AND TURNOVER BY AGE RANGES IN SPAIN (401-1)

	UP TO 30	30 TO 50	MORE THAN 50	TOTAL
Recruit	1,034	3,303	1,562	5,899
%	17.53%	55.99%	26.48%	100%
Dismissal	48	298	134	480
%	10.00%	62.08%	27.92%	100%
Turnover	364	977	808	2,149
%	16.94%	45.46%	37.60%	100%

TURNOVER IN SPAIN (401-1)

	2018	2017
	Total	Total
Cons average headcount	27,972	25,563
Total redundancies and resignations	2,629	1,753

DETAILS OF MATERNITY/PATERNITY LEAVE IN SPAIN 2018 (401-3)

	PATERNITY	MATERNITY	TOTAL
Men	261	5	266
Women	2	240	242
TOTAL	**263**	**245**	**508**

RETURN RATE AFTER MATERNITY/PATERNITY LEAVE (401-3)

	ASSETS	DEPARTURE	TOTAL
Men	260	6	266
Women	237	5	242
TOTAL	**497**	**11**	**508**

DETAILS OF RECRUITS, DISMISSALS AND TURNOVER IN SPAIN BY AUTONOMOUS COMMUNITIES (401-1)

	TURNOVER	DISMISSALS	RECRUITS
Andalusia	80	25	349
Aragon	32	4	35
Asturias	10	6	35
Balearic Islands	25	7	46
Canary islands	39	9	124
Cantabria	16	4	32
Castilla La Mancha	149	12	478
Castile Leon	157	19	450
Catalonia	301	61	568
Community of Valencia	111	25	242
Extremadura	33	1	53
Galicia	84	38	269
Madrid	976	244	2,862
Murcia	58	12	80
Navarra	5	2	12
Basque Country	31	6	153
La Rioja	18	2	22
A. C. of Melilla	23	3	89
A. C. of Ceuta	1	-	-
TOTAL	**2,149**	**480**	**5,899**

REASONS FOR DEPARTURE AFTER PARENTAL LEAVE (401-3)

	REASONS FOR DEPARTURE 2018	MEN	WOMEN	TOTAL
Caused by company	Subrogation		3	3
	11 End of temporary contract at employer's initiative	2		2
	15 End or discontinuation of activities of permanent - seasonal employees		1	1
	Inactivity	2		2
	Total business causes	**4**	**4**	**8**
Caused by worker	21 Voluntary departure by employees		1	1
	26 Voluntary extended leave	1		1
	12 End of temporary contract at employee's initiative	1		1
	Total worker causes	**2**	**1**	**3**
GENERAL TOTAL		**6**	**5**	**11**

DAYS LOST, ABSENTEEISM AND PROFESSIONAL ILLNESS (403-2)

BREAKDOWN OF ABSENTEEISM DUE TO ILLNESS AND OTHER REASONS (SPAIN)

	2018	2017	%18/17
Hours lost (illness and other reasons)	5,757,264	4,799,960	19.94%
Hours worked	77,323,167	74,752,699	3.44%
Potential hours	83,481,711	79,950,091	4.42%
% Absenteeism	6.90%	6.00%	15%

BREAKDOWN OF ABSENTEEISM DUE TO ILLNESS AND OTHER REASONS (EXTERNAL)*

	2018**
Hours lost (illness and other reasons)	753,698
Hours worked	20,445,825
Potential hours	21,199,523
% Absenteeism	3.6%

*Data have been extrapolated on the basis of the real data for 74% of staff

** This column contains data on absenteeism for countries other than Spain. However, since this is the first year in which the information has been reported, it cannot be compared to 2017 data

ACCIDENTS (BY SEX) (403-2)

	2018	2017
Men	1,052	628
Women	1,259	1,047
TOTAL	**2,311**	**1,675**

EMPLOYEE DISTRIBUTION TABLE BY GENDER AND COUNTRY* (102-8)

COUNTRY	MEN	WOMEN	TOTAL WORK-FORCE 31/12/2018
Spain	11,898	18,606	30,504
Angola	207	42	249
Algeria	61	3	64
Australia	32	5	37
Bolivia	173	22	195
Brazil	13	5	18
Cape Verde	8	3	11
Canada	3		3
Chile	1,930	1,086	3,016
Colombia	4,341	944	5,285
Costa Rica	1		1
Ecuador	39	14	53
US	51	9	60
Ireland	14	8	22
Israel	1		1
Italy	3		3
Mexico	266	61	327
Mozambique	38	5	43
Oman	18	9	27
Paraguay	85	35	120
Peru	1,567	97	1,664
Portugal	574	137	711
Qatar	350	4	354
Uruguay	51	5	56
TOTAL	**21,724**	**21,100**	**42,824**

26,578

Total of workforce with permanent contract*

16,246

Total of workforce with temporary contract*

26,675

Full-time employees*

16,149

Part-time employees*

* Data have been extrapolated on the basis of the real data for 71% of staff at 31 December 2018.

BREAKDOWN OF THE WORKFORCE BY CATEGORIES

PROFESSIONAL CATEGORY	AVERAGE CONSOLIDATED WORKFORCE 2018
Manager	120
University graduate	1,931
University graduate	1,916
Non-qualified technicians	2,198
Administrative staff	977
Other	30,588
TOTAL	**37,730**

EMPLOYEE DISTRIBUTION TABLE BY GENDER, PROFESSIONAL CATEGORY AND AGE*

	UP TO 30	BETWEEN 30 AND 50	OVER 50	TOTAL WORKFORCE 31/12/2018
SENIOR MANAGER				
Men		51	56	107
Women		9	1	10
UNIVERSITY GRADUATE				
Men	246	1,027	217	1,490
Women	139	529	43	711
INTERMEDIATE QUALIFICATIONS				
Men	240	721	148	1,109
Women	273	528	53	854
NON-QUALIFIED TECHNICIANS				
Men	128	868	490	1,486
Women	63	420	86	569
ADMIN STAFF				
Men	221	410	130	761
Women	158	563	142	863
OTHER				
Men	2,688	9,084	4,999	16,771
Women	1,191	8,151	8,751	18,093
TOTAL	**5,347**	**22,361**	**15,116**	**42,824**

* Data have been extrapolated on the basis of the real data for 71% of staff at 31 December 2018.

Football stadium of the Universidad Nacional Mayor de San Marcos. Lima. Peru

PROFESSIONAL ILLNESSES (2018): 34 (403-3)

TABLE OF ACCIDENT RATES (403-2)

COMPANY	Nº EMPLOYEES	Nº HOURS	Nº DAYS LOST	Nº ACCIDENTS GENERATING LEAVE
SERVICES	26,953	68,605,300	9,361	1,953
CONSTRUCTION	5,324	13,116,843	15	297
CONCESSIONS	424	2,754,443	398	43
INDUSTRIAL	781	2,014,875	0	16
PROPERTY DEVELOPMENT	6	15,230	0	0
HOLDING COMPANY	249	651,490	0	2

COMPANY	FREQUENCY INDEX (Nº WA/No. HOURS WORKED x 1.000.000)	SERIOUSNESS INDEX (Nº DAYS LOST/ Nº HOURS WORKED x 1.000)	INCIDENT RATE (Nº WA/ Nº EMPLOYEES x 100.000)
SERVICES	28.46	0.978	7,245.85
CONSTRUCTION	22.64	0.234	5,578.86
CONCESSIONS	15.61	0.291	10,141.50
INDUSTRIAL	7.94	0.152	2,047.56
PROPERTY DEVELOPMENT	0	0	0
HOLDING COMPANY	3.06	0.072	803.21

At the close of the 2018 fiscal year, nearly 90% of Sacyr's employees enjoy a salary subject to the collective bargaining agreement or similar instruments in the jurisdictions in which they operate. In these groups, and due to their conditions, there are no wage discrimination by sex. The existing salary differences (salary difference of 0.941[1] between women and men) are due to reasons of seniority, overtime, etc. or any other reason for possible casuistry contemplated in the aforementioned documents.

However, for the remaining group of Sacyr staff whose salary is outside the agreement, the wage gap has been calculated taking into account the fixed salary plus the variable concepts, excluding for the calculation those jobs in which there is no a worker of each gender. This information can be found in the next table with distribution by categories.

WAGE GAP BETWEEN PAY SUBJECT TO AGREEMENTS (405-2)

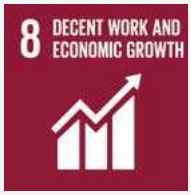
PROFESSIONAL CATEGORY	W/M RATIO
Managers*	
Manager A	0.84
Manager B	0.81
University graduate	0.83
Intermediate qualifications	0.71
Non-qualified technicians	0.79
Administrative staff	0.93
Other	0.84

1 W/M Ratio

*Managers have been broken down into two subcategories according to their level of responsibility, "Manager A" being the one with the greatest responsibility.

Appendix VI. Contribution to SDG

Sustainable Development Goals

1		**No poverty** Page: 146	2		**Zero hunger** Page: 133, 146
3		**Good health and well-being** Page: 146, 156, 168	4		**Quality education** Page: 101, 123, 127, 134, 145, 170
5		**Gender equality** Page: 146, 181	6		**Clean water and sanitation** Page: 102, 171
7		**Affordable and clean energy** Page: 106	8		**Decent work and economic growth** Page: 16, 165, 206

9

Industry, innovation and infrastructure

Page: 49

10

Reduced inequalities

Page: 146, 164, 175, 181

11

Sustainable cities and communities

Page: 106, 111, 117, 130, 135, 144

12

Responsible consumption and production

Page: 130

13

Climate action

Page: 107, 113, 117, 146

14

Life below water

Page: 120, 135

15

Life on land

Page: 105, 124, 129, 146

16

Peace, justice and strong institutions

Page: 163, 198, 206

17

Partnerships for the goals

Page: 54, 123, 135, 144, 146, 169

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