





# Corporate Responsibility

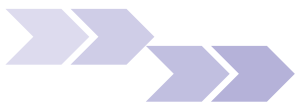
# Corporate responsibility

<b>FCC, a Group with a services vocation</b>	<b>95</b>	<b>Future for our environment</b>	<b>128</b>
105 years of service to the public	95	Climate change	129
FCC activities	97	Integral water cycle management	135
International activities	99	Waste management	139
2005 key financial indicators	101	Biodiversity	145
Main lines of activities for the Group in 2006	103	Environmental innovation	147
Vision and strategy of our corporate responsibility	106		
<b>Committed to a better future</b>	<b>111</b>	<b>A future for our people</b>	<b>149</b>
Corporate governance	112	Attracting and retaining talent	150
Management structure	114	Professional development	155
Creation of value	118	Health and safety at work	159
		<b>A future for those around us</b>	<b>165</b>
		Transparency in relations with our stakeholders	167
		Cooperation in the community	172
		<b>Appendix</b>	<b>177</b>
		GRI certification	185



*Principles covered by this report  
GRI and Global Compact Index  
Your opinion is important*

# FCC, a Group with a services vocation



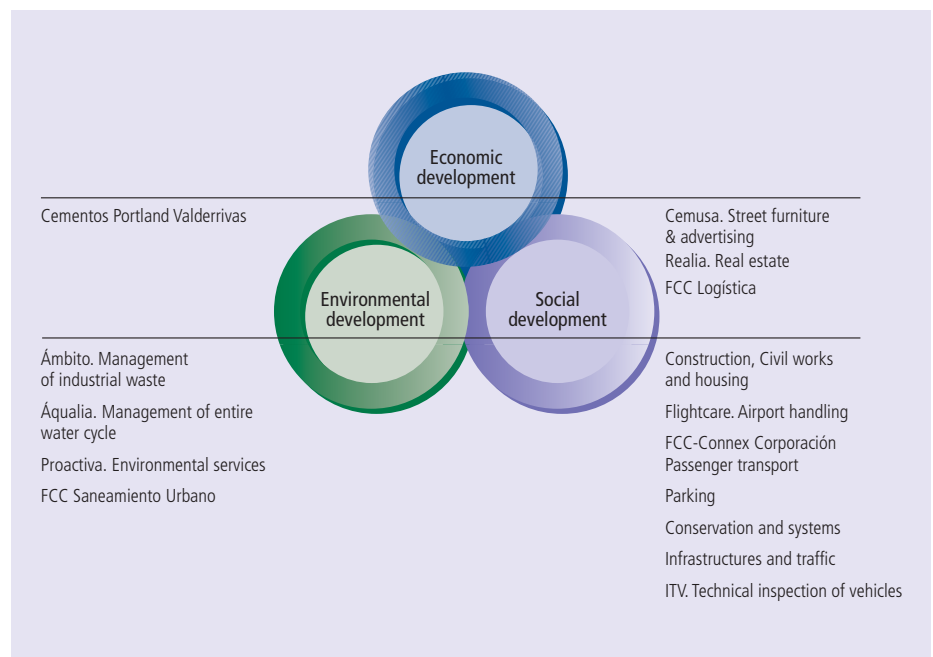
105 years of service to the public

One of the values shared by FCC companies is a dedication to service. FCC is a long-standing company that has always geared its strategy toward the creation of a business group in which Construction and Services activities are balanced.

Longevity is strongly related with responsibility and what has come to be known recently as “sustainable development”, where the creation of economic value is compatible and synergetic with the aim of providing citizens with access to their rights and preserving and protecting the environment.

The Group’s activities adhere closely to this new way of envisioning the future.

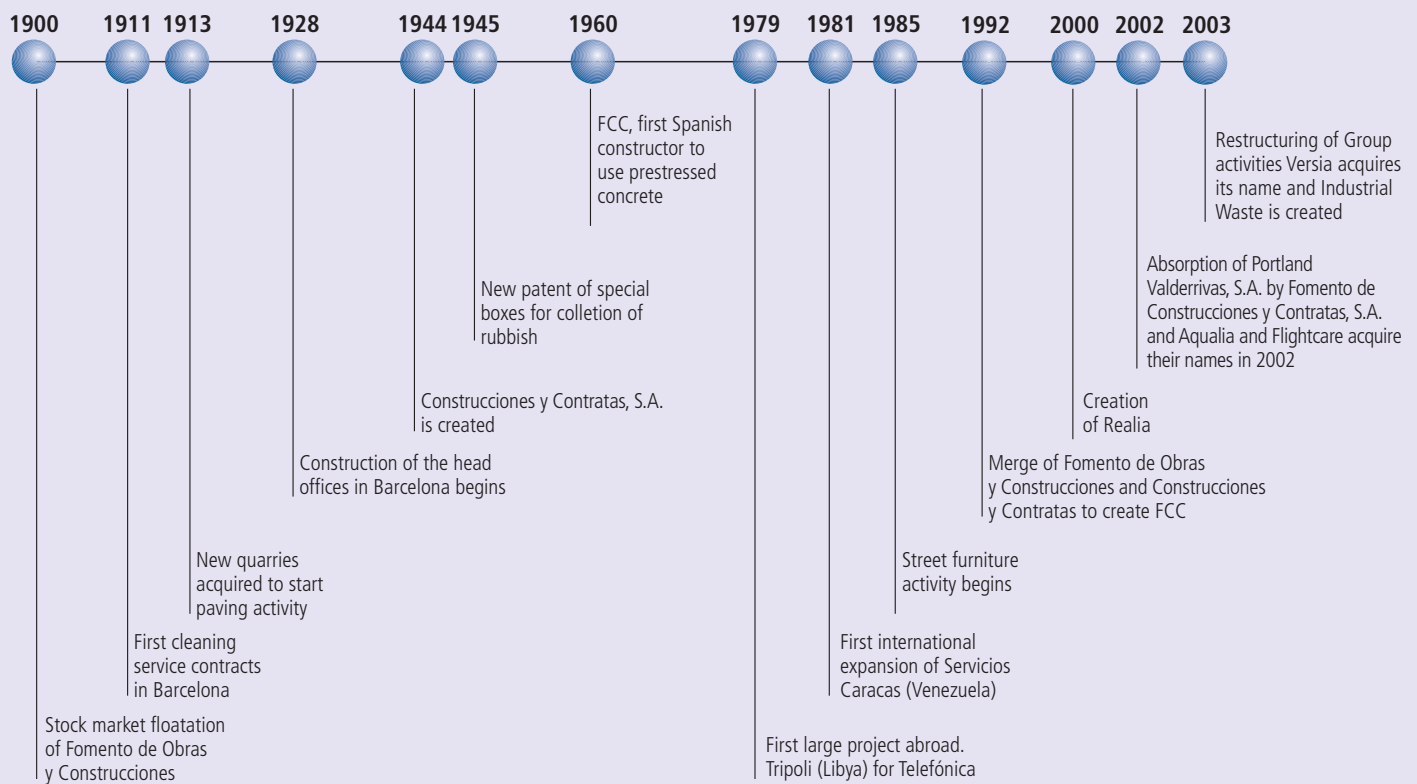
FCC and its activities are directly related with the dimensions of sustainable development.

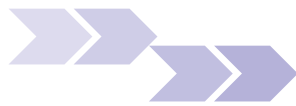


Throughout its history FCC has been noted for its initiatives and decision-taking. Our returns have been put to the service of the members of the community which benefit from this value as shareholders, employees, customers, companies contracting or providing goods or services, etc.

This is a value which grows each year and which we attempt to describe briefly in this report.

Fomento de Construcciones y Contratas, S.A. (FCC) arose from the merge of two prestigious companies in March 1992: Construcción y Contratas, S.A., founded in Madrid in 1944, and Fomento de Obras y Construcciones, S.A., a listed company created in Barcelona in 1900. Currently FCC shares are quoted on the Ibex 35, which includes the most important companies in the Spanish stock exchange.





## FCC Activities

FCC is formed by the parent company Fomento de Construcciones y Contratas, S.A. and a group of subsidiaries in Spain and abroad engaged in four strategic activities: Services, Construction, Cement and Real estate. These activities are structured by respective management units:

### SERVICES

- a) **Environmental Services**, comprising the different activities related with urban sanitation, such as the collection and treatment of solid waste, cleaning of public streets and sewer systems, maintenance of green areas and buildings, treatment of industrial waste, decontamination of soils and aquifers and the full water cycle. These activities are carried out by the parent company Fomento de Construcciones y Contratas, S.A., through its subsidiaries FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua and Ámbito.
- b) **Versia**, which renders various services, such as operation of on-street and underground parking, street furniture and advertising, public transport, technical inspection of vehicles, ground support for passengers and aircraft (airport handling), logistical services to companies from various sectors, the upkeep of urban infrastructures and traffic control systems. Own brands are used for some of these activities which have wide recognition in their markets, as in the case of Flightcare (handling) or Cemusa (street furniture and advertising).
- c) **Proactiva Medio Ambiente**, with head offices in Madrid, is one of the leading companies in environmental services in Latin America. The company was created in 1996 following integration of the Latin American assets of the companies FCC and Veolia Environnement. With a wide network of professionals and local sales branches, Proactiva uses the best and most sophisticated technologies to improve and protect the environment, providing a service to over 40 million people in the realm of integrated water and waste management.

## ➤➤ CONSTRUCTION

This area is responsible for the Group's construction activity. FCC Construcción is also the head of a leading group in the construction sector in Spain, in terms of income and profitability, encompassing various companies specialised in related sectors.

FCC Construcción has many large projects to its credit, related with roads, dual carriageways and motorways, bridges, tunnels, railway works, sea works, hydraulic works, water treatment and purification, pipelines and gas pipelines, housing and urban developments, non-residential building, and restorations.

Purely for indicative purposes, it is worth noting that in 2005 FCC Construcción was working on:

- 668 km of motorways, dual carriageways and roads, together with 3,850 Km of preservation and maintenance works.
- 48 km of metropolitan railways, 124 Km of conventional railways and 83 high speed railways.
- 13 water treatment, purification or desalination plants.
- Urban developments and infrastructure installations over a total of 23,200,000 square metres.
- Over 7,500 housing units, in addition to commercial premises and car parks, representing a built area of 1.3 million square metres.
- An area of 2 million square metres for non-residential buildings.
- 58 tunnels, with a total length of 152 Km.

Its subsidiaries carry out their activity in such fields as engineering (Proser), the petrochemical industry (Apl), integral maintenance of infrastructures (Matinsa), corporate image (Megaplas), prefabrication (Delta), electrical specialities (Espelsa) and industrial air-conditioning units (Tecair), repairs and refurbishments (Reparalia) and specialised construction (Iso).

Considerable activity is also carried out under administrative concessions in their various different forms, this being a sector in which the Group is ranked fourth worldwide. (Source: *Public Works Financing, Top Transportation Developers 2005*).

## ➤➤ CEMENT

This activity is based on the operation of quarries and mineral deposits and the manufacture of cement, concrete, aggregates and mortars. The activity is carried out by Cementos Portland Valderrivas, S.A. and subsidiaries, a group quoted on the electronic trading system. In Spain, the group has 6 cement factories, 102 concrete plants, 8 dry mortar installations, 46 plants for the production of aggregates and 4 transport companies.

In 2003 the cement division opened the largest cement furnace in Spain in Alcalá de Guadaíra (Seville) which allowed the factory to increase its production by 30% to 2 million tonnes of cement per year. Distribution is to 10 Autonomous Regions (Andalusia, Aragón, Cantabria, Castilla La Mancha, Castilla León, Extremadura, La Rioja, Madrid, Navarra and the Basque Country).

The concrete division is formed by 27 companies with a total of 102 manufacturing plants. The concrete and mortar division has 8 production plants and operates in Navarra, Sevilla, Málaga, Cantabria and Vizcaya, as well as its neighbouring regions.

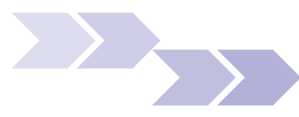
The Aggregates division is specialised in the operation of gravel pits and quarries and has significant presence in Spain through 46 production plants, from which aggregates are distributed to Andalusia, Aragón, Castilla la Mancha, Castilla León, the Valencia region, Extremadura, La Rioja, Madrid, Navarra, the Basque Country and Cantabria.

## ➤➤ REAL ESTATE

The FCC Group is also present in the real estate sector through operation of the Torre Picasso building, of which the parent company owns 80%. FCC also holds a 49.1619% interest in the company Realia Business, S.A., engaged in promoting real estate products for subsequent sale and the operation of individual buildings and shopping centres. Realia Business S.A. is a company shared with Caja Madrid and therefore its accounts are incorporated into the Group under the equity method.



Collection of expired pharmaceuticals in Planalto Beirao. Brazil



## International activities

International activity currently represents 10% of the global net sales of the FCC Group and is mainly carried out in the markets of the European Union, United States of America and Latin America. Growth beyond Spain is a clear objective of FCC management.

Urban sanitation and water management services are rendered in Latin America through Proactiva Medio Ambiente, S.A., a company 50% owned by FCC, and Veolia Environnement, S.A..

The first street furniture activity to be conducted outside Spain was in Portugal. Subsequently, important contracts were won which consolidated FCC as one of the top worldwide operators in the sector. These included Rio de Janeiro, the first contract awarded by a major city in South America; Genoa, which also heralded the group's arrival in Italy; and Miami, which opened up the United States. However, without doubt, the selection of FCC for installation and operation of the street furniture of New York for the next 20 years has been a gigantic step in terms of international recognition of our activities.

Flightcare made a firm entrance into the international arena with the acquisition of the handling branch of the defunct Belgian airline SABENA. As a consequence it became the main Handling operator in Brussels and, subsequently, other airports in Belgium.

In the area of construction and as part of its strategy for reducing the concentration of risk, FCC Construcción is determined to become a top competitor at international level, and to develop increasingly intensive activity outside Spain, either directly, when its technological experience allows it to add value and competitive advantage, through administrative concessions, or through leading local companies over which it has control, in Portugal (Ramalho Rosa Cobetar), central and eastern Europe (FCC Constructii Romania, S.A.) and Central and North America (Corporación M&S in Costa Rica and Impulsa in México).

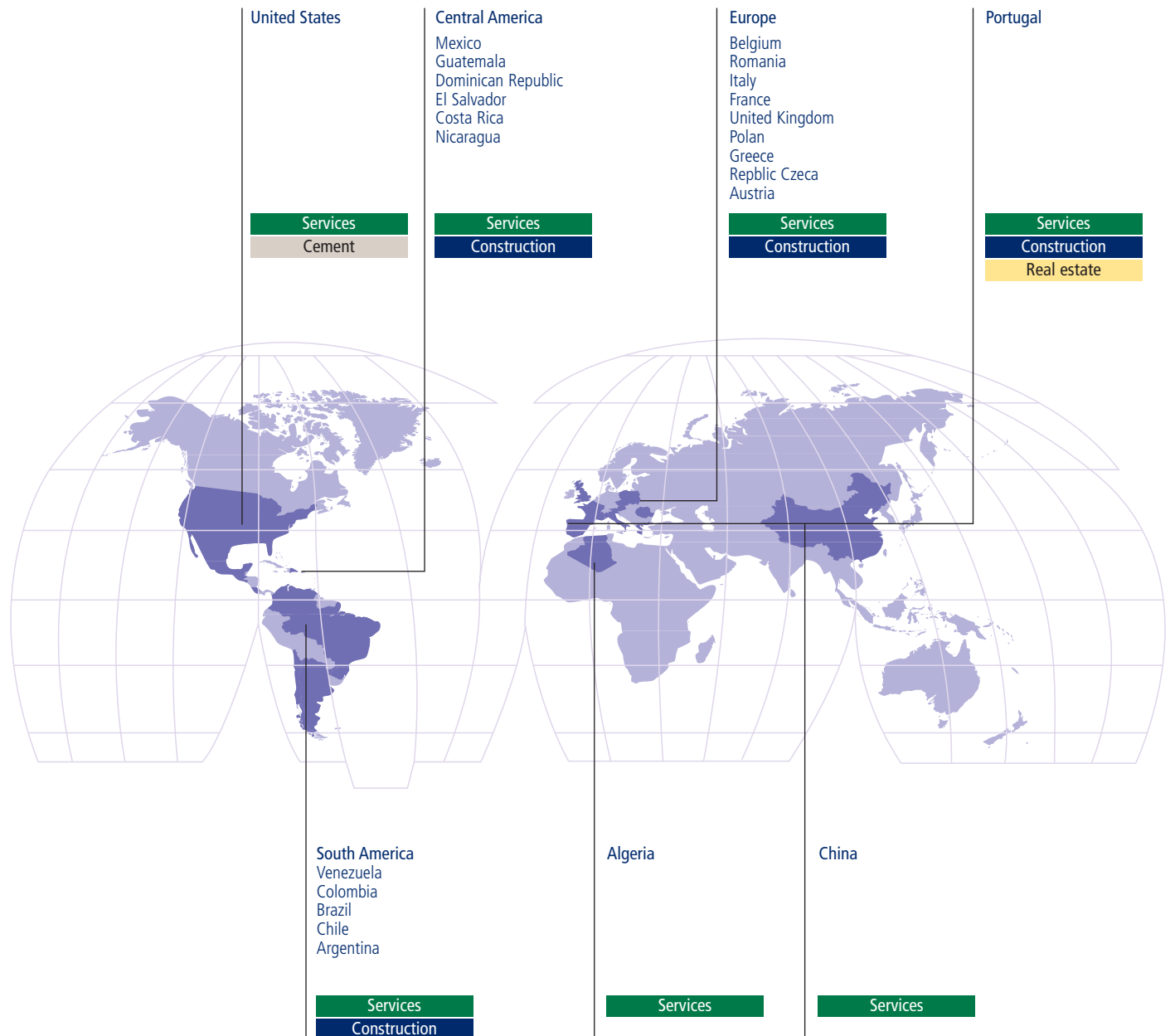


In terms of the cement area, the Cementos Portland Valderrivas group is present in the USA market through the company Giant Cement Holding Inc., 100% owned by the Group. Giant is the fourth biggest cement company on the east coast and has two factories, one in South Carolina and another in Pennsylvania.

The Group also has a 65% shareholding in the company CDN-USA, which owns a factory in the state of Maine.

Cementos Portland Valderrivas in the United States engages in activities related with cement, concrete, aggregates, treatment of industrial waste and prefabricated goods.

**SPAIN**





Musac. Contemporary Art Museum of Castilla y León



## 2005 key financial indicators

Net sales are up 11.7%, reaching the record figure of 7,089 million, with considerable improvement in all areas. Services are up 19.3% and represent 39.5% of the consolidated sales of FCC. Construction area ended the year with a rise of 7.2%, bolstered by the last quarter, in which activity grew by over 15%. Finally, Cement has maintained the strong dynamism of 2005 (up 10.3%).

Organic growth, excluding the companies acquired in the year, stood at 8.6%. The billings contributed by these companies (Grupo Logístico Santos, Entemanser and Marepa) totalled 196 million. The purchase of the additional 8.06% interest in Cementos Portland, acquired from Iberdrola, has no impact on net sales and only affects minority interests, as it was already fully consolidated.

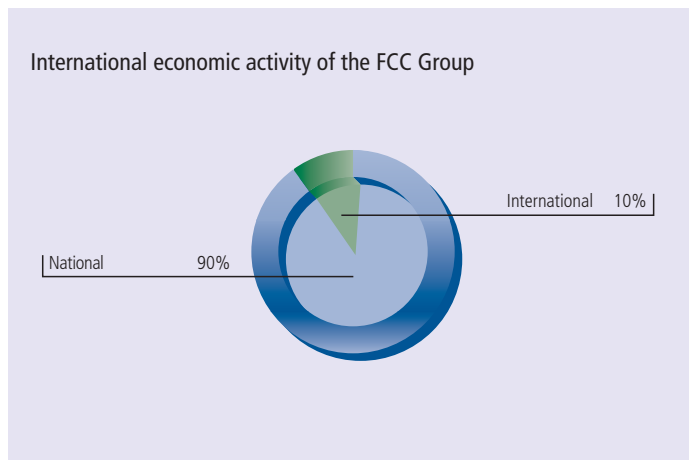
The acquisitions of Abfall Services AG (ASA) and Cementos Lemona will be completed in 2006 and these will foreseeably be incorporated in the Group's consolidated financial statements from April that year. Incorporation of Cementos Lemona is due in the first quarter of 2006 and therefore this company is excluded from the scope of this report. It appears only in the consolidated data from the Cement area (CPV), as at the end of the public takeover bid in February 2006, the shareholding was 96.06%.

	2005	2004	% Variation	% s/Total 2005	% s/Total 2004
<b>Turnover</b>					
Construction	3,346.7	3,123.0	7.2	47.2	49.2
Environmental services	2,078.0	1,827.5	13.7	29.3	28.8
Versia	721.5	519.4	38.9	10.2	8.2
Cement	978.4	886.8	10.3	13.8	14.0
Other activities and eliminations for intragroup operations	(34.8)	(7.9)	N/A	(0.5)	(0.2)
<b>Total FCC Group</b>	<b>7,089.8</b>	<b>6,348.8</b>	<b>11.7</b>	<b>100.0</b>	<b>100.0</b>
<b>Gross operating profit (Ebitda)</b>					
Construction	191.4	177.8	7.6	19.4	21.1
Environmental services	342.8	285.0	20.3	34.7	33.8
Versia	110.7	91.1	21.5	11.2	10.8
Cement	312.3	268.0	16.5	31.6	31.8
Other activities and eliminations for intragroup operations	31.7	20.2	56.9	3.1	2.5
<b>Total FCC Group</b>	<b>988.9</b>	<b>842.1</b>	<b>17.4</b>	<b>100.0</b>	<b>100.0</b>

Millions of euros

International sales have risen by 8.1% as a result of the Services activity. Of total exports of environmental services, 57% relate to Latin America and 37% to the United Kingdom. Versia contributes 23% of net sales outside Spain.

Cementos Portland Valderrivas also has a notable international presence, especially in the USA, where 20.2% of its sales are generated.



#### Net sales of the FCC Group by geographical area

	2005	2004	% Variation
National	6.386,60	5.679,90	12,1
% s/total	90,1	89,7	
International	703,2	650,9	8,1
% s/total	9,9	10,3	

Millions of euros

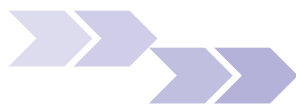
### FCC's order book has exceeded €20,000 million for the first time

The order book of projects and services of Fomento de Construcciones y Contratas, S.A. (FCC) totalled €20,491.6 million, a record figure in the history of the company, representing a rise of 24.9% compared to the same date in the previous year.

There have been considerable increases in all the company's strategic areas:

- Construction: €5,155.2 million (+18.5%).
- Environmental services: €15,000.2 million (+26.6%).
- Versia: €336.2 million (+73.6%).

The construction portfolio ensures activity for 18.5 months, whereas that of environmental services represents over seven years' activity.



## Main lines of activity for the Group in 2006

### Services

FCC Saneamiento Urbano is expected to consolidate the significant market share achieved, with growth tied to extensions and, where necessary, renewals of contracts, as well as the opening of treatment plants currently under construction.

Internationally, the growth strategy is based partly on maintaining and expanding activity in the markets of the countries where the group is present and partly on expansion in new geographical areas. This interest in expansion has led to the acquisition of Abfall Services AG (ASA), a notable group of companies specialised in integral waste management and treatment services. This group is well established in various countries in central and Eastern Europe and has solid expectations of growth in other countries in the region.

A significant increase in net sales is expected in the industrial waste sector, due to the forecast acquisition of the remaining shares in the Marepa group, growth generated by investments made the preceding year and the entry into full service of certain, newly constructed installations.

Despite the high concentration in the water management sector, growth continues to be strong, with Aqualia actively present and maintaining the diversification strategy. The boost to operations from acquisitions in the preceding year has been fuelled by recent contracts obtained in different Spanish municipalities, renewals of significant concessions, services contracted by irrigation subscriber associations, implementation and management of desalination stations, as well as growth at international level, where recent contracts in Italy and Algeria are noteworthy.

At the beginning of 2006 the portfolio of pending services amounted to approximately €15,000 million, equivalent to over seven years of annual production.

Versia foresees growth in 2006 mainly in different sectors such as logistics, where management of Grupo Logístico Santos, acquired the preceding year, will be consolidated, establishing one of the largest Spanish logistical operations.

International growth is foreseen in street furniture (Cemusa), following maturity of the existing contracts in Brazil, Italy and United States, start-up of the launch of the Boston contract and the notable tender recently won for the installation and operation for advertising purposes of the street furniture of New York for the next 20 years. This contract involves the placement, maintenance and advertising operation of 3,300 bus stop shelters, 330 press stands and other street fixtures, thereby consolidating the position of the Company in the North American market.

Contracts have been extended in the vehicle parking area, increasing the number of spaces to be managed, particularly corresponding to Zone V of the regulated parking areas in Madrid, for a period of 11 years (which can be extended for a further 25 years) with 29,725 spaces.

A new urban road transport service for passengers in Benalmádena will start this year. Operation of the Parla tram will also commence, similar to the Trambaix and Trambesós lines already in service in Barcelona.

In the domestic handling (Flightcare) sector, AENA has called for public tenders for the renewal of all airport licences, and the Group's objective is to at least maintain its market share in a sector in which competition is increasing considerably.

Industrial activity has often led to the contamination of the areas where it is carried out. Increasing awareness of the need to preserve the environment has resulted in activities to restore those places which were or could be contaminated. The land department carries out activities including: decontamination of soil and aquifers through the design and execution of recovery measures, final certification and risks analysis. Recovery measures involve on-site and off-site treatments in-situ.

This activity is carried out at industrial sites or sites that are due to be reclassified. The main clients are the petrochemical, construction, chemical and real estate sectors. Over 200 projects have been carried out in the last three years.

## Construction

Construction business forecasts for 2006 are very promising and indicate a similar trend to 2005, with a healthy outlook for global production in the domestic market. The expansive cycle which started in 1997 has continued, contrary to the sector's reputation as a cyclical business.

In this context, it should be noted that the order book of FCC Construcción totalled €5,155 million at the end of 2005, which assures 18.5 months of coverage of net sales.

Localised growth is expected in the international market, partly in Central and North America, through investments already made and underway, and partly in Central and Eastern Europe. FCC Construcción will continue extending the internationalisation, diversification and growth process through the purchase of companies and of financial participants in tender processes in the EU, Latin American countries and Eastern Europe.



## Cement

For the activities of Cemento Portland Valderrivas S.A. the year will be determined by development of the construction sector and infrastructure plans. In Spain, estimates foresee deceleration in the consumption of cement and concrete, which will continue to rise but at lower rates than in the prior year. The result of the public takeover bid for Cementos Leona by Portland Valderrivas is that its net sales will be incorporated in the Portland Valderrivas group, as Cementos Leona and CDN USA, currently accounted for under the equity method, will be fully consolidated. The additional 11.24% held by Leona in Cementos Alfa S.A., currently 80.15% owned by Cementos Portland Valderrivas, will also be consolidated.

The outlook for cement activity in the USA is based on increased demand, accompanied by a rise in prices in the catchment areas of CDN (Maine) and Giant (South Carolina and Pennsylvania). In 2006 the Giant plant in Harleyville, recently modernised and increased in production capacity, will reach full production, and the project for transformation of the wet to dry manufacturing process will start at the Keystone plant in Bath. This project is due to be completed in mid-2008 and will lead to a reduction of production costs and an extension of the manufacturing capacity.



## Real estate

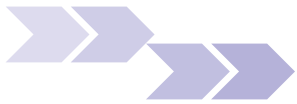
Realia has predicted an increase in sales, based fundamentally on the strength of real estate promotion, which will lead to large figures for deliveries of real estate products. The rotation of leased properties and the area for rental will be increased, which is also expected to help improve year-end sales.

Investments underway in the shopping centres of Guadalajara, Leganés, Murcia and Santiago de Compostela will be continued.

Business strategies in the domestic market will centre on policies of acquiring land requiring town-planning management and allowing added value to be included, as well as the launch of promotional activities in new markets (Valladolid, Zaragoza...), the materialisation of opportunities for the acquisition of office properties, based on location and profitability, development of projects for shopping centres which currently promote themselves and growth through the closure of certain corporate acquisitions.

Following the acquisition of land in Portugal and Poland, promotions and marketing will be initiated. Realia also intends to acquire properties within the European Union, facilitating the growth of the company and contributing significant added value.





## Our corporate social responsibility vision and strategy

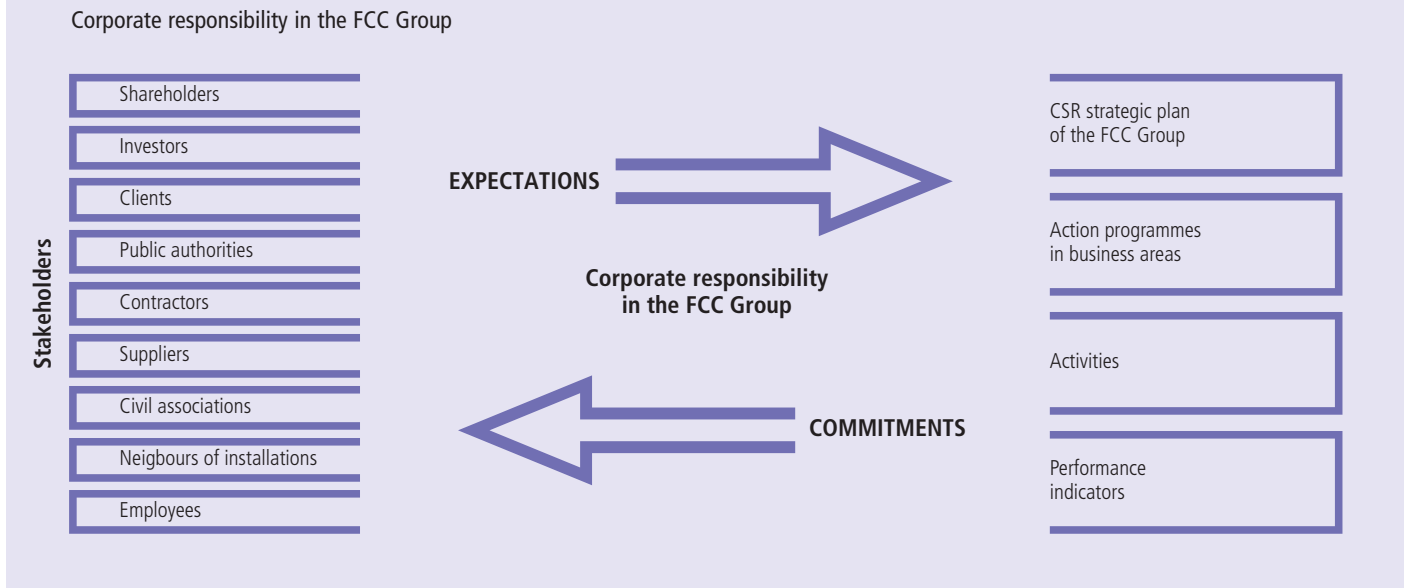
The FCC Group is committed to rendering services which bring value to the society it serves. The diversification strategy has brought the Group ever closer to the public.

The path taken has led to the development of capacities in different Group areas to better serve our stakeholders. In 2005 the Group decided that these capacities needed to be strengthened through a common work strategy which allowed the different Group companies to develop patterns of relations with the main stakeholders and which facilitates long-term relations of mutual benefit to be established.

The vision of the FCC Group's corporate social responsibility is as follows:

*FCC wants to be recognised by the societies it serves as a company which is committed, by means of its activities, goods or services, to truly boosting sustainable development. Based on a solid culture and values, FCC aims to develop long-lasting and transparent relations of mutual benefit with its stakeholders.*

Consequently, the Group analyses expectations of related stakeholders in each of the business areas and for respective Group companies, and this information is taken on board by the Group company management and bodies involved in taking company decisions. In this report, which covers the Group's activity from 2003 to 2005, the criteria for preparation of the Global Reporting Initiative (GRI), have been followed wherever applicable.



Stakeholders' expectations generate commitments which have been reflected in a CSR Strategic Plan designed on the principles of the AA1000 SES standard and following the Balanced Scorecard method.

Based on the standard AA1000 SES, the Group has set out to identify the main expectations for the Group's business areas. This analysis has led to the development of a strategic plan of Corporate Social Responsibility and action plans in each of the main areas of corporate social responsibility, which are currently under development.

The main areas of work in the Strategic Plan of Social Responsibility are:

#### 1 Corporate governance

In this area of work, FCC focuses its efforts on the internalisation of international regulations and standards in its systems of governance and management and the promotion of ethics and integrity in relations with related shareholders.

#### In the quest of AA1000

Since 1999 Accountability, the British organisation dedicated to promoting accountability management in companies around the world, has spread this open-code methodology, followed by thousands of companies worldwide. AA1000 is a universally applied standard used for advisory services, promotion of credibility and the quality of contents of sustainability reports, including processes, systems and responsibilities.

One of the key characteristics of this module is the definition of the materiality of the matters included in the company's plans of improvement for its stakeholders. Applied to the preparation of annual and other reports, the information provided by the company should relate to those issues which concern its stakeholders and therefore provide them with added value.

More information on this standard can be found at [www.accountability.org.uk](http://www.accountability.org.uk)



## 2 Attraction and retention of talent

Facing the challenge of attracting and maintaining motivated and trained personnel, FCC is focused on integrated management of Human Resources, with the professional development of employees, promotion of diversity and the equality and satisfaction of employees as key factors.

## 3 Occupational health and safety

This represents one of the most important challenges for our present society and FCC assumes its responsibility, implementing policies and procedures to reduce emissions through innovation and by seeking out possibilities of using renewable energies.

## 4 Climate change

This represents one of the most important challenges for our present society and FCC assumes its responsibility, implementing policies and procedures to reduce emissions through innovation and by seeking out possibilities of using renewable energies.

## 5 Use of raw materials

FCC is constantly seeking the best opportunities to save on the use of raw materials and to apply those with least impact on the environment.

## 6 Contribution to communities

FCC is committed to the development of the communities where it operates, contributing to local and international projects and initiatives.

## 7 Communication with our stakeholders

Communication with our stakeholders is a priority within FCC's strategic plan. Recently the Company has made a real effort to report its results and policies in terms of corporate responsibility guidelines.

Each of these priorities is complemented by the activity priorities of different Group companies, generating a solid plan of action comprising over 100 programmes.

Coordination of these programmes is carried out through the Group's **Committee for Corporate responsibility**, the main functions of which are to:

- Develop and execute the Strategic Plan of FCC along the lines of Corporate Social Responsibility.
- Monitor the action plans of the different areas of activity and key indicators.
- Evaluate emerging risks.
- Evaluate compliance with the commitments undertaken by the Group.
- Develop dialogue and cooperation with common stakeholders.
- Promote the image of FCC as a responsible company.
- Coordinate the gathering of information for the preparation of corporate reports.
- Develop the exchange of positive experiences.

This Committee, which reports to the General Secretary of FCC, is formed by specialists in the coordination of corporate responsibility actions in:

- FCC Servicios.
  - Urban sanitation activities.
  - Industrial waste (Ámbito).
  - Aqualia.
  - Versia.
- FCC Construcción.
- Cementos Portland Valderrivas.
- Realia.

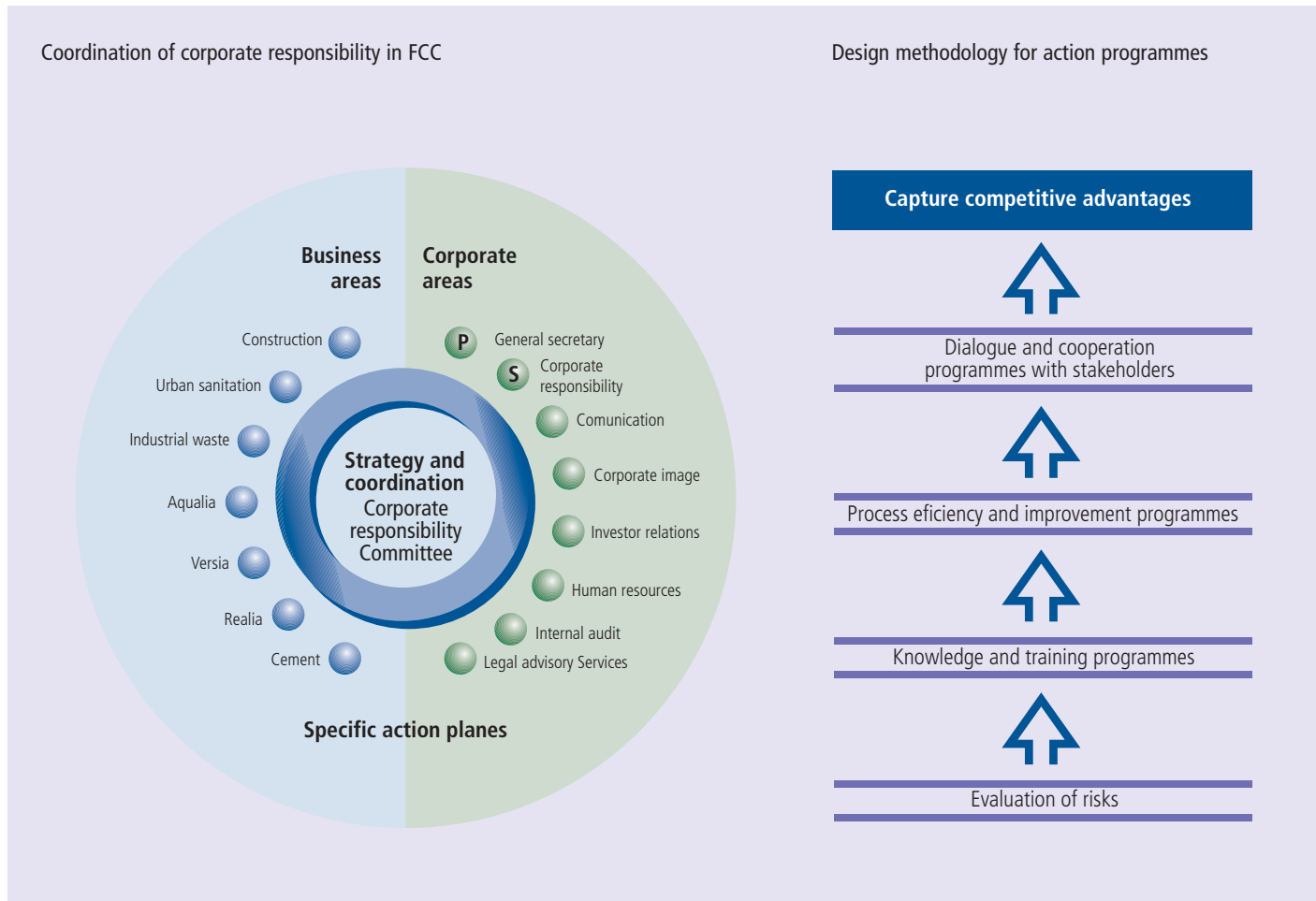
The Committee also includes members of the departments of Internal Audit, Human Resources, Communication, Corporate Image, Legal Advisory Services and Shareholder Relations.

Coordination of the CR Committee programmes and its work on corporate responsibility (which also includes "good corporate governance") falls to the department of the same name, dependent on the General Secretary of FCC.

Since the end of 2005 FCC has worked on the preparation of an exclusive section with this name on its webpage, [www.fcc.es](http://www.fcc.es), which provides information and allows effective dialogue with stakeholders.

FCC also supports different domestic and international initiatives aimed at encouraging and promoting corporate responsibility.

Both the Construction area and Cementos Portland Valderrivas have signed the Global Compact of the United Nations (Global Compact) and the Cement area also plays a prominent role in the prestigious World Business Council for Sustainable Development. FCC has already foreseen a policy of presence and participation in the most prestigious forums of corporate responsibility.



Area	Main expectations of action in favour of sustainable development
Construction	<ul style="list-style-type: none"> <li>• Promotion of integrity in relations with stakeholders.</li> <li>• Promotion of health and safety in the workplace.</li> <li>• Attraction and retention of talent.</li> <li>• Investment in sustainable construction and technological innovation.</li> </ul>
Cement	<ul style="list-style-type: none"> <li>• Reduction of emissions.</li> <li>• Promotion of responsible use of natural resources.</li> <li>• Attraction and retention of talent.</li> <li>• Management of impacts on the natural environment.</li> </ul>
Services	<ul style="list-style-type: none"> <li>• Promotion of health and safety in the workplace.</li> <li>• Reduction of emissions.</li> <li>• Promotion of a management system for sustainable environmental services.</li> <li>• Attraction and retention of talent.</li> </ul>
Real estate	<ul style="list-style-type: none"> <li>• Promotion of integrity in relations with clients and government authorities.</li> <li>• Application of environmental and social criteria in the acceptance of clients and projects.</li> </ul>

## Communication



FCC Saneamiento Urbano presented in 2005 the first Sustainability progress Report, also prepared on the basis of GRI criteria and representing a more fluid and transparent way of communicating the sustainable strategy of this important Group activity. The Group's initiatives to anticipate and integrate changes through extensive research and development guarantees respect for social responsibility commitments year after year.



FCC Construcción every two years prepares an Environmental Report detailing the results of the integrated management of the environmental challenges related with its activity. This report has been published since 2000. Its purpose is to promote dialogue with all stakeholders, showing the advances achieved in the activity of the business unit. The document highlights the importance of the environment within which FCC Construcción operates as a strategic factor for the company, as changes in environment and impacts on it have direct repercussions on the company. The document also underlines the company's role as an actor in this constantly evolving sustainability scenario. (see [www.fccco.es](http://www.fccco.es), Comunicación Medioambiental -Environmental Report-).



With regard to this proposal, special mention should be made regarding the first sustainability report from FCC construction which was published in 2004, and is the only one in the sector classified as "in accordance" by Global Reporting Initiative (GRI). The first progress report has been published in terms of the ten principles of the worldwide agreement of the United Nations (see [www.fccco.es](http://www.fccco.es), online Sustainability Report and Progress Report).



The publication of Cementos Portland Valderrivas' first Sustainability Report, should also be noted. The document includes balanced and reasonable information on the economic, environmental and social development of the Cementos Portland Valderrivas Group in the context of sustainability in 2005 and with reference to progress made in the two preceding years. The report has been prepared and validated based on the instructions from the "Guide for Preparation of Sustainability Reports 2002", published by the Global Reporting Initiative (GRI).

# Committed to a better future



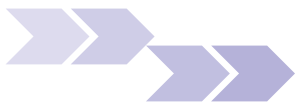
Creating value is one of the Group's main goals. FCC works towards transforming this value not only into capitalisation, but also into employees' salaries, contractor acquisitions, contributions to the state in the form of taxes and to society by way of donations etc.

One of FCC's objectives is to increase the return on these cash flows, and it therefore dedicates considerable time and effort to improving its management systems in order to make them more efficient.

The Group has systems that provide management with timely and precise information, which facilitates transparency and accountability before third parties.



Torre Picaso. Main entrance



## Corporate governance

The FCC Group is headed by its shareholders, who are represented at the annual general shareholders' meeting. The FCC Board of Directors is currently comprised of 17 board members, three of which hold executive positions in the Company.

The Board of Directors organises its work through plenary sessions -12 sessions took place in 2005- or through different committee meetings:

### **Executive Committee**

This committee runs the Company's business and has wide-ranging management, administrative and asset-management powers. Is also responsible for representing the Company.

Number of meetings held during 2005: 11.

### **Audit and Control Committee**

This committee supports the Board of Directors in monitoring the Group's business by periodically reviewing the preparation of financial information, internal controls and external auditor independence.

Number of meetings held during 2005: 9.

### **Appointments and Remuneration Committee**

This informs the Board of Directors of appointments, re-elections, and step-downs from the board, directors' remuneration and general remuneration and incentive policies for board members and senior management.

Number of meetings held during 2005: 3.

### **Strategy Committee**

This advises the board on strategy-related issues and takes decisions related to investments, disinvestments, third-party agreements, new lines of business and any financial operations affecting group strategy.

Number of meetings held during 2005: 1.

## Board of directors and committees

## SHAREHOLDERS

## BOARD OF DIRECTORS

Maximum of 20 and minimum of 3

Marcelino Oreja Aguirre	Chairman	
Rafael Montes Sánchez	Managing Director Executive Director	E N
B 1998, S.L. Representative: Esther Koplowitz Romero de Juseu	Nominee Director	S
Dominum Desga, S.A. Representative: Esther Alcocer Koplowitz	Nominee Director	E N S
Dominum Dirección y Gestión, S.A. Representative: Alicia Alcocer Koplowitz	Nominee Director	
EAC Inversiones Corporativas, S.L. Representative: Carmen Alcocer Koplowitz	Nominee Director	
Fernando Falcó y Fernández de Córdova	Nominee Director	E A N S
Gonzalo Anes y Álvarez de Castrillón	Independent Director	
Juan Castells Masana	Nominee Director	E A
Felipe Bernabé García Pérez	General Secretary Executive Director	
Francisco Mas Sardá Casanelles	Independent Director	A
Robert Peugeot	Nominee Director	N S
Cartera Deva, S.A. Representative: José Aguinaga Cárdenas	Nominee Director	E N S
Ibersuizas Alfa, S.L. Representative: Luis Chicharro Ortega	Nominee Director	S A
Ibersuizas Holdings, S.L. Representative: Pedro Agustín del Castillo Machado	Nominee Director	A S
Larranza XXI, S.L. Representative: Lourdes Martínez Zabala	Nominee Director	S
Antonio Pérez Colmenero	Executive Director	N
Francisco Vicent Chuliá	Secretary (non-member)	

<b>Executive Committee</b>		
Rafael Montes Sánchez	Chairman	E
<b>Audit and Control Committee</b>		
Fernando Falcó y Fernández de Córdova	Chairman	A
<b>Appointments and Retributions Committee</b>		
Esther Alcocer Koplowitz	Chairman	N
<b>Strategy Committee</b>		
Esther Koplowitz Romero de Juseu	Chairman	S

<b>Steering Committee</b>	
Chairman	Rafael Montes Sánchez
	Fernando Falcó y Fernández de Córdova
	Ignacio Bayón Maríné
	Felipe Bernabé García Pérez (General Secretary)
	José Luis de la Torre Sánchez
	Antonio Gómez Ciria
	José Ignacio Martínez-Ynzenga y Canovas del Castillo
	José Mayor Oreja
	Antonio Pérez Colmenero
	José Eugenio Trueba Gutiérrez
	José Luis Vasco Hernando

X This symbol indicates membership of the corresponding committee

FCC publishes an annual Corporate Governance Report which provides details on how the different governing bodies operate, remuneration etc. and on any significant events which occurred in 2005. This report is submitted to the CNMV (Spanish stock exchange commission) and is available at [www.fcc.es](http://www.fcc.es)

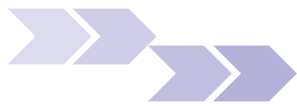
## Directors' remuneration

	Number of board members	Company remuneration (M€)	Group remuneration (M€)
Executive directors	3	2,962	200
Directors representing a major shareholder	12	1,226	538
Independent directors	2	161	
<b>Total members</b>	<b>17</b>	<b>4,349</b>	<b>738</b>

Millions of euros



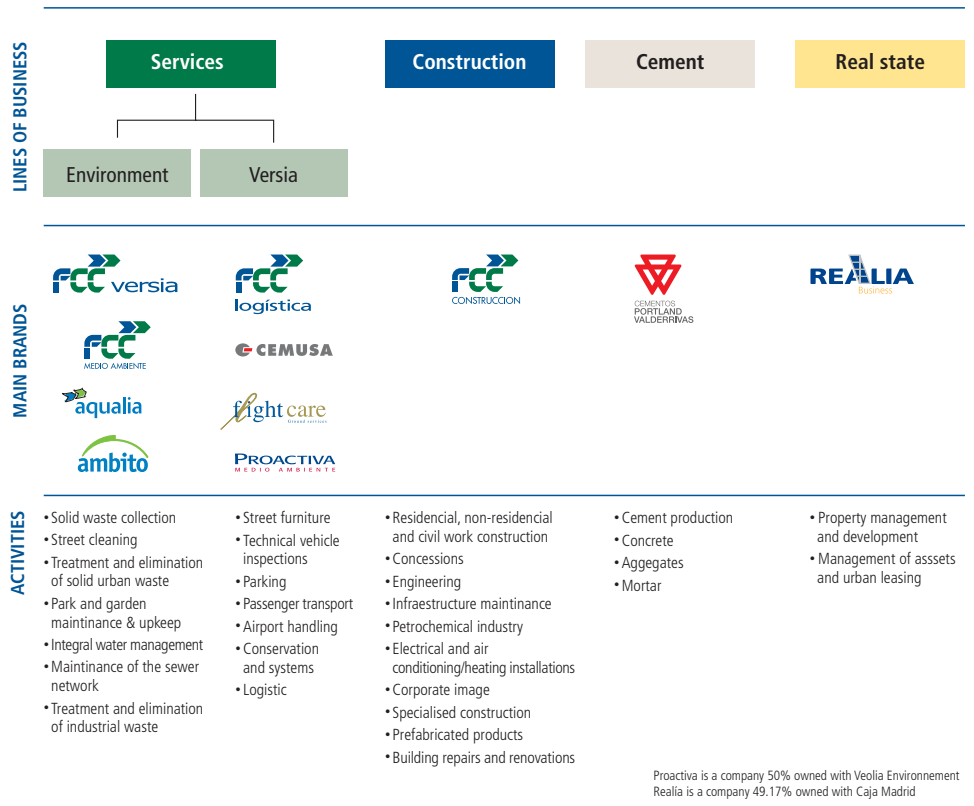
World Trade Center buildings in Cornellá. Barcelona



# Management structure

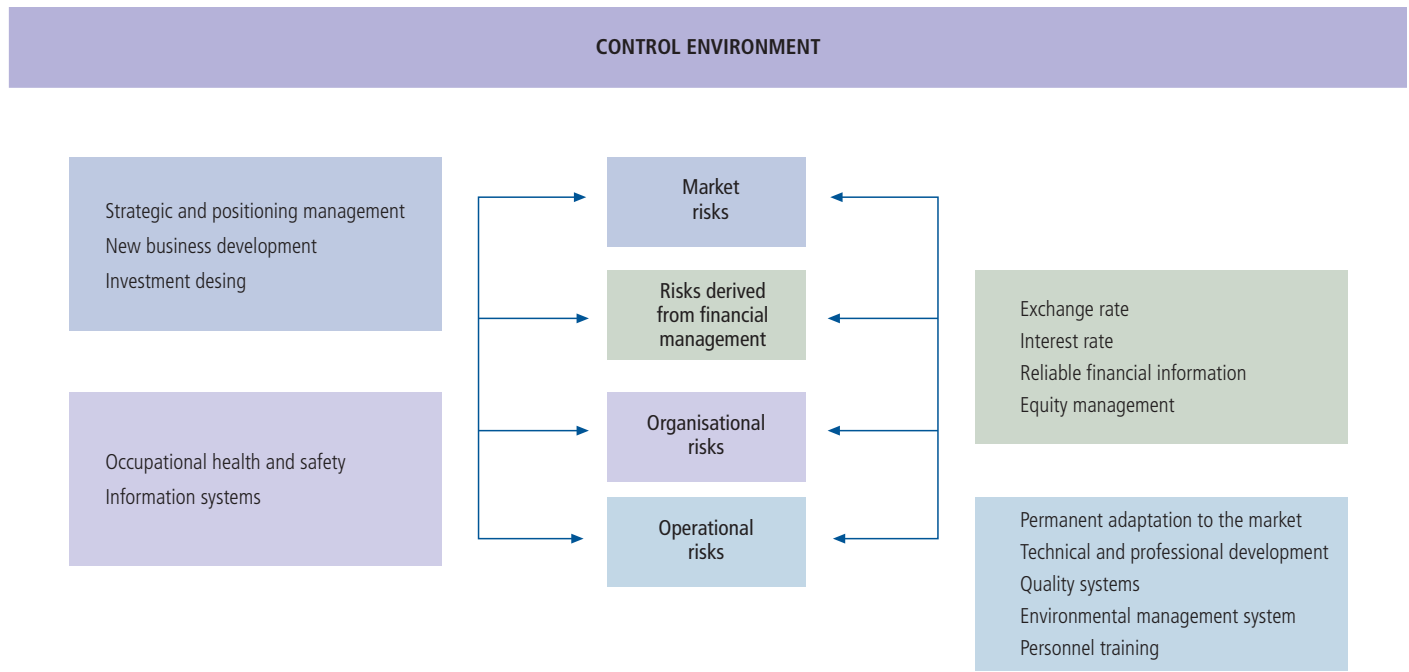
In addition to providing corporate services, FCC is organised along four lines of business.

Areas of business and the main brands of the FCC Group



The planning systems and management processes within the Group's organisational structure are designed to improve its competitiveness.

Integrated management system of the FCC Group



**Principal management systems**

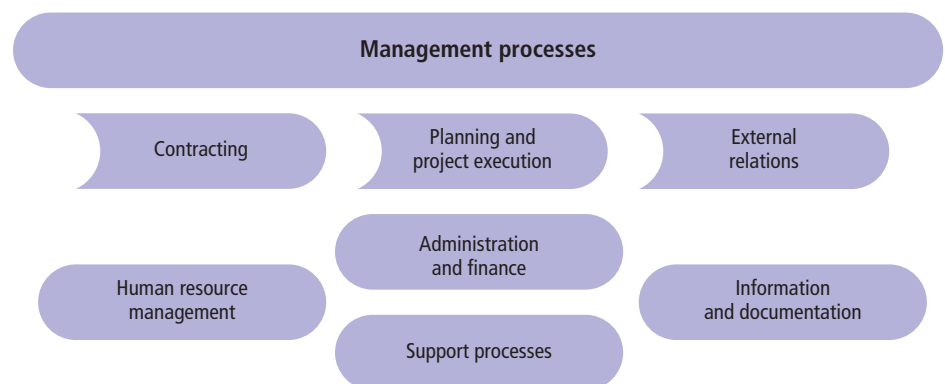
The companies comprising FCC have modern, integrated management systems with processes which enable them to offer high quality products and services.

These management systems regulate how the Group's organisations operate, incorporate both group and company policies, and define the mechanisms necessary for attaining continuous improvement.

In the majority of group companies, these systems cover the entire process from the initial offering through to finalisation of the service or delivery of the product.

All relevant processes are identified, described and set out in a flow chart which shows the chain of activities, those in charge, the information to be used and the resulting information. The different processes within the systems ensure that products and services comply with all requirements.

Processes integrated in FCC Construcción's management and sustainability system





## FCC Construcción's environmental management system

Environmental management is applied to all projects undertaken by FCC Construcción, as well as in all group centres whose activity has an impact on the environment. Environmental management is distributed across all organisational and hierarchical levels and forms an inherent part of the Company's management system.

Environmental management, and management functions in general, are organised along four basic lines: the Sustainability Committee, Divisional Committees, Area Committees and Branch Committees. All members of company management are involved in these committees, while the chairmen of each level form part of the higher-level committees.

Within the processes applied by the different company organisations, the Project Manager defines, implements and monitors environmental measures every four months using the Environmental Plan, a basic, multi-level communications document.



The Environmental Plan for each project is outlined in two basic documents:

- **370 "Environmental Issues and Actions "**  
This identifies and assesses issues and courses of action to be taken and contains references to development documents and applicable legislation.
- **371 "Environmental Objectives"**  
This contains best practices which have been selected for implementation and follow-up on the project. Best practices exceed external requirements, are tailored to the project, and the effort involved is proportional to the result attained.

This system may be consulted in the 2005 Environmental Report.

## FCC Construcción committed to quality

In 2005 FCC Construcción's Sustainability Committee presented the Quality Awards for Best Construction. The award in the building category went to the multi-purpose Rockódromo Arena in Madrid while the civil works award went to the Balcón del Guadalquivir in Córdoba.

### Rockódromo Arena (Madrid)

The Rockódromo Arena is a 29,800 m<sup>2</sup>, multi-purpose arena with a maximum seating capacity of 10,800. The building is covered by a steel and glass structure spanning 126 m in diameter and weighing 7,800 tons. An outer concrete ring supports six enormous beams that meet in an inner, hexagonal, steel ring, through which light enters via a network of skylights. The complex also has an auxiliary 4,200 m<sup>2</sup> pavilion, built partially underground on one side, which is connected by a tunnel to the Rockódromo, the Pabellón de la Pipa and the Pabellón de Cristal.

### Balcón del Guadalquivir (Córdoba)

This project undertaken by FCC involved channelling the Guadalquivir River as it passes through Cordoba. The integral project also provides for developing the surrounding area which, in addition to incorporating the Molina de Martos and the Ermita de los Mártires as its main elements, also includes gardens, a water treatment centre and an area set aside for nautical activities, including a rowing club. This project covers 90,000 m<sup>2</sup> and is located between the Arenal bridge and the Ribera boulevard.



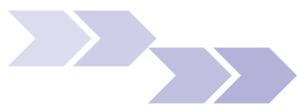
Rockódromo Arena. Madrid



Urbanisation El Balcón in Guadalquivir. Córdoba



Handling service for passengers

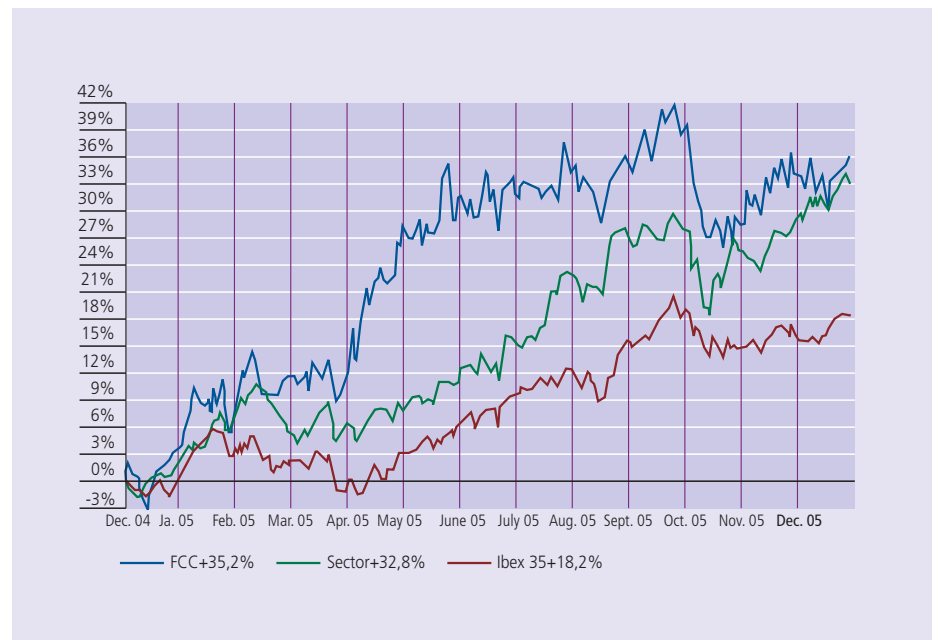


## Creation of value

### Value for our shareholders

FCC shares rose by 35.2% in 2005, on top of the 21.2% and 36.6% growth in 2004 and 2003, respectively.

This rise in FCC shares has exceeded both the Bloomberg Euro Engineering & Construction sectorial index (32.8%), which encompasses the 58 most important European construction companies, and the Ibex 35, the main Spanish share index, which rose by 18.2%.



FCC shares closed at Euros 47.90 on the final day of trading in 2005 compared to Euros 35.43 in the prior year, representing a net increase in value of Euros 12.47/share, to which a dividend distribution of Euros 1.36/share must also be added.

During the year, FCC shares performed well, from a low of Euros 34.39 on 12 January to a yearly high of Euros 50.10 on 4 October.

A total of 80.8 million shares were traded in 2005, which translates into an average of 317,079 shares daily. Total cash amounted to Euros 3,492 million, with a daily average premium of Euros 13.6 million, which is 36% up on 2004.

The Company's stock market capitalisation amounted to Euros 6,254 million at year end compared to Euros 4,626 million in December 2004.

## Dividends

The directors will propose to the shareholders at their annual general meeting in June 2006 that a gross dividend of Euros 1.614 per share be distributed in two instalments: an interim dividend of Euros 0.766 per share on 9 January 2006 and a complementary dividend for Euros 0,848.

The total figure is an increase on the prior year dividend distribution and represents 50% of profits, which is one of the highest in the Spanish sector.

During the last five years, total dividends distributed have risen threefold.

## Communication

FCC has a group actively involved in promoting investor relations through its web site [www.fcc.es](http://www.fcc.es). This site is being continuously improved with a view to providing better and more easily accessible information.

- In 2005, a section on listed prices and intermediary volumes in real time was incorporated, with access to historical data bases.
- In order to make browsing easier, a financial information module is being incorporated into the investors and shareholders section. Two new headings will be included providing quarterly data on own shares, and analyst recommendations and objective prices.

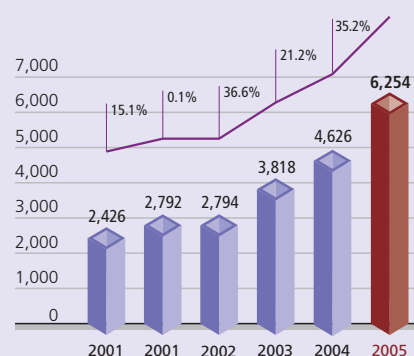
The investor relations group not only submits content to the web site but also actively strives to inform investors and shareholders via the following:

### Participation in seminars

The principal stock market brokers regularly hold seminars on companies based on different criteria. FCC participates in these seminars when they involve Spanish companies (geographical criteria), construction and building materials (sector criteria) and Large Caps (stock market capitalisation criteria).

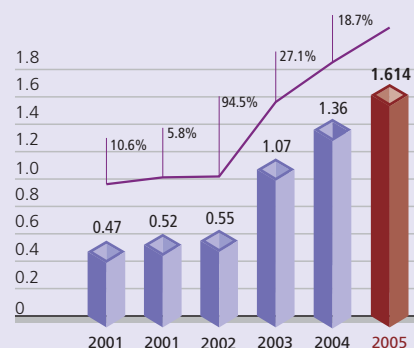
### Stockmarket capitalisation and yearly revaluation

Millions of euros



### Dividends paid and yearly increase

Euros



### Investor presentations (roadshows)

Each year, roadshows are organised for investors both in Spain and abroad which cover the main international circuits (United Kingdom, United States, France, Germany, Italy etc.).

In 2005, roadshows were organised in London, New York, Paris, Frankfurt and Milan during which a total of 41 meetings were held with investors.

### Meetings with investors in our offices

In addition to external contact with investors, meetings are also held in our offices in Madrid, which are attended by both national and international investors. When a face-to-face meeting is not possible, new technologies such as video conferences or conference calls are employed.

A total of 178 meetings were held in 2005.

### Presentations retransmitted by video or telephone

When announcing results or any other significant event, FCC gives presentations to analysts and investors, who can attend either in person, or remotely via telematic media such as internet (audio or video webcast) or telephone.

Mention should be made of the presentation given by Rafael Montes, managing director of FCC, in April 2005 on the Strategic Plan 2005-2008. This presentation was delivered at the Madrid Stock Exchange, was attended by a large number of analysts and investors and was transmitted by conference call with simultaneous interpretation.

The stock exchange and investor relations department also has two further channels of communication: its own e-mail address (*ir@fcc.es*), which received over 220 messages in 2005, and a shareholder service line (91 359 32 63), which was used by almost 300 people to request information on the Group.

### Value for customers and users of our services

FCC considers its customers to be a primary asset and strives to maintain lasting and trusting relationships based on mutual benefit. FCC has a wide and varied customer portfolio, ranging

from corporate clients such as those served by Cementos Portland Valderrivas, to local and regional governments and private entities served by FCC Construcción and the private customers of Realia.

However, the Group also renders services to many more millions of customers at home, in their neighbourhoods, cities, airports, at work etc., from whom we endeavour to obtain feedback in order to satisfy their ever more demanding needs.

The majority of FCC Group companies are quality certified, and some stand out on account of their pioneering customer service policies.

### Percentage of FCC group companies which have externally certified management systems in the areas of quality, the environment and safety in the workplace

Empresa	% of company certified		
	Quality ISO 9001	Environment ISO 14001	Safety in the workplace OSHAS
<b>Cement</b>			
Cementos Portland Valderrivas			100
Cement factories in Spain	100	100	—
<b>Construction</b>			
FCC Construcción	100	100	—
<b>Real estate</b>			
Realia, S.A.	100	—	—
<b>Services</b>			
Environment			100
Aqualia	100	100	100
No. of inhabitants <sup>(1)</sup>	69.91	45.77	100
No. of contracts with SG compared to the total	36.67	24.17	100
Industrial waste	86.00	79.00	100
Work centres	74.00	74.00	100
Urban sanitation <sup>(2)</sup>	86.00	79.00	—
Cleaning of buildings	97.00	73.00	100
Treatment and elimination	84.00	84.00	100
Street rubbish collection and cleaning, beach cleaning, upkeep of gardens and sewer network	81.00	81.00	100
<b>Versia</b>			
Logistics	95.00	6.00	100
Airport services	100	95.00	100
Street furniture. Cemusa	100	—	100
Conservation and systems	100	—	100
Transport	60.00	—	—
Parking	96.69	—	100
ITV (vehicle technical inspection) <sup>(3)</sup>	—	—	100

(1) Calculated based on "inhabitants supplied: customers connected to the sewage network over the total number of inhabitants" (for the sewage treatment plants in the north and south zones).

(2) Values correspond to the % of contracts by type of activity; does not refer to companies or enterprises.

(3) This activity has its own quality regulation under UNE EN ISO/IEC 17.020 2004, which has been implemented in all centres throughout Spain. Moreover, two of the centres are accredited by ENAC while others are in the process of being accredited.

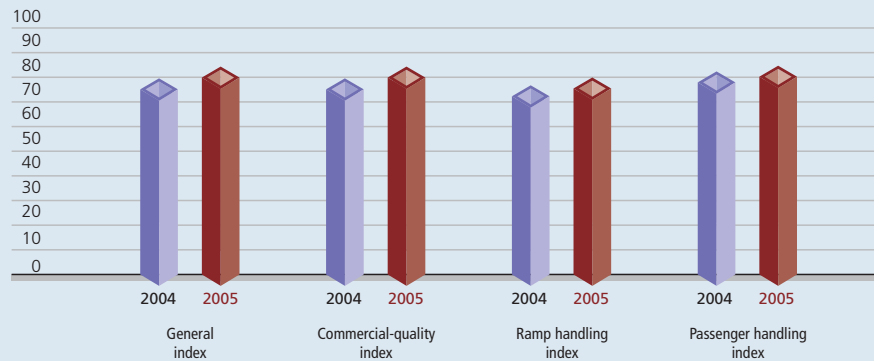
## Flightcare

### Improvement in all customer satisfaction indices

Flightcare has opted to integrate its management systems, which regularly receive ISO 9001:2000 Quality Management Systems, ISO 14001:2004 Environmental Management Systems and OHSAS 18001:1999 Occupational Health and Safety and Management System certification.

In 2005 all main customer satisfaction indices rose.

#### Flightcare satisfaction indices



## Ámbito

### Quality in industrial waste management

Ámbito is the leading industrial waste management company in Spain.

Ámbito comprises a group of companies which offer the most comprehensive and efficient range of industrial waste management solutions.

In 2005, customer satisfaction rated 4.24 on a scale of 1 to 5.

## FCC Construcción

### Quality improvement procedure

The construction division has a procedure called PR/FCC- 120 which sets out the functions of the Quality and Sustainability Committee. These require that the maximum executive body perform, inter alia, the following functions;

- Establish system guidelines.
- Ensure that the system functions effectively.
- Implement improvement measures.
- Draw up the annual training plan.
- Review the system.

This procedure complies with ISO 9001 and the committee meets at least every four months, and more often if necessary. The commitment to excellence in quality of service is a priority for our organisation, and the management system therefore defines the appropriate continuous improvement mechanisms.

#### **Customer feedback on projects**

A specific customer survey is carried out at the end of every project in which 11 attributes are rated. This enables us to draw up plans to focus our efforts on important areas which receive a low rating. In 2005, in 96% of the cases a "good" or "very good" rating was received, and amongst the most consistently highly rated were attributes such as the professional skills of the team involved (which also received the highest rating), customer attention, compliance with undertakings and the ability to resolve problems and address unforeseen events.

### **Cementos Portland Valderrivas**

#### **Certified products and systems**

The commitment to quality extends to all manufacturing lines, end products and delivery contracts and is clearly orientated towards customer satisfaction. The first Company Register certificates obtained by the Group date back to 1996.

Cement is manufactured under the "N" voluntary product quality certificate, which appears on our wrapping and docketts. All group cement carries the CE mark, as do all products leaving our aggregate plants.

### **Realia**

#### **Quality for its customers**

Realia Business has a procedure for the delivery of properties covering all promotions which guarantees a high level of quality until the deeds are signed and the property is handed over.

Realia also carries out surveys with a view to obtaining customer feedback, the results of which reveal a high degree of customer satisfaction in terms of service and information received from Realia personnel, as well as the characteristics of the property, compliance with contractual deadlines and the perception of Realia as a company. In short, more than 60% of those surveyed would recommend purchasing a house from Realia.

## Case study

### Aqualia quality letters

Aqualia, a concessionary company for integral water management, issues quality letters, which represents a clear undertaking to all citizens as regards the municipal water service.

This document guarantees compliance with all obligations inherent in managing the municipal water supply, and, in the event these obligations are not fulfilled, promises compensation of the monetary equivalent of 10,000 litres of water, based on prevailing rates.

The company also undertakes technical commitments, such as performing more than 20,000 analyses a year to guarantee daily control of the water supply and 5,000 tests on treated water.

The quality letter also contains commitments with regard to the provision of information, which demonstrate the company's commitment to providing a transparent service: notice of planned interruptions to the water supply will be posted on protective barriers, building entrances or published in the media. In the event of urgent faults in the water supply, Aqualia will visit the area affected within 12 hours of receiving notification. If the water supply is interrupted, the company will supply water, free of charge, via taps attached to the nearest hydrants.



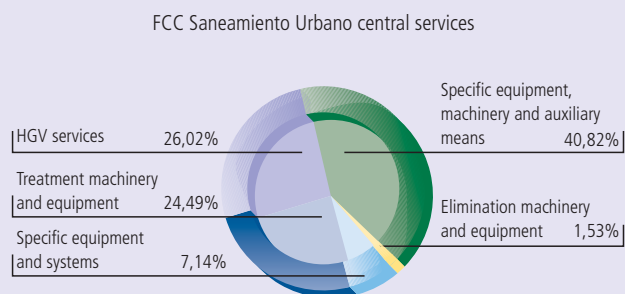
Quality letter for Salamanca

### Value for our business partners: contractors and suppliers

Our business partners, i.e. contractors and suppliers which produce goods or provide services together with FCC to our customers, form a special part of FCC's value chain and share in the responsibility for achieving positive results.

Within the context of quality and environmental policies, group companies share social and environmental commitments with suppliers and subcontractors. Compliance with these commitments materialises through the implementation and assessment of purchase management procedures and the inspection of products or services supplied (delivery dockets, regular meetings etc.).

### Distribution of qualified suppliers by groups of purchases 2005





Another example of supplier policy is the inclusion of environmental and occupational safety clauses in all contracts and contractual reviews.

Some of the most significant issues concerning suppliers at divisional level, which are also stipulated in contracts, are as follows:

- Compliance with fiscal obligations.
- Insurance and accident policies.
- Compliance with prevailing data protection legislation.
- Environmental requirements.
- Safety requirements.

### Some figures on FCC Construcción's supply chain

Total number of suppliers in the data base	18,904
Number of suppliers	7,563
Number of subcontractors	10,531
Number of national suppliers	8,459
Number of international suppliers	755
Number of regional suppliers	4,513
Number of provincial suppliers	3,144
Number of local suppliers	1,223
Number of ISO 14001 accredited suppliers	81
Number of suppliers contracted in 2005	2,969

### Subcontractors and suppliers of FCC Construcción

The general management of FCC Construcción issued a purchasing policy which details the products and activities to be managed centrally, whether from the central purchasing service or from regional purchasing departments, as described in the corresponding procedure.

Environmental requisites, safety in the workplace, purchase specifications etc. are included in each of the contracts entered into with industries or suppliers. All supplier information is recorded in SISCOMP (a software purchasing system).

This system contains general data on each supplier, as well as information such as their speciality, projects on which they have collaborated with FCC, the rating given by the project manager, volume of purchases in Euros, contract execution dates etc.

## The value of innovation

The FCC Group is actively involved in research, development and innovation focused on issues directly and indirectly related to its activities. In 2005, projects were carried in each of the four areas of activity, Services, Construction, Cement and Real Estate, with a view to protecting the environment and promoting sustainable development.

### Services

A project to analyse the life cycle of water undergoing waste treatment is particularly noteworthy in this area. The basic objective of this project is to study water as an environmental indicator in the widest possible sense within the treatment processes, define the environmental impact thereon and assess the necessary corrective measures. This will enable the necessary complementary operations and measures to be implemented, while providing an informative and decision-making tool for all sectors involved (companies, administrations and citizen organisations interested in environmental solutions etc.). This project has been very well received by the Technological Policy Directorate of the Ministry of Education and Science.

Regarding waste elimination studies have been carried out on a closed aerobic compost system for processing small and medium-sized organic waste rejected by organic waste treatment plants, and preparing a substitute fuel for traditional sources (gas, coke, etc.).

With respect to water, **Aqualia** has mainly been involved in industrial sewage-related projects (wasteless recycling of industrial sewage, the design of anaerobic reactors and an advanced oxidisation system for industrial sewage which is difficult to break down etc.).

As for the activities of **Versia**; the street furniture sector is developing two technologically innovative projects, the first of which is the development of a light urban vehicle (Episol) which uses hybrid electrical propulsion with a possibility of two different motors: a thermal motor in the initial stage, to be later followed by an electric motor which runs on a solar powered fuel cell. The subsidiary Cemusa has entered into a collaboration agreement for this development with INSIA (the University Institute for Automobile Research), which belongs to the Polytechnic University of Madrid, and IAI (the Industrial Automobile Institute), part of the Higher Centre for Scientific Research. The second project involves the development of bus shelters, which were presented at the Dallas exhibition (USA).



### Construction

**FCC Construcción** sits on the management board of the European Construction Technology Platform, an initiative comprising over 600 organisations (industries, universities, research centres, etc.) whose objective is to lay down the strategic research agenda for the sector and carry out publicly and privately funded macro-projects. FCC Construcción also coordinates the Permanent Committee of the Spanish Construction Technology Platform, composed of more than 140 organisations similar to those involved in the aforementioned European Construction Technology Platform, and with analogous objectives.

Projects carried out during 2005 include the following: Tunconstruct, with a view to optimising underground construction; Manbuild, aimed at industrialising construction; Arfrisol, involved in bioclimatic architecture and solar cold; Hatcons for the utilisation of high-performance materials; and Fibras, for the use of steel fibre-reinforced concrete.

### Cement

The research and development activities of **Cementos Portland Valderrivas S.A.** on new cement products and applications are mainly carried out at the laboratories of its Olazagutía plant (Navarra). During 2005, work has been performed in the following areas: raw material assessment, alternative fuel studies in collaboration with universities under the PROFIT programme (programmes for the promotion of technical research), participation in normalisation committees, research work in conjunction with customers in order to improve existing products and develop new applications etc. Cementos Portland Valderrivas also actively participates in research projects being carried out at the IECA (Spanish Institute for Cement and its Applications).

## Case study



### Innovating in conjunction with FCC Saneamiento Urbano

FCC has been involved in various collaboration initiatives through its urban sanitation line of business to introduce conceptual and technological breakthroughs in the equipment and processes we offer our customers. On the basis of a shared, common objective, the best techniques have been employed to ensure that our services meet customer requirements and environmental demands. The various agreements reached include the following:

- Design and construction of hybrid vehicles (1994).
- Collaboration between FCC Medio Ambiente and IVECO's Industrial Engineering Department to design and manufacture the chassis for natural gas-driven solid urban waste collectors (1995).
- Design and development of first generation 'KB' vehicles, a narrow-bodied rubbish collector specially designed to negotiate the streets of the historical area of town (1997).
- Signing of the framework agreement with the Ros Roca R&D department in 2003 for the development of coordinated industrial research projects on organic breakdown technology for urban waste treatment.
- Collaboration with the Ros Roca engineering departments to optimise the load capacity of rubbish collectors.

## Case study



### FCC Construcción

Proyec:       ARFRISOL  
                  Bioclimatic architecture and solar cold

Strategic technological research and development project financed by the Ministry of Education and Science to promote the use of bioclimatic architecture and solar energy, which only use 10%-20% of conventional energy, in offices as a basis for future construction. This research centres on using thermal energy for heating and refrigeration, and for producing photovoltaic electricity.

PSE-ARFRISOL endeavours to study and demonstrate the possibility of saving energy by adapting five public buildings (three belonging to CIEMAT, one to the University of Almería and another to the Barredo de Asturias Foundation) selected in different strategic points throughout Spain (Almería, Madrid, Soria and Asturias), each of which has a different climate. The universities of Almería and Oviedo and other leading firms in this sector are also taking part in this project.

## Case study

### Innovation award for FCC Construcción

In 2005, FCC Construcción's sustainability committee presented an innovation award for the first time, which went to the "Victoria" self-propelled, precracking machine.

The importance of precracking cement-treated layers on road surfaces is a recurring theme at national and international symposiums and congresses. Moreover, the Ministry for Public Works has made precracking compulsory for all national roads. For this reason, the machinery department of FCC Construcción in Andalusia has designed and built a precracking machine which does not alter the cement surface around the join. This machine has been patented and was used for the first time on a stretch of the Córdoba-Fernán Nuñez highway. It is not costly to operate, can travel at a speed equivalent to that of a surface laying machine and is capable of cutting both transversally and longitudinally.



Carro prefisurador autopropulsado "Victoria"

# Future for our environment



Protecting the environment is central to all FCC Group activities, based on the principle of precaution, endeavouring to minimise environmental impacts. The main effects of FCC's lines of business are:

#### **Climate change**

FCC's commitment to continuous reduction of the production of greenhouse gases has led to increasing investment in support for alternative energy sources, technologies maximising energy output, and practices aimed at raising awareness of the importance of responsible energy consumption amongst employees and users. FCC has a complete framework of actions directed at reducing emissions and avoiding, as far as possible, contributing to global warming.

#### **Integral management of the water cycle**

Water is another priority in our society and especially for Spain. We are committed to saving water not only from a management point of view but also as users of this precious resource.

FCC has created Aqualia, designed to bring together capacities and extensive experience in water management in a responsible and sustainable manner, guaranteeing that it is available in sufficient amounts and of good quality. The final objective is to create a water cycle where losses are continuously reduced, helping to reduce costs and generate sustainable consumption of this limited resource.



### **Waste management**

As with water, in our management of waste we feel we are part of cutting-edge solutions. In a society increasingly concentrated in cities, efficient management of waste is essential. Therefore, FCC has created robust and efficient systems of waste management operating in the largest cities in the country. The Group is also responsible for management of industrial waste, for which it has a complete network of installations throughout Spain, allowing it to meet the needs of the industrial sector.

### **Conservation of biodiversity**

Another large environmental challenge of concern to the FCC Group is the conservation of biodiversity, for which it has put all available mechanisms in place to ensure that its activities do not have an irreversible impact on the environments where these are carried out.

Conservation of the environment is a challenge for FCC and the Group is gradually making advances and modernising its systems to achieve an activities model which is increasingly compatible with the environment.

### **Introduction**

Global warming is one of the main problems currently faced by society in its relationship with the environment. The so-called "greenhouse effect" is already being felt, and its serious consequences have prompted measures to be taken by the international community. In fact, climate change is one of the priorities of the sixth European programme for the environment (Environment 2010: the future is in our hands), on which current European policy is based. Serious changes are also required in energy and industrial policy. Many sectors will have to make a great effort in order to maintain their competitiveness and efficiency whilst adjusting to new legal requirements on energy issues.

FCC assumes its responsibilities to meet this supreme challenge and has designed and implemented various plans of action to provide a response to current needs.

The cement sector is the main business sector affected, as the cement production process involves emissions of CO<sub>2</sub>.

Another part of the company which is involved is the Services area, which encompasses differing activities, of which waste, transport and logistics management are business elements which present excellent opportunities for improvement in the reduction of greenhouse gases.

### **CO<sub>2</sub> emissions Cement**

The strategy of the Cementos Portland Valderrivas (CPV) group for promoting control over and reduction of emissions of CO<sub>2</sub>, is based on the following actions:

1. Improved energy efficiency, through the manufacture of clinker in more efficient furnaces, with a lower specific consumption per tonne of clinker produced.
2. Increased use of materials which include lime (CaO) in their composition, to help reduce emissions of CO<sub>2</sub> in the clinkerisation process.

3. Promotion of the use of alternative fuels deriving from wastes which would otherwise end up in dumps, especially biomass.
4. Improved use of additions in the manufacture of cements, whereby the level of clinker per tonne manufactured is minimised, whilst maintaining product quality.
5. Participation as a Group in the Spanish Carbon Fund, to which we have contributed €2.5 million.

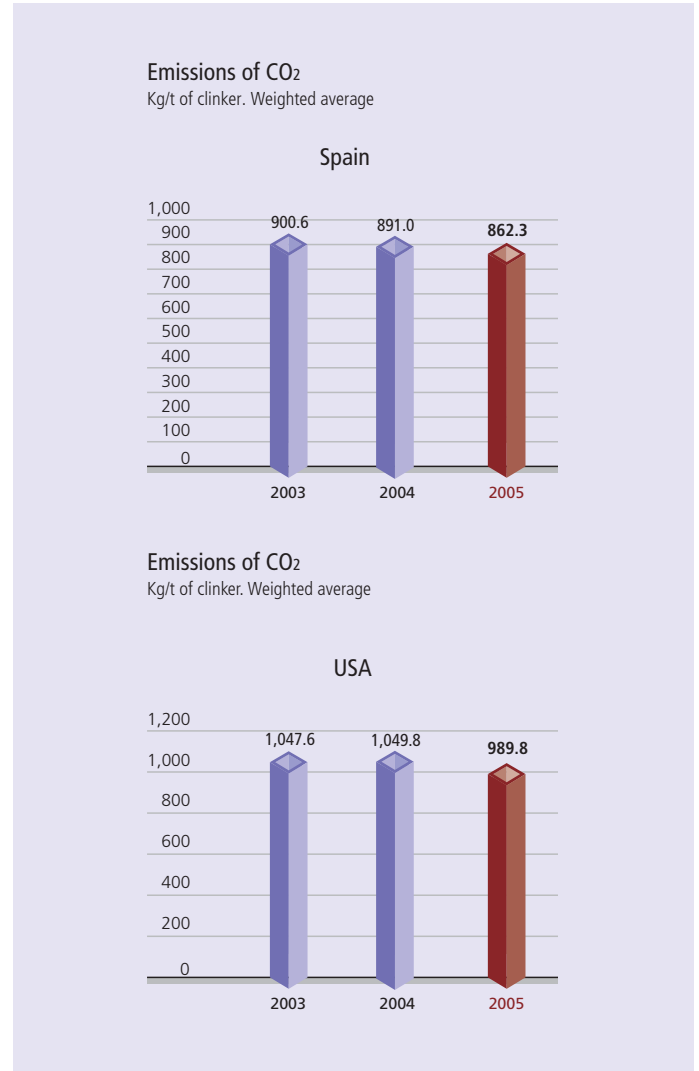
Legislation concerning greenhouse gases applicable to Cementos Portland Valderrivas solely affects the cement manufacturing activity. The Group is subject to the Commercial Law of Greenhouse Gas Emission Rights and exclusively with regard to its activities in Spain.

These greenhouse gas emissions have been certified satisfactorily by AENOR.

The table below shows emissions of CO<sub>2</sub> by the Cement business unit in Spain and in the USA in the last three years, detailed by plant and represented by the weighted average, expressed in Kg of CO<sub>2</sub> per tonne of clinker produced in Spain and the USA.

	CO <sub>2</sub> (kg/Tm clinker)		
	2003	2004	2005
<b>Spain</b>			
Alcalá de Guadaíra	909.6	896.1	838.3
El Alto (grey clinker)	893.0	878.0	856.0
El Alto (white clinker)	1,190.0	1,139.0	1,075.0
Hontoria	859.4	903.8	835.5
Olazaguitia	918.8	905.1	878
Mataporquera	824.3	813.4	856.9
<b>USA</b>			
Harleyville	1,050.0	1,050.0	940.9
Bath	1,044.9	1,049.5	1,050.0

The 2003 and 2004 values have been obtained by applying the monitoring methodology of the World Business Council for Sustainable Development (WBCSD). The 2005 values, however, represent data which has been verified based on prevailing legislation, with monitoring carried out based on authorisations for emissions of greenhouse effect gases from the five autonomous regions where we operate.



CO<sub>2</sub> emissions per tonne of clinker manufactured in the USA are higher than the emissions from the factories in Spain. This is due to the different manufacturing process (wet method) in the US, which is less energy-efficient. The trend for reduction has started in the shift to dry-method production which took place in Harleyville (South Carolina, USA) at the beginning of 2005.

(1) This methodology is available at [www.ghgprotocol.org](http://www.ghgprotocol.org)

## FCC's response

To reduce the atmospheric impact of its activities, FCC has focused its efforts on ecoefficiency, with the launch of three main lines of action:

- Investments in the development and application of more efficient technologies.
- Use of alternative fuel sources with less impact.
- Responsible use of resources.

FCC's activities are inspired by these three lines of action and its objective is to be able to contribute consistently to climate change policies, specifically the reduction of greenhouse gases resulting from its activities.

## Application of more efficient technologies

In order to reduce emissions as much as possible, FCC considers constant investment in innovation and renewal of more efficient technologies as essential. Of the initiatives carried out by the Group in 2005, the following are worth noting:

### Services

#### Use of electric vehicles

A project promoting the use of electric vehicles is being developed in Flightcare. In the bids recently submitted to AENA for the tenders for ramp handling licences at Spanish airports, Flightcare proposes to use a fleet of electrically motorised vehicles, including push-back equipment, tractors and conveyor belts.



Cleaning of beaches in Benidorm

## Lower-consumption lighting of advertising spaces

Cemusa has developed a number of technologies aimed at reducing energy consumption in the lighting of advertising spaces. These include:

- Optimisation of light diffusion. Diffusive panels - conductors.
- Use of high-efficiency lamps.
- Replacement of incandescent lamps with semiconductors.
- Panels and information displays (low-consumption LEDs).

## Construction and the new Technical Code for Construction

According to data from the European Commission, energy consumption of buildings represents over 40% of the end consumption of energy in the EU. Application of energy efficiency measures would save emissions to the atmosphere of 450 tonnes of CO<sub>2</sub> a year, representing one eighth of current emissions in the EU. On application of the New Technical Code for Construction, buildings will be more sustainable and efficient in energy terms as a result of:

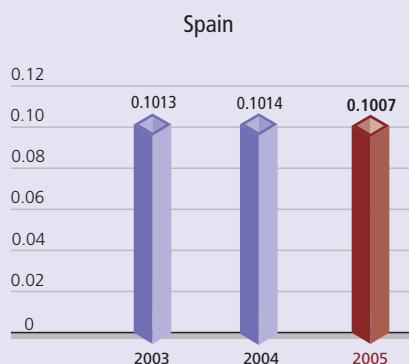
- Limited energy demand.
- Energy efficient lighting installations.
- Requirements of minimum solar power contributions to sanitary hot water.
- Minimum photovoltaic contribution of electrical energy.

## Cement

Cementos Portland Valderrivas has changed from a wet-method manufacturing process to the dry method, which is much more efficient. Since its introduction in 2005, specific energy consumption has fallen significantly.

### Specific consumption of electrical energy

Mwh/t of cement





The Royal Decree Law governing greenhouse gas emission rights, to control emissions of carbon dioxide, CO<sub>2</sub>, came into force in 2005. The law involved the allocation of rights per industrial installation and an indirect limit on the production of cement.

This has required us to contemplate expansion in the cement market in 2005 with caution. The Cementos Portland Valderrivas group has promoted the manufacture of cement with higher additions content, optimising the clinker/cement ratio; that is, the amount of clinker per tonne of cement manufactured is reduced, whilst constantly complying with official regulations governing cement quality. As a result, it has been possible to reduce the amount of clinker needed to manufacture one tonne of cement by an average of 10 kilos in 2005.

### Application of alternative energy sources

FCC has developed initiatives relating to the change from fossil fuels to alternative or renewable fuels such as biodiesel or those which are less polluting, such as natural gas. The United States Energy Department has calculated that up to 75% less CO<sub>2</sub> is emitted during the production and use of biodiesel.

#### Use of natural gas as fuel

10% of the vehicles used to render urban sanitation services comprise a fleet of 437 industrial vehicles propelled by compressed natural gas. These vehicles serve 4.6 million people in Madrid, Barcelona, Vigo, Oviedo, Tarragona, Reus and Pozuelo de Alarcón.

#### Use of biodiesel as fuel

Biodiesel (a mixture of diesel and vegetable oil) will be used as fuel in the Mataró bus network and is being considered for use in more FCC-Connex Corporación networks.

A feasibility study has also been carried out on the use of biodiesel, in collaboration with the Girona council, regional government of Catalonia and the companies Iveco, Repsol YPF and Petrocat. The project, which remains at the second stage of experimentation, consists of evaluating the feasibility of using two different types of biodiesel with different mixtures (15% and 30%) for vehicles which collect and clean refuse bins.

#### Electricity generation through renewable energy sources

Through the promotion of usage of alternative energy sources, FCC demonstrates its responsible attitude by reducing the use of electrical energy, which is largely generated through the use of fossil fuels, thereby reducing global emissions.

The cement factory in Alcalá de Guadaira uses thermal solar panels to reduce consumption of propane gas and to create incentives for new renewable energy initiatives. The installation comprises 15 solar collectors with a solar accumulator with

a capacity of 3,000 litres and a similar system of auxiliary accumulation. The total area of the facilities is 38.10 m<sup>2</sup>. The average solar contribution is 77.97% of total useful energy, which will represent a reduction in fuel consumption.

#### Hydroelectric ministations

Cementos Portland Valderrivas has two hydroelectric ministations in operation, located in Zudaire (Navarra) and Estremera (Madrid).

#### Electricity generated by the FCC Group's hydroelectric stations in Zudaire and Estremera

Power stations	Measurement units	2003	2004	2005
Zudaire	Mwh	12.549	12.475	12.744
Estremera	Mwh	3.115	3.066	3.566

#### Other initiatives for applying alternative sources

- Versia-Aparcamientos uses solar panels on parking meters.
- In 2004 and 2005, FCC environment has installed a total of 260 m<sup>2</sup> of solar panels for the production of thermal energy or electricity in various areas, including the machinery at Villaverde or the new road cleaning fleet in Madrid, in total achieving a reduction of atmospheric emissions of 145 tonnes of CO<sub>2</sub>/year.
- FCC environment also manages a biomethanization plant in Tudela where advantage is taken of the heating power of waste gases from the cogeneration module to reduce the energy requirements of the leachate treatment plant.

## Fuel consumption saving campaigns in Flightcare

Flightcare conceives the environmental awareness campaigns currently being carried out at its work centres as a tool for environmental management, consistent with the organisation's basic principles with regard to the environment. Management plans, operational control and environmental reporting programmes are intended to be consistent and complementary.

The campaigns include a large variety of initiatives, such as informing all personnel of the importance of turning off lights and engines in vehicles when they are not being used.

However there are also specific actions aimed at promoting responsible fuel consumption, including:

- Remembering to label when transferring.
- Initiatives for filling up on petrol (consumers).
- Consumer information bulletin: how to use vehicles.
- 10 environmental practices you should follow.



## Efficient driving in FCC-Connex Corporación

FCC-Connex Corporación carries out a training programme for its drivers, aimed at efficient driving. This programme is one of the priorities of the annual training plan, aimed at optimising energy use:

- Optimising itineraries and kilometres travelled, thereby reducing emissions.
- Ultimately implementing systems giving priority to buses at traffic lights, to reduce emissions generated when these vehicles are started.

## Local emissions of Cementos Portland Valderrivas

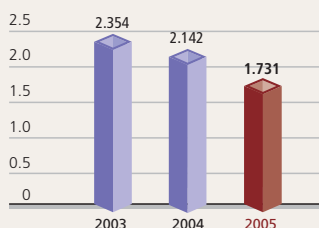
Of the activities of Cementos Portland Valderrivas, the manufacture of cement generates significant emissions due to its production process and above all because of the handling, storage and processing of materials in powdered form. The most important emissions (other than CO<sub>2</sub>) associated with the clinker ovens are the particles, nitrogen oxides (NO<sub>x</sub>) and sulphur oxides (SO<sub>2</sub>).

The following tables and graphs show emissions of NO<sub>x</sub>, SO<sub>2</sub> and particles in the last three years, expressed in kilograms of contaminants per tonne of cement produced.

	NO <sub>x</sub> (Kg/mt cement)			SO <sub>2</sub> (Kg/mt cement)			Particles (Kg/mt cement)		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
<b>Spain</b>									
Alcalá de Guadaíra	2.071	1.758	1.526	0.077	0.017	0.022	0.062	0.028	0.03
El Alto	2.26	1.9	1.65	0.17	0.39	0.33	0.045	0.037	0.059
Hontoria	2.13	2.42	1.93	0.02	0.02	0.06	0.07	0.06	0.04
Olazagutía	4.332	3.905	2.461	0.606	1.219	1.238	0.125	0.104	0.011
Mataporquera	1.11	1.2	1.34	1.15	1.19	0.84	0.02	0.044	0.067
<b>United States</b>									
Harleyville	1.7	1.9	2.1	3.2	3.5	1.5	0.3	0.4	0.5
Bath	2.4	1.9	2	3	2.4	2.6	0.4	0.3	0.4

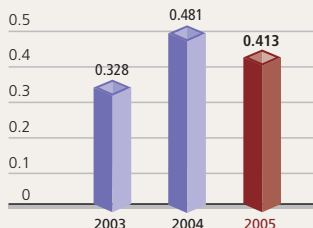
Emissions of NO<sub>x</sub>. Spain

Kg/t of clinker. Weighted average



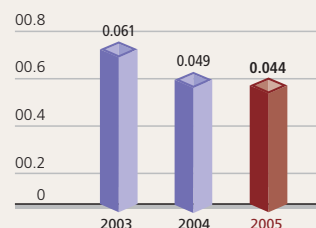
Emissions of SO<sub>2</sub>. Spain

Kg/t of clinker. Weighted average



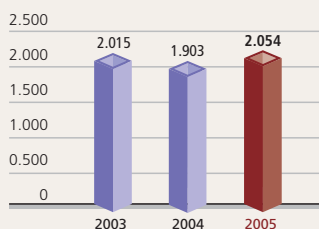
Emissions of Particles. Spain

Kg/t of clinker. Weighted average



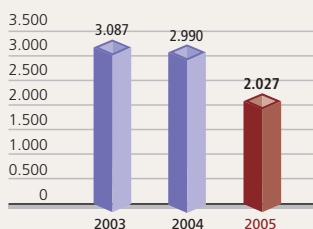
Emissions of NO<sub>x</sub>. USA

Kg/t of clinker. Weighted average



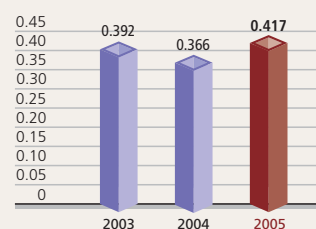
Emissions of SO<sub>2</sub>. USA

Kg/t of clinker. Weighted average



Emissions of Particles. USA

Kg/t of clinker. Weighted average

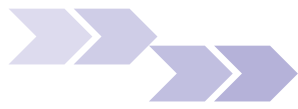


The emissions of Particles, NO<sub>x</sub> and SO<sub>2</sub> shown reflect the application of the voluntary agreements signed with the Ministry of the Environment and with the relevant autonomous bodies governing environmental issues in the five autonomous regions in which we are present. Demanding environmental targets are fixed, tied to application of the Best Available Techniques for reducing contaminating atmospheric emissions.

These agreements include specific objectives established to reduce emissions. In almost 90% of cases where targets are set for the reduction of emissions, Cementos Portland Valderrivas complies by a wide margin. As a result of numerous environmental investments carried out under the voluntary agreements, a start has been made with the reduction of emissions of total particles, nitrogen oxides and sulphur oxides.



Consentino industrial water treatment plant. Almeria



## Integral water cycle management

### Introduction

Of the total volume of water on the planet, 97% is to be found in the seas and oceans; 2% is frozen in the Poles and just the remaining 1% is fresh water ready for human consumption. The indiscriminate use of water therefore compromises our future.

Without water there is no life. It is thanks to water that mankind has been able to develop, cultivate land, create cities, make factories function, that he has been able to live and evolve. While water is a vital component to our existence, a fundamental element of our everyday activities, it is also a scarce resource.

FCC has taken up the challenge of water management facing our society and in April 2001 created Aqualia as an umbrella brand for all the Group's water-related activities. In June 2002, Aqualia Gestión Integral del Agua S.A. was founded.

Together, all areas of FCC are aware of the challenges posed by water and have implemented policies, procedures and lines of action to ensure the responsible use of this resource.

### Integral water cycle management. Services

Aqualia's aim, to contribute to sustainable development, is to achieve the integrated management of water, promote responsible consumption and make available good quality water in sufficient quantities.

Aqualia aspires to continuous improvement in the integral management of water and has the installations and resources necessary to implement appropriate water management. The company operates a policy of control and surveillance in each and every one of the integral water cycle processes, from the collection stage through to the water being returned to the natural environment. In this final process, the water returned to nature is in many cases of higher quality than that initially collected.

The Company's quality of service is certified by standards ISO 9001 and ISO 14000, which guarantee the credibility of its water management processes.

## The process

Water is collected from three possible origins: surface water (reservoirs or rivers), subterranean water (wells and springs) and sea and other salt water.

It is converted into drinking water through the application of a complex treatment process, adapted to the quality of the water originally collected. The water is generally transferred from the supply source by means of a pump system that controls the quantity of water collected, before being supplied to the drinking water treatment plant (ETAP).

Once the water has been used, either in homes, industry or commerce, it is conducted through the sewerage system and by the wastewater pumping stations to the wastewater treatment plants (EDAR) to be processed and recycled.

## Installations by area

Area	ETAP	EDAR
Centre	40	53
North	24	18
South	25	45
East	10	24
Development and participation	1	18
<b>Total</b>	<b>99</b>	<b>138</b>

## Aqualia. Main figures

Population served (inhabitants)	11,000,000
Production (m <sup>3</sup> /year)	342,311,000
Water treated (m <sup>3</sup> /year)	396,000,000
Water purified for drinking (m <sup>3</sup> /year)	302,000,000
Analyses performed (m <sup>3</sup> /year)	92,200 on waste water 702,200 on drinking water

## Research and development

Aqualia's policy with regard to innovation focuses on treatment processes, mainly through the industrial water subsidiary. Aqualia also has a collaboration agreement with a public university in Madrid, Universidad Rey Juan Carlos (URJC), to conduct research and training activities and to organise summer courses for the discussion of the challenges posed by water in Spain. As a result of this collaboration, Aqualia sponsored a course entitled: "El agua y el medio ambiente en España: problemática, modelado y gestión" ("Water and the environment in Spain: problems, modelling and management"), which was held in July as part of the series of summer courses at the URJC. During the course, the subject of water management was discussed, which



in a country such as Spain is not only a matter of considerable political, economic and social relevance, but also a large-scale scientific challenge, owing to its environmental impact and constant current relevance, as demonstrated by news coverage of the Kyoto Protocol coming into force or the alternatives to the transfer of water from the Ebro river. The course combined technical tools with the latest legislative updates, from an interdisciplinary perspective.

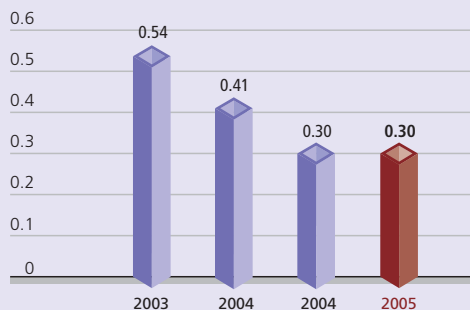
The coordination of innovation is conducted by the Services Management Department, a division of the Technical Department. The main initiatives in this area include the following:

**Re-usage of wastewater.** Aqualia operates and constructs infrastructure that guarantees the recovery of water with a quality enabling it to be re-used. Worth highlighting are the experiments performed in Madrid and Matalascañas, with the construction and operation of a tertiary treatment system enabling wastewater to be re-used and the irrigation of a golf course with wastewater in consonance with the Doñana natural park environment. Both projects have contributed to sustainable development in the use of water, within a context of limited available resources.

**Inverse osmosis.** in coastal areas this process enables the effective elimination of all kinds of undesirable salts and the production of water of maximum purity and quality for human consumption, using environmentally friendly means.

**Geographical information system.** This system enables the cartography and data bases of the distribution networks to be unified and kept up to date, reducing the response time in dealing with malfunctions and supply cut-offs.

**Water consumption in street furniture maintenance**  
m<sup>3</sup>/furniture installed



## Water consumption. Services

### Versia

#### Cemusa. Street furniture

To achieve this level of water consumption efficient street furniture cleaning and conservation processes have been established. A clear example is the use of high pressure water devices in locations where more frequent cleaning is required.

#### Conservation and Systems

In 2005, work carried out by the water jet trucks from the Sewer System Maintenance Department of Conservation and Systems began using recycled water to clean the sewerage network. Drinking water consumption has thus been reduced from over 10,000 m<sup>3</sup>/year in 2003 and 2004 to approximately 3,000 m<sup>3</sup>/year.

## FCC Saneamiento Urbano

### Analysis of the lifecycle of water

The research project entitled “Análisis del ciclo de vida del agua (2005/2007)” (“Analysis of the lifecycle of water (2005/2007)”) has opened up a new line of research which will increase knowledge of water during the various solid urban waste treatment processes. It will also help to prepare for future environmental challenges in terms of more beneficial water consumption and the optimisation of treatment processes for leachates, to put into practice environmental improvement strategies in relation to waste. In its first year, the project has been granted a 50% financing subsidy by the Spanish Ministry of Science and Technology through the PROFIT 2005 programme.



## Water consumption. Cementos Portland Valderrivas

Of the CPV Group's total water consumption in Spain, 39% comprises recycled or re-used water. In Aripresa approximately 75% of water consumed is re-used or recycled.

This can be seen in the table below.

### Water consumption in the Cement area in Spain (CPV) (including dry goods)

Water consumption (m <sup>3</sup> )			
Origin of water	2003	2004	2005
Underground water	639,082	571,524	791,496
Municipal supply	428,166	427,497	466,550
Recycling and re-usage	1,544,280	1,380,092	1,290,285
Surface water	878,668	762,983	748,311
<b>Total (m<sup>3</sup>)</b>	<b>3,490,196</b>	<b>3,142,096</b>	<b>3,296,642</b>

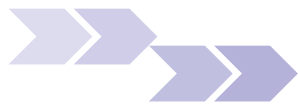


In the USA, practically 100% of the CPV Group's water consumption derives the production of cement. The table below shows the water consumption of the CPV Group's Cement business unit in the USA during the last three years.

### Water consumption in the Cement area in the USA (m<sup>3</sup>) (CPV)

Water consumption of Cement business unit in USA (m <sup>3</sup> )			
	2003	2004	2005
	3,862,411	3,778,090	3,344,636

Water consumption for the production of cement in the USA factories is greater than in the Spanish factories. This is because cement production in the CPV Group's factories in the USA uses the wet process whereas the factories in Spain use the dry process. As mentioned previously, in 2005 the Harleyville factory was adapted to the dry process, while the Bath factory is expected to start conversion to the dry process in 2006. In the immediate future, therefore, a significant reduction in water consumption is foreseen in the USA factories.



## Waste management

Throughout history waste has been a changing and permanently evolving concept. What at one point was deemed waste is no longer considered as such in a new era. Nowadays we are able to take advantage of previously inexistent values and the challenge for society is to discover ways to decrease the amount of waste generated and to find sustainable means of managing it. FCC is fully aware of this.

Firstly, because our activities contribute to waste generation, the greatest impact areas being Construction and Cement.

Secondly, FCC's activities help to resolve the problems of waste collection. The main tasks of the Services area are the collection and treatment of waste and urban cleaning.

Lately, the construction and demolition sector (CDW) is facing a new scenario deriving from deterioration of the environment, insufficient waste disposal sites, the need to improve resource consumption and the introduction of new statutory requirements that impose restrictions and obligations.

Consequently, in our activities we need to optimise waste management and recover the maximum value possible, thereby avoiding losses and unnecessary additional consumption.





## FCC Servicios

### FCC Saneamiento Urbano

FCC is engaged in the collection and treatment of solid waste, street cleaning and sewer system maintenance. We are the leading Group in Spain in this sector and one of the largest operators in South America. FCC is committed to selective collection at source to improve the environment and increase the number of recoverable valuable materials. This helps to reduce the production of waste to be eliminated at the waste disposal site. Our aim is to turn refuse into a resource.

A number of initiatives are applied to continually improve internal procedures and implement sustainable collection and treatment methodologies. The solid urban waste treatment processes are analysed -selection, composting, biomethanisation- to identify the methodology and procedures for the standardisation of processes and the analysis of the results based on the related variables. In 2004, FCC received the EUREKA: E! 3.080 "Biodi-Expertise" European seal of quality.

#### Measuring and control system

In 2005 a software application known as **GESPLAN (Gestión Planta-Plant Management)** was developed, based on the preview of the results achieved through Project EUREKA. This software will enable us to establish the sequence of the productive processes of the solid urban waste treatment plants, on the basis of the selection of a number of significant technical and environmental variables and indicators. It will also allow us to control and improve the performance and environmental compliance of these installations. Piloting of the application began in 2005 and will be gradually and systematically rolled out to the other plants we manage over the next two years.

#### Promoting the market launch of compost

Mention should also be made of the **compost promotion campaigns**, implemented by the Services area branches in Andalusia and Lleida in 2005 to raise local awareness. In Granada an agreement was signed with the regional council for all towns to make use of compost. Each year, FCC provides a certain quantity free of charge to be used in public gardens, municipal plantations, the reforestation of green areas, etc. In Lleida an information campaign took place aimed at highlighting the advantages of recycling and encouraging environmental education. School visits were made to the composting plant and FCC actively participated in local environmental trade fairs, giving bags of compost to the participants. Consumers of large quantities of compost, such as gardeners and farmers, received around 180 Tm of compost.

#### Ámbito

Activities in this area relate to the treatment of waste generated by basic industry (primary sector), the transformation industry (secondary sector) and the consumer industry (tertiary sector). Ámbito operates with both private clients and local and regional governments. Waste management activities include hazardous and non-hazardous waste management, the treatment of contaminated ground and industrial cleaning.

One significant event of 2005 was a manufacturing and integration project for a contaminated tissue cleaning device using an autoclave in vacuum conditions. The aim of the project was to obtain an alternative use for the PCB transformer decontamination facility and, consequently, improved performance. This alternative would enable tissues contaminated with grease and solvents to be cleaned through a perchloroethylene injection system in vacuum conditions.

### Flightcare

Flightcare is the Group division specialised in airport ramp, passenger and cargo handling services. The nature of the handling activity means that the waste generated is a result of preventive maintenance tasks carried out by own staff.

Waste reduction was established as a specific objective for 2005, aiming for a 2% decrease in the amount of waste deriving from vehicle oil changes and a reduction in waste from the batteries of discarded vehicles.

The most significant achievements of 2005 include the following:

- The organisation of environmental awareness seminars aimed at maintenance personnel, in view of the significant implication of environmental protection matters in their work.
- Monthly monitoring of the fulfilment of the Preventive Maintenance Plan for equipment, to avoid malfunctions, loss of oil, bad combustion processes, generation of diesel particles and noxious fumes.
- The organisation of various awareness campaigns for all personnel by means of triptych leaflets informing on environmental best practice, with posters in all offices and installations occupied by company staff. Special emphasis was given to distributing this information amongst the workers.



## FCC Construcción

FCC Construcción has included the reduction of waste in its centres and work sites, with the dual effect of decreasing the necessary volume of waste disposal sites and reducing the ultimate need to use resources.

Those resources traditionally used in construction include inert substances applied in the works, which amount to an extraordinary volume. This means that control and monitoring is particularly necessary, as is the adoption of practices to reduce this volume.

The best practice implemented in FCC Construcción works aims towards a moderate and mindful use of natural resources and entails the re-usage of inert substances deriving from the works, or other actions such as seeking out a suitable location (other than waste disposal sites) for excess inert substances. Satisfactory results have been achieved in the first case and very satisfactory results in the second instance.

### Management of hazardous waste and substances

Within FCC Construcción the appropriate management of hazardous waste has been consolidated, taking on the additional cost that this entails compared to the traditional practice in the sector, not so long ago, of mixing these hazardous substances with inert works waste.

While not particularly abundant in construction, hazardous waste does require specific treatment to avoid harmful effects on the natural surroundings. These are classified and coded in accordance with the European Waste List (EWL) before being separated into the corresponding divisions and treated, as established by current legislation, through authorised transport and management companies.

The special consideration of hazardous substances and waste is apparent through the generalisation of complementary protective measures against contamination, with impermeable recipients being placed at the storage points of any contaminating fluid that might spill and pollute the ground. An emergency plan is also implemented to deal with any possible accidental spillage or combustion of hazardous substances, to prevent in plenty of time any possible incidences that might occur while work is in progress. In this respect, the traditional policy of 'locking the stable door once the horse has bolted' is replaced by one of sufficient forward planning and preventive measures.

For the correct handling, storage, transport and management of these substances, the identification of recipients containing hazardous substances has been systemised and the legislation and associated requirements have been specified in detail. This is fundamental for the appropriate handling of these products.



### Generated waste

While performing a follow-up of the aforementioned best practice, data relating to the materials used and materials deriving from recycling or correct environmental management have been gathered. These are summarised in the table below.

#### Waste generated by FCC Construcción in 2005, by type

	Waste generated
Solid hazardous waste (kg)	14,417,704
Used oils (kg)	41,950
Liquid hazardous waste (kg)	115,887
Inert waste (m <sup>3</sup> )	16,690,444
Urban waste (kg)	426,140
Other non-hazardous waste (kg)	65,174,868
<b>Surplus earth or rock (m<sup>3</sup>)</b>	
Taken to waste disposal site	12,175,227
Used in same works (compensation-excavation-landfill)	10,358,326
Used, deriving from other works	748,119
Specifically obtained (loans)	8,533,321
<b>Clean rubble (concrete, mortar, bricks, prefabricated elements, other, m<sup>3</sup>)</b>	
Taken to waste disposal site	285,082
Used in same works	78,512
Used, deriving from other works	92,035
Used in other works	198,689
Recycled	5,012

Data refer to the FCC Construcción Environmental Communication Report.



The amount of earth taken to the waste disposal sites has been reduced by over 16% more than forecast, meaning that as a result of appropriate waste and resource management, 2,357,330 m<sup>3</sup> were not disposed of. In the case of rubble, reductions of 45% have been achieved, representing 230,290 m<sup>3</sup>.

The significant decrease in loaned earth, achieved through the use of earth deriving from other works or better management of earth from the same works, should also be noted. This reduction is around 5,206,327 m<sup>3</sup>, representing almost 40% of the forecast figure for this item.

These figures are the result, inter alia, of actions such as the stabilisation with chalk of clay earth that would otherwise be taken to the waste disposal site, thus causing loans to increase; changes in the gradient for a better compensation of materials; use of materials from the basin to construct dams; increased transport distances in the compensation of the mass diagram, etc. These measures are a fine example of the unification of business efforts and the quest for environmental solutions.

Within this context, the optimisation project for works waste management, entitled Proyecto Logro (Project Achievement), is worth mentioning. The final results of this initiative, taken by FCC Construcción in 2003 and implemented throughout 2004 and 2005, are expected to be issued at the end of August 2006.

The results obtained to date are particularly relevant and significant, both from an image and an economic and environmental perspective.

In 2003 and 2004 this project was subsidised by a PROFIT (Programme for the Promotion of Technical Research). The Institute of Construction Technology of Catalonia (ITEC) and Automóviles Utilitarios S.A. (AUSA) participated in the project alongside FCC Construcción.

Proyecto Logro has been widely publicised in different environment-related forums and the know-how acquired during the development has enabled the organisation to collaborate efficiently in the development of the APPRICOD project (LIFE project ENV/B/19, to assess the potential of plastic recycling in construction and demolition activities, in which the Catalanian Regional Government participates through the Government Waste Committee and the Catalan Recycling Centre).



## Cementos Portland Valderrivas

To ensure the appropriate management of waste deriving from the Cement area, a selective waste collection policy and the measures foreseen by relevant current legislation have been adopted. In the Group's production centres waste reduction policies are observed. Generated waste is conveniently stored until being handled by an authorised specialist, whereby recycling and/or re-usage options are guaranteed as opposed to elimination.

### Solid waste

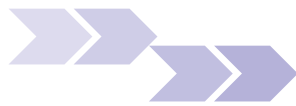
Waste generation in aggregate and cement production within the Cement area are as follows:

#### FCC Group waste generation in Spain

Kg/Tm of product

Recycling destination	2003	2004	2005
Non-hazardous	1.2113	1.1069	1.0129
Hazardous	0.0364	0.0584	0.0439
Subtotal	1.2477	1.1653	1.0568
<b>Destination: recycling</b>			
Non-hazardous	0.04	0.0589	0.006
Hazardous	0.037	0.0237	0.0253
Subtotal	0.077	0.0827	0.0313
<b>Destination: waste disposal site/safety deposit</b>			
Non-hazardous	0.9239	1.1305	0.4579
Hazardous	0.0937	0.3509	0.0849
Subtotal	1.0176	1.4814	0.5428
<b>Destination: destruction</b>			
Non-hazardous	0	0	0
Hazardous	0.0201	0.0109	0.0018
Subtotal	0.0201	0.0109	0.0018

There is a clear trend towards a reduction in the generation of waste by production unit owing to the consolidation of environmental management in the production centres and the application of plans to improve and reduce waste.



## Biodiversity

Protection of biological biodiversity is one of the challenges faced by environmental conservation and it bears a significant social impact. The conservation of the different species inhabiting the planet is of paramount importance and is the responsibility of society as a whole.

At FCC we are concerned about this issue and have availed of all the necessary resources and perform the appropriate actions to reduce as far as possible the impact of our activities on biodiversity rich natural habitats.

The greatest impact occurs in the Construction, Cement and Services areas, which involve using land, reducing the natural environment and, thus, the habitat of numerous species. When this use of land is temporary, as in the case of waste disposal sites or quarries, unless the occupied area is subsequently restored, the natural surroundings deteriorate, seriously affecting the species that inhabit these ecosystems.

### **FCC and biodiversity**

To avoid this kind of impact, FCC has an environmental policy coupled with quality and environmental management responsibilities, through which the company expresses its commitment to continuous environmental improvement. FCC therefore implements environmental initiatives to reduce, mitigate or restore any adverse impact on the environment caused by its activities.

The aim is to protect the most important species endangered by the impact of FCC's activities (usually tree species). Areas at risk of being contaminated as a result of spillages have been paved, thus preventing any substances from coming into contact with the land.

Numerous restoration projects have been developed for areas used by the company where notable environmental deterioration has occurred, to improve environmental quality and encourage the return of species that previously inhabited the area.

## FCC Servicios and their impact on biodiversity

The impact of this activity is diverse, as are the corrective actions. In the case of industrial waste, as required by Law 6 of 2001, which modified Royal Decree 1302 of 1986 relating to the evaluation of environmental impact, chemical treatment installations and waste disposal sites are subject to environmental impact assessment, including an evaluation of the foreseeable direct and indirect effects that a project may have on the population, flora and fauna, land, air, water, climatic factors, landscape and material goods, including historical-artistic and archaeological heritage.

### Actions taken by FCC Construcción

The impact on biodiversity as a result of construction activities basically consists of an alteration in the surroundings and natural landscape with the consequent loss of the species inhabiting this area. A series of best practice guidelines has therefore been prepared containing various initiatives, such as land ordering, whereby the most relevant species are transferred to other natural areas of similar characteristics to avoid their extinction from the area. An environmental impact study is carried out for all construction works near areas rich in natural species.

Actions implemented during the last year in relation to land ordering are summarised in the table below:

Actions	% of works in which best practices applied		
	Total	Civil works	Building
Physical protection of species	21%	29%	17%
Transplants	12%	20%	8%
Adaptation of works planning to lifecycles of key species valiosas	4%	7%	2%
Transfer of nests/individuals	1%	3%	1%

The majority of these practices cannot be applied in all works and are only carried out where the characteristics of the environment so require. Hence the apparently small percentage of our works in which they are applied.

The protection of species to prevent any harm coming to them during the works, mainly due to movement of machinery, is relatively necessary and therefore more frequent. Such protection is afforded in approximately 20% of cases, along with the transplantation of tree species, particularly in civil works.

Nonetheless, it is rarely necessary to transfer nests or fauna threatened by activities being carried out; it is more frequent to transplant tree species, especially in civil works.

### Actions taken by Cementos Portland Valderrivas

When producing cement, the main impact derives from degradation of land as a result of extraction activities. This type of action is not normally permanent and usually affects quarries and aggregate extraction plants, which, unless they are restored, can have a considerable impact on the ecosystem once the company has stopped making use of them. To avoid this situation, the company restores the affected area.

Further impacts exist, though to a lesser extent, deriving from the risk of accidental spillages that might permeate and spread through the ecosystem. To avoid these situations and apply the prevention principle, the surface area exposed to risk is usually paved, thus protecting the surrounding works area.

Paved ground as a percentage of the total factory surface area in the cement, transport, concrete and mortar business units in Spain:

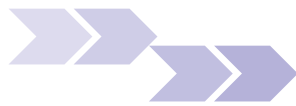
Business unit Spain	Paved surface area (m <sup>2</sup> )	Total factory surface (m <sup>2</sup> )	% surface area paved (m <sup>2</sup> )
Cement	821,344.00	1,586,994.00	52.00
Concrete and mortar	135,000.00	450,000.00	30.00
Transport	10,750.00	10,750.00	100.00

## Restoration of area in the El Porcal plant (Madrid)

Plans have been implemented to restore the area surrounding the El Porcal aggregate extraction plant. The objectives are as follows:

- 1 Reduce the visual impact of the extraction activities to achieve their integration into the landscape.
- 2 Encourage the natural colonisation of indigenous flora and fauna species.
- 3 Protect the surrounding natural area.
- 4 Maintain the balance between development and environment.

Several actions have been undertaken, including the creation of specific locations for birds to build their nests and the formation of gentle gradients in the lake created through the extraction of aggregates due to the proximity of the groundwater table. As a result of these actions, the lake has gradually been colonised by animal and vegetable species within a natural landscape that promotes improvement in the original ecosystem.



## Environmental innovation

FCC recognises innovation as a key factor in the development of solutions to problems generated for our environment by current production methods and consumption habits. Emphasis is therefore laid upon research and development of new products and services, including the following:

### **Aqualia**

The development of a corporate computer system for geographical information (Aqualia-GIS), enabling the following:

- ▶ Unification of the various GIS tools used to date (42 municipalities are equipped with a GIS tool), allowing information to be consolidated at Group level.
- ▶ Contribution of tools that optimise the work carried out by the technicians managing the supply networks (hydraulic modernisation, cut-off of supply due to malfunction, budgets, improved performance).
- ▶ Integration of this computer system with other corporate IT tools (client management, work order management).
- ▶ Access for all company employees (technical or other areas) to the cartographic information network. The number of business units using this tool will increase significantly (as it is 100% owned by Aqualia).
- ▶ Improvements aimed at quality of service.

This will have a notable effect both in quantitative terms, owing to the large number of people who will benefit from the tool, and qualitative terms, considerably facilitating the work of the technicians responsible for the management of the networks in the organisation's main line of business.



## FCC Saneamiento Urbano

### GSM and GPS communication systems

Implementation of a GSM communication system with a non-differential GPS satellite navigation system. This enables control in real time and back-up of vehicles in service, along with the recording and exportation of data relating to work carried out by our fleet. There are currently 681 vehicles equipped with this system, representing 16% of our industrial vehicles.

### Technological adaptations to vehicle bodywork

Design of the KB generation of vehicles, the chassis of which is adapted to narrow city streets. These vehicles account for 2% of the total. Adaptation of bodywork of the compacting units for lateral or rear loading with a double compartment system to enable the provision of selective waste collection services. These vehicles represent 3% of the total.

### Standardisation of solid urban waste treatment processes

Project to define the environmental variables and indicators in combined solid urban waste (SUW) treatment processes in Valladolid.

The originality of the project and the scientific quality of its research programme were recognised both on a national and European level and the project was awarded the Eureka seal. Financing has been obtained, from LIFE and from the Spanish Ministry of Industry, through the CDTI (Centre for Technological and Industrial Development).

A research project is currently underway to analyse SUW treatment processes -combined selection, composting and biomethanisation- seeking to establish the environmental variables and indicators that determine the process. Once these are established, the methodology and operative processes may be defined, subsequently enabling standardisation of the process and analysis of the results, in line with the variables involved. The budget for this project amounts to Euros 1.34 million.



Control centre of the Olazagutia cement factory. Navarra

## Cement

To remain at the forefront of the cement industry, the Cementos Portland Valderrivas Group has incorporated latest generation technology into its activities, to implement projects such as the following:

- Studies of raw materials for their possible use in the factories.
- Studies of the optimisation of manufacturing and technical support processes.
- New cements, new applications and improvements in the qualities of the cements produced.
- Preparation of analytical and testing methods.
- Studies on the reduction of emissions and improvements in environmental performance.
- Technical support in customer service, particularly for trouble shooting.
- Recycling of industrial waste to obtain fuel.
- Active participation in Normalisation Committees for the preparation of new regulations.
- Collaboration with IECA, ANEFHOP and the Universidad Politécnica de Madrid in technical studies.



Project EUREKA E! 3080  
"Biodi-Expertise".



Project LIFE03 ENV/F/000254:  
"Methapi-Expertise".

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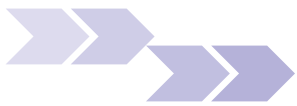
# A future for our people



Our company has come a long way, and to a great extent this has been made possible by our employees, who form the foundation of the company and who have been indispensable in enabling FCC to attain the levels of solidity and prestige that it enjoys today. FCC's human resources are critical to development and to the domestic and international quality diversification pursued by the Group.

From the outset, FCC has remained firmly committed to its employees, offering them employment in a healthy and safe environment, an open and tolerant working culture, providing the possibility of professional development and a salary commensurate with their professional category.

Efficient human resources management is currently a key issue across almost all the sectors in which the Group operates. To honour commitments with interest groups and meet their expectations, it is crucial to have balanced and motivated personnel with the appropriate skills and knowledge for their positions.



## Attracting and retaining talent

At present, talent is the differential value par excellence, and a company's ability to compete will directly correlate with its capacity to attract, retain and develop talent. This task is becoming increasingly challenging owing to the growing complexity and uncertainty of the business world, social and demographic changes and variations in the relationship between companies and their employees.

Human resources management is key to all areas of FCC. The services sector must still struggle to shed its image as a less attractive employer than other sectors, while the construction and cements areas have health and safety issues in the workplace, as there is a considerable element of risk in this line of work.

FCC considers its personnel to be one of its main assets to achieve its objectives. The Group's human resources policy is orientated towards the personal and professional development of its employees, aimed at greater personal satisfaction, total integration in the company and efficiency in the work place through the wellbeing of the staff and their families.

FCC is aware that to attract qualified talent and enterprising ability, it must be close to the best universities, and has therefore established open communication channels with the top Spanish and European institutions.

### **FCC Human Resources Policy**

Human Resources and Corporate Media Management is led by the Managing Director of Human Resources and Media (who is also an executive director). This division is made up of central services departments, human resources directors for the different productive areas and the personnel managers of branch offices and subsidiaries, with their corresponding structure. The mission of this department is to put into practice the policies approved by the Management Committee.

The Management Committee, to which the Managing Director of Human Resources and Media belongs, discusses the specific human resources policies to be implemented and, if approved, these become mandatory for all the Group's business activities.



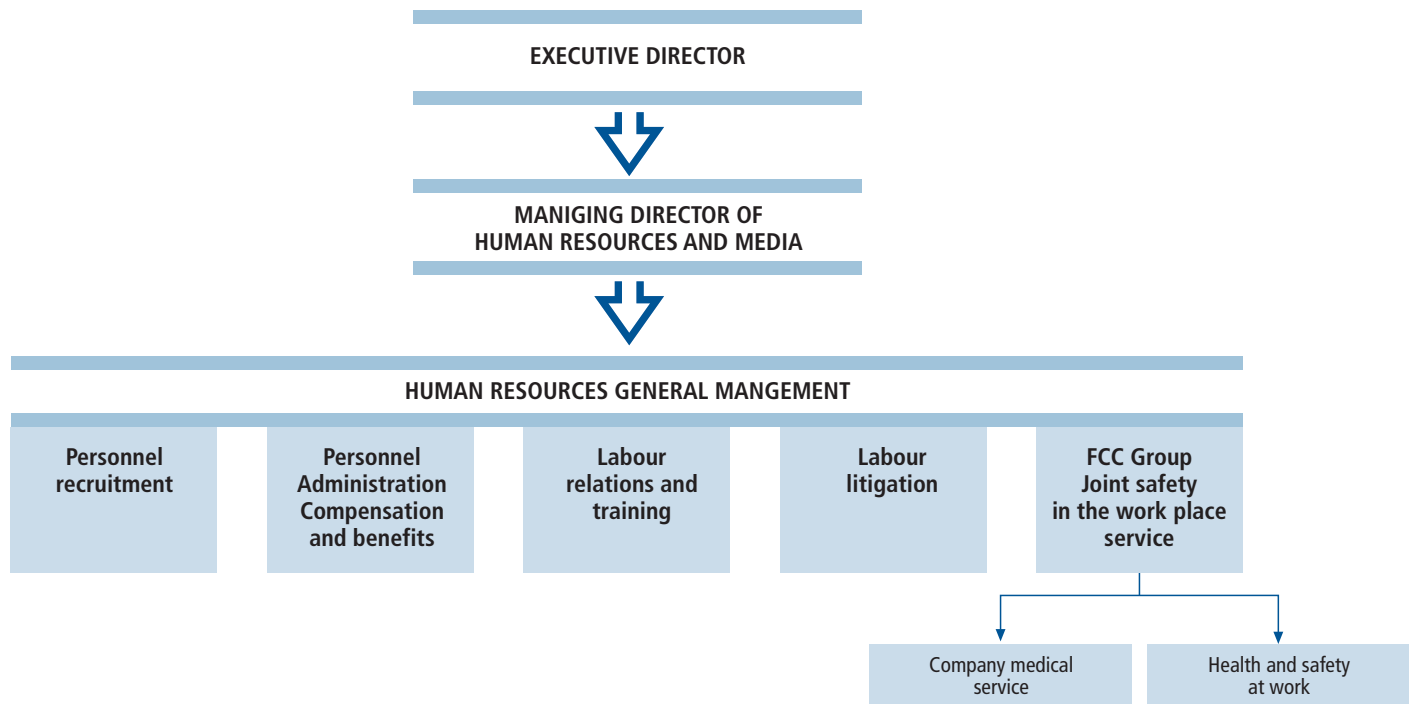
Centro de control de planta potabilizadora de agua de mar

The company has a corporate human resources policy that covers all aspects of central services of the corporate departments for the different areas. These departments are as follows:

- Personnel Recruitment.
- Personnel Administration. Compensation and Benefits.
- Labour Relations and Training.
- Labour Litigation.
- FCC Group Joint Safety in the Work Place Service
  - Company Medical Service.
  - Health and Safety at Work.

The human resources policy is obligatory in all the Organisation's business activities and corporate associations (joint ventures, jointly-controlled companies and others) in which the Group holds an interest of over 50% or a majority shareholding, and in which it is also responsible for management.

The policy is reviewed each year and adapted to take into account any changes in legislation. It is publicly available and is included in the Human Resources Manual that is distributed to the branch offices and subsidiaries. On occasions, urgent measures (implementation of new legislation or new policies, or reinforcement of those already existing) may be publicised through internal communications.



## Performance appraisal

FCC performs annual evaluations of personnel objectives. At the beginning of each year, heads of department evaluate each member of their team on the basis of achievement of targets set and the difficulties met in attaining these. They also assess the evolution of their staff's capabilities, their skills, performance and personal situations in relation to performance, geographical mobility and motivation. Economic remuneration, internal promotion and non-monetary rewards such as recognition of loyalty to the company or management excellence, are the instruments used to reward the results of this evaluation.

Variable remuneration is established on the basis of operating profit. The proportion of variable remuneration associated with performance ranges from 10% to 20% within the Group.

## Personnel. Main figures

At 31 December 2005, FCC Group personnel comprised 67,562 employees, representing a net increase of 3,960 jobs in 2005, or 6.23%, compared to the prior year.

Of this total figure, 12,058 employees work abroad; while the proportion of female employees amounts to 24.21%.

The number of university graduates employed by the Group totalled 4,140 last year, representing an increase of 3.94% compared to the prior year.

Personnel	2003	2004	2005
Total personnel	61,790	63,602	67,562
<b>Contract type</b>			
Permanent	10,823	11,191	12,502
Temporary	7,880	8,026	8,939
Susidised	43,087	44,385	46,121
<b>Working day</b>			
Full time	53,049	54,605	57,878
Part time	8,741	8,997	9,684
Multiemployment	72	74	66
Retirements	414	405	371
Net % of growth in work	12.59%	2.93%	6.23%

## Personal development

FCC is committed to promoting equal opportunities amongst all its employees and has thus created a system to encourage equality both in terms of recruitment and internal promotion, rejecting personal, family or social influences such as gender, race, religion, marital status, age, regional or national origin, etc.

Human Resources Management pays particular attention to equal opportunities issues in the professional environment for all women employed within the organisation, both management personnel (technical and administrative staff) and those in the remaining areas.

This principle is observed very closely, so that no decisions are taken that might have a negative influence on female staff merely because they are women. This includes both economic remuneration and professional development policies, for their whole career within the company.

This policy of equality is not only present in the aforementioned monitoring and control, but is also written into the collective labour agreements governing the different activities or sectors and geographical areas in which we operate, specifying not only recruitment commitments, but also the conditions relating to the promotion of female employees to senior categories.

Certain collective labour agreements extend conditions beyond minimum legal requirements; for example, suspension of contracts owing to childbirth, functional mobility enabling pregnant women to transfer to posts more suitable for their condition, reduction in the working day for baby feeding, childcare leave, etc.

## Employee satisfaction

FCC considers the satisfaction of its employees, and their interest in belonging to and remaining with the Group, a priority. It therefore monitors the level of employee satisfaction, in some cases through individual performance surveys (Construction) or in relation to the work environment and wellbeing at work (Services area). In 2004, the level of professional satisfaction in Urban Sanitation exceeded 68%.

A variety of social benefits are also made available to employees, such as personal loans, medical insurance, accident and travel insurance, assistance for the disabled and a staff canteen.

## Communication with employees in Services

### FCC Saneamiento Urbano

Through its Coordination and Development Department, FCC Urban Sanitation has developed the FCC INNOVA portal, available on the FCC Group Intranet as of the end of 2005. This knowledge-based portal contains all the relevant information and technical and environmental data of common interest to employees of this FCC area.

### Aqualia

Aqualia uses a fast and efficient Intranet for internal communication purposes, through which news of interest to the company, technical documents, etc., are shared.

### Ámbito

The companies are small, thus facilitating direct communication between employees and managers. In companies with a greater number of employees, management committees, where they exist, are the communication channel used. In more formal circumstances, internal memoranda and electronic mail are used; otherwise information is posted on company notice boards. Another communication channel is the FCC magazine distributed amongst employees.

## FCC Construcción

### Improving communication, information and knowledge

FCC Construcción has developed a complete corporate portal as part of the Intranet for use as a work tool, to circulate relevant information and documentation amongst the employees. It also includes discussion forums and suggestion boxes.

Procedures have been developed for the secondment of staff abroad, to facilitate geographic mobility and guarantee their reintegration into the company structure upon their return.

## Realia

### Communication with employees

There is a quarterly internal magazine published by the Marketing department which is distributed to all Realia personnel. Ten editions of the internal newsletter, which aims to inform all Group employees of the different aspects and areas of our business, have been issued, with particular human emphasis. This channel also serves as a means for employees to voice their opinions. In addition, a monthly e-mail is circulated to the Realia management team conveying the main news generated in the company's different business areas.

## Dialogue and participation

### Freedom of association

FCC scrupulously respects the freedom of association of its employees and guarantees their right to be represented by trade unions within the different legal worker representation bodies in the Group's companies and work centres. A collective labour agreement exists for each area of activity, applicable to all personnel. Such agreements may be general, sector-specific, relating to autonomous regions or provinces, company- or work centre-specific.



Collective labour agreements	2003	2004	2005
% of employees represented by trade union		63.35	65.58
% covered by a collective negotiation	100	100	100
Days lost through strike*	6,224	4,441	3,005

\* Days lost through strike refer to the number of days multiplied by the number of employees who backed the strike.



### Information, consultation and negotiation with employees

FCC provides staff representatives, members of the management committee and union representatives with all the information they should receive in accordance with labour legislation. Consultations established by the aforementioned legislation are discussed with these bodies, to improve working conditions and employee expectations.

Besides participating in the majority of general, sector-specific, autonomous or provincial collective labour agreements applicable to the different activities, the Group negotiates a large number of collective agreements with the staff representatives of the different companies and their work centres.

The procedures used to inform employees of initiatives and changes in the organisational structure are the internal corporate magazine, published every two months, the Group Intranet, internal memoranda issued by electronic and ordinary mail, the general Group Web site and specific sites of the various areas and subsidiaries.



Traffic control centre of the Cuatro Caminos tunnel. Madrid



## Professional development

FCC is proud of the skills, knowledge and human qualities of the people that make up the Group. They are willing and able to develop professionally and are a key factor to our success. Attracting and retaining talent is an important challenge in our sector. It is therefore a priority to invest in FCC personnel, encouraging their professional development and enabling them to grow professionally within the company.

### Training in the FCC Group

Various annual training programmes exist within FCC for each of the activities. In certain cases these form part of a management system and are directed by a training service or department, while in other instances these may be freely managed by the different companies or branches, in which an internal training system is implemented whereby the professional experience of the employees themselves is transferred.

These training programmes are implemented on the basis of training requirements identified in the area.

The management system defines the training activities included in the annual programmes, which are aimed at all company collectives and are structured into three basic stages:

- Induction training: to facilitate integration of new employees.
- Basic training: aimed at increasing knowledge of the different construction and works management activities.
- Recycling: comprises activities aimed at conveying knowledge of new construction systems, skills and abilities relating to new technologies, environmental management, safety in the workplace or planning. Customised training is also offered through courses and technical seminars relating to latest generation matters and presented by experts of the profession.



## Main FCC training figures

### Number of participants

	Total no. of participants	Total no. of participants by professional category			
		Category I	Category II	Category III	Category IV
Environment	21,366	155	499	1,537	19,175
Ámbito. Industrial waste	1,073	55	81	199	738
Aqualia	1,847	105	862	330	550
Versia	15,567	95	577	6,931	7,964
Construction	4,847	680	2,266	1,341	560
Diversification	2	1	0	0	1
Cement	2,194	108	462	739	885
Functional areas	255	85	123	45	2
<b>Total FCC Group 2005</b>	<b>47,151</b>	<b>1,284</b>	<b>4,870</b>	<b>11,122</b>	<b>29,875</b>
<b>Total FCC Group 2004</b>	<b>37,387</b>	<b>1,329</b>	<b>4,479</b>	<b>7,772</b>	<b>23,807</b>
<b>Total FCC Group 2003</b>	<b>24,575</b>				

### Hours of training

	Total training hours	Average duration of training	Average training hours by professional category			
			Category I	Category II	Category III	Category IV
Environment	79,636.54	3.73	577.72	1,859.90	5,728.79	71,470.12
Ámbito. Industrial waste	6,357.50	5.92	325.87	479.92	1,179.07	4,372.63
Aqualia	27,549.50	14.92	1,566.16	12,857.43	4,922.22	8,203.70
Versia	205,392.56	13.19	1,253.44	7,613.00	91,448.31	105,077.82
Construction	100,560.75	20.75	14,107.97	47,012.72	27,821.74	11,618.32
Diversification	28.00	14.00	14.00	0.00	0.00	14.00
Cement	26,494.50	12.08	1,304.20	5,579.06	8,924.08	10,687.16
Functional areas	14,973.50	58.72	4,991.17	7,222.51	2,642.38	117.44
<b>Total FCC Group 2005</b>	<b>460,992.85</b>	<b>9.78</b>	<b>12,553.60</b>	<b>47,613.73</b>	<b>108,739.21</b>	<b>292,086.31</b>
<b>Total FCC Group 2004</b>	<b>492,230.35</b>	<b>13.17</b>	<b>17,497.37</b>	<b>58,969.69</b>	<b>102,324.72</b>	<b>313,438.57</b>
<b>Total FCC Group 2003</b>	<b>377,236.15</b>	<b>15.35</b>				

### Training expenses

	Total expenditure	Average training expenditure	Average training expenditure by professional category in euros			
			Category I	Category II	Category III	Category IV
Environment	141,614		1,027	3,307	10,187	127,092
Ámbito. Industrial waste	24,153		1,238	1,823	4,479	16,612
Aqualia	287,924		16,368	134,375	51,443	85,738
Versia	3,694,226		22,545	136,929	1,644,805	1,889,948
Construction	2,898,128		406,587	1,354,891	801,813	334,836
Diversification	452		226	0	0	226
Cement	1,051,103		51,741	221,335	354,041	423,987
Functional areas	229,436		76,479	110,669	40,489	1,799
<b>Total FCC Group 2005</b>	<b>8,327,036.72</b>	<b>176.60</b>	<b>226,759.03</b>	<b>860,059.57</b>	<b>1,964,185.33</b>	<b>5,276,032.79</b>
<b>Total FCC Group 2004</b>	<b>7,952,685.14</b>	<b>212.71</b>	<b>282,695.02</b>	<b>952,739.64</b>	<b>1,653,202.15</b>	<b>5,064,048.34</b>
<b>Total FCC Group 2003</b>	<b>7,756,809.40</b>	<b>315.64</b>				

Dates in euros

## Personnel training in non-technical areas

FCC Group Training 2005								
Training activities or courses by subject matter	Total no. of participants	No. of participants by professional category				Type of training activity	Total training hours	Average duration of training
		Category I	Category II	Category III	Category IV			
Health and safety	31,370	233	1,210	4,970	24,957	Attendance/Mixed	211,606	6.75
Environment	1,893	75	267	774	777	Attendance	7,766	4.10
Non-technical skills	1,345	104	208	842	191	Attendance	14,470	10.76



The average duration of training for each reference has been obtained by dividing the total number of hours by the number of participants.

Category I	Includes groups 0 and 1: directors and management; departmental managers; service and works managers.
Category II	Includes groups 2, 3 and 4: university graduates; section managers; negotiation managers; workshop managers and qualified personnel.
Category III	Includes groups 5, 6 and 7: assistants and technical auxiliaries; administrative staff and middle managers
Category IV	Includes group 8 employees: workers and subordinates.

## FCC Servicios

FCC 3<sup>rd</sup> Technical Urban Sanitation Seminar

On 17 November, the 3rd Technical Urban Sanitation Seminar, organised by FCC Environment's Coordination and Development Department, was held in the auditorium of the Valladolid Centre for the Comprehensive Treatment of Solid Waste. Over forty executives from all Urban Sanitation divisions in Spain attended the seminar.

During this work seminar, entitled "For a sustainable future", the results obtained from the different pilot research projects implemented by FCC were presented with a view to informing the sector. The design and development of a software application for the management of the data and indicators of the treatment plants was presented, while the direct involvement of certain plants to verify their correct functioning and operations was also mentioned. Experiences relating to improvements achieved through the introduction of new technology were shared, and the changes and evolution of the national and European legislative framework in fields directly affecting FCC's activities were reviewed and discussed.

## Training in FCC Construcción

Continuous training of personnel is a key aspect in FCC Construcción. It focuses both on improving staff knowledge and on the acquisition of new skills and aptitudes.

Every year over 325 internal courses are run, with 100,560.65 working hours being given over to training. Particular emphasis is given to personnel training in the area of safety in the workplace and environmental management. To improve training in these fields, the Basic Safety in the Workplace course has been run for 2,800 technicians and works managers in recent years, while 3,100 technicians have attended the environmental awareness and training course.

### Training and safety in the work place

In 2005, prompted by an FCC Construcción initiative, safety in the work place seminars were held in Murcia, Malaga and Las Palmas de Gran Canaria, which were attended by 390 technicians from FCC and collaborating companies. Speakers at these seminars included members of the Labour Inspection Authority and the autonomous regional governments.

The seminars were brought to a close by the Director of the Safety in the Work Place Institute of Murcia, the Managing Director of the Andalusian Regional Ministry for Employment and the Civil Engineering Councillor from the Canary Islands Government, respectively.

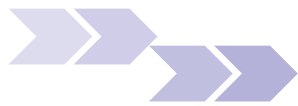


Risk prevention training	Engineering and construction			Infrastructure maintenance			Materials			Industrial		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
Total no. of hours	15,590	17,313	14,493	3,476	5,802	1,851	769	991	456	10,386	9,953	5,762
No. hours/employee	2.2	2.5	3.1	6.2	19.1	8.2	3.9	9.9	2.8	9.3	11.5	7.6

## Training in Realia

Procedures for identifying personnel training needs, training activity planning and implementation have been established in Realia Business. The efficiency of the training is evaluated and a record of results is kept.

On 7 October 2005, a corporate leadership seminar was held for Realia Business management. This seminar focused on identifying situations in which leadership might be put at risk and the corporate implications of these circumstances. Key aspects of leadership were analysed and training was provided in techniques applicable to critical situations, to put these leadership techniques into practice. Subsequently, action plans were prepared as a commitment to the acquired knowledge being put into practice. This seminar was planned through three workshops together with a presentation of an emotional intelligence tool to finalise action plans.



## Health and safety at work

FCC has implemented an extensive range of initiatives with the sole objective of creating a safer working environment for its employees. In view of the sectors in which the FCC Group operates, the promotion of excellent health and safety conditions in the workplace is an absolute must.

A healthy and safe workplace is an indispensable requirement for all types of work. However, this is considered by FCC to be an essential matter, especially in the areas of Construction, Cement and Services.

It is particularly worth emphasising the efforts made with regard to health and safety training in the different areas of production and among sub-contractors.

### Significant events during 2005

- During 2005 the FCC Group has continued to pay special attention to safety in the workplace; promoting measures which contribute to the prevention of accidents in all of its areas of production, complying with and enforcing prevailing regulations, and dedicating more human and material resources to this issue.
- During 2005 the Occupational Health and Safety System of all the companies forming the Joint Safety Service has been evaluated by an authorised external body and the pertinent certification obtained.
- The Group has significantly increased the number of technicians in the various specialities dedicated to risk prevention activities and issues.
- A virtual Joint Safety Service portal has been developed and launched which serves as a tool for managing documentation, consultations and communication regarding safety in the workplace.

## Management systems

### Structure

The management of the health and safety of individuals is conducted by the **Joint Safety Service**. FCC's Safety Service reports directly to the General Manager. One of the main requirements established by FCC through its management system is the involvement of its own production line in all measures relating to risk prevention that have to be taken.

The aim of the Joint Safety Service is to promote and evaluate the integration and development of safety measures in FCC's General Management System by the companies subscribing to this service. Its objective is to prevent labour risks by providing support and advice in an appropriate and orderly manner using the human and material resources required to render this service.

The FCC Group's Safety Service reports directly to the General Manager of Human and Material Resources, who in turn, reports directly to the Managing Director.

Each month the Management Committee analyses, inter alia, issues relating to the accident rate and risk prevention management.

### Policy and objectives

The Company has devised a specific health and safety policy which is designed to cover the characteristics and degree of risk in the organisation, and includes a commitment to continuous improvement and to comply with safety legislation and other requirements to which the organisation is subject. This policy is applicable to 100% of the workforce and also covers any activities which are conducted in collaboration with other business partners, temporary consortiums, etc.

Each year, all the General Managers establish their own objectives and (as a general rule) set targets of a 10% reduction in the accident rate and severity of accidents. Permanent objectives are fixed in relation to improving investigations into accidents which involve employees taking time off work and increasing investigations into accidents which do not involve sick leave and incidents. Management is also responsible for analysis of very serious accidents. Committees are being set up in different areas to analyse all the results of the specific measures taken.

### Identification of labour risks

The management system establishes specific procedures for identifying, analysing, evaluating, preventing and managing labour risks. Procedures that involve evaluating risks, planning prevention, controlling safety measures, and identifying legal requirements, inter alia, also guarantee compliance.



### Dialogue with employees regarding health and safety

Two structures have been set up to ensure employees are involved in dialogue relating to health and safety. Firstly, health and safety committees are established in the centres with characteristics requiring such committees. These bodies promote joint decision-making on all issues related with safety management and meet as frequently as prevailing legislation demands.

Smaller centres or centres which do not fulfil the requirements participate through other types of commissions which permit all employees to become involved through representatives. The employees involved in these committees and commissions are all those covered by the Safety Service.

## Main safety indicators in the workplace

### Main labour accident figures for the FCC Group

	Unit of measurement	2003	2004	2005
Absenteeism (illness and injury leave)	Calendar days	27,379	26,635	31,968
Accidents (Number of employees off/accident)*		4,968	4,439	4,594
<b>Labour affects</b>				
Days lost (due to accident)	Calendar days	105,541	109,303	114,195
Days lost (due to illness)	Calendar days	648,392	792,412	918,201

\* Excludes accidents in itinere or involving third parties

The accident rate has fallen over the last three years from 57.98 in 2003 to 54.57 in 2005 -calculated as the number of days off divided by the number of hours worked per million. It should be noted that as from 2004, the calculation criteria were changed, which penalise the comparative result by approximately 5%.

The accident rate has clearly dropped over the last ten years. The Group is working to reduce the number of days lost to illness, since it has been identified that the labour accident insurance companies and the Spanish social security do not manage sick leave as efficiently as they should. Improvement objectives are established for each area of production and vary considerably from one area to another.

### Health at work

The Corporate Medical Services have devised a number of programmes aimed at promoting and monitoring the health of the workforce, which can be classified as follows:

- **Training:** Health training courses and first aid courses, as well as talks and conferences on current health matters, which promote awareness of the importance of health among the workforce.
- **Prevention:** Vaccination campaigns against those illnesses which appear to be prevalent in certain posts. Devices that adequately protect workers against risks in hazardous working environments (ear protectors, harnesses for working at height, etc.).
- **Early diagnosis of illness and disease:** Regular medical check-ups, which also enable us to verify the effectiveness of safety measures in the workplace as well as detect any health problems that are not work-related.

An important tool for monitoring health is to devise specific protocols that enable us to identify which safety measures need to be adopted based on prior analysis of each post, as well as identify what type of medical check-up is required in each instance.

### Specific programmes

#### Services

The primary objective of the Services area is to render the highest level of quality services as possible; promoting continuous improvement in working conditions and thereby increasing the health and safety of the workers over and above that established by prevailing legislation and, in doing so, making a real commitment to safety.

*The specific health and safety targets of the Services area are as follows:*

- Obtain the commitment of the entire organisation's workforce at all levels to implement the measures defined in the health and safety management system.
- Establish control mechanisms that guarantee strict compliance with safety regulations and measures by ensuring workers fulfil their legal obligations in this area.
- Recognise the achievements made in relation to correctly applying the health and safety management system.
- Maximise efforts to reduce the accident rate based on the assumption that all accidents can and should be avoided by ensuring individuals, equipment and production processes are protected.

*Specific objectives set by Aqualia, Ámbito and Versia:*

- Ensure each worker has the right level of correct theoretical and practical training and information on monitoring his or her health and encourage his or her involvement and consultations.
- Provide initial and ongoing information and training to workers about risks inherent to their posts and the resources and measures that can be employed to prevent such risks, in an attempt to promote and ensure positive habits and procedures.
- Aqualia and Ámbito have also assigned the resources and qualified personnel required to guarantee full compliance with the health and safety management system.
- Ámbito has also set itself a target to perform accident drills in all its installations.

*Specific objectives set by Versia:*

- Work in conjunction with customers, public entities and other bodies to devise procedures, mechanisms and working practices that improve occupational health and safety in the services rendered.
- As part of the management of the business, promote continuous improvements in health and safety as a key variable affecting the future of the business.
- Assign the resources required to reach the right level of management which allows measures to be taken to identify, evaluate and control possible risks.

**Construction**

The management of health and safety in FCC Construcción is set out in a number of strict procedures establishing the requirements, scope of action and responsibilities of all the different hierarchical levels of the organisation in this regard.

The Own Risk Prevention Service model has been chosen for managing safety resources, with specialist areas covering Safety at Work and Industrial Medicine, which is integrated into the Group's Joint Safety Service.

The Safety Service is divided geographically according to the areas and branches of FCC Construcción in such a way as to cover the entire country and ensure that safety technicians are close to construction sites.

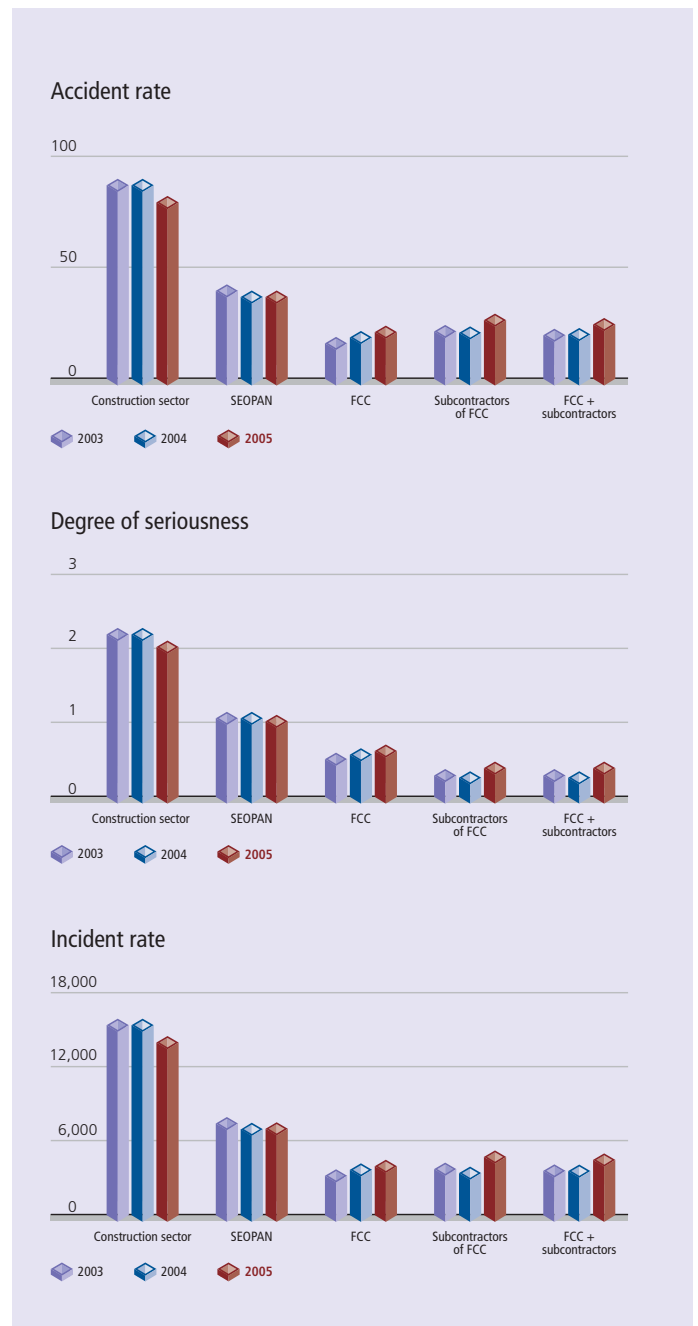
Information is disseminated through leaflets containing Basic Instructions, specific leaflets, forms, instructions on working practices, and specifications for purchases, which are given to the organisation's own employees and any subcontractors for distribution among their workers.

Subcontractors working on each construction project are also covered by the system and own personnel and subcontracted staff are not treated any differently in terms of fulfilling their safety obligations. Subcontracted companies must prove that their safety service is in compliance with the Law and that its workers are adequately trained and informed.

**Key indicators**

These graphs show the trend between 2003 and 2005 for the construction sector, SEOPAN (Association of Construction Companies), the FCC Group, FCC's subcontractors, and the FCC Group plus its subcontractors.

In the historical data, FCC's rates are slightly below the sector average, which indicates that the Company is in promising position in terms of security



\* The first bar chart shows the accident rate as the number of accidents resulting in sick leave x 1,000,000 / hours worked. The second bar chart shows the degree of seriousness as the number of days lost due to accident x 1,000 / hours worked. The last bar chart shows the incident rate as the number of accidents resulting in sick leave x 100,000 / average headcount.



## Cement

Cementos Portland Valderrivas S.A. has developed its Own Safety System which covers the specialist areas of Technical Safety and Health Care. Since 1998 it has had a document management system (SGPRL). The work centres covered by the service are the El Alto, Olazagutía, Hontoria and Alcalá de Guadaíra factories, the head offices, and the regional offices in Pamplona and Valladolid.

The subsidiaries are not covered by the Safety Service and only receive advice. They report the information required for their supervision and control to the Safety Service. Any safety measures that cannot be taken using Cementos Portland's own resources are outsourced to third parties (Asepeyo and Mutua Navarra).

The general objectives are as follows:

- Establish occupational safety as an integral and equally important part of the rest of the business's activities.
- Ensure the service is coordinated and in line with production, quality control and environmental protection policies.
- Make certain that occupational safety management is the responsibility of the entire organisation, from the General Manager to less qualified employees, and that all members are committed to fulfilling all legally required safety measures.
- Disseminate information and promote continuous understanding, development, and action at all levels of the organisation.
- Ensure that all workers participate and remain informed, as well as guaranteeing that workers have the right to be consulted so that the management system implemented is constantly improved.
- Define the method for meeting, exceeding or developing health and safety requirements by ensuring that such requirements are constantly improved through regular measures which evolve with technical progress.
- Allow both internal and external systematic audits to be conducted which verify compliance with the safety policy.
- Guarantee workers are sufficiently and appropriately trained by providing the necessary resources for the safety policy to be fully implemented.
- According to the Strategic Plan for 2006/2010, the objective is to reduce the accident rate to "0 accidents".

\* The strategic plan for 2006-2010 is pending approval at the date of this edition of this report



## The “preventive approach” of Cementos Portland Valderrivas

As a continuation of the safety training and awareness campaigns for both the workforce and related industry and their families, the “Channel Portland-Preventive approach” project (CPV) has been launched.

### 1ª Phase

Locations have been identified in each factory where workers tend to meet to have a coffee, chat, eat, change clothes, etc. Meeting points have been set up at each of these locations which have a screen, projector, PC, suggestions box, dispenser and notice board.

Safety videos are shown which cover aspects such as falls, handling heavy loads, protection, dust, noise, working at height, etc. Workers are also encouraged to participate through individual questionnaires for which bonuses are given.

### 2ª Phase

Videos are projected from the same meeting points as in the previous phase showing images of different tasks in the factories themselves and linking the scenes shown to the relevant safety instructions and procedures established in the CPV.

A webpage has also been set up so that these safety messages also reach workers’ families and society in general:

[www.canalportland.com](http://www.canalportland.com)



# A future for those around us



FCC has always had close links with the different groups and the communities in which it conducts its activities. The Group is aware of the added value of its business to society and also of the possible impact the Group's activities could have on the environment and society.

Construction projects, services and production processes are selected in accordance with strict environmental and social criteria in order to mitigate the negative effects on our surroundings. In this context, we consider that communication with the stakeholders around us is essential to developing a healthy, safe and prosperous environment for all concerned.

To this end, FCC invests time and resources in the contacts we have with our stakeholders to identify not only their expectations and concerns but also to encourage stakeholder involvement in our work, to face the major environmental and social challenges of our time.

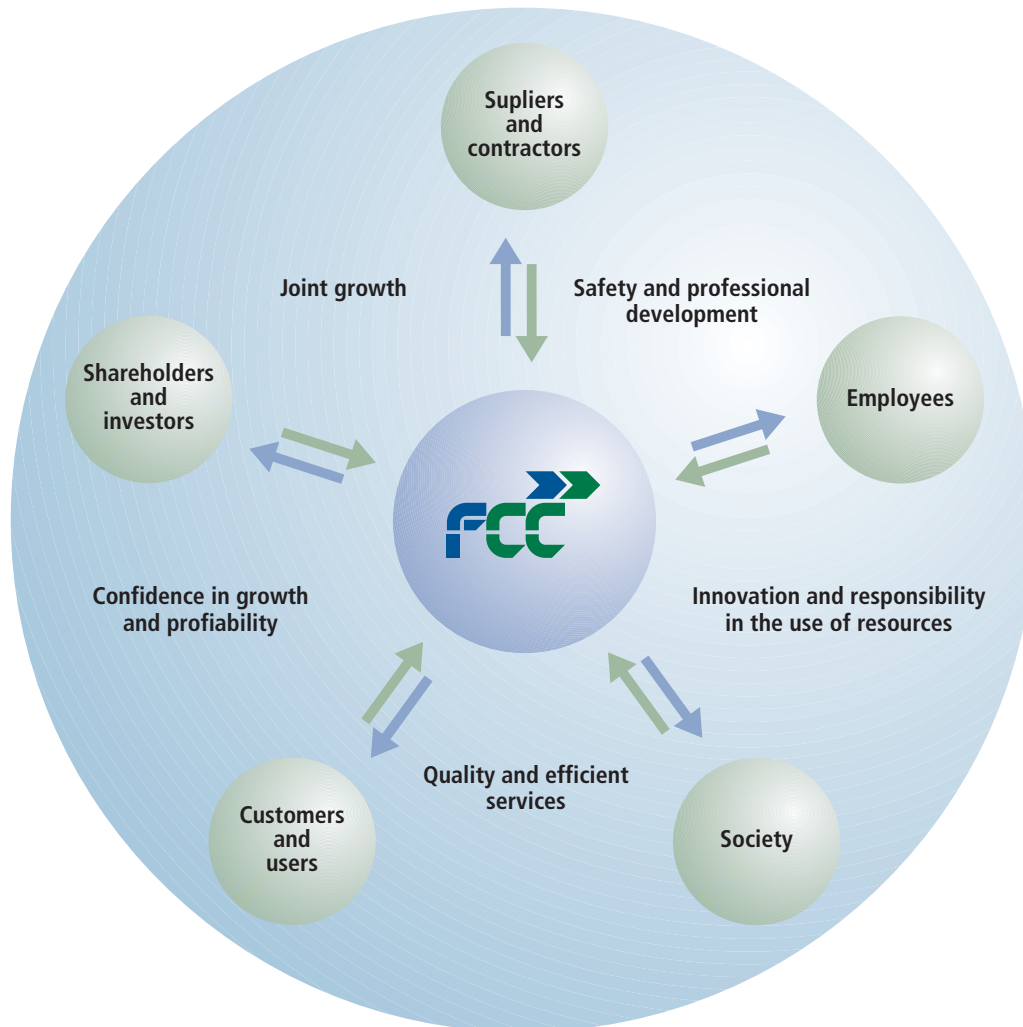
FCC has not only developed its own quality and environmental control system affecting all its departments and activities, but also requires that its suppliers and subcontractors implement the appropriate measures and programmes to protect and improve the environment in which we operate.

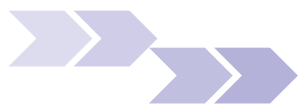
Major companies are becoming increasingly more influential in the world and their actions affect many people including their employees, customers, local communities and society in general. As such, FCC has implemented several initiatives (described below) at both local and worldwide levels to achieve sustainable development.

It is vital for the future of our planet and therefore each and every one of us that companies contribute to finding solutions to the growing social, environmental and economic problems. Our commitment is to achieve sustainable development, enabling future generations to enjoy the same opportunities as we have today.

#### Added value for our stakeholders

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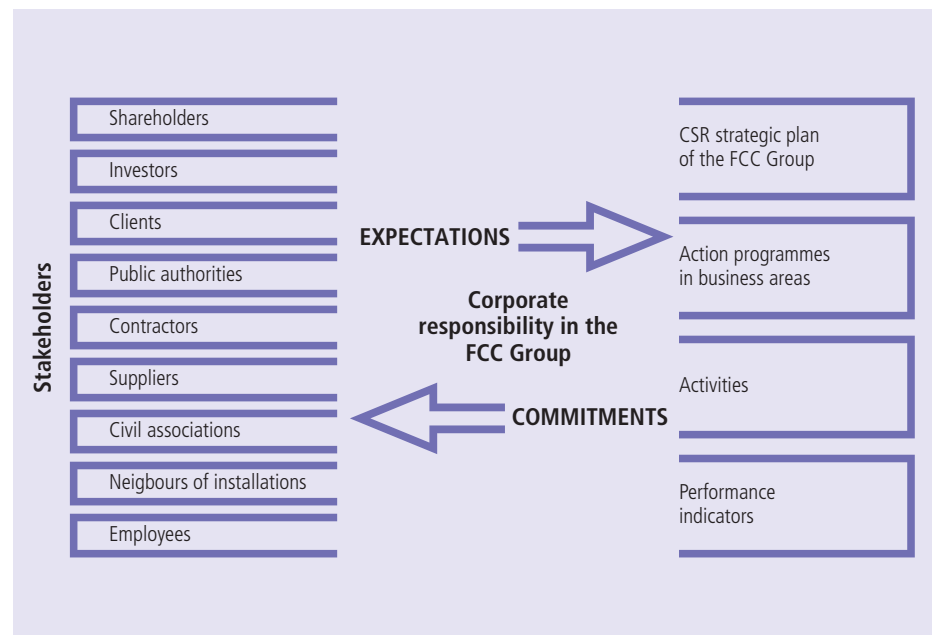
## Transparency in relations with our stakeholders

FCC is aware of the importance of maintaining lasting relationships with our stakeholders. Effectively and strategically involving our stakeholders brings added benefits such as an improvement in the management of operational risks and corporate image. It also enables us to gain a better understanding of the complex environment in which our businesses operate, identify possible strategic opportunities, and build trust between the Group and our stakeholders.

FCC's businesses affect many of the activities that take place in the society on a daily basis. We have a direct impact on society and therefore our relationships with society are very important.

### Our stakeholders

The corporate social responsibility of the FCC Group has been built around the expectations and concerns of our stakeholders. We understand that each group has its own specific concerns as well as its own individual information requirements.



## Our shareholders and investors

By adopting a strategic position that encourages a socially responsible business approach and is aimed at improving our transparency-efficiency in relation to corporate governance, we create added value for our shareholders and investors in FCC. We have developed a number of lines of communication which include organising several events during the year aimed at providing guidance to and exchanging ideas with our shareholders.

## Public entities and regulatory bodies

FCC is strongly committed to transparency and integrity. It has assumed the commitment to comply with and respect all regulations established in prevailing legislation at both national and international levels as well as the standards set by regulatory bodies. FCC is also dedicated to continuously improving its relations with public entities and regulatory bodies and takes an active and cooperative approach. In this way, FCC is able to demonstrate to public entities that it is committed to the environment and the society in which it operates.

## Customers and suppliers

The organisation is in constant contact with these stakeholders to incorporate customers' concerns, suggestions and recommendations in relation to fulfilling our social and environmental commitments. We also aim to make suppliers aware of their responsibility to fulfil these objectives.

## Employees and their representatives

Since its incorporation, FCC has been committed to its workforce and aims to ensure they remain in the organisation for many years, improve the quality of their working life, and defend their labour rights. FCC also strives to attract and retain the best personnel in its search for business excellence.

## The media

FCC stands out from its competitors by working to remain in constant and open contact with the media in order to provide them with a true view of the value of our sustainable and transparent business.

In 2005 press coverage in Madrid and Barcelona of the FCC Group amounted to an average of 200 articles, split as follows according to their content:

The FCC Group	35%
Construction	22%
Services	20%
Cement	16%
Others	7%

## Society

Since its incorporation, FCC has been committed to the environments in which we operate; devising initiatives that benefit the environment or contribute to society and the community in which it conducts business.

## Communication with our stakeholders

FCC has implemented a public relations strategy targeting its stakeholders using different means of communication depending on the recipients. The most noteworthy initiatives are as follows:

- Questionnaires on perceptions and opinions of the management of corporate responsibility and the business environment.
- Research aimed at specific issues.
- Round tables with organisations representing the interests of our stakeholders through sector associations and organisations.
- Ongoing communication with the press, television and radio.
- Publication of an Annual Corporate Social Responsibility Report.
- Development of a strategic plan in conjunction with stakeholders.
- Publication of a bimonthly news sheet.

## Services

### FCC Saneamiento Urbano

Analyse stakeholders' expectations of the urban sanitation activities.

Prior to starting the work to prepare a Sustainability Progress Report for this line of business, at the end of 2004 and start of 2005, stakeholders were questioned about their expectations in order to find out what they expected in terms of social responsibility, as well as the level of job satisfaction among this line of business's employees.

The aim of the poll was to obtain results which could then be used to devise guidelines for our activities and our future commitments to each stakeholder. This type of poll is planned to be conducted every three years to find out what the stakeholders' perceptions are of the initiatives that have been implemented in response to their needs and expectations.



### Aqualia

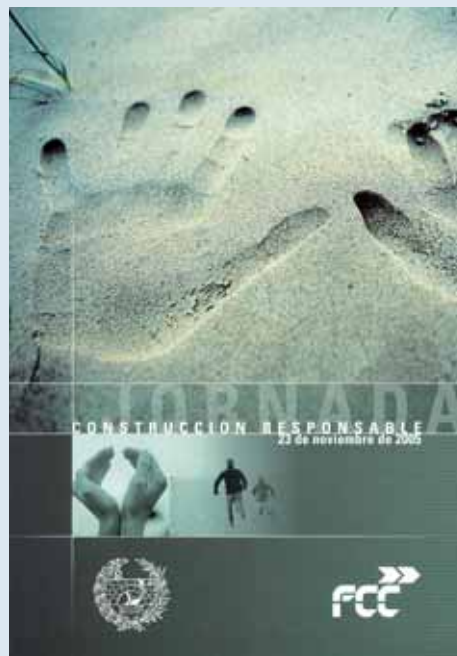
Organise an annual children's drawing competition with more than 20,000 participants, which is held across Spain on World Water Day (22 March). This competition has been held successfully in 2003, 2004, 2005 and 2006 and the Aqualia drawings are used to publish a calendar which is distributed to all its employees and customers.



## FCC Construcción

### Sustainable Construction Day

On 23 November 2005 FCC Construcción held a Sustainable Construction Day in conjunction with the Institute of Road, Canal and Port Engineers (*Colegio de Ingenieros de Caminos, Canales y Puertos*) to reflect on current issues, and hold dialogues with public entities, homeowners, personnel, suppliers and subcontractors and other stakeholders with a shared interest in transport engineering. Speakers at the event included representatives from third sector representatives such as Fundación Entorno, government ministers such as the Minister for the Environment, certified bodies such as AENOR, international organisations including ASEPAM, and academic bodies like the University of Cantabria's Department of Water Engineering.



## Realia

### Communication and public relations with real estate customers

Realia has developed a Customers' Club which gives Realia customers the chance to benefit from offers and discounts. The Club currently has 4,399 members.

The Club has a 902 business telephone number linked directly to Realia's call centre which channels all calls to the specific information lines of our collaborators with which contracts are agreed.

A Club Realia News Letter is also published which Realia uses to communicate information to the members of the Club. Realia uses this news letter to remind members of the purpose of the Club and the advantages for members, as well as inform them of special offers on holidays, home accessories, wine, etc. and news on the real estate developments being promoted by Realia.

Three drawing competitions have also been held for children over Christmas 2003, 2004 and 2005; the pictures of which were used to illustrate Realia's corporate Christmas cards.







Teatro Municipal Jovellanos de Gijón y Museo Nacional de Arte de Cataluña



## Cooperation in the community

Throughout its 100 year history FCC has been involved in sponsorship and patronage activities. Far from being a recent development, the company's activities in this area are long-standing and consolidated.

The introduction of corporate social responsibility and dialogue with stakeholders has not substituted FCC's commitment to action in this area. On the contrary, it has led to a greater diversification of activities, which are subject to integrated management as any other business activities are, in response to a focus encompassing all aspects of the Group.

Sponsorship and patronage activities that FCC has been involved in during the current year are as follows:

42%	Cultural
16%	Social
13%	Illness, disability and assistance
11%	Social development
6%	Others

FCC's patronage and sponsorship activities are characteristically diverse and cover a wide range of areas. For example, as a cultural contribution, FCC developed a project to renovate the imperial monastery of Toledo and has also supported the Silos Foundation. In terms of social development, the company has embarked upon collaborations with numerous public and private institutions mainly in South America and Africa.

## Proactiva, committed to community development



Of all these activities performed by FCC, Proactiva deserves a special mention. Proactiva is owned and managed with Veolia which has strong links with South America where it operates in six countries: Argentina, Brazil, Chile, Colombia, Mexico and Venezuela. Proactiva has a large network of professionals and branches and uses the best and most sophisticated technologies to improve and protect the environment. It serves 40 million people in the following fields:

- Integral water management.
- Integral waste management.

Proactiva's commitment to the companies it works with is much more than a mere contractual obligation. The company is conscious of what it represents and is actively involved in fulfilling actions and operations to the benefit of all. A few examples of Proactiva's projects are as follows:

i) **Envi3n programme in Avellaneda**

Sponsors 20 young people with scholarships as part of a plan developed by the municipality. The study costs of those involved in the scheme are paid monthly and controlled by Proactiva.

ii) **Adult education**

Most personnel Proactiva works with perform tasks for which qualifications are not necessary. In fact, a large percentage of the workforce have only a basic education, and many are illiterate. The programme aims to help interested employees to finish their basic education. In the future Proactiva intends to expand this programme to cover secondary education as well.

iii) **Maipú project**

Proactiva supports employment of disabled people. It has a technical team comprising psychologists and disabled personnel with successful careers who offer workshops within the company to evaluate and prepare people with disabilities for any job opportunities that may arise.

In this way, Proactiva promotes employment through small industries, and helps to encourage and support the creation of small companies whose activities are related to protecting the environment.

## FCC Group patronage programmes

FCC is involved in a large number of programmes and projects and mainly works within the areas it knows best in order to use

resources dedicated to these initiatives more efficiently. The tables below detail the FCC Group's main initiatives.

Institution	Description
Catalonian National art museum	Provides financial assistance so the museum can carry out artistic, heritage, educational and social ventures.
Castell de Perelada international music festival, Gerona	Has supported the festival for more than ten years as the main sponsor of this prestigious Catalanian cultural event.
ARTIFEX travelling exhibition of Roman engineering in Spain	Sponsors the ARTIFEX catalogue, including the travelling exhibition of the same name which is promoted by the Ministry of Culture and the CEHOPU.
Master in Buildings management from the Antonio Camuñas Foundation	Economic support for scholarships for architects and postgraduate engineers entering the workplace.
International Juan Antonio Fernández del Campo award for road innovation	Sponsor of award created by the Spanish association of roads for research, development and innovation.
Sponsor of CIVILFOR 2005	Third year of support for this employment fair promoted by the ETSI of road engineers in Madrid.
Cuatro Cuerdas foundation for music education and children with disabilities	Provides economic assistance to the foundation to support the teaching of music to children with disabilities.
Fundación Laboral. Gijón art and industrial design centre	Second Vice-Chairman of the foundation dedicated to promoting art and industrial design.
Sponsor of the Alcobendas Sports Foundation. FUNDAL	Supports sporting events involving young people in Alcobendas.
Carolina Foundation	Provides financial support to promote cultural relations and educational and scientific cooperation between Spain and members of the Organisation of Ibero-American States, as well as with other countries with which it has historic, cultural or geographical links.
Friends of the Prado Museum Foundation	Donation of works of art, support and organisation of temporary exhibitions, organisation of courses and conference cycles, as well as publication of material.
San Millán de la Cogolla Foundation	Provides economic assistance to protect and maintain the San Millán de la Cogolla de Suso y Yuso monasteries, as well as investigation into and documentation of the origins of the Spanish language.
Madrid 2012 Foundation	Collaborator and financial contributor to Madrid's 2012 olympic bid.
Portland San Antonio handball club	Main sponsor for the handball team in the Spanish "División de honor".
Down Syndrome Foundation of Madrid	Provides financial assistance aimed at improving the quality of life of people with Down Syndrome and other types of intellectual disabilities. The foundation promotes full integration within the family, school, work and social environments of those affected.
Leukaemia and lymphoma Foundation	Provides financial assistance to promote, develop and publish clinical and laboratory studies, as well as providing financial and psychological assistance to patients related to the prevention and treatment of leukaemia and lymphoma and other pathological haematology.
Reina Sofia Foundation Alzheimer project.	Provides financial assistance to support a social health approach that aims to combat the repercussions Alzheimer's has on both patients and their close family.
Cultural Albacete	FCC forms part of a group of companies that sponsor this model public consortium created in 1983 to manage cultural events in Albacete capital and province. The consortium's main activities take place in the historic and restored Teatro Circo in the capital (1887).
Master in urban mobility	FCC has developed the first Master's diploma in urban mobility in collaboration with the Rey Juan Carlos university in Madrid and the National Association of Companies of Car Parking Regulation on Public Roads (ANERE).
Procession of the three wise men in Seville 2006 (Ateneo de Sevilla)	Supports the Ateneo de Sevilla in its campaign to provide toys to less privileged families.

## Sharing knowledge

For three years FCC has edited a book published annually that is part of a valuable collection, which is widely consulted in universities and by academics for its scientific and informative content.

These books provide in-depth historical analysis of matters that are usually related to activities carried out by the FCC Group.

An average of 15,000 copies are printed every year and each book comprises approximately 400 pages with more than 350 illustrations that are distributed free of charge. To date the following titles have been published:

1993	Urban memories of Spain
1994	Bridges of Spain
1995	Man and water
1996	Art and architecture in the Spanish home
1997	A study of the history of our roads
1998	The city. A tour of its history
1999	A century of living memory
2000	A history of construction techniques
2001	A history of parks and gardens
2002	Celebrations of Spain
2003	The municipality. A tour of its history
2004	Outstanding works of architecture and engineering in Spain
2005	The history of coaches in Spain

As these initiatives demonstrate, the FCC Group is involved in a large number of programmes and projects within the environment it knows best and must therefore use resources designed for these initiatives with great efficiency. The chart below shows how investments made during 2005 were divided, according to the type of initiative.



# Appendix

1. GRI and GC index	178
2. Principles covered in this report	183
3. Your opinion is important	185
GRI certification	185



# GRI and GC index

GRI INDICATORS 2002	GC	CHAPTER	PARAGRAPH	PAGE
<b>Vision and strategy</b>				
1.1. Statement of vision and strategy regarding the Company's contribution to sustainable development.	*	II	6 Vision and strategy of our corporate responsibility	106
1.2. Statement from the Chairman describing key elements of the report.		I	1 Letter from the Chairman	2
<b>Profile</b>				
2.1. Name of reporting organisation.		II	2 FCC activities	97
2.2. Major products and services.		II	1 105 years of service to the public	97, 98
2.3. Operational structure.		III	2 Management structure	114
2.4. Description of major departments, operating companies, subsidiaries...		II	5 Main lines of activities for the Group in 2006	103, 104
2.5. Countries in which the organisation's operations are located.		II	3 International activities	100
2.6. Nature of ownership; legal form.		III	1 Corporate governance	114
2.7. Nature of markets served.		II	2 FCC Activities	97, 98
2.8. Scale of the reporting organisation.		II	4 2005 key indicators	101, 102
2.9. List of stakeholders, key attributes of each, and relationship to the reporting organisation.		V	1 Transparency in relations with our stakeholders	167, 168, 169, 170, 171
<b>Report scope</b>				
2.10. Contact person(s) for the report.		Appendix	Your opinion counts	185
2.11. Reporting period.		II	6 Vision and strategy of our corporate responsibility	106
2.12. Date of most recent previous report.		n.a.	First edition of the report	
2.13. Boundaries of report and any specific limitations on the scope (regions, divisions).		II	3 International activities	100
2.14. Significant changes.		n.a.	First edition of the report	
2.15. Basis for reporting on joint ventures, partially owned subsidiaries...		I	Letter from the Managing Director	4
2.16. Explanation of the nature and effect of any re-statements of information provided in earlier reports.		n.a.	First edition of the report	
2.17. Decisions not to apply GRI principles or protocols.		Appendix	GRI and GC index	178
2.18. Criteria used in any accounting for economic, environmental, social costs and benefits.		Appendix	Principles covered in this report	183
2.19. Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.		n.a.	First version	
2.20. Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability.		III	2 Management structure	115
2.21. Policy and current practice with regard to providing independent assurance for the full report.		n.a.	First edition of the report	
2.22. Means by which report users can obtain additional information.		I	Letter from the Managing Director	4
<b>Governance structure</b>				
3.1. Governance structure including committees that are responsible for setting strategy.		III	1 Corporate governance	112
3.2. Percentage of the board of directors that are independent, non-executive directors.		III	1 Corporate governance	113
3.3. Process for determining the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.		II	6 Vision and strategy of our corporate responsibility	106-109

GRI INDICATORS 2002	GC	CHAPTER	PARAGRAPH	PAGE
3.4. Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.		III	1 Corporate governance	112
3.5. Linkage between executive compensation and achievement of the organisation's financial and non-financial goals.		V	1 Attracting and retaining talent	152
3.6. Organisational structure for corporate sustainability policies.		II	6 Vision and strategy of our corporate responsibility	107
3.7. Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance.		II	6 Vision and strategy of our corporate responsibility	107, 108
<b>Stakeholder engagement</b>				
3.9. Basis for identification and selection of major stakeholders.		VI	1 Transparency in relations with our stakeholders	167
3.10. Approaches to stakeholder consultation frequency, type...		VI	1 Transparency in relations with our stakeholders	168
3.11. Type of information generated by stakeholder consultations.		VI	1 Transparency in relations with our stakeholders	168
3.12. Use of information resulting from stakeholder engagements.		VI	1 Transparency in relations with our stakeholders	169, 170
<b>Global policies and management systems</b>				
3.13. Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	*	IV	Introduction	128
3.14. Sets of principles or other initiatives to which the organisation subscribes.		II	6 Vision and strategy of our corporate social responsibility	109
3.15. Principal memberships in industry and business associations.		II	6 Vision and strategy of our corporate social responsibility	109
3.16. Policies and/or systems for managing upstream and downstream impacts.		III	2 Management structure	115
3.17. Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.		III	1 Corporate governance	125
3.18. Major decisions during the reporting period regarding the location of, or changes in, operations.		n.d.	No significant changes have occurred	
3.19. Programmes and procedures pertaining to economic, environmental, and social performance.		III	2 Management structure	115
3.20. Status of certification pertaining to economic, environmental, and social management systems.		III	3 Creation of value	120
<b>Economic performance indicators</b>				
EC1. Net sales.		II	4 2005 key indicators	101, 102
EC2. Geographic breakdown of markets.		II	3 International activities	100
EC3. Cost of all raw materials, materials, and services purchased.		Annual Report		2, 7, 5
EC4. Percentage of contracts that were paid in accordance with agreed terms.		Annual Report		3, 6, 4
EC5. Total payroll and benefits broken down by country or region.		Annual Report		290
EC6. Distributions to providers of capital broken.		Annual Report		282, 283
EC7. Increase/decrease in retained earnings at end of period.		Annual Report		17
EC8. Total sum of taxes of all types paid broken down by country.		Annual Report		17
EC9. Subsidies received broken down by country or region.		Annual Report		369
EC10. Donations to community, civil society, etc. per type of group.		VI	2 Cooperation in the community	173

## GRI and GC index. Continuation

GRI INDICATORS 2002	GC	CHAPTER	PARAGRAPH	PAGE
<b>Environmental performance indicators</b>				
EN1. Total materials use by type.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN2. Percentage of materials used that are wastes from external sources.	*	IV	3 Waste management	143
EN3. Direct energy use segmented by primary source.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN4. Indirect energy use.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN5. Total water use.	*	IV	2 Integral water cycle management	137, 138
EN6. Location and size of land owned, leased, or managed in biodiversity-rich habitats.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN7. Description of the major impacts on biodiversity.	*	IV	4 Biodiversity	145, 146
EN8. Greenhouse gas emissions.	*	IV	1 Climate change	130
EN9. Use and emissions of ozone-depleting substances.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN10. Donations to community, civil society, etc. per type of group.	*	IV	1 Climate change	134
EN11. Total amount of waste by type and destination.	*	IV	3 Waste management	143, 144
EN12. Significant discharges to water by type.	*	IV	2 La gestión integral del ciclo del agua	135-138
EN13. Significant spills of chemicals, oils, and fuels.	*	IV	3 Gestión de residuos	143
EN14. Significant environmental impacts of principal products and services.	*	IV	4 Biodiversidad	145, 146
EN15. Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	*	n.a.	Products cannot be reclaimed	
EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group.	
EN17. Initiatives taken to use renewable energy sources and to increase energy returns.		IV	5 Environmental innovation	148

\* Items in the GC column refer to the Global Compact or Global Pact principles.  
n.a.= not applicable. n.d.= not declared





SOCIAL PERFORMANCE INDICATORS	GC	CHAPTER	PARAGRAPH	PAGE
<b>Employed</b>				
LA1. Breakdown of own workforce by status, employment type and contract. Workforce retained in conjunction with other employers.		V	1 Attracting and retaining talent	152
LA2. Net employment creation.		V	1 Attracting and retaining talent	152
<b>Labour/management relations</b>				
LA3. Percentage of employees represented by independent trade union organisations or percentage of employees covered by collective bargaining agreements.	*	V	1 Attracting and retaining talent	154
LA4. Policy and procedures relating to changes in the organisation's operations.	*	V	1 Attracting and retaining talent	154
<b>Health and safety</b>				
LA5. Practices on recording and notification of occupational accidents and diseases (ILO Code of Practice).		V	3 Health and safety at work	160, 161
LA6. Description of formal joint health and safety committees and proportion of workforce covered by any such committees.		V	3 Health and safety at work	160
LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities.		V	3 Health and safety at work	161
LA8. Description of policies or programmes on HIV/AIDS.		V	According to applicable legislation in the countries where FCC operates	
<b>Training and education</b>				
LA9. Average hours of training per year per employee by category of employee.		V	2 Professional development	156, 157
<b>Diversity and opportunity</b>				
LA10. Description of equal opportunity policies or programmes, as well as monitoring systems.	*	V	1 Attracting and retaining talent	152
LA11. Composition of senior management and corporate governance bodies.	*	III	1 Corporate governance	113
<b>Human Rights</b>				
HR1. Policies, guidelines, corporate structure and monitoring mechanisms.	*	II	6 Vision and strategy of our corporate social responsibility	109
HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions.	*	II	6 Vision and strategy of our corporate social responsibility	109
HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors.	*	III	3 Creation of value	124
<b>Non-discrimination</b>				
HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems.	*	V	1 Attracting and retaining talent	152
<b>Freedom of association and collective bargaining</b>				
HR5. Description of freedom of association policy and extent to which this policy is universally applied.	*	V	1 Attracting and retaining talent	154

## GRI and GC index. Continuation



SOCIAL PERFORMANCE INDICATORS	GC	CHAPTER	PARAGRAPH	PAGE
<b>Child labour</b>				
HR6. Description of policy excluding child labour.	*	II	6 Vision and strategy of our corporate social responsibility	109
<b>Forced and compulsory labour</b>				
HR7. Description of policy to prevent forced and compulsory labour.	*	II	6 Vision and strategy of our corporate social responsibility	109
<b>Community</b>				
SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue.		VI	1 Transparency in relations with our stakeholders	168, 169, 170
<b>Bribery and corruption</b>				
SO2. Policy, procedures and Systems for organisations and employees addressing bribery and corruption.	*	III	Introduction	111
<b>Political Contributions</b>				
SO3. Description of policy and procedures for managing political lobbying and contributions.		III	Introduction	111
<b>Customer health and safety</b>				
PR1. Description of policy for preserving customer health and safety.		n.d.	No current data at group level is available at the time of this report. At present relevant IT systems are being developed for this item. It is estimated that this information will be available next year.	
<b>Products and Services</b>				
PR2. Description of policy, procedures and systems related to product information and labelling.		n.d.	No current data at group level is available at the time of this report. At present relevant IT systems are being developed for this item. It is estimated that this information will be available next year.	
<b>Respecto a la intimidad</b>				
PR3. Description of policy and procedures related to consumer privacy. Identify geographic areas covered by policy.		III	3 Creation of value	120-123

\* Items in the GC column refer to the Global Compact or Global Pact principles  
n.a.= not applicable. n.d.= not declared



## Appendix. Principles covered in this report

### Contents

The contents of this report have been selected based on a study of material aspects, following the principles of Assurance Standard AA1000. The principle of materiality, applied to matters of sustainability, refers to the importance or relevance to the business of different aspects related to sustainability.

The following factors must be considered when deciding whether or not items are material:

- Interests and matters regarding sustainability caused by the interest groups.
- Principal problems within the sector, as stated by similar companies and competitors.
- Local, regional, national and international legislation, including those rules, laws and voluntary agreements that are of strategic importance to the organisation.
- Risks and opportunities that affect sustainability that can be easily estimated, identified through detailed investigations carried out by personnel with recognised training or by expert organisations with recognised credentials in this field.

Four different studies have been performed, one for each of FCC's business lines: construction, real estate, cement products and services. The studies have considered the following matters in order to define the material aspects of the businesses:

- Analysis of the information requirements from the main analysts of socially responsible investments.
- Indicators and information included by companies within the sector in their sustainability reports.
- Any social and environmental matters that associations within the sector in which the Company operates are considering.
- Challenges regarding contributions to sustainable development identified in the markets within which the business lines operate.
- Study of public documentation available detailing opinion indicators.

Several material items have been identified for each business line that form the basis of the definition of the strategy and actions plans regarding sustainable development for each them.

The following seven material items have been identified in order to prepare the notes at group level:

- Integrity and transparency of our governance.
- Use of raw materials.
- Climate change.
- Occupational health and safety.
- Attracting and retaining talent.
- Contribution to the community.
- Relations with stakeholders.

### Meeting the challenges

This report highlights the specific achievements and efforts made by FCC and its divisions during 2005 concerning relevant items identified in materiality studies. In this report FCC aims to address any concerns its stakeholders may have.

For more detailed information regarding the performance of FCC's different business lines, interested parties can consult both the corporate web page and the pages covering business lines. Additional information regarding economic developments and corporate governance of the FCC Group can also be found in the Annual report and Corporate governance report respectively.

### Accuracy of the information

The information provided in this report has been collated from that available in the company's IT systems and business lines.

### Global Reporting Initiative

This report has been prepared following Global Reporting Initiative directives in order to produce a balanced source of information regarding economic, environmental and social developments.





## Your opinion is important

The aim of this report is to show our stakeholders in a balanced and reasonable way how the company addresses the most important challenges relating to our activities.

Please send any suggestions or comments regarding this report to:

**Corporate Responsibility Department**  
FCC  
Federico Salmón, 13  
28016 Madrid

Or via email to:

[rcorporativa@fcc.es](mailto:rcorporativa@fcc.es)

The current progress of FCC's Corporate Responsibility Plan can be viewed on our web page at [www.fcc.es](http://www.fcc.es) under the heading Corporate Responsibility. Any comments and requests can be sent via the link Diálogos GdI.



## GRI certification



On 30<sup>th</sup> of May 2006, this report received the Global Reporting Initiative (GRI) "in accordance" qualification which indicates that the report has been prepared following the principles and information requirements of the GRI Sustainability Reporting Guidelines, according to the version prevailing at the date of publication of this report.

Further information about the Global Reporting Initiative (GRI) and the requirements of the "in accordance" qualification can be found at...

<http://www.globalreporting.org>