



## **SUMMARY**

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## **ELECNOR GROUP:**

A GLOBAL COMPANY

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## LETTER FROM THE CHAIRMAN

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Fernando Azaola Chairman of Elecnor Once again it is my great pleasure to present the Elecnor Group Sustainability Report which details our social, financial and environmental performance in 2015 and describes our unstinting efforts to continue creating and sharing value with our various stakeholders including customers, shareholders, suppliers, social entities and public bodies.

Our founding mission is to contribute to economic and technological progress, to social welfare and to sustainable development in the markets in which we operate. This goal is achieved primarily through efficient financial management, a responsible governance style, a stable shareholder structure, a clear customer focus, a commitment to innovation and a committed workforce.

In 2015 global economic growth was sluggish while in Spain an economic upturn began. Against this backdrop, Elecnor obtained consolidated sales of EUR 1,881 million, a year-on-year increase of 9.1%, and net profit of EUR 65.7 million, an increase of 12.2% from EUR 58.5 million in 2014.

The Group also forged ahead with its international expansion and was present in 53 countries at year-end. As in 2013 and 2014, the international market contributed more to our revenues than our domestic activities, 54.7% compared

Our founding mission is to contribute to economic and technological progress, to social welfare and to sustainable development in the markets in which we operate

with 45.3%, a clear reflection of our desire to grow our global presence.

We also continued to seek to forge alliances with partners of proven reliability who can help us continue to grow in strategic markets and struck an important new agreement. This involved our technology division Elecnor Deimos, which signed a collaboration deal with the Canadian company UrtheCast for joint projects in the aerospace sector. The agreement included the sale of Deimos-1 and Deimos-2, our two Earth observation satellites.

Another significant event was the signing of a novation contract to modify several of the conditions of the EUR 600 million syndicated loan taken out in July 2014. This resulted in an extension of maturity by one year and a marked improvement in the margin conditions originally agreed.

Innovation is another of the Elecnor Group's strategic priorities. In 2015 significant changes were made to the R&tD and Innovation Management System with a view to fostering project generation, maximising return on investment, aligning R&tD and innovation more clearly with the development of new businesses and contributing greater added value to the services that Elecnor provides.

The Group continued to channel its social commitment through the Elecnor Foundation though the Group's companies are also involved in an abundance of initiatives in the countries where they are present. In this way we foster job creation, development and wellbeing in these areas.

The Elecnor Foundation continued its work to foster social infrastructure projects and training and research initiatives in 2015 whilst also overseeing the further progress of the social infrastructure projects implemented in recent years in countries such as Chile, Uruquay and Ghana.

The Foundation's good work over the last seven years has been recognised by various institutions and society, with the energy efficiency project for the Ronald McDonald House and the H<sub>2</sub>OMC project both garnering accolades.

Elecnor also obtained the Aenor "Medio Ambiente  $\mathrm{CO}_2$  Verificado" carbon footprint certificate under the ISO 14001:2004–1 standard. This means the Group meets rigorous independent standards with regard to the quantification of greenhouse gas emissions from its activities.

With regard to occupational health and safety, we continued to pull out all the

stops in pursuit of our goal of zero accidents.

I would like to take this opportunity to thank everybody in the Elecnor Group for their commitment and efforts in 2015. As you will see when you peruse this report, they are playing a pivotal role in applying the policies with which our Group aspires to guarantee the sustainability of its business model.

Yours sincerely,

Fernando Azaola Chairman





# **2015 IN FIGURES** (G4-6, G4-9)

## **AFRICA**

Angola, Algeria, Burkina Faso, Cameroon, Congo, Ghana, Morocco, Mauritania, DR. Congo, Senegal, South Africa, Tunisia

## **NORTH AND CENTRAL AMERICA**

Canada, United States, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Dominican Republic

## **SOUTH AMERICA**

Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

## **ASIA AND OCEANIA**

Australia, United Arab Emirates, India, Iran, Jordan, Kuwait, Oman, Thailand, Vietnam

## **EUROPE**

Germany, Belgium, France, Italy, Norway, Netherlands, Portugal, United Kingdom, Romania, Russia, Sweden, Switzerland, Turkey



## Sales

EUR 1,881 MILLION

## Net profit

EUR 65.7 MILLION

## **EBITDA**

EUR 224.3 MILLION

## Order backlog

EUR 2,502 MILLION

## Employees

12,740

## Presence

53 COUNTRIES, 51 NATIONALITIES

## Hours of training

173.713 HOURS

## Frequency index

11.3

## Contribution to the Elecnor Foundation

EUR 600,000

## Emissions of CO<sub>2</sub>eq

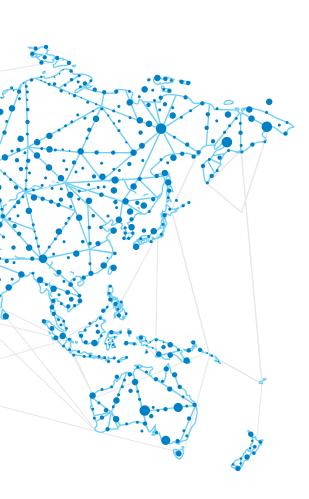
55,335

## % vacancies filled by internal promotions

67%

## Local employment

94%



## MISSION AND BUSINESS MODEL

Elecnor's founding mission is to contribute to economic and technological progress, to social welfare and to sustainable development in the markets in which it operates. The company's strategy is to consolidate its position as a leading, highly competitive company through continuous growth and an international presence. Elecnor is set apart by its quality, innovation and respect for the environment in all areas of its activity. It offers its shareholders a steady return on their investment, commitment and safety to its customers, a sound environment for professional and personal development to its employees and a positive contribution to society.

Elecnor is a Group dedicated to end-toend project development and management and infrastructure development. The Group comprises Elecnor, S.A. and its subsidiaries. (G4-3, G4-7)

Elecnor's global business model is based on two main complementary and mutually beneficial activities: (G4-4)

- Infrastructures: engineering, construction and services projects for third parties. This business areas focuses on the electricity, power generation, telecommunications and systems, installations, gas, construction, maintenance, environmental, water, railway and space industries.
- Concessions and Investment: development of, and investment in, energy generation assets, primarily wind and solar thermal facilities, power transport systems and other strategic assets either under the company's ownership or as a concession. This activity is mainly performed through two companies: Enerfin, specialising in wind farm projects, and Celeo, the Group's concessions subsidiary that focuses on the operation of power transmission networks, gas pipelines, solar thermal plants and water treatment facilities (G4-EC2)

Our business model is enabling us to achieve profitable and steady growth through the internationalisation and

diversification of the activities of both the national and international activities of our two largest businesses. The drivers of this growth have been the relentless search for new business opportunities and our international mindset. The Group has established five corporate values to help it achieve the objectives that govern all of its actions. (G4-56)

Reliability: Elecnor's relationships with its stakeholders are predicated on complying with its commitments and achieving its objectives. Our track record, corporate governance structure and day-to-day work demonstrate our commitment to our customers, shareholders, employees and suppliers, and their well-being.

- Commitment and effort: All Elecnor's employees are committed to our business objectives, demonstrate professional loyalty and are dedicated to their jobs.
- Customer focus: Elecnor has a customer satisfaction policy to ensure all their needs and expectations are met and exceeded.



- Solvency: Elecnor boasts a proven track record in applying the most efficient and advanced technology to its areas of activity. It has a highlyqualified team of professionals and is constantly incorporating technical improvements to offer highly
- competitive solutions in terms of quality, costs, time, efficiency and sustainability.
- Innovation: For Elecnor, innovation helps drive progress and guarantees our future. The Company's enterprising

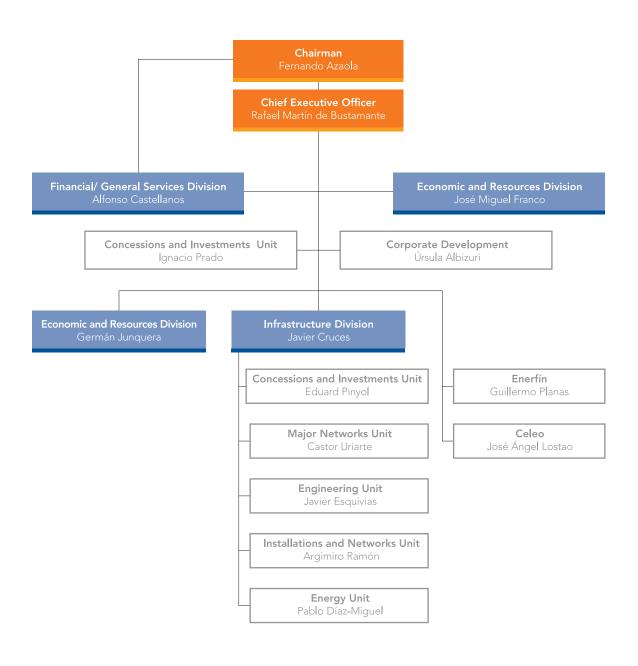
spirit drives it to always beat its targets and has shaped its diversification strategy in all the sectors in which it operates. A commitment to investing in R&D and innovation is another strategic focus.

## **SOME MILESTONES IN 2015**

- Presence in 16 new countries
- A strategic alliance between our technological division, Elecnor Deimos, and the Canadian company UrtheCast for joint projects in the aerospace sector
- The signing of a novation contract to modify several of the conditions of the EUR 600 million syndicated loan taken out in July
- Agreement was reached with the banks providing project financing for the two solar thermal plants in Alcázar de San Juan (Ciudad Real) on the adaptation of the funding of these facilities to reflect the new reality of the Spanish renewables industry
- Renewal for one year of the commercial paper programme on Spain's Alternative Fixed Income Market ("MARF")
- Independent verification of the Group's carbon footprint
- 54.7% of revenues were generated on the international market
- H<sub>2</sub>OMC, Co-Responsibility Awards in the Large Companies category
- A collaboration agreement between the Elecnor Foundation and Plan International
- Launch of the INNOVA call for proposals model
- Development of the web pages of our international subsidiaries

## **ORGANISATIONAL STRUCTURE**

The company's organisational structure at 31 December 2015 was as follows:





Our current business model is enabling us to attain profitable and sustainable business growth through international expansion and diversification of activities



# WE THINK ABOUT A BETTER WORLD



## WE THINK ABOUT A BETTER WORLD

(G4-18, G4-19, G4-26, G4-27)

Elecnor continues to strive daily to make its slogan a reality. And in pursuit of this aim the Group is aware of the need to focus on key issues with regard to sustainability for both shareholders and the company itself.

In 2014 a diagnosis was performed in order to identify the issues relevant for the Group based on the conclusions of interviews with the management team, the approaches adopted by our competitors, the opinions of our

stakeholders and trends in domestic and international initiatives in this area.

Furthermore, it necessary to update and prioritise our list of relevant issues based on the Global Reporting Initiative's (GRI) G4 Guidelines. It was with this in mind that various initiatives were carried out in 2015

The results of this work were used to create a materiality matrix, with the horizontal axis representing the

importance to the Elecnor Group in terms of business impact while the vertical axis represents the importance of the issue for stakeholders based on the number of times that this aspect has been taken into account in the various sources analysed. (G4–27)

## **ACTION**

Analysis of infrastructure, energy and construction sector news

Analysis of corporate social responsibility news

Analysis of six companies

Prioritisation of material aspects

## **METHODOLOGY**

Domestic and international news was collated on the infrastructure, energy and construction sector in 2015.

A variety of domestic and international news on CSR was analysed in 2015 with the aim of identifying the principal trends

The material issues of leading companies in the various sectors in which the Elecnor Group operates were identified by analysing their sustainability reports

Various Elecnor Group executives took part in the process by filling in a survey and evaluating every sustainability issue identified. This enabled us to determine the relevance of each issue for the Group.



Stakeholders and communications channels (G4-24, G4-25, G4-26) The company has identified its main stakeholders, with whom it maintains an open and on-going dialogue, identifying and responding to their expectations, as

reflected throughout this report.

The main communication channels are as follows:

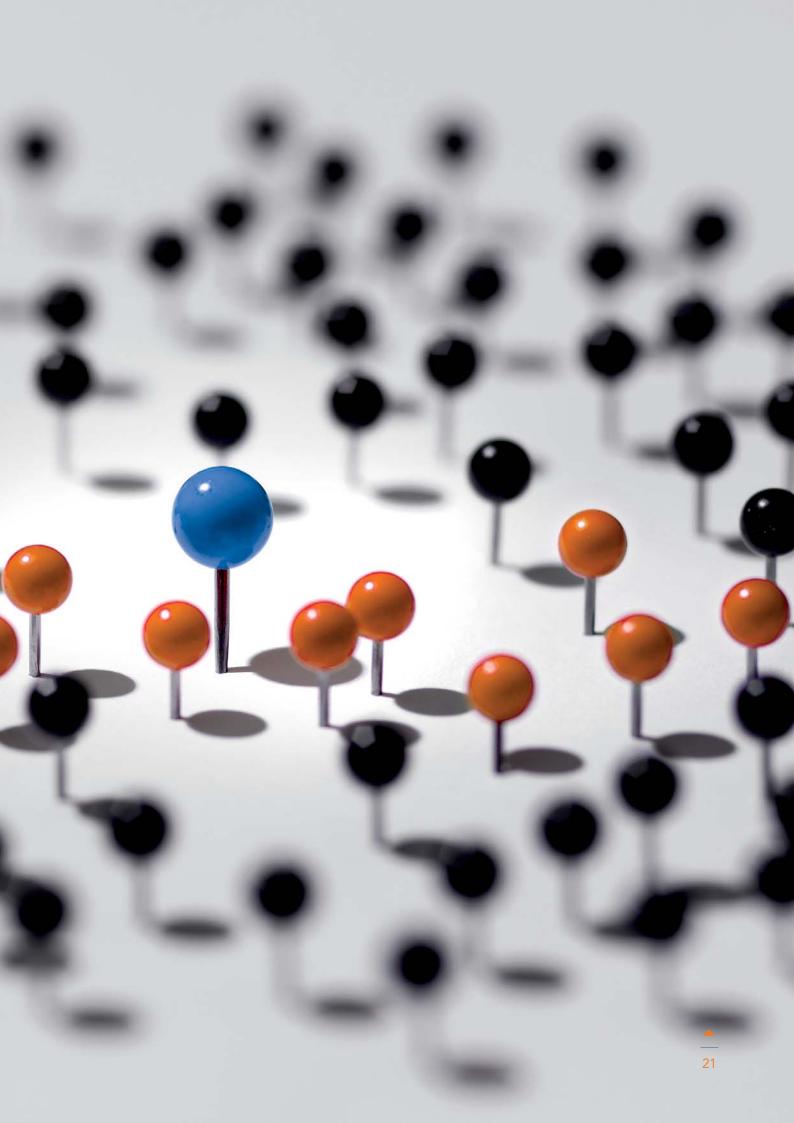


STAKEHOLDER	COMMUNICATION CHANNELS
Shareholders and investors	General Shareholders' Meetings Consolidated financial statements Annual report Sustainability Report Elecnor Foundation Report The Group website
Customers	Regular visits The corporate website Annual report Satisfaction surveys Sustainability Report Elecnor Foundation Report
Employees	Regular meetings Sustainability Report Training courses and events The Group website Intranet Newsletter Ethical channel
Public administrations and regulators	The Group website Official communications Consolidated financial statements Annual report Sustainability Report Elecnor Foundation Report
Suppliers and partners	Meetings and work groups Conventions, fairs and congresses Audits Sustainability Report The Group website



STAKEHOLDER	COMMUNICATION CHANNELS
Local communities	The Group website Elecnor Foundation report Sponsorship Social projects Sustainability Report
The media	Press releases The Group website Consolidated financial statements Annual report Sustainability Report Elecnor Foundation Report
Technology centres and universities	Cooperation agreements Forums Annual report Sustainability Report Elecnor Foundation Report

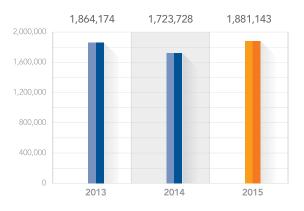
# SUSTAINED GROWTH



# SUSTAINED GROWTH

## **SALES**

Figures in thousands of euros



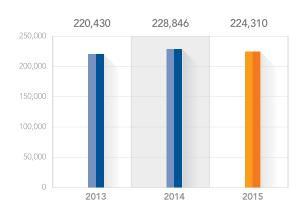
## **ORDER BACKLOG**

Figures in thousands of euros



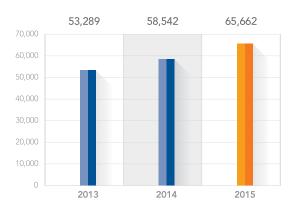
## **EBITDA**

Figures in thousands of euros



## **NET PROFIT**

Figures in thousands of euros



In 2015 global
economic growth was
sluggish while in Spain
an economic upturn
began

Diversification and internationalisation have been the two most significant growth drivers of the Elecnor Group, enabling it to become a leading successful global player that continues to grow its footprint and diversify its activities. And it has achieved this success despite the volatility of markets over the last two years. At the end of 2015 the Elecnor Group was present in 53 countries on five continents.

Another key factor in Elecnor's strategy is its policy of financial prudence, which has given the company a solid financial foundation and enabled it to keep a tight rein on debt.





Debt/shareholder equity 0.53

In parallel, at a time of limited financial resources, one of the Group's main strategic priorities is to seek new ways to access capital so that it can continue developing its investment projects. In 2014, Elecnor continued to pursue partnerships with partners of proven reliability who can help position the Group in strategic markets and enable it to continue to undertake major projects.

A major development in 2015 was the forging of a new strategic alliance. On 23 June, our technological division, Elecnor Deimos, signed a collaboration agreement with the Canadian company UrtheCast for joint projects in the aerospace sector. The agreement included the sale to UrtheCast of Deimos-1 and Deimos-2, Elecnor's two Earth observation satellites, and a series of ancillary agreements.

This agreement follows those struck in 2014 by Enerfin with the Canadian fund Eolectric Club Limited Partnership and by Celeo with the Dutch group APG.

In 2015 a novation contract was also signed to modify several of the conditions of the EUR 600 million syndicated loan taken out in July 2014 with 19 Spanish and international financial institutions. This resulted in an extension of maturity by one year to July 2020 and a marked improvement in the

margin conditions originally agreed. The commercial paper programme on Spain's Alternative Fixed Income Market ("MARF") was also renewed, providing the company with finance up to 24 months and optimising the costs of financing its working capital

Finally, agreement was reached with the banks providing project financing for the solar thermal plants in which Elecnor is participating in Alcázar de San Juan (Ciudad Real) on the adaptation of the funding of these facilities to reflect the new reality of the Spanish renewables industry following regulatory changes. These new conditions include an extension of the loan repayment term and a reduction in the interest spread.

## 2015 RESULTS (G4-DMA)

In 2015 global economic growth was sluggish while in Spain an economic upturn began.

The IMF projected global growth of 3.1% for 2015 compared with rate of 3.4% in 2014. The economies of emerging markets, which play a pivotal role in global growth, slowed for the fifth year in a row. Meanwhile, the developed economies have been showing tentative signs of recovery.



Spain fared well in 2015, with the average annual GDP growth rate estimated at 3.2%. The government estimates an average growth rate of 2.8% for GDP in 2016 while the IMF's forecast is slightly lower at 2.7%.

Against this backdrop, Elecnor obtained

consolidated sales of EUR 1,881 million in 2015 compared with EUR 1,724 million in 2014, a year-on-year increase of 9.1%.

Elecnor also posted a 12.2% year-on-year increase in net profit from EUR 58.5 million to EUR 65.7 million. The main contributory factors to these results are:

- The positive contribution of most Group companies operating in international markets.
- The profit from the export of Deimos-1 and Deimos-2, Elecnor's two Earth observation satellites, as part of the strategic deal struck last June with the Canadian group UrtheCast.
- The strong performance of the domestic market in terms both of business volume and profit.
- The strong energy output by wind farms managed by Elecnor in Spain, helped by the prices achieved on the Iberian Electricity Market ("MIBEL").
- Adaptation of the resources used in its activity to the current economic backdrop.

## Key economic figures

(Thousands of euros)	2015	2014	
	•	•	
Turnover	1,881,143	1,723,728	
Operating profit	124,433	134,838	
EBITDA	224,310	228,846	
Pre-tax profit	128,760	115,954	
Net profit	65,662	58,542	
Dividends	22,855	21,767	

Elecnor continued its international expansion in 2015. Continuing the trend in recent years, the international market contributed more to our revenues than the domestic market, 54.7% compared to 45.3%, with notable contributions from countries such as Brazil, the United States, Australia and Angola. These figures reflect Elecnor's ongoing commitment to international expansion, which is also apparent in the order backlog at 31 December 2015. International contracts accounted for 84% of the total of EUR 2,502 million.

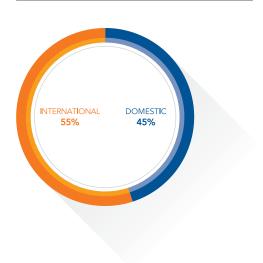
Whilst growing overseas Elecnor also continued to strengthen its leadership position in Spain, posting an annual growth rate of 7.2%.

## BY MARKET

Figures in thousands of euros



## % SALES



## ORDER BACKLOG BY MARKET

Figures in thousands of euros

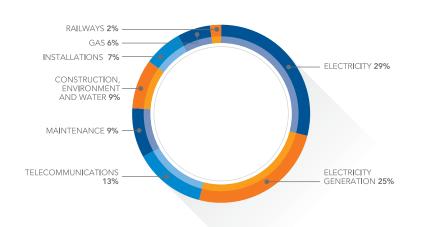


## Activities

(G4-8)	2015	2014	% Change
	▼	<b>▼</b>	▼
Electricity	540,512	640,583	-16%
Facilities	127,779	117,301	9%
Gas	121,361	104,272	16%
Electricity generation	471,281	325,130	45%
Railways	43,025	31,789	35%
Construction, environment and water	160,924	142,236	13%
Telecommunications	251,355	224,069	12%
Maintenance	164,906	138,348	19%
	1,881,143	1,723,728	9%

As in 2014, the biggest contributors to our revenues in 2014 were electricity, power generation and telecommunication infrastructures, at 28.7%, 25.1% and 10.7%, respectively. Energy generation grew by 45% year-onyear owing to the execution of large-scale plant projects in international markets. (G4-EC2)

## % SALES BY ACTIVITY



Note. Power generation includes both sales of renewable energy and construction of power generation plants.



### 2016 Outlook

In its "World Economic Outlook" Report the International Monetary Fund forecasts a modest and uneven recovery for advanced economies, with a gradual further narrowing of output gaps. It also expects the slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies to continue to weigh on growth prospects in 2016-17. The projected pick-up in growth in the next two years primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East. The body projects global growth of 3.4 percent in 2016 and of 3.6 percent in 2017 compared with the projection of 3.1% for 2017.

In the euro area, stronger private consumption supported by lower oil prices and easy financial conditions is outweighing a weakening in net exports. Growth in emerging market and

developing economies is projected to increase from 4 percent in 2015 to 4.3 and 4.7 percent in 2016 and 2017, respectively

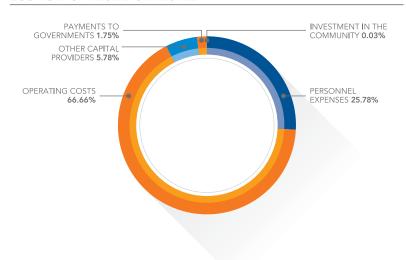
Against this backdrop, Elecnor will continue to focus on growing in the international market and maintaining its domestic supremacy. The Group will also continue with the ongoing improvement of its general and production structures, adapting them to the volume of activity of its various businesses in Spain and

international markets in order to boost profits, productivity and competitiveness.

As a result of this activity, and underpinned by the solid order backlog, the Group is targeting higher business volumes and earnings this year than in 2015.

GENERATION AND DISTRIBUTION OF ECONOMIC VALUE (G4-EC1)

## **ECONOMIC VALUE DISTRIBUTED**



Elecnor's activity generates a direct economic impact on its main stakeholders: shareholders, employees, suppliers and society. As a global company, Elecnor helps to create and share wealth in different geographical areas across the world.

## Generation and distribution of economic value (thousands of euros)

Generation of economic value	2,134,686
Generation of economic value for stakeholders	1,991,171
Personnel expenses	513,343
Operating costs	1,327,281
Other capital providers	115,158
Payments to governments	34,789
Investment in the community	600

Source. These figures are taken from the 2015 consolidated financial statements, except for dividend payments and corporate income tax, which are taken from the cash flow statement in the annual financial statements.

Elecnor is firmly committed to the communities in which it is present through its activities and fosters job

creation, development and wellbeing in these areas. In 2015, 94% of its employees were local, with the breakdown as follows:

## Location

	2015		
	Employees	% Local employment	
	▼	▼	
Africa	726	92%	
Americas	3,919	93%	
Asia	4	75%	
Spain	7,535	95%	
Europe	548	96%	
Oceania	8	88%	

The Elecnor Group works with suppliers in the various countries where it operates, chiefly of materials and services. These include services such as design, construction, assembly. (G4-DMA, G4-EC9, G4-12)

Another way in which the Group creates

wealth is by hiring local suppliers in the countries where it operates. As of 31 December 2015, details of local purchasing by Elecnor, S.A. were as follows:

## Elecnor's shares ended 2015 at EUR 8.23

## Location

	2015	
	Procurement	% Local procurement
Spain	412,079	99%
<b>Europe</b> Italy	4,907	99%
North America Mexico	3,995	100%
Latin America		
Venezuela	33,762	10%
Dominican Republic	12,418	33%
Chile	15,596	0%
Honduras	1,284	46%
Uruguay Brazil	1,295 1,442	0% 0%
Asia		
Jordan	63,458	10%
Africa		
Angola	28,388	18%
Congo	2,996	21%
Morocco	3,918	45%
Mauritania	7,860	99%
Total	593,398	

The activities of the Elecnor Foundation and Elecnor itself also generate indirect economic value for society. Further details of this are set out in the "Adapting to the environment" chapter of this report.

## Shareholders

Elecnor has a stable shareholder structure, committed to its strategy and supportive of its long-term decisions. This is the best guarantee of our future.

Since it was founded, the majority of the capital of Elecnor, S.A. has been held by a

group of shareholders comprising ten family groups, acting as the decision making and controlling unit of the company through the company Cantiles XXI, S.L.

At 31 December 2015, the parent company's shareholder structure was as follows:

## Shareholders

% shareholding

Cantiles XXI, S.L. Bestinver Gestión, S.A., S.G.I.I.C. Other 52.76% 4.76% 42.48%

The Other heading includes all shareholders holding less than 5% of the share capital together with Elecnor, S.A. treasury shares,

which stood at 2.85% in 2015.

Elecnor's shares are listed on the

Continuous Market (SIBE), alongside other major companies in the Spanish economy.

2044

## Shareholder remuneration

	2013	2014	2015
	•	<b>~</b>	▼
Dividend per share	0.2338	0.2502	0.2627
Dividend/net profit (payout) (%)	73.05	55.24	62.73

2042

The proposed appropriation of 2015 earnings made by the Board of Directors to the General Shareholders' Meeting involves distributing a dividend of EUR 0.2627 per share, up 5% on 2014.

Elecnor's shares ended 2015 at EUR 8.23, 3.2% lower than at year-end 2014. The dividend yield was 3%, compared with 2.1% in 2013.



In 2016 Elecnor will continue to focus on growing in the international market and maintaining its domestic supremacy

# ETHICAL MANAGEMENT AND GOOD GOVERNANCE STYLE



# ETHICAL AND RESPONSIBLE MANAGEMENT

(G4-DMA, G4-HR3, G4-HR8, G4-HR12, G4-S011)

The Elecnor Group's ethical management is based on its values of reliability, commitment and effort, customer orientation, solvency and innovation. These values underpin the Code of Ethics and all tools with the aim not only of complying with prevailing legislation but also with guaranteeing a responsible corporate style in all dealings with our shareholders, employees, customers,

**Employees** 

**Suppliers** 

suppliers, competitors and representatives of society

Through this Code of Ethics, the Elecnor Group and all of its employees are committed to carrying out its activities pursuant to prevailing legislation in the countries and regions where it operates, as well as complying with and upholding human rights and

labour rights, acting with diligence and professionalism, integrity, quality, respect for the environment, in accordance with health and safety requirements and social responsibility. (G4-56)

The key principles of conduct when dealing with the Company's various stakeholders are set out below.

## SPECIFIC PRINCIPLES OF CONDUCT WITH SHAREHOLDERS

Shareholders - Creating value

- Equal and swift access to information

- Equal opportunities

- Employee protection

- Work-life balance

- Occupational health and safety

- Training and communication

- Gifts, presents and favours

- Conflicts of interest

- Business opportunities

- Resources allocated

- Information management

**Customers** - Quality

- Integrity in communication

- Good faith

- Impartiality

- Confidentiality

- Ethical pledge

**Competitors** - Respect

- Anti-trust practices

- Collaboration

Social representatives - Independence and cooperation

- Accuracy and veracity of information



In 2015 a total of 211 people received training on the Code of Ethics. (G4-HR2)

Elecnor has also put in place a procedure to ensure compliance with the Code, which features the following:

- A whistle-blowing channel where all employees can report breaches of the Code of Ethics via the intranet and/or by post:
  - E-mail: codigoetico@elecnor.com
  - Postal address: PO box nº 26-48080
- Only complaints accompanied by the whistle-blower's name are accepted. These are studied and treated confidentially pursuant to prevailing data protection legislation.
- The Response Committee is responsible for handling all reports and will identify and determine the nature and severity of the complaint received.

- The Committee determines whether or not the complaint meets the following criteria:
  - Does it infringe the Code of Ethics, entail a criminal irregularity or is it of a financial or auditing nature?
  - Does it reflect substantiated facts?
  - It must not be anonymous
- The Committee then decides which department or business unit should deal with the issue.
- Once the matter has been studied, a report outlining the measures to be taken is drawn up and submitted to the Audit Committee which is responsible for approving the corrective measures.
- The measures are then implemented and the complainant informed.

#### (G4-S03, G4-S04, G4-S05, G4-2)

In 2015, the Group sought to analyse the principal criminal risks, drawing up a risk map for the company in relation to criminal offences defined in the reformed Criminal Code. Measures included:

- Preventative actions raising awareness of the Code of Ethics and the updating of the recruitment and internal mobility policy. This update takes into account the new legal reality, clearly establishing four stages in the personnel recruitment process (application, selection, hiring and on-boarding) and three stages in the recruitment of site personnel (application, selection and hiring).
- Response to complaints. The Response Committee met eight times in 2015 to handle reports of complaints. A total of three were received, two of which were resolved without the need for any action, while the third is currently being investigated. (G4-LA16)
- Monitoring of risk behaviour. Carrying out activities to raise awareness of the importance of the Code of Ethics and the existence of complaint channels, and actions to monitor cash payments.



With regard to risk control and internal controls, Celeo Redes Brasil is working on a Corporate Integrity Programme (Compliance), which will be implemented in 2016. This programme will comply with Brazilian crime prevention legislation and seek to prevent risks arising from the activities of Celeo Redes.

In Chile, Celeo has started a project with the aim of implementing a crime prevention model in 2016 in accordance with Law 20.393, which establishes the criminal liability of legal persons regarding the crimes of money laundering, terrorism and bribery.

#### **CORPORATE GOVERNANCE BODIES**

(G4-DMA, G4-LA12, G4-34)

The corporate governance bodies of the parent of the Group, Elecnor S.A., are the General Shareholders' Meeting and the

Board of Directors.

The Annual General Shareholders' Meeting was held on 20 May 2015, with attendance of 77.26%.

As of 31 December 2015, the Board of Directors had fourteen members, comprising two executive directors, two independent directors and ten proprietary directors. In 2015 there were three appointments.

Date of

Director's name	Position on the Board	Category	appointment
▼	▼	<b>▼</b>	▼
Mr. Fernando Azaola Arteche	Chairman	Executive	05/23/2012
Mr. Jaime Real de Asúa Arteche	Deputy-chairman	Proprietary	05/23/2012
Mr. Rafael Martín de Bustamante Vega	Board member and CEO	Executive	05/18/2011
Mr. Gonzalo Cervera Earle	Board member	Proprietary	05/22/2013
Mrs. Isabel Dutilh Carvajal	Board member	Independent	05/20/2015
Mr. Cristóbal González de Aguilar Alonso-Urquijo	Board member	Proprietary	05/20/2015
Mr. Juan Landecho Sarabia	Board member	Proprietary	05/23/2012
Mr. Fernando León Domecq	Board member	Proprietary	05/23/2012
Mr. Miguel Morenés Giles	Board member	Proprietary	05/23/2012
Mr. Gabriel de Oraa y Moyúa	Board member	Proprietary	05/23/2012
Mr. Rafael Prado Aranguren	Board member	Proprietary	05/23/2012
Mr. Juan Prado Rey-Baltar	Board member	Proprietary	05/21/2014
Mr. Emilio Ybarra Aznar	Board member	Independent	05/20/2015
Mr. Joaquín Gómez de Olea y Mendaro	Secretary	Proprietary	05/19/2010

The Executive Committee, the Audit Committee and the Appointments and Remuneration Committee report to the Board of Directors.

#### **Executive Committee**

The primary purpose of the Executive Committee is to analyse the progress of the company and its businesses ahead of the monthly Board meeting, in accordance with the strategic policies established by the Board of Directors, reporting the content of its meetings to the plenary meeting, all in accordance with the rules of this Committee. The Committee's members at 31 December 2015 were as follows:

Name

Mr. Fernando Azaola Arteche Mr. Fernando León Domecq

Mr. Rafael Martín de Bustamante Vega

Mr. Miguel Morenés Giles

Mr. Jaime Real de Asúa Arteche

Mr. Juan Prado Rey-Baltar

Post

Chairman Board member Board member Board member Board member Secretary Type

Executive Proprietary Executive Proprietary Proprietary Proprietary

#### **Audit Committee**

The Audit Committee is a permanent committee of the Board of Directors. It meets as often as required for the

interests of the Company at the request of any of its members, and at least three times a year. The Committee's members at 31 December 2015 were as follows:

Name

Mrs. Isabel Dutilh Carvajal Mr. Joaquín Gómez de Olea y Mendaro Mr. Miguel Morenés Giles Mr. Emilio Ybarra Aznar Mr. Rafael Prado Aranguren Post

Chairman Board member Board member Chairman Secretary Type

Independent
Proprietary
Proprietary
Independent
Proprietary

#### **Appointments and Remunerations Committee**

The Appointments and Remuneration Committee comprised five directors at 31 December 2015.

Name	Post	Type <b>▼</b>
▼	▼	
Mr. Emilio Ybarra Aznar	Chairman	Independent
Mr. Gonzalo Cervera Earle	Board member	Proprietary
Mrs. Isabel Dutilh Carvajal	Board member	Independent
Mr. Fernando León Domecq	Board member	Proprietary
Mr. Jaime Real de Asúa Arteche	Board member	Proprietary

As specified in the Company's bylaws and internal regulations, the Board of Directors' responsibilities in general include:

- To approve the Company's general strategies
- To define the structure of the Group of companies
- Investment and financing policy
- Directors' remuneration, including additional remuneration for Executive Directors in relation to their executive functions
- The appointment, removal, remuneration policy, management control and assessment of the management team
- To define and set the Company's policy on treasury stock and dividends
- To identify the main risks affecting the Company

- To decide on transactions involved the acquisition and disposal of substantial company assets, etc.
- To determine the information dissemination policy for shareholders, markets and public opinion, and to approve the annual Corporate Governance report.
- To prepare the annual financial statements, general oversight of the Company's different business areas, CSR policy, etc.

The Board of Directors met 12 times in 2015. Additionally, the Executive Committee met 15 times, the Audit Committee 5 times, the Appointments and Remuneration Committee 15 times and the Boards of the Company's subsidiaries 58 times.

In compliance with its legal obligations, the Board of Directors of Elecnor, S.A. has prepared an Annual Corporate Governance Report for the year ended 31 December 2015. This document is available on the websites of the Spanish Securities Commission (CNMV) and Elecnor.

With regard to the remuneration of the Board of Directors and senior executives, the Company's policy stipulates variable remuneration linked to general performance objectives including economic and management aspects in addition to environmental and social factors. Board remuneration is detailed in point C.1.15 of the annual Corporate Governance report and in the 2015 consolidated financial statements.



The Company's bylaws and internal regulations establish the requirements for becoming a member of the Board. Article 15 of the bylaws states the requirement to oversee the selection process for Board members to ensure that the selection of women meeting the necessary profile is respected.

Lastly, a procedure has been included in the Internal Code of Conduct to prevent any conflict of interest in relation to the securities market.

#### Significant events

All significant event notices submitted by the Group to the CNMV in 2015 are available in the Investors section of the corporate website.

#### Regulatory compliance (G4-EN29, G4-S07, G4-S08, G4-PR8)

All Group companies endeavour to comply with the prevailing legal requirements. No incidents of discrimination occurred, and there were no breaches of regulations with regard to marketing and advertising, information or labelling of products and services and there have been no complaints relating to privacy issues or loss of customers' personal data.

In 2015 the National Markets and Competition Commission (CNMC) imposed a fine of 469,681 on the company's subsidiary Adhorna. No responsibility was attributed to Elecnor in the ruling.

Information is a core asset in the company, as it provides confidence, quality, profitability and significant competitive advantages.

As information is a corporate resource, it must be made available and accessible to everyone who needs it to perform their functions. However, unauthorised use or loss of information would make the company vulnerable and might result in serious economic losses, damaging our activities and even our corporate image.

As a result, Elecnor has been committed to complying with the Data Protection Act, Law 15/1999, and its implementing regulations, since 2002, also helping its Spanish subsidiaries to implement the Act, which they have all done.

The duty of secrecy and confidentiality is one of the Group's core values. It is incorporating this duty by implementing

mandatory best practices in Spain internationally.

#### Risk management and control (G4-2, G4-14)

Risk management and control is carried out at the Company's most senior management level. The main risks recognised by the Group and the measures taken to manage and mitigate these risks are listed below.

Financial risk: the management of this type of risk, associated with financial market fluctuations, is carried out jointly by the Company's Corporate Management and its business units and subsidiaries. The Group recognises the following financial risks:



Risk management and control is carried out at the Company's most senior management level



- Market risk, arising from foreign currency risk due to the Group's operations in international markets.
   Exchange rate fluctuations can affect the Group's earnings. This risk is minimised using various hedging instruments such as foreign currency hedges.
- Interest rate risk which may affect financial debt with floating interest rates, especially in project financing operations. This risk is mitigated through instruments such as swaps
- Liquidity risk, which is offset by holding cash and highly liquid nonspeculative short-term instruments
- Credit risk, relating to trade receivables,

- whereby the counterparty does not meet its contractual obligations. To mitigate this risk, the Company works with customers with high creditworthiness, using mechanisms such as insurance policies to ensure receipt of payment in the case of non-recurrent customers.
- Regulatory risk, relating particularly to the legal uncertainty affecting the renewable energies segment. The Group consistently monitors the impact of this on its income statement.

Its operational, environmental and occupational health and safety (OHS) control mechanisms are based on its end-to-end quality, environment and OHS management system.





# AN INTERNATIONAL AND MULTICULTURAL PROFILE

(G4-DMA, G4-LA1)

In 2015 Elecnor's growth continued to bring about changes in the profile of the workforce and the management model for human resources, which requires increasingly efficient and simple tools that are tailored to the Group's new national and multicultural requirements and also ensure that the corporate culture is instilled in each and every Elecnor employee.

At the end of 2015, the company had a workforce of 12,740 employees, an increase of 2.1% compared with 2014. These employees were of 51 different nationalities and worked in Spain, Latin

America, Africa, Europe, North America, Oceania and Asia.

Elecnor's growth overseas is underlined by the fact that the international market accounted for 54.7% of turnover in 2015, with the domestic market contributing 45.3%. 84% of the backlog was also international at 31 December 2015.

The internationalisation process is also reflected in the workforce, with an even balance between domestic and international new recruits. However, it is worth emphasising that the addition of 458 new domestic employees last

year reflects the company's determination to continue to lead the way in the Spanish market. The decline in the international workforce is largely due to contracts coming to an end at the company's Elecnor do Brasil and Montelecnor (Uruguay) subsidiaries. (G4–9)

In broad terms, most people working for the Elecnor Group are aged between 30 and 50 years old. 87% of employees are male and 60% have permanent contracts, an appropriate set-up for a business that is labour intensive and project related. (G4–10)



94% of employees are local

#### **EMPLOYEES** (G4-LA1)

The Elecnor Group

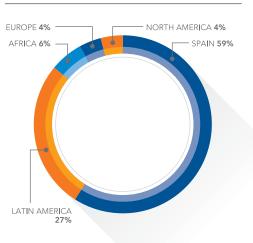
#### **BY YEAR**

#### 11,543 12,952 12,637 12,479 12,740 14,000 12,000 8,000 6,000 4,000 2,000 2011 2015

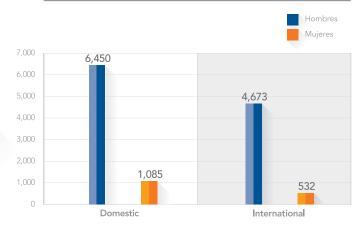
#### BY MARKET



#### DISTRIBUTION BY GEOGRAPHIC AREA

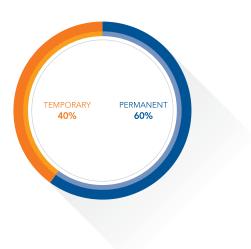


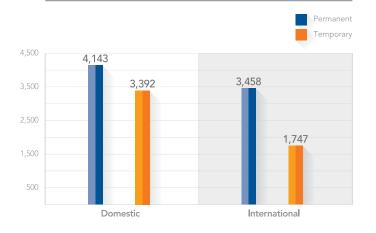
#### **DISTRIBUTION BY SEX**



#### **DISTRIBUTION BY CONTRACT TYPE**

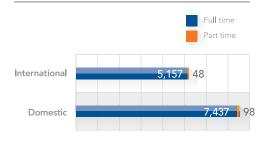
#### **DISTRIBUTION BY CONTRACT TYPE AND MARKET**

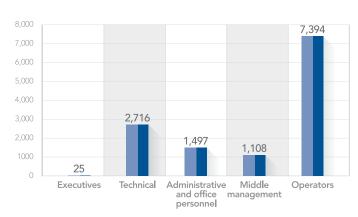




#### **DISTRIBUTION BY EMPLOYMENT TYPE**

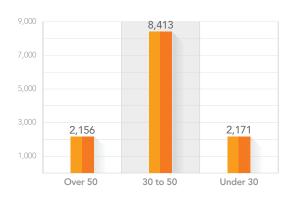
#### **DISTRIBUTION BY CATEGORY**

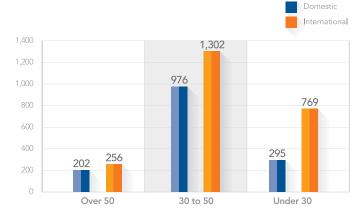




#### **DISTRIBUTION BY AGE RANGE**

NEW RECRUITS BY AGE RANGE AND MARKET





<b>▼</b>	▼	▼	
Location	leaving	employment	
	Total	Average	
Employee rotation by age range, region and gender			

Location	leaving	employment	10tation 2013
Spain	1,660	7,406	21
Men	1,357	6,372	21
Over 50	271	1,861	6
30 to 50	804	3,970	23
Under 30	282	541	31
Women	303	1,034	20
Over 50	44	210	5
30 to 50	170	699	18
Under 30	89	126	30
Europe	154	520	44
Men	123	383	46
Over 50	24	111	42
30 to 50	80	193	43
Under 30	19	80	63
Women	31	137	35
Más de 50 años	5	33	0
30 to 50	24	78	42
Under 30	2	26	50
North America	241	413	3
Men	226	382	2
Over 50	56	111	0
30 to 50	126	212	2
Under 30	44	59	2
Women	15	31	20
Over 50	4	9	0
30 to 50	7	16	14
Under 30	4	6	50
Latin America	3,137	3,617	18
Men	2,966	3,261	18
Over 50	326	581	15
30 to 50	1,647	1,825	16
Under 30	993	855	23
Women	171	357	26
Over 50	12	48	33
30 to 50	108	188	24
Under 30	51	120	27
Africa	211	628	0
Men	189	547	0
Over 50	15	78	0
30 to 50	97	292	0
Under 30	77	178	0
Women	22	80	5
Over 50		10	0
30 to 50	13	42	0
Under 30	9	28	11
Total Group	5,403	12,584	18

% voluntary rotation 2015

#### REVAMPED TALENT MANAGEMENT

(G4-DMA, G4-LA11)

Aware of the value of talent in organisations, Elecnor is working on a HR project as part of the company's strategic plan. The goal of this initiative, which will be rolled out over the coming years, is to establish a framework and the necessary tools to ensure appropriate and efficient talent management in the areas of recruitment, training, remuneration and development.

#### Training and improving performance (G4-LA9, G4-LA10)

Employee training is one of the principal talent management tools available to Elecnor. In 2015, the Group invested EUR 2,937,148 in training, with each employee receiving an average of 13 hours of training, up from 11 hours in

In keeping with the importance attached to aspects of health and safety, 1,526 occupational risk prevention courses were

2015

delivered totalling 76,473 hours and with 23,580 attendees. Other training activities were focused in particular on technology, language-learning and management.

Also, with the aim of providing tools that help to improve performance, the following programmes were delivered in 2015:

- Management development programme, with 27 attendees
- General training programme for new employees, with 86 attendees
- Programme for site managers, focusing on the development of skills and conduct, with 76 attendees

#### Training indicators

•	▼
Investment in training (euros)	2,937,148
Total training hours	173,713
Attendees	29,881
Training hours/employee	13

#### Training areas

3		Atte	ndees			Hours	
Area	Courses	Women	Men	Total	Women	Men	Total
▼	▼	•	•	▼	▼	•	•
Management	124	104	659	763	3,491	8,285	11,776
Technology	653	131	4,336	4,467	2,446	61,410	63,856
IT	19	23	37	60	395	852	1,247
Languages	391	216	340	556	6,193	12,457	18,650
Quality and the Environment	75	108	347	455	415	1,296	1,711
Occupational health and safety	1,526	366	23,214	23,580	3,416	73,057	76,473
	2,788	948	28,933	29,881	16,356	157,357	173,713



#### Hours of training and attendees

Professional category	Attendees	Hours
▼	▼	▼
Executives and technical	1,825	33,921
Administrative and office personnel	715	13,215
Site managers	1,130	10,956
Operators	8,436	101,745
Short sessions relating to Occupational Health and	l	
Safety given by health and safety officers	17,775	13,876
Total	29,881	173,713

#### Recruitment and hiring

With regard to recruitment, Elecnor has continued to strive to attract the best students, recent graduates and professionals. To this end, the company has actively worked with universities and vocational training centres, taking part in employment forums and information events in Spain and overseas.

Particularly noteworthy are agreements signed with employment portals in the various countries where the Group operates including Apec (France), Bayt

(Jordan), Aldaba (Dominican Republic), Trabajando.com (Chile), Posao.hr (Croatia) and Infojobs Italia.

In addition, an internal selection tool has been launched which is used to communicate existing vacancies within the company. Of a total of 605 selection processes opened, 408 (67%) were covered through internal promotion. 35% of these new hires were engineers while 66% held professional training or higher education qualifications.

In 2016 Elecnor plans to increase its

presence at employment forums and to bring together job offers for highlyspecialised and international positions on Linkedin.

### **Equality and work-life balance** (G4-DMA, G4-LA12)

Elecnor has an equality plan which reflects its commitment to equality between men and women and to non-discrimination in its specific principles of conduct. This applies to all Group employees.

This plan is based on an analysis of the company's strengths and weaknesses with regard to activity, job titles, training, age and contract types and sets out its commitment and actions in eight areas: management, training, promotion, remuneration, communication, selection, work-life balance and employment and social protection.

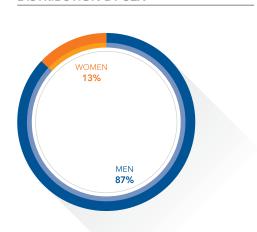
In 2015 Elecnor continued to work on indicators to analyse the presence of women in the company, always based on objective merits such as experience and professional competence.

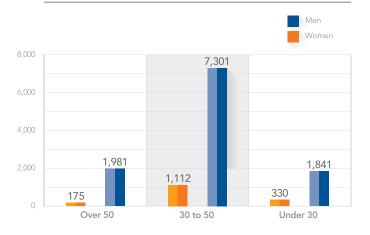
Particularly noteworthy in this regard are the appointment of a female Member to the Board of Directors, the inclusion of another woman on the Equality Committee and the hiring of 158 new female employees.

In broad terms, women are particularly strongly represented in the Group's technical and administrative areas, and in the 30 to 50 age range.

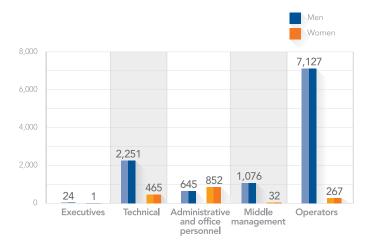
#### **DISTRIBUTION BY SEX**

#### **EMPLOYEES BY AGE RANGE AND SEX**





#### PROFESSIONAL CATEGORIES BY SEX



Solutions to disputes can be sought, suggestions made etc. by sending an email to: igualdad@elecnor.com.

Furthermore, the company seeks to implement practices that promote work-life balance in posts where this is possible.

These include: avoiding holding meetings at the end of the working day; flexible hours; intensive working days during summer; and shorter working days where necessary. There are no differences in the remuneration received by men and women at the Elecnor Group.

### Social benefits (G4-LA2)

The Group does not have a single social benefit policy for all of its employees: rather, each company establishes its own criteria.

Details of the social benefits offered by Elecnor are set out below:

Benefits	Cost to company	No. Employees
▼	•	▼
Educational assistance	218,778	1,265
Flexible remuneration plan	24,210	1,485

#### **Disability**

The Elecnor Group has several companies with over 50 employees, which jointly employ a total workforce of 7,195. This includes 52 people with disabilities.

Pursuant to Spain's Law on the Social Integration of People with Disabilities

(LISMI), the company has been granted an exception certificate. In 2015, under the alternative measures provided for in the LISMI, Elecnor contracted a range of services worth EUR 2,0161,740, thus exceeding by 0.41% the 2% required by law.

Euros

#### Alternative measures

**Suppliers** 

Suppliers	Edios
▼	•
Protec & Marti, S.L.	1,339,153€
Comercial Mathius Unceta	144,073 €
CEE Apta	30,496€
Ditosal Servicios Especiales	30,433 €
Integra PMC	94,280€
Iturri CEE	24,448€
Gelim Madrid, S.A.	47,321 €
Osga SL	20,900€
I.L. SIJALON	232,182€
CEE Terramar	2,178€
IPD, S.L.	18,516€
Integra MSGI CEE, S.L.	77,760€
Total	2,061,740 €

# Global vision, communication and transparency (G4-26)

Elecnor's growth and in particular its international expansion mean that the company requires internal and external communication tools that guarantee the transmission of its corporate culture, establish common communication and image criteria, and efficient communication and knowledge instruments between the various countries in which it operates.

With this in mind, Elecnor has focused on revamping its intranet with a new, more attractive, visual and interactive design and a new navigation structure that makes it easier to access content that is of interest. The tools at its disposal include the Internal Selection tool which, in keeping with the company's policy of fostering mobility both in Spain and internationally, aims to fill existing vacancies with internal staff.

Also, and prompted by the latest edition of the Elecnor Foundation volunteer programme, the Volunteer Blog was developed. This enabled volunteers working on the Synergy Project in Chile to share their experiences with the rest of the group.

Another new development in 2015 was the launch of a mobile alert service for Blog updates.

The Elecnor sustainability report is also a communication tool for stakeholders,



setting out the company's efforts in its business, social, environmental and ethical management. This report is available on the Group website in four languages: Spanish, English, French and Brazilian Portuguese.

Finally, another of the most important communication tools is the Group's weekly newsletter.

In 2015, a Senior Management Conference took place that brought together around fifty of the Group's senior executives. A total of thirteen speakers discussed recent economic developments, the outlook for the coming years and the new targets with regard to Human Resources and professional development, which constitute a special project based on talent management.

With regard to external communications channels, an extensive range of websites covering the Elecnor Group companies and the Elecnor Foundation has been rolled out to ensure smooth communication with all stakeholders. In 2015 the web development project was extended to Elecnor's international subsidiaries.

With the aim of implementing the digital communication line pursued hitherto and adapting to local markets and their communication requirements, the following websites were developed: Belco (United States), Elecdor (Ecuador), Elecnor Brasil, Elecnor Chile, Elecnor México, Elecnor Venezuela (Elecven and Rasacaven), Hawkeye (United States) and Montelecnor (Uruguay).

This phase also included the development of the website of Jomar Seguridad, which following the change in the Elecnor Group corporate image needs to undergo a rapid update of its website as communication tool in general and for its customers in particular.

In keeping with the desire to foster close relationships and transparency, the Group maintains smooth communication with the media on developments at the company.

#### A CULTURE OF SAFETY (G4-DMA)

In general, we have set up joint company-workers committees in all countries where the Group operates, depending on local legislation. In Spain, for instance, there are more than 20 OHS committees, representing more than 90% of the employees of Elecnor S.A. (G4-LA5)

The most significant actions in 2015 were as follows:

 AENOR conducted, with satisfactory results, external OHSAS 18001 certification audits of Elecnor and its Audeca, Ehisa, Atersa, Enerfín and Jomar Seguridad subsidiaries. With regard to Elecnor, S.A., the certification structure was changed from eight individual certificates for each of the

business units to a single multi-site certificate for all the sites and activities covered by the old certificates.. This action strengthens Group identity and optimises the performance of this audit.

- Internal Audit's OHS oversight of our projects was further enhanced and extended. In 2015 791 site audits were conducted.
- 23,593 safety inspections took place in Spain to monitor actual working conditions. These resulted in 11,249 corrective measures being implemented to improve safety. A further 15,621 working condition checks were carried out (simpler checks by line managers) and 11,479 safety inspections took place at international level, an 84% increase compared with 2014, with 11,981 corrective measures taken.
- Outside Spain, in addition to continuing to compile indices for our subsidiaries and branches, and bringing activities into line with those performed in Spain, visits were made for the first time to five countries (Ecuador, Dominican Republic, Angola, Brazil and Congo), with the aim of learning about prevention activities, applicable legislation, etc, in these

- countries to assess their strong points and areas for improvement.
- In all these countries training was provided to foster a common Group culture, increasing staff involvement in prevention activities and strengthening their knowledge of specific aspects of health and safety. This training was provided to people from all levels, from country managers through to project supervisors, and was attended by 159 people.
- Training and awareness activities included the development of a new risk prevention campaign. Staged annually, its aim is to raise awareness among Elecnor employees of the importance of occupational health and safety At the official campaign launch, awards were presented to several Elecnor employees in recognition of their outstanding commitment to workplace health and safety and their exemplary conduct on a daily basis.
- The "Excellence in Safety" initiative was launched in order to analyse the Group's situation with regard to health and safety, identify where scope for improvement exists and start an action plan in 2016. This first phase of the project included an analysis of the existing

- documentation, a Safety Perception survey among the workforce, interviews with various levels of management and visits to work centres and sites to view projects, training sessions, etc.
- Monitoring initiatives continued to be carried out at subcontractor companies. Inspections were largely carried out on projects developed by these companies and included coordination and information meetings. (G4-DMA) (G4-LA6)

Frequer	ncy index		
2012	2013	2014	2015
12.3	12.5	13.5	11.3
Severity	index *		
2012	2013	2014	2015
0.98	0.78	0.85	0.93
Incident	index **		
2012	2013	2014	2015
23.65	24.06	25.92	22.56

<sup>\*</sup> Using working days as the yardstick

Eraguana, inday

<sup>\*\*</sup> Calculated per 1,000 workers

Location	Number	of accidents	Hour	s worked	IR
	Men	Women	Total	Total	
<b>▼</b>	▼	▼	▼	▼	•
Spain	192	1	193	13,751,356	2.8
Europe	0	0	0	586,895	0.0
North America	1	0	1	1,122,786	0.2
Latin America	65	0	65	7,778,517	1.7
Asia					0.0
Africa	23	0	23	1,752,372	2.6
Total abroad	89	0	89	11,240,570	1,6
Total			282	24,991,926	2.3

IR. Rate of accidents resulting in absence

Our efforts over the year were rewarded with an accident frequency rate of 14.3, our third-best performance in Spain since 1967, when Elecnor started preparing these statistics. This compares with a rate of 14.1 in 2014, the second-best figure reported. In the international market, the rate was 7.6, the best performance to date, compared with 12.8 in 2014.

The overall Group-wide accident frequency rate stood at 11.3, the best reported performance since the inclusion of statistics for the international market.

However, Elecnor is sad to report the deaths of two of its employees in Latin America. This makes the company even more determined to redouble its efforts to achieve its steadfast target of zero accidents.

#### Training and awareness-raising

The importance that Elecnor attaches to this area is reflected in the 76,473 hours

of training delivered to 23,580 attendees in 2015.

OHS training is focused on three core areas:

- General and organisational: basic level OHS training (60 hours in Spain, for example) aiming to provide general knowledge of occupational health and safety issues and first aid for managers and workers, etc.
- Specific risk: working at height, electrical risk, working in confined spaces, handling loads, construction (in Spain, for example, construction industry professional card courses, varying in duration from from six to fifty hours, are stipulated), operators of machinery (backhoes, dump trucks, hoists, forklift trucks, lorries, cranes, etc.) and so on.
- Health and safety aspects of technological issues: qualifications and skills for electrical work with electricity companies (local operators, discharge

agents, low and high-voltage work, etc.), welding using a range of technologies, driving railway vehicles, etc.

In addition, on 28 April a special campaign was held to mark World Day for Safety and Health at Work with the aim of raising awareness among employees. In 2015, the core objective was to encourage employees to reflect on the process of further incorporating health and safety into their daily activities, conveying the message that they must strive to satisfy the Group's rigorous occupational health and safety standards. Senior management is absolutely committed to providing all the necessary resources to achieve this goal (human resources, protective and work equipment, training, etc.). A main campaign event was staged, also attended by representatives of customer companies (Iberdrola), the Madrid regional government, sector associations (ADEMI and AECIM) and unions, during

QUAL É SEU LUGAR NO PRO

which seven employees who have shown an unstinting commitment to health and safety were honoured.

The campaign itself included workshops at all units where "Elecnor's Prevention Principles" were presented, which employees were encouraged to fully embrace. The campaign poster and video were translated into English, French, Italian, Portuguese, Brazilian Portuguese and Arabic and distributed across the entire Group.

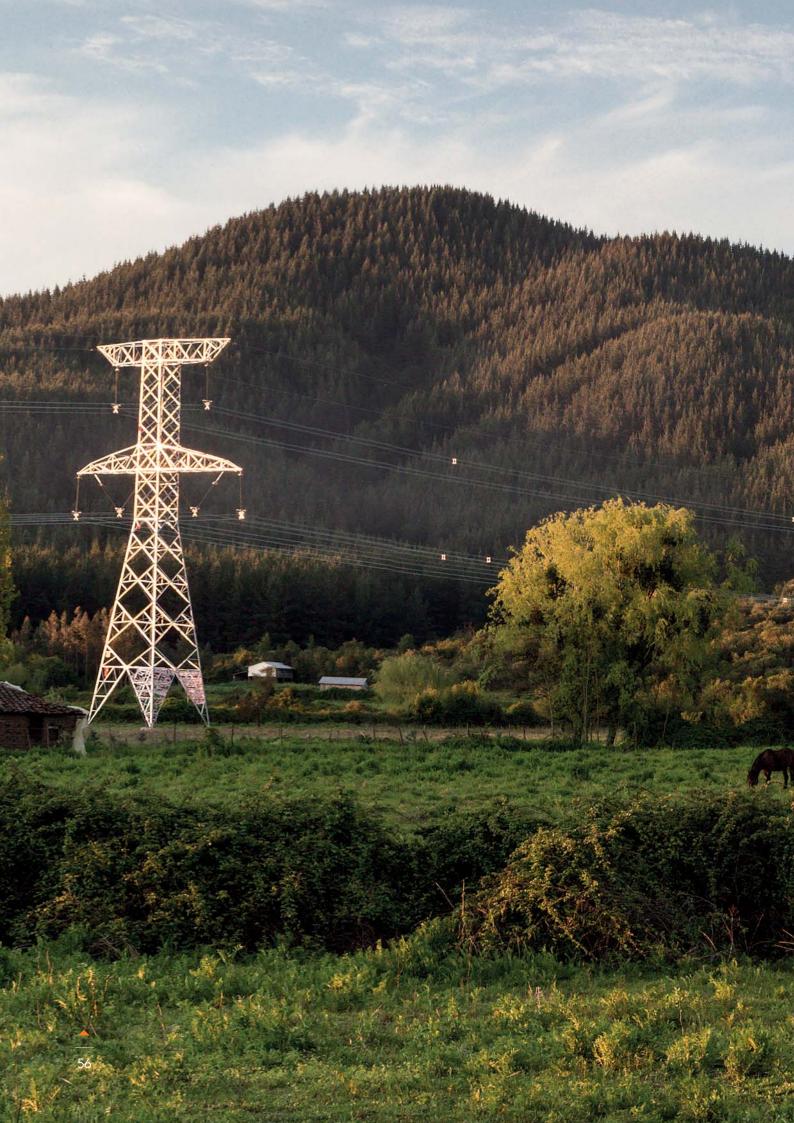
#### Healthcare

More than 6,900 medical check ups were carried out in Spain. In some countries it is compulsory to have an on-site medical service while in others a check-up at the end of the contractual relationship is required to ensure that the work carried out has not impacted on the health and safety of the workers.

In general, Elecnor's employees do not perform activities that are exposed to high rates or risks of specific illnesses, other than those that can be considered locally endemic in the foreign market such as malaria, dengue fever, yellow fever, typhoid, AIDS, hepatitis, and so on. (G4-LA7)



The campaign itself included workshops at all units where "Elecnor's Prevention Principles" were presented





### INTEGRATED MANAGEMENT

(G4-DMA)

Elecnor strives for excellence in its activities with the aim of leading the way in the sectors where it is active.

With this in mind, Elecnor has put in place an integrated environmental, quality, occupational health and safety, energy management and R&D and innovation management policy. It is also fully informed of the nature and scale of its environmental impact, its energy use and consumption in its facilities and projects, the expectations of its customers and the risks faced by its workers.

The Elecnor Group has established and is committed to general principles governing all the organisation's operations, providing a reference point for defining and revising objectives to continuously improve the effectiveness of management systems.

- Strict compliance with current applicable legislation and other requirements that Elecnor must subscribe to in all markets in which it operates.
- Customer satisfaction.
- Prevention of damage to and deterioration of our employees' health, by improving their working conditions in order to improve protection of their health and safety.
- Prevention of pollution, protection of the environment and efficient consumption of energy resources.
- Efficient energy use and consumption



- The generation of a favourable impact by our activities on local communities
- Improving competitiveness through

#### **QUALITY MANAGEMENT**

Elecnor has a customer satisfaction policy to ensure all their needs and expectations are met and exceeded.

With this goal in mind, Elecnor strives constantly to improve products and services and seek out new solutions, guided by the following principles:

- Managing customer satisfaction. This

- involves considering customer expectations when designing and supplying products and services
- Establishing continuous improvement in the process of defining and implementing preventative, corrective and improvement actions
- Involving the whole workforce in the challenge of quality and improving the integration of know-how into the quality system.

In 2015, AENOR audited the various Elecnor Group organisations, maintaining UNE-EN ISO 9001:2008 certification for its Environmental Management Systems. Internal audits were performed at each of Elecnor's organisations and system monitoring committees were set up.

In 2015, a range of activities and initiatives were carried out with the aim of strengthening Quality Management. These included:

- The establishment of general objectives for the entire organisation with the aim of orientating the current Integrated Management System to achieving results. These objectives enable us to combine the most important data for the main quality and environmental areas, unlocking synergies between Elecnor's organisations and measuring the implementation of production procedures.
- Within Elecnor's overall objective of

promoting full participation of the business areas within the Integrated Management System, work continued on the company's maintenance, telecommunications, installations and power transmission lines activities. In these activities procedures have been updated for subsequent implementation.

- Start of implementation of the Integrated Management System at Elecnor do Brasil.

The quality systems put in place yield key indicators that allow us to learn the expectations and degree of satisfaction of our customers. These include certificates of good execution and customer satisfaction surveys In 2015 Elecnor achieved a customer satisfaction score of 8.37 (out of ten), with the best rated aspects being the training and professional capabilities of employees and their performance in the sphere of health and safety and risk prevention. (G4-PR5)

#### INNOVATION MANAGEMENT

"Over 150 people at the Elecnor Group were involved in an R&D and innovation project in 2015"

Innovation is one of the Elecnor Group's strategic priorities. Our over-riding objective is to work on projects which secure results or generate new opportunities for the Group. The technological areas of interest relate to energy, the environment and sustainability, infrastructure and ICTs, among others.

### Prominent projects and initiatives in 2015

In 2015 significant changes were made to the R&D and Innovation Management System with the aim of fostering project generation, maximising return on investment, aligning R&D and innovation with the development of new businesses

### INNOVATION POLICY

Elecnor promotes innovative ideas within the company and supports them until they are transformed into R&D and innovation projects

The purpose of the systematic use of R&D and innovation tools is to generate new opportunities and projects in this field.

These projects are the driving force of Elecnor's R&D and innovation management system and are aimed at increasing skills and competitiveness.

#### AREAS OF ACTION

Energy Environment Water Infrastructure Facilities Other significant projects



#### ENVIRONMENTAL MANAGEMENT SYSTEM ISO 166002:2006

Elecnor, S.A. Atersa Audeca Elecnor Deimos



and contributing greater added value to the services that Elecnor provides. The changes were chiefly focused on improving corporate tools and strengthening the Group's innovation culture.

Activities carried out in 2015 included;

- Certification was maintained for the R&D and innovation management systems and they were aligned with the new UNE 166002:2014 standard.
- Launch of the INNOVA call for proposals model

In April INNOVA was launched, the new call for proposals model which replaces the Focus programme. Compared with previous models, this puts greater emphasis on the exploitation of results, provides better financing and affords participants greater flexibility. In addition, financial prizes have also been introduced for the employees who carry out the best projects.

Unlike previously under the Focus model, INNOVA calls are open throughout the year and include a more rigorous approval process. Projects financed by INNOVA must have a three-year business plan with sales/savings targets.

The Focus projects are currently being measured and some are yielding good results. Success factors are identified as projects arising from need, either the company's or of customers and those focused on improving the operation of a facility.

Themed workshops

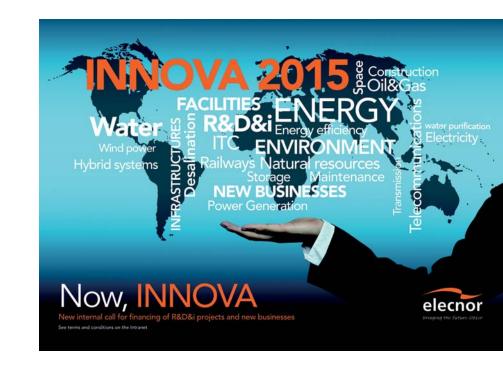
The primary aims of the creative workshops organised by the R+D+i Management Unit at the main Group units are to identify needs, improve processes and generate new projects.

In June a themed workshop took place on a project carried out by the Higher Technical School of Industrial Engineering (ETSII) and supported by the Elecnor Foundation Chair entitled: "The energy refurbishment of a building" This theoretical study looks at the energy refurbishment measures needed to improve energy ratings and their cost. The building chosen for the study was the HQ of

Elecnor's Central business division at Calle Maestro Alonso 23, Madrid. During this workshop the academics who carried out the project explained the training given to Elecnor employees involved in energy efficiency. A total of 14 employees from different areas of the company took part.

In 2016 consolidation of the new corporate tools, achieving certification under the new UNE 166.002:2014 standard and the internationalisation of activity will be priorities.

Some of our 2015 R&D and innovation projects at the various Group companies are summarised below.



GROUP COMPANY	PROJECT	PROJECT OBJECTIVE
Elecnor	New transversal business management systems	This involves the creation of new lines of innovation covering both improvements in the shared corporate platform and development of IT applications to optimise activities and provide new functionality. The activities implemented have mainly resulted in improving Elecnor's business process management, serving all of the Group's organisations. New functionality has also been created for process control tools and we have implemented new virtualisation developments in the back-end used by Elecnor.
	PLATER	The aim is to design, build and test a platform to optimise the operation and management of renewable energy facilities, focusing on the improvement and simplification of processes for capturing the field information provided by the numerous data sources in a production plant and using this information with two clear goals: to optimise energy commercialisation processes and increase the availability of generation.
	Telematic administration systems for electronic devices	Creation of tools for the optimisation and control of electrical equipment, incorporating remote management, supervision, and automation capabilities for different network environments. This includes remote control functionality, design and loading of equipment configuration files, creation of LDAP authentication for systems, functionality associated with event control and recording and creation of quality modules.
Elecnor-Audeca	Phyto-treatment of wastewater	The project was awarded internal Focus I+D+i funding in 2014. The project aims to achieve a natural waste-water purification system using the purification capacity of different types of plants, making the process entirely sustainable and environment-friendly. The research is focusing on eliminating solids in suspension, organic material, nitrogen, phosphorous, iron and manganese in waste and raw water. Pilot technology has been installed at a WWTP (wastewater treatment plant) and a DWTP (drinking water treatment plant) and testing was conducted throughout 2015.
Atersa	BFIRST	The objective of the project is to reduce costs and improve the efficiency of PV generation systems in the building industry. It uses BIPV (Building Integrated Photovoltaics) technology and aims to set the groundwork for the implementation of distributed generation in the short to medium term.
Hidroambiente	BIODEPUR	Development of a biomass bioreactor on a mobile bed with membrane filtering for processing waste water. The incorporation of a support in the bioreactor for fixing a biofilm with membrane filtration (MBMBR system) enables removal of organic material, together with simultaneous nitration-denitration through water nitration. This will reduce running costs, optimising energy consumption and enabling reuse of the water treated, minimising the production of sludge for disposal and reducing investment in decanting and traditional nitrogen removal by incorporating membrane technology.
	GRAPHNOLOGY	A collaborative project financed by the Etorgai programme aimed at researching the various uses of and applications for graphene. Hidroambiente's specific goal is to evaluate the various potential uses of graphene in water desalination.
Enerfín	VTS	This project, launched in 2014 and which came to an end last year, involved the development of an expert predictive maintenance system to reduce costs arising from unavailability at wind farm electricity substations. The system initially harvests information from the various electronic devices and is subsequently managed by software which issues alerts in the event of occurrences and potential breakdowns in the active medium voltage elements monitored.

Elecnor Deimos	PERIGEO	Work proceeded on this project, financed by the CDTI's INNPRONTA programme, involving the development of a research platform for new space technologies to be tested experimentally in UAVs (Unmanned Aerial Vehicles).). The UAVs are used for real, in-flight testing in representative complex space environments with the aim of demonstrating that the technologies developed can work effectively in their target environment, in this way increasing their TRL. Through this project prototypes and technologies have been developed in the areas of flight guidance and control, image processing, vehicle to vehicle navigation and communication and space computers.
	ARID LAP	Development of new technological solutions to minimise the detrimental impact of weather conditions on high-speed rail lines in dry areas. This involves taking large-scale satellite images of areas where the technology might be applied, and then monitoring railway lines using sensors to identify and quantify changes that might make them more vulnerable.
	DEMETRA	A European Horizon 2020 (H2020)-funded project whose aim is to research and develop certified and guaranteed time and frequency services for various market needs This involves the definition and development of a prototype of a European time disseminator, based on EGNSS. Thanks to the Galileo system DEMETRA will provide time and frequency dissemination with optimum accuracy and stability.
	COREGAL	A H2020-funded project aimed at developing an innovative Galileo-based positioning platform enabling low-cost, high-accuracy and unprecedented use of airborne GNSS-Reflectometry (GNSS-R) for biomass retrieval and related and relevant applications as carbon mapping and land management. The main sensor is a GNSS-P+R receiver developed by Elecnor Deimos which uses reflected GNSS signals that propagate through tree canopies.
	Maritime surveillance system	Development and implementation of a maritime surveillance system At the heart of this system is the MSCS (Maritime Surveillance and Control System) application, fully developed by Elecnor Deimos, which processes, presents and manages all the surveillance information present in the maritime scenario including radar/AIS data, direction-finding bearings and meteorological information.
Adhorna	Design and development of new acoustic screens	Work continued on the project financed internally in 2013 involving the design and development of sound barriers that minimise or eliminate noise pollution. These are porous concrete barriers with wood shavings composed of layers of structural concrete and porous concrete.
	Development of new safer frangible cabins	The aim of the project is to design and develop a safer model of frangible cabin for use in airports. This cabin is also being subjected to various impact simulations with the aim of verifying resistance and safety levels.
	Design and development of a new reinforced soil	The aim of this project is to design and develop a reinforced soil for use in earth retaining walls for supports for bridges, roads and railways. These are structures formed by masses of earth strengthened using elements of different materials which are interposed between two successive layers as the structure is built. The strengthening elements and soil, appropriately distributed, combine to create a mass of compact, strong and flexible material.

#### Innovation is one of the **Elecnor** Group's strategic priorities

Some of the leading technological centres and institutes we have worked with over recent years include: Gaiker, Azterlan, Tecnalia, Cartif, Tekniker, CENER/CIEMAT, ITE-Instituto Tecnológico de la Energía and AIDO-Instituto Tecnológico de la Óptica.

#### ENVIRONMENTAL **MANAGEMENT** (G4-DMA)

Being aware of the potential environmental impacts of our activities, Elecnor has defined and applies the most effective corrective mechanisms to minimize these.

Elecnor has incorporated activities contributing to protecting the environment and natural resources as an intrinsic part of its business operations including renewables generation, water treatment and recycling and energy efficiency.

This commitment is reflected in the company's integrated environmental policy, which sets out the following principles for action, seeking to balance the company's objectives with protecting the environment.

- The on-going search for a balance between economic profitability and

- environmental protection, providing approaches so that one supports the other.
- Considering environmental aspects in all investment decisions for new projects and activities being studied by the Group.
- Involving employees through appropriate training and awareness actions.
- Involving our other stakeholders (shareholders, customers, suppliers and society in general) in our search for useful solutions to the challenge of preserving the environment and conserving energy resources.

The Elecnor Group performs its activities subject to strict environmental criteria, in line with the principles set out in its environmental management policy. The implementation of the Environmental Management system reflects Elecnor's commitment to respecting and protecting the environment with the primary aim of ensuring the sustainable development of its activities.

During the year AENOR audited the Elecnor Group's organisations, maintaining our UNE-EN ISO 14001:2004 certification for Environmental Management Systems and UNE-EN ISO 9001:2008 certification for Quality Management Systems.

In 2015 Elecnor obtained the Aenor "Medio Ambiente CO<sub>2</sub> Verificado" carbon footprint certificate under the ISO 14001:2004-1 standard. 2015 also saw the consolidation and certification of our Energy Management System (GE2013/0033) under the UNE-EN ISO 50001:2011 standard, enhancing the Group's commitment to sustainability.

As part of our continuous improvement, we set annual environmental targets, both quantitative and qualitative, consistent with the objectives set out in the Group's environmental policy. Following up on the work done in 2014, in 2015 we continued working on:

- Reducing diesel consumption
- Improving awareness of environmental aspects and the guidelines to be respected by works managers
- Identification and implementation of energy improvements
- Reducing annual paper usage per head by office personnel
- Reducing energy consumption in our facilities
- Increasing reuse of earth left over after construction work
- Environmental awareness campaigns

### Management of basic resources (G4-EN3)

Consumption	2014	2015
▼	▼	▼
Electricity (kWh)	32,803,695	36,698,991
Fuel (litres)	14,270,443	14,467,563
Water (m³)	1,607,619	1,803,094
Ordinary paper (kg)	48,141	48,443
Recycled paper (kg)	38,600	43,145
Direct power consumption	2014	2015
▼	▼	▼
Natural Gas (GJ)	33,568	56,290
Diesel (litres)	28,845	67,612
Petrol (litres)	1,029,962	3,238,979
Gasoil (litres)	11,016,014	11,160,750

In 2015 the scope was widened to include Celeo's ASTEXOL, ASTE 1A and ASTE 1B solar thermal plants and Celeo Explotaciones Depuradoras.

Energy management is a strategic area for the Elecnor Group. For example, Elecnor is certified by the Institute for Energy Diversification and Saving (IDEA) as an Energy Services Company (ESC), which means it can develop various energy efficiency projects. Elecnor is actively involved in tenders for public lighting contracts as an ESC, an area where there is huge potential for increasing energy efficiency, reducing costs for our customers by up to 50%. (G4–EC2, G4–EN7)

Elecnor also performs comprehensive turnkey public lighting projects, including studying the current public lighting system and possible improvements, funding, energy management and maintenance. It also provides a guarantee for the whole period of the concession or supply and services contract, usually running for between 10 and 15 years.

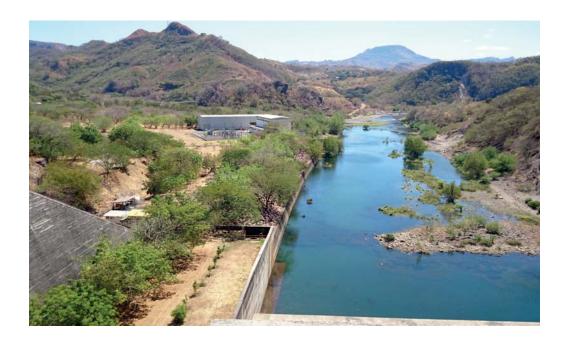
Elecnor uses an exclusive tool called GISAL for such projects. This is comprehensive software for managing public lighting that monitors installations to improve supervision and operations, and also includes maintenance and energy management.

## Internal energy saving and energy efficiency initiatives (G4-EN6)

One of the company's environmental objectives is to reduce its own energy consumption. In 2015 we were involved in a range of initiatives, including:

the efforts of Enerfin, the Group's wind power subsidiary, to reduce energy consumption at its Cuzco IV offices in Madrid. The reduction measures carried out in 2015 were as follows:

- Replacement of its power company with a supplier which, according to the Ministry of Agriculture, Food and the Environment's Carbon Footprint Registry, uses more renewablygenerated energy, resulting in a reduction in greenhouse gas emissions
- An awareness-raising and energy saving plan aimed at fostering responsible habits among employees and transforming the company into a cleaner, more efficient and responsible business.



- Insulation of the building through the application of adhesive solar protection film on the windows of south-facing buildings with autonomous air conditioning units. This film, applied to the inside of windows, serves as an insulating barrier, reducing the entry of solar heat by up to an estimated 70% in summer, cutting or eliminating the use of air conditioning, and reducing heat loss by up to 20% in winter. As a result, considerable HVAC savings are made.
- Replacement of lighting with energyefficient LED lights in the control room and CAD area (85 m² approx.)
- Installation of an automatic light switch-off system which operates at specific times of day and intensity regulators based on external sunlight.

- Replacement of five computers with more energy-efficient models.

The results show that year-on-year the energy saving stood at 1,471 kW/h, a total reduction of 0.8%.

Atersa, our photovoltaic equipment and systems subsidiary, also carried out several energy saving measures. In Valencia, for example, the kWh/kWp

ratios obtained reflect an improvement in terms of energy efficiency.

Atersa has also moved to more efficient offices, resulting in a reduction in power consumption.

Further savings are expected to be achieved through the replacement of equipment with smaller or more efficient models.

	Valencia power (kWh)	kWp manufactured	kWh/kWp ratio
•	<b>▼</b>	▼	-
Year 2014	796,839	11,908	67
Year 2015	1,015,304	19,133	53



At the head office of the Central Business Division in Madrid, Elecnor has continued to work to optimise the HVAC system. Electricity consumption has been reduced

- Analysis of remote management data. Analysis of behaviour patterns (even cross-referencing this information with climatological data). The results were as follows:
  - The benefit of heating at times when costs are lower was established, taking advantage of the building's thermal inertia.
  - Energy demand for air conditioning was correlated according to climate variables, making it easier to forecast consumption and associated costs based on these variables

- Consumption for this consumer system was disaggregated with great precision
- Operating times can be adjusted with the work schedule, and with weekends, public holidays and different working hour profiles depending on the day of the week.
- Internal temperature control for each of the 4 floors occupied by Elecnor.
- Control of CO<sub>2</sub> levels on the floor with the most employees, to automate primary air renewal inflows. In 2015 it was noted that air is only renewed sporadically, and not continuously as was the case initially
- Temperature, humidity and and CO<sub>2</sub> concentration data were analysed, revealing the large difference in temperatures in different areas of the building

In 2015, we achieved a year-on-year saving in electricity consumption, from 301,887 kWh/year in 2014 to 282,052 kWh/year in 2015.

Finally, efficient driving is a practice that helps reduce fuel consumption and pollutant emissions, whilst at the same time improving journey safety. Efficient driving achieves average savings on fuel costs and CO<sub>2</sub> emissions of around 15%. Audeca, the Group's subsidiary specialising in environmental conservation and highway maintenance, continued to pursue its driver training policies since it understands the key role that efficient driving technique training has to play in saving fuel across the company. Audeca provides specialist ongoing driver training for different types of vehicle.

#### Climate change: managing emissions (G4-DMA, G4-EN15, G4-EN16, G4-EN17, G4-EN19)

Climate change is one of the main global challenges of the century because of its significant impact on economic activity, the welfare of the population and ecosystems. The Elecnor Group is playing a major role in combating climate change through one of its main activities: renewable energy. The Group is involved in wind, photovoltaic solar, solar thermal and hydroelectric projects. Generating electricity from renewable sources avoids greenhouse gas emissions, the main driver of climate change.

The Group has estimated emissions savings due to renewable generation in 2015:

Elecnor is playing its part in the fight against climate change with various initiatives. In 2013, for example, we started calculating the Group's carbon footprint pursuant to the Greenhouse Gas Protocol (GHG Protocol) Corporate Accounting and Reporting Standard and the ISO 14064 standard This project was launched with the twofold objective of controlling and decreasing the emissions generated in the Group's activities.

In 2015 Elecnor obtained the Aenor "Medio Ambiente  $\mathrm{CO_2}$  Verificado" carbon footprint certificate under the ISO 14001:2004–1 standard. This means Elecnor, which strives constantly to improve its environmental and energy management processes, meets rigorous independent standards with regard to the calculation of the greenhouse gas emissions from its activities.

For calculation of our carbon footprint an operational control approach has been adopted, accounting for 100% of the greenhouse gas emissions over which the company has control.

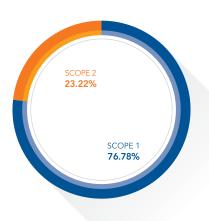
Elecnor has a tool for calculating its carbon footprint  $\mathrm{CO}_2$  data. This allows each Group company to report the activity data required for the calculation and to obtain details of the greenhouse gas emissions associated with its activity. Thus, each organization reports its electricity and fuel consumption and use of refrigerants, broken down by office, warehouse, sites and plant.

Taking into account the above, total emissions in 2014 stood at 51,221  $tCO_2$  for the Elecnor Group after rectifying errors detected in some data reported at the end of 2014.

	2015 output	Emissions
	(GWh)	avoided (tCO <sub>2</sub> )
▼	▼	▼
Wind power	2,107	549,101
Solar thermal plants	299	74,750

Greenhouse gas emissions in 2015 totalled  $55,335 \text{ tCO}_2\text{e}$  for the Elecnor Group as a whole, with the breakdown as follows: (G4–EN15, G4–EN16)

Scope 1	Scope 2	tCO <sub>2</sub> e/year
<b>~</b>	•	▼
42,486.81	12,848.51	55,335.33





The increase in total emissions is largely due to the improvement in the data reported by the Group's various companies and the update of the emission factors used in the calculation.

Scope 1 differentiates between emissions associated with fuel consumption and those associated with fugitive refrigerant gases.

#### Scope 1 tCO<sub>2</sub>e/year

Fuel

41,877.85

### Fugitive emissions 608.96

The Energy and Major Networks units, Celeo and the Central Regional Office make the largest contributions to the Elecnor

Group's total emissions.

#### SCOPE 1 AND 2

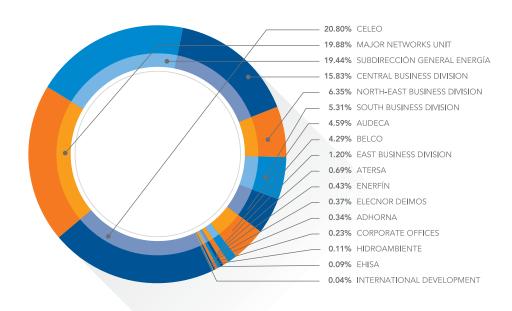
By type of installation (tCO<sub>2</sub>e/year)



#### Emissions by organisation at 31 December 2015

Organisation	Emissions (tCO <sub>2</sub> e)
▼	▼
Celeo	11,511.82
Major Networks Unit	10,998.82
Energy Unit	10,757.27
Central Business Division	8,760.51
North-East Business Division	3,512.47
South Business Division	2,940.72
Eastern Business Division	2,539.09
Audeca	2,375.22
Belco	662.33
Atersa	380.92
Enerfín	238.58
Elecnor Deimos	202.69
Adhorna	188.60
Corporate offices	128.58
Hidroambiente	62.64
Ehisa	50.19
International Development	24.88
Total	55,335.33

#### EMISSIONS (tCO2e) BY ORGANISATION



On 31 July 2015, Enerfin was included in the National Carbon Footprint Register after it was determined that the greenhouse gas emissions associated with its Madrid offices totalled 187 tCO<sub>2</sub>eq, under the ISO 14064-1 standard, which covers:

- Direct greenhouse gas emissions
- Indirect greenhouse gas emissions associated with energy
- Other indirect greenhouse gas emissions associated with materials purchased, services purchased and waste generated

Enerfín is currently implementing a 5-year emissions reduction plan whose target year is 2016. The measures contained in this plan are expected to reduce the company's carbon footprint by 2.84%, with the reduction by scope shown in the table below (G4-EN17, G4-EN19)

#### Emission reduction initiatives

Scope 1	1.0%
Scope 2	14.1%
Scope 3	0.5%

Measures are focused on actions that result in an improvement in the energy efficiency of installations and a reduction in power consumption i.e. scope 2 and scope 3 emissions.

The energy reduction measures described above directly result in a reduction in greenhouse gas emissions. Thus, based on Enerfin's five-year energy consumption reduction plan, the estimated annual emissions savings are as follows:

In 2014, Enerfin certified the carbon footprint associated with the output of the Osório wind farm complex. In February 2015, Applied Energy magazine, one of the leading international research publications in the "energy & fuels" and "engineering, chemical" fields, published an article on the calculation of the wind farm complex's carbon footprint entitled "Product and corporate carbon footprint using the compound method based on financial accounts. The case of Osorio wind farms".

Atersa has designed a new frame for the standard Atersa module which is more standard, narrower, more economical and lighter. In 2016 a new Atersa brand module will be launched with a new aluminium frame which will be narrower and lighter. This measure optimises and reduces the cost of transport.

The changes have been made with two aims in mind: to reduce the price of the module, making it more competitive, and to achieve a significant reduction in CO<sub>2</sub> emissions. The Atersa PV module currently has an Aenor-certified carbon footprint value of 23 g CO<sub>2</sub>/kWh), which will be optimised.

#### Emissions avoided (kg CO<sub>2</sub>eq)

3.013.85

Awareness-raising and energy saving 163.29 **Building** insulation 117.66 Type of energy used 1,569.50 Change of lights 941.69 Energy control and regulation 54.92 Change of computers 166.79

#### PARTICIPATION IN FORUMS AND **ASSOCIATIONS**

Aware of the importance of finding out first-hand about sector concerns, trends and opportunities and how to achieve influence with its ideas, know-how and good practice, the Group plays an active part in numerous leading forums and associations for the various sectors in

Total



which it is active. The following are some of the main domestic and international associations and platforms to which Elecnor belongs: (G4–16)

AAEF, Asociación de Empresas Forestales y Paisajísticas de Andalucía ABEEOLICA, Associação Brasileira de Energia Eólica [Brazilian Wind Energy Association]

ABIDIB, Associação Brazileira da Infraestrutura e Indústrias de Base

ABSOLAR, Associação Brasileira de Energia Solar Fotovoltaica ACERA, Asociación Chilena Energías

ACERA, Asociación Chilena Ene Renovables

ACEX, Asociación de Empresas de Conservación y Explotación de Carreteras ADEMI, Asociación de Empresas de Montajes, Mantenimientos y Servicios Industriales

AEDYR, Asociación Española de Desalación y Reutilización

AEE , Asociación de Empresas Eléctricas Chile

AEE, Asociación Empresarial Eólica AEEFOR, Asociación Extremeña de Empresas Forestales y de Medio ambiente

AET, Asociación Eólica de Tarifa AMC, Asociación Mundial de Carreteras AMDEE, Asociación Mexicana de Energía Eólica

ANCI, Asociación Nacional de Constructores Independientes APD, Asociación para el Progreso de la

Dirección

APECYL, Asociación de Promotores de Energía Eólica de Castilla y León AQPER, Association Québécoise de Producteurs d'Énergie Renouvelable

ASAGUA, Asociación Española de Empresas de Tecnologías del Agua

ASEJA, Asociación Española de Empresas de Jardinería

ASERPYMA, Asociación de Empresas Restauradoras de Paisajes y Medio Ambiente

ATC, Asociación Técnica de Carreteras AVAESEN, Asociación Valenciana de Empresas de Energía

AWEA, American Wind Energy Association

Cámara de Comercio Española en Chile Cámara Oficial Española de Comercio en Brasil

CANWEA, Canadian Wind Energy Association CCCE, Cámara de Comercio Canada España CEOE, Internacional CEOE, Confederación Española de Organizaciones Empresariales CIGRE, Comitê Nacional Brazileiro de Produção e Transmissão de Energia Elétrica Círculo de Empresarios Club Español de la Energía Cluster Energía de Extremadura Clúster Energía del País Vasco COGEN, Associação da Indústria de Cogeração de Energia Comité de Energía del Círculo de Empresarios CONFEMETAL, Confederación Española de Organizaciones Empresariales del Metal EGA, Asociación Eólica de Galicia ESF, Energía Sin Fronteras Plataforma Tecnológica del Agua SEDIGAS, Asociación Española del Gas SERCOBE, Asociación Nacional de Fabricantes de Bienes de Equipo

SERFOGA, Asociación de Empresas de

UNEF, Unión Española Fotovoltaica

Servicios Forestales de Galicia

Finally, Elecnor was involved in a range of conferences and forums in 2015 including:

- GENERA Latin America. Pumping Systems Round Table
- Mini professional congress on selfconsumption and energy storage
- Restaura Ríos Congress 2015
- Permanent working group of CONAMA Business and Biodiversity
- Grants programme with the Higher Technical Industrial Engineering School (ETSI) of Valencia's Polytechnic University
- Beyond Building Barcelona Construmat
- MFTFC 2015
- First ADEMI OHS workshop for telecommunications sector
- Customer quality workshop 2015
- Workshop organised by the Energy Efficiency Foundation of Valencia Region
- Atersa conference on solar PV selfconsumption for the residential, industrial and water pumping sector
- First Hispano-Portuguese conference on maintenance and cleaning services
- Eighth edition of the DEIA Hemendik Saria Awards
- Energy self-consumption conference of Madrid Region
- Business conference with the Spanish Association of Property Administrators

### 2015 AWARDS AND RECOGNITION

In 2015 the Spanish Ministry of Agriculture, Food and the Environment selected the Ronald McDonald House energy efficiency initiative as a Climate Project The H<sub>2</sub>OMC module was recognised in the sixth edition of the Co-Responsibility Awards in the Large Companies category.

Telefónica also recognised Elecnor for its outstanding service in communications infrastructure at the Mobile World Congress in Barcelona.

Iberdrola named Elecnor one of its suppliers of the year in 2015 Gas Natural Fenosa also awarded us its prize for best vendor of the year.

In Brazil, the Osório wind farm complex was honoured by the council of the municipality, with special praise reserved for the work of Enerfin during the "Jogue Limpo Com Osório" environmental education programme.

The calculation of the carbon footprint of the Osório complex was recognised in the research publication Applied Energy in an article entitled "Product and corporate carbon footprint using the compound method based on financial accounts. The case of Osorio wind farms".

In 2015 the Spanish Ministry of Agriculture, Food and the Environment selected the Ronald McDonald House energy efficiency initiative as a Climate Project









### ADAPTING TO THE ENVIRONMENT

(G4-DMA)

Elecnor, through its wide-ranging actions, impacts directly on progress and social welfare, while at the same time helping to resolve some of the major challenges that society faces (reduction of the energy divide, safe access to basic necessities such as energy and drinking water...). This contribution is especially evident in the developing countries where the company operates.

In addition to the social benefits of Elecnor's activities to the communities where it operates, the Group's social action is chiefly carried out through the Elecnor Foundation, although the Group parent and the various companies in every country are also involved in many initiatives.

Elecnor is also aware of the growing importance to the business of adapting to the various environments where it is present. Along with the legal legitimacy to operate, it is necessary to achieve social legitimacy from the stakeholders affected by the company's operations. With this in mind, Elecnor has been striving to achieve the credibility, trust and respect of society.

#### **ELECNOR FOUNDATION** SEVEN YEARS WORKING FOR A BETTER WORLD

(G4-EC7, G4-EC8)

The Elecnor Foundation was founded in 2008, inspired by a desire to serve society, with a particular focus on the most disadvantaged communities in the areas where the Group works and on young talent in universities and vocational training.

In 2015 the Foundation continued with its social infrastructure projects and training and research initiatives. The Elecnor Foundation also oversaw the further progress of the social infrastructure projects implemented in recent years in countries such as Chile, Uruguay and Ghana.

#### Social infrastructure

H<sub>2</sub>OMC project. "The first H<sub>2</sub>OMC in Africa will be installed in Gove in Angola."

As a basic necessity, water is one of the main areas on which the Elecnor Foundation focuses. In 2013 the H<sub>2</sub>OMC project was carried out as "an innovative response to the shortage of drinking water in developing countries." In 2015 the H<sub>2</sub>OMC system reached Angola.

H<sub>2</sub>OMe was designed as a "multifunctional sustainable module" to supply drinking water and offer a multi-purpose

H<sub>2</sub>OMe is built using former shipping containers, which are recycled and used to build a mobile structure that can be transported and installed anywhere worldwide, in particular in locations where there is limited access to water fit for human consumption.



50 litres of water per person per day





The system consists of a variable number of containers on two levels: a lower level containing a water purification unit and an upper level with a large multifunctional, open space for activities of benefit to the community. If there is no access to the power grid,  $H_2OMC$  uses photovoltaic

power to cover the project's energy requirements.

In 2015 the Foundation continued to look at potential sites for this technology in environments with special water supply needs in several countries in Latin America and Africa. A country where work is already underway is Angola, more specifically in Gove (Huambo province), where water was identified as being in short supply. A preliminary design was then created which was followed by feasibility studies (basic engineering) and finally the detailled engineering for the first H<sub>2</sub>OMC site in Africa.

The H<sub>2</sub>OMe project has garnered prestigious awards for innovation and sustainability thanks to its unique characteristics and social benefits.

#### The 100 Ideas of 2013

In 2014 it was named one of the "100 Ideas of 2013" by the business publication Actualidad Económica within the "Sustainable Ideas" category.

#### 2015 Co-responsibility Award in the Large Companies category

The H<sub>2</sub>OMe project has garnered prestigious awards for innovation and sustainability thanks to its unique characteristics and social benefits.

At the sixth edition of these awards the Elecnor Foundation prevailed over 300 rival projects from the leading companies and foundations in Spain and Latin America.

The aim of the project, which will be operational towards the end of 2016, is to purify and distribute water from the Gove hydroelectric plant so that the 10,000 residents of the area have quick and easy access. Each person will have access to an average of 50 litres per day.

This installation will be made up five 40foot high-cube containers. The first will house the purification plant, the second will accommodate the manager of the system and also serve as an office and store, and the remaining containers (three, four and five) will be combined to form an approximately 90 m<sup>2</sup> multipurpose audiovisual library. In addition, a children's park will be installed in the area of the  $H_2OMC$ .

The Digital Business and Learning Project (PEAD), Nicaragua. "First fruit of the agreement between the Elecnor Foundation and Plan International"

In 2015 the Elecnor Foundation and the child rights advocacy organisation Plan International, which is present in 70 countries, agreed to work together on international projects to improve access to water and energy in developing countries.

The aim of the Digital Business and Learning Project (PEAD) is to improve access to educational and telecommunications tools and to inclusive business models through digital kiosks in isolated rural communities in the Pacific and Atlantic regions of Nicaragua.

To get this project up and running, the Elecnor Foundation - in partnership with Plan International Nicaragua and Télecom sans Frontière - received funding from the Spanish Agency for International Development Cooperation's 2015 round for NGDOs equivalent to 40% of the entire cost of the project.

The project, which has 3,778 direct beneficiaries, is being implemented in



communities in Francia Sirpi in northern Nicaragua. This is the country's most vulnerable region in social terms, with an extreme poverty rate of 71%. It is also an area with a very large indigenous population. In fact, Francia Sirpi is home to 70% of Nicaragua's entire population of indigenous and African descent. And within this segment, the Miskitu ethnic group is the largest, representing 91% of the communities included in the project.

The lack of electricity means there is a significant risk of pollution from the use of paraffin lamps, batteries and, in very remote spots, the use of diesel engines.

In indigenous communities there are cultural obstacles to the introduction of new technologies and access to energy, heightening their technological isolation. The project entails the installation of six digital kiosks to improve access to basic telecommunications services, i.e. telephony and internet, fuelled by solar photovoltaic energy. Based on this infrastructure, the project envisages: scalability of the ICT service of the digital kiosks at national level, which will be drawn up in conjunction with Plan Spain.



- The installation of IT packages for accessing information on education, healthcare and child protection with complete sensitivity to the culture of the Miskitu ethnic group.
- The promotion of reading among children, adolescents and young adults through the use of free educational software.
- The development of an inclusive business model with community leaders.
- The update of the Community
   Development Plan with the input of children, adolescents and young people.
- The preparation of a technical and

financial report on the scalability of OCT service of the digital kiosks at national level.

- Systematisation of the process so that it can be replicated.

The Elecnor Foundation will be responsible for the preparation of instruction and training documents for local technical staff on preventative maintenance, use and management of the photovoltaic system and ICT services, preparation of the design and scaling document for the photovoltaic systems of the six digital kiosks planned, and the drawing-up of a technical and financial

report on the scalability of the ICT service of the digital kiosks at national level in conjunction with Plan Spain.

Second edition of the Volunteer programme in Chile "Encouraging the social commitment of all Elecnor employees"

Another of the Foundation's objectives is to foster the social commitment and participation of Elecnor's employees. Volunteering offers our current employees and retirees an opportunity to contribute their time, skills and experience to the Foundation's projects.

The second edition again involved the Synergy project, carried out in partnership with the Chilean Agriculture Ministry's Institute of Agricultural Development (INDAP) and the Chilean government and the ultimate aim of which is to improve the socio-economic situation and life quality of the 40 families in Totoral.

Through this programme the Foundation extends its commitment beyond the implementation and funding of projects to incorporate the personal and technical contribution of several of its employees, who ensure that the projects are well maintained and that their potential is fully leveraged. During their stay in Totoral, the five volunteers, selected through an internal process, carried out a range of maintenance work and checked the equipment and systems installed. They also took advantage of the opportunity to instruct the local residents on effective use and maintenance of the facilities.

A water purification plant that had stood idle since 2004 was also restored to working order.

#### Lights for Learning project, Uruguay. "Multiplier effect"

Since the end of 2014, all Uruguay's rural schools have electricity and are connected to the internet thanks to the "Lights for Learning Uruguay" project, an initiative spearheaded by the Organisation of Ibero-American States (OEI), the Elecnor Foundation, UTE and the Uruguayan Ministry of Education and Culture through the CEIBAL Plan (Basic Educational Connectivity for Online Learning). The project has entailed investment of over EUR 1 million.

The Elecnor Foundation implemented the





### Uruguay is the first country in Latin America

where all rural schools have lighting and internet access

technical part of the project, installing photovoltaic systems to meet the internal and external lighting needs of the schools. These systems cover the internal and external lighting needs of the schools, powering technological and communications equipment. At the same time, the Foundation is also providing training on how to use and maintain this sustainable and environment-friendly energy system with a view to keeping it in good working condition and extending its useful life.

As UTE, Uruguay's state-owned power company, hooks the schools included in the project up to its grid, the photovoltaic systems installed in them are removed. By the end of 2015 the systems had been removed from eleven of the 82 schools that initially benefited from the Lights for Learning Uruguay project.

To make full use of the equipment and systems removed from these schools, an initiative has been launched to meet the energy needs of the fishermen of the Laguna de Rocha wetland. The main aim of this project is to guarantee the supply of power for the preservation of fish, which is essential for improving the conditions in which production is sold. The absence of refrigeration means that fishermen have to sell their catches immediately to intermediaries, with no other option than to accept the low prices offered.



The aim of this initiative is to improve the production and social capacities of the community and significantly enhance life quality through the introduction of a sustainable development model in an exceptionally environmentally sensitive area.

Laguna de Rocha is part of a coastal wetland system that also includes the José Ignacio, Garzón and Castillos lagoons. All form part of the "Bañados del Este Biosphere Reserve", which has been included in UNESCO's "Man and the Biosphere Programme" (MAB) since 1976.

#### Training and research

The Elecnor Foundation promotes initiatives in all areas of engineering, building alliances and agreements with universities and educational centres to encourage the development of



82 rural schools and over 500 pupils benefit

knowledge and foster the professional progress of young people.

The Elecnor Foundation Renewable Energy and Energy Efficiency Chair in collaboration with Madrid's Polytechnic University's Higher Industrial Engineering Faculty

Among the most notable of the activities organised by the chair in 2015 are:

#### First Laboratory of Ideas on Renewable Energies

This first edition, which was attended by industry experts and supported by the business daily El Economista, was entitled "Renewable versus conventional generation. The search for a proper balance." This is a highly topical issue, with the debate on Spanish and European energy strategy over the coming years currently livelier than ever.

Topics covered included included society's emerging energy needs in both developed and emerging countries. Based on data, the speakers sought to pinpoint trends in the new energy model and in electricity generation, the economic and technical challenges for the full integration of renewable energies into the energy structure, and the regulatory factors that have slowed integration in various countries, including Spain.

The experts all agreed that Spain can play an important role in the coming years in spheres such as the relaunch of wind energy through the upgrade and refurbishment of facilities whose obsolescence has rendered them inefficient.

#### - Research projects:

In 2015 a new project was approved aimed at process optimisation in the construction of a solar photovoltaic farm. The project is headed by Elecnor's Solar Photovoltaic Unit and is being carried out by two academics from the Department of Engineering Organisation, Business Administration and Applied Statistics of UPM along with a student from the current Masters Degree in Organisational Engineering programme.

The project includes identifying and analysing all the existing processes in the construction of a solar photovoltaic farm, from the bidding phase to start-up and the subsequent maintenance of the facility. Subsequently areas for

improvement in each process will be sought, along with solutions for individual and collective optimisation.

#### - Visits to Elecnor installations

In 2015, first year industrial engineering masters students from the Polytechnic University of Madrid (UPM)'s Higher Technical School of Industrial Engineering visited Elecnor's solar thermal plants in Ciudad Real and the factory of Elecnor's solar photovoltaic subsidiary Atersa in Almussafes (Valencia).

The visit was part of the subject entitled Ingenia "Engineering an electrical system." This is a new subject model based on competences, in which the

students, distributed in groups, build and develop a product. In this case, the product is a microgrid supplied with renewable energy, with two different businesses, generation and distribution (purchase of electric power), competing against each other in an electricity market.

The day was rounded off with a class, during which a detailed explanation was provided of how a parabolic trough solar thermal plant is built and works.

During their visit, they had the opportunity to get to know first hand about the production process, together with its corresponding phases, in the photovoltaic industry, from the beginning through to the performance of quality





controls. The objective was to show how engineering theory is put into practice in a commercial setting.

# Third edition of the specialist course in low and medium-voltage electrical installations

The Foundation is promoting this specialist vocational training course in partnership with the Salesianos College in Deusto (Bilbao), to ready students for the world of work. This is a modular, 60-hour course over three weeks and includes theory classes, hands-on classes and a visit to Elecnor's facilities.

Once again, this course provided an excellent opportunity for vocational training students of electricity distribution in the standard grade to complete their training, making them better prepared to work in the electricity sector in the future. The Elecnor Foundation is actively involved in this project, not just designing the training programme but also financing the adaptation of the College's laboratory and providing the equipment needed for the course.

#### Grants programme with the Higher Technical Industrial Engineering School (ETSI) of Valencia's Polytechnic University

In 2015, the Elecnor Foundation continued fostering the grants and awards programme it has been sponsoring for twenty years with Valencia's Polytechnic University (UPV). More specifically, four students of the university were each awarded a grant of EUR 1,800. A prize of EUR 1,500 was also awarded for the best dissertation.

In addition to the social action of its Foundation, the Elecnor Group also carries out a host of other initiatives through its subsidiaries

## OTHER SOCIAL INITIATIVES (G4-EC8, G4-15)

In addition to the social action of its Foundation, the Elecnor Group also carries out a host of other initiatives through its subsidiaries.

These include those undertaken by Enerfín, the Group's wind subsidiary, in Brazil,

In 2015, the construction of a visitor centre was completed at the Osório wind farm complex. This facility will provide information on the wind farms installed in the municipality, promote environmental and sports tourism in the region and run training courses related to renewable energies for the community.

The ultimate aim of the project is to make the municipality of Osório a standard bearer for sustainability and an essential destination for travellers on the coast of Rio Grande do Sul state. Visitor numbers are expected to total more than 25,000 per year.

The activities at the visitor centre will be carried out in conjunction with other cultural spaces already open or being created in the municipality of Osório. With this in mind, the companies at the Osório wind complex will sign agreements with local university bodies.

Enerfín has also supported other initiatives in Brazil, such as:

- The regional seminar of the Associação Brazileira de Engenharia Sanitária e Ambiental on supporting tourism development in the region, held in the hall of the Osório wind farm complex
- Participation in a conference at the Tramandai campus of the Federal University of Rio Grande do Sul.
- Organising the "carrera dos ventos" race in the Osório wind farm complex, to promote sport and tourism in the region.
- Financing of environmental courses and seminars for teachers and students in the municipality of Osorio and the creation and acquisition of equipment and materials for the "Green Room" in the municipal library
- Sponsorship of the Osório municipal council's "Jogue limpo com Osório" environmental education programme to encourage people to behave appropriately in public spaces and dispose of waste properly
- Cofinancing, with Celeo Redes, of the revitalisation of the "Casa Familiar Rural Padre Josimo Tavares" library in Bom Jesus das Selvas (Maranhão). This involves the training of cultural agents, an upgrade of the space and equipment, establishment of a book bank and the organisation of reading and film events
- Upgrade of the communications infrastructure of the "Largo dos Estudantes" space, a cultural and information hub in the municipality of Osório.

In Canada, Enerfin has worked in close partnership with the tourism management body for the Regional County Municipality of L'Érable (Quebec) to publicise the wind farm to visitors to the region through the following initiatives:

- Creation of a video and information board on the wind farm for a visitor centre in the Regional County Municipality of L'Érable.
- Training of the centre reception staff to provide detailled information on the wind farm.
- Preparation of a presentation, visual materials and organisation of a visitor route to introduce the L'Érable wind farm and wind energy to visitor groups.

Enerfín has also organised various visits for groups interested in finding out about the wind farm.

Also in Quebec, Enerfín has provided financial backing for several local initiatives.

In the municipality of Saint-Ferdinand it has provided financial support for the maintenance of a cross-country skiing centre, a school work and reading support programme in a youth club, a youth hockey team and local holiday celebrations.

In the municipality of Sainte-Sophie it supported the "Casa Sophia" project,

involving the refurbishment of a multipurpose room, and local holiday festivities.

Celeo, the Group's concessionaire subsidiary, was also very active in various social initiatives in Brazil and Chile.

In Brazil, within the BNDES social credit financing programme, Celeo continued to support the Ji-Paraná recycling project (COOCAMARJI), with a particular focus on the Ji-Paraná solid waste management plan. The aim of this project is to help strengthen this cooperative, improving its revenue generation capacity and contributing to the protection and improvement of the environment. This programme also includes awareness and education campaigns in the community where it is taking place.





Also in Brazil, Celeo took part in the fifth edition of the street football for education programme aimed at fostering the interaction of all lovers of football through the organisation of games and demonstrations. Street football serves as the attraction to carry out awarenessraising activities among young people in a positive and healthy environment, thereby fostering integration.

In Chile, a noteworthy initiative is our involvement, alongside other associations and electricity companies, in the sponsorship of the Great World of Energy game. The aim of this game is to familiarise children with the world of energy in an entertaining and educational manner. In 2015 these games were presented to pupils of the school close to the Alto Jahuel substation, who were invited to the inauguration of the Ancoa Alto Jahuel project. A game was also presented to every employee of Celeo Redes with children of an appropriate age.

#### **IMPACT MANAGEMENT** AND DIALOGUE WITH LOCAL COMMUNITIES

(G4-DMA, G4-S01, G4-S02)

Where Elecnor is involved in projects in in areas of great natural and environmental riches, or with a plethora of stakeholders with differing viewpoints and interests,

sound impact management and effective dialogue with these local communities are essential.

The Elecnor Group has been working with these aims in mind in recent years. On the one hand, through the effective management of its impacts and, on the other, by successfully managing dialogue and communications with a wide range of shareholders.

In Canada, for example, Enerfín, as part of the development of the Sydenham wind farm project in the province of

Ontario, has carried out initial environmental screening with a view to identifying potential restrictions on the execution of the project that need to be factored into the design.

Enerfín has also initiated an information and consultation programme for the groups affected including the creation of a specific website for the project and the organisation of open days and meetings with landowners, municipal authorities and First Nation communities with potential interests in the area.

In environments close to indigenous communities, or with a plethora of stakeholder groups with different viewpoints and interests, sound impact management and effective dialogue with these local communities are essential

For the Flaxcombe project in Saskatchewan province meetings have been held with a group of landowners and with the municipal authorities and rural communities in the area of the project.

In Australia, Enerfín has made considerable progress on its assessment of the environmental impact of the Bulgana wind farm, ensuring transparent communication with the communities affected by the project (Stawell and Great Western). This has included open days, information bulletins and the creation of a website describing the specific characteristics of the project.

In Chile, Celeo was involved in a public consultation process as required under Chilean environmental legislation prior to work commencing on the Charrúa-Ancoa project. This process included several workshops in the various communities close to the transmission line where the project was presented and details of its

environmental impacts and benefits for the country explained.

During this project one community drew attention to the potential impact on tourism in the region. As a mitigating measure, the installation of signposts publicising tourist and cultural attractions in the regions close to the project was proposed. The measure was accepted by the environmental authorities and will be implemented during the construction phase of the project. No significant negative impacts were identified on the way of life of the communities close to the future line. (G4-S011)

#### Indigenous communities

In the United States, Enerfin has contacted the Indian reservations close to the proposed site for the Wagontire wind farm project in Oregón in order to take into account their historical interests in the area. These communities have been kept abreast of the progress of the project.

Talks have also been held with an Indian reservation in Oregón on the possibility of reaching agreement on the development of a wind project on their

Also, in the course of its promotion activity in the Canadian province of Ontario, Enerfin maintained a dialogue with various First Nations groups with the aim of finding out about their concerns and taking into account their views in the initial stages of development.

In Brazil, Celeo continued with its mitigation activities in the traditional Quilombo community of Poblado de Onça in the vicinity of the IMTE (Integração Maranhense Transmissora de Energia) concession. Here, the social communication and infrastructure support programme was concluded, which involved the construction of a community centre in the village including electrical installations, water supply systems and the purchase of domestic appliances.

Work on mitigation actions for the Corumbá (Linha de Transmissao Corumbá) and Jaurú (Jaurú Transmissora de Energia) concessions also continued.



• JTE concession. The route chosen for the Anastacio-Corumbá transmission line runs close to three areas inhabited by the Terena indigenous community. A number of mitigating actions have been developed to offset the potential impact of this work, including: the Social Communication Programme (PCS); the Environmental Awareness Programme (PEAT), focusing on issues affecting indigenous peoples; and the Terena revenue generation and cultural support programme. This latter programme provides various benefits for the Terena community such as the building of a Terena cultural centre, a rainwater-capture system, refurbishment of a community

centre, building of an industrial kitchen and training courses in IT, traditional cookery, compost production and administration.

• JTE concession. Six indigenous areas, including 42 villages, were identified in the area affected by the 230 kV Samuel-Vilhena and 230 kV Vilhena-Jaurú transmission line projects during their construction. A number of measures were implemented to offset the impact of the work. These included the Indigenous Lands Protection and Monitoring Programme, including workshops, donation of monitoring and surveillance equipment, construction of surveillance posts

and support centres, installation of signs, radio transmitters and telephones, and courses in fire prevention, first aid and legislation covering indigenous peoples.

Likewise, the Indigenous Territory and Environmental Management Support Programme included activities to enhance productivity, such as building and kitting out flour silos, henhouses, beehives and livestock facilities.

Around 2,000 members of local indigenous communities are estimated to have benefited from these programmes.

### RESPECT FOR BIODIVERSITY AND PROTECTING THE **ENVIRONMENT**

(G4-DMA, G4-EN11, G4-EN12, G4-EN13)

The Group is involved in numerous projects that are subject to the Environmental Impact Assessment process. This process is carried out by the responsible government body in the country where the project is being carried out. It results in an Environmental Impact Statement setting out the environmental protection and mitigation measures needed for each environmental aspect



affected by the project, such as biodiversity, water, soil, air, etc.

The activities carried out by Elecnor do not have significant impacts on biodiversity, with the exception of projects in protected areas where animal and plant species may be affected. In such instances, legal requirements are complied with, which may result in biological recovery periods, restricted routes, the stepping up of precautionary measures in activities that most affect vegetation, etc.

For example, prior to authorisation being granted for construction of a wind farm, developers are required to assess the potential impact of the project on its immediate environment, including flora

and fauna. Work is carried out in close partnership with conservation groups to ensure development is compatible with the existing environment and habitats.

With this in mind, at the pre-operational stage, prior to the start of works, it is customary for exhaustive studies to be carried out with the aim of identifying the species/populations of wildlife in the area and their behaviours (nesting areas, range areas, flight heights...). Whether or not the environmental body deems the project feasible depends on the outcome of these studies. Any impact can be avoided or reduced through the correct siting of turbines.

During the construction phase environmental monitoring is carried out, identifying and assessing the impacts caused by the works and evaluating the suitability of the proposed measures. If initially unforeseen impacts are identified (nesting areas, presence of unaccounted-for species....), appropriate measures will be established to reduce, mitigate or eliminate them.

Once the facility is in operation, the actual impacts are assessed by means of a suitable environmental monitoring programme and the appropriate measures are taken if necessary.

In addition, Elecnor and its subsidiaries carry out a significant proportion of their activities with the aim of protecting the environment.

#### Protection of bird fauna (G4-15)

There are many initiatives aimed at minimising the potential impact of overhead power lines on birds, many of which are protected species. Plans are increasingly being put in place to prevent the electrocution of birds since this is one of the most frequent causes of unnatural death. This is a field in which Elecnor is playing a leading role.

One flagship project aimed at preventing the electrocution of the Bonelli's eagle is promoted by the Consortium for the Recovery of the Fauna of the Balearic Islands (COFIB) and the Natura Parc Foundation, in conjunction with the regional Ministry of the Environment, Agriculture and Fisheries. The Bonelli's eagle is among the species of Iberian raptors to have suffered the greatest declines in recent years.

As part of this project, COFIB has created a very precise electrocution risk map for the Bonelli's eagle, which is being reintroduced in Mallorca. It has been possible to create this map because every eagle released or born on the island is fitted with a satellite tracking system so

that its location and activities can be monitored. The use of this system has enabled researchers to ascertain that electric cables on the island represent a high risk and Elecnor has been charged with carrying out an initial phase of corrective action. This work is being performed on the Granada, Blava, Vallgornera, Comú, Enderrocat and Campos lines in the Migjorn region in the south of Mallorca. This project has mainly involved fitting a bird protection cover to the central phase of the line, replacing the vertical rigid insulators with suspension chains and fitting bushings with a bird protection cover, and exchanging the switch isolators at the top of pylons for vertically mounted ones.

These measures benefit not only the Bonelli's eagle but also other protected species such as the kite and the booted eagle.

This type of initiative is also commonplace in Extremadura, in particular for the protection of storks, which nest on distribution installations.

Elecnor has installed anti-nesting devices for Iberdrola in order to prevent nests being built on post crossheads. These are

umbrella type devices, so-called on account of the similarity of their shape. Lines have also been fitted with domes which allow nests to be built without affecting the phases, anti-collision devices have been installed to prevent bird strikes with power lines and platforms have been fitted to encourage storks and their offspring to desist from nesting on transmission lines.

The impact of wind power on birds. chiropterans and other wild animals is also closely linked to the area in which each project is installed. By endeavouring to avoid installing wind farms in sensitive areas (migration routes, areas with populations at critically low levels,...), impacts on biodiversity are kept to an absolute minimum.

There are few collisions of birds and/or chiropterans with wind turbines compared with other objects. Statistics compiled in North America show that 1,000 million birds die annually as a result of collisions with buildings and more than 80,000 million in crashes with vehicles. However, death as a result of direct collisions with wind turbines is estimated at between 0.01 and 0.02% of the total number of collisions every year.



Aerogeneradores del Sur, S.A, the owner of the La Herrería and Pasada de Tejeda wind farms managed by Enerfín, is part of the Tarifa Wind Power Association (AET). The environmental measures carried out at this association's wind farms include corrective actions such as the selective shutdown of wind turbines, the stepping-up of monitoring measures at times when there is a mass influx of birds and checking for the presence of carrion in the vicinity of wind farms.

These measures significantly reduce the direct impact of wind turbines on bird fauna generally and, in particular, on the griffon vulture. This species has been involved in more collisions with AET wind farms than any other. Further environmental projects and measures in 2015 included:

- Coordination and control of the Environmental Monitoring Plan carried

- out at the AET's wind farms
- Monitoring and analysis of populations of species of special interest, most notably the short-toed eagle and Egyptian vulture
- Scientific monitoring of the migration of birds via the Straits of Gibraltar.
- Development of an automatic birddetection and wind turbine blade slowdown system

The overriding objective of these measures is to minimise the deaths of birds in wind farms and to understand the impact of such deaths on local populations.

## **Reforestation initiatives** (G4–15)

The main impact arising from Celeo's activity is the suppression of native vegetation. It is mitigated by optimisation and keeping suppression of vegetation to an absolute minimum, the environmental restoration of affected locations and the reforestation of equivalent areas. In 2015 a total of 21.3 hectares of native vegetation were planted, with 10.8 hectares corresponding to the JTE (Jaurú Transmissora de Energia) concession, 10 hectares to the Corumbá transmission line (Linha de Transmissao Corumbá) and 0.5 hectares to the Triángulo transmission line (Linha de Transmissao Triángulo).

In Chile, the most significant impact on biodiversity caused by the 198 km, 2x500 kV Charrúa Ancoa transmission line project is the cutting back of vegetation, both planted forest and native woodland.



The project requires the felling of 475 hectares of planted forest and 87 hectares of native woodland. In 2015 the first felling took place, exclusively involving planted forest.

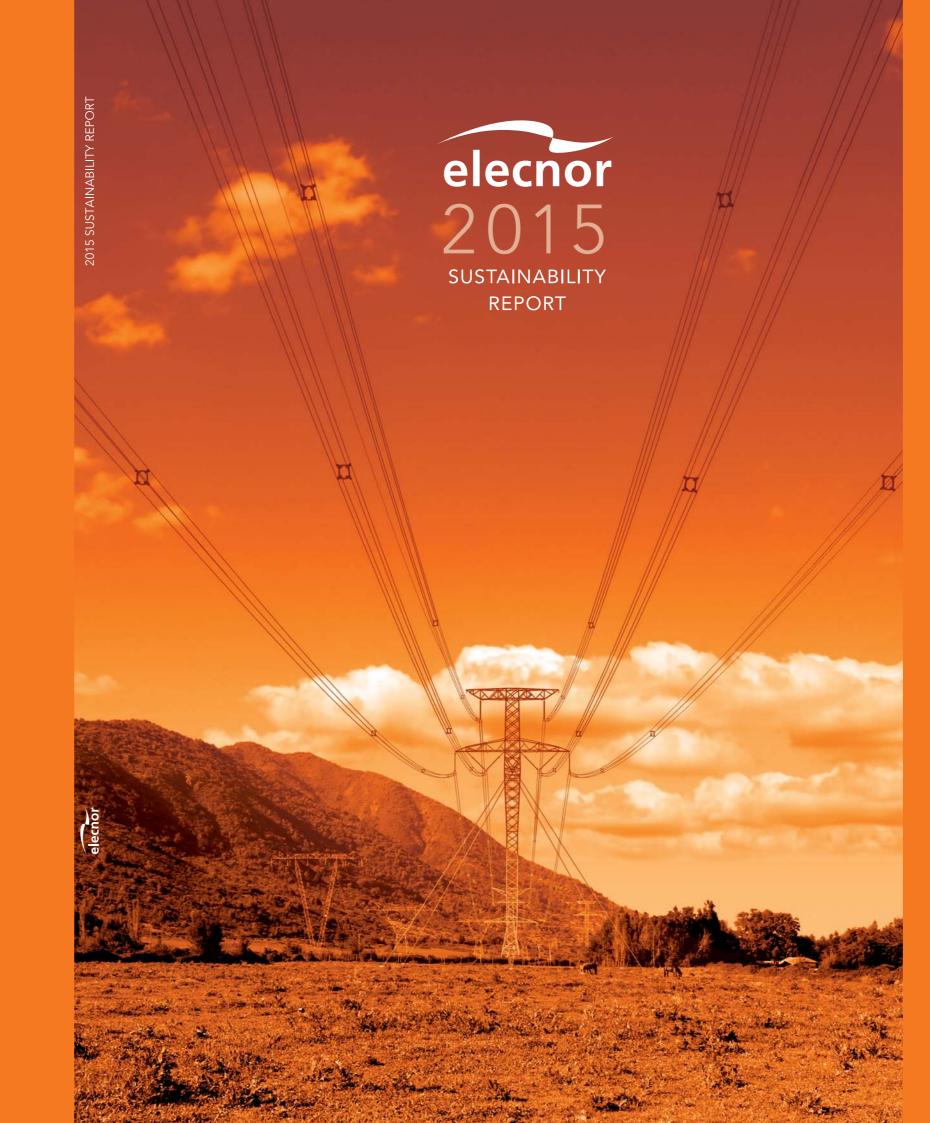
As a mitigation measure, this felled woodland will be replaced in a 1:1 ratio, and around 50 hectares of native woodland will be planted in compensation over the next few years.

With regard to the 256 km, 2x500 kVAncoa-Alto Jahuel transmission line project which came on stream in September 2015, work continued in 2015 on the associated reforestation and measures to compensate for the areas of woodland affected during the construction process.

In total, 410.55 hectares will be planted, of which 270.8 hectares will be reforested with native species and 139.75 with exotic species. Current reforestation totals 294.79 hectares, of which 166.79 are native and 128 are exotic species.

There were plans to reforest 115.76 hectares in 2015 - 104.1 hectares with native species and 11.75 with exotic

Elecnor is also working on the preservation of protected spaces and the protection of the environment, mainly through Audeca, the subsidiary responsible for the Group's environmental activity. Environmental activities carried out in 2015 included:





Elecnor is also working on the preservation of protected spaces and the protection of the environment, mainly through Audeca, the subsidiary responsible for the Group's environmental activity

- Conservation and management of the Sierra de Guadarrama National Park

Under this contract, Audeca is responsible for the conservation and management of Sierra de Guadarrama National Park in Madrid.

The National Park covers 33,960 hectares of the Sierra de Guadarrama mountain range. Most of the area is dotted with mountain tops featuring rocky outcrops, and pastures and shrubbed areas. It is of such outstanding ecological and cultural value that its conservation is declared a matter of general interest and its protection warrants the highest level allowed by Spanish law. Furthermore, the cultural, educational and scientific value of the territories comprising the new National Park is exceptional.

Audeca will carry out the following activities under the contract:

- Environmental research, monitoring and support (e.g. habitats, flora and vegetation; native reptiles and amphibians; the black vulture SPA; natural resource quality)
- Environmental surveillance of the state of the most outstanding species and ecosystems, drafting proposals for improvement and conducting monitoring.
- Forestry management support work at the park in order to control the health of the forestry assets, identify needs

with respect to forestry, reforestation, infrastructures, etc. and plan their development.

- Customer service and information through advisory, environmental education at the Peñalara visitor centre, park surveillance, visitor transport to La Pedriza, permit and license processing, etc
- Park maintenance and cleaning, including recreational areas.

These activities include the SOS Anfibios en Guadarrama project, which includes initiatives to protect species such as the midwife toad and the European pond turtle.

 Botanical research on the presence of Senecio Coincyi in the Pinar de Hoyocasero pine forest

Audeca is working in partnership with the Castilla y León regional government, the Castilla y León Natural Heritage Foundation, Madrid Polytechnic University and the University of Salamanca on a conservation project involving a plant, the Senecio coincyi species endemic to the province of Ávila, classed as "at risk of extinction" in the Catalogue of Protected Flora of Castilla y León since 2007.

Thanks to this study, it has been possible to compare the current situation for populations of Senecio coincyi in the province of Ávila. The researchers are also

looking at the impact of livestock farming and the abandonment of hay fields.

 The Cruz de Carrutero-Osorno HVL restoration project. Signposting of a pedestrian path between Mazariegos and the La Nava lake

The aims of this project are twofold:

- Environmental restoration of the Cruz de Carrutero-Osorno transmission line: The aim of this project is to blend the transmission line into the countryside, in particular in the most sensitive areas such as those close to areas that are heavily frequented. This process will involve improving vegetation cover with indigenous species and enhancing ecological conditions for fauna.
- Preparation and signposting of a pedestrian path linking Mazariegos and La Nava lake (Palencia)

The aim of this project is to familiarise local people and visitors with the natural and cultural value of the La Nava y Campos de Palencia Natural Area between Mazariegos and Fuentes de Nava on a 7.8 km, self-guided trail.





## PROFILE, SCOPE AND BOUNDARY

(G4-17, G4-18, G4-19, G4-28, G4-29, G4-30, G4-32)

The Elecnor Group's annual sustainability report has been prepared under the requirements of the Global Reporting Initiative (Guide G4), both in terms of the content of the report and to ensure its quality.

This report covers the Elecnor Group's main activities and social, economic and environmental impacts in 2015, together with other aspects considered of interest to our stakeholders. The report also includes information from previous years for comparative purposes.

With regard to the scope of the report, the business information provided refers

to all the companies in the Elecnor Group (Elecnor, S.A. and its subsidiaries). This information has been taken from the consolidated and audited annual financial statements of the Elecnor Group for the year ended 31 December 2015.

The social information provided refers to the Group and the Elecnor Foundation.

Any differences in the scope and boundary of particular items are described in the appropriate section.

This report has not been assured externally. (G4-32, G4-33)

(G4-20, G4-21)

	Im	oact
Relevant issues	Internal	External
	•	•
Customers. Service quality	Χ	Χ
Occupational health and safety employees/contractors	Χ	Χ
Development of renewables		Χ
Attracting and retaining talent and developing human capital	Χ	
Good governance	Χ	Χ
Business opportunities in developing and emerging countries	Χ	
Ethics and compliance	Χ	Χ
Risk management	Χ	Χ
Innovation	Χ	Χ
Relationship with the Public Administration in developing and		
emerging countries	Χ	Χ
Environmental management		Χ
Climate change strategy and impacts	Χ	Χ
Supply chain management		Χ
Impact management and dialogue with local communities		Χ
Equality and diversity management	Χ	
Biodiversity		Χ

## **GRI CONTENT INDEX**

(G4-32)



#### **GENERAL BASIC CONTENTS**

General	
basic	Page, link or
contents	direct response

### Description

#### STRATEGY AND ANALYSIS

G4-1	4	Statement from the most senior decision-maker of the organization on the relevance of
		sustainability to the organisation and their strategy
G4-2	35, 40	Description of the key impacts, risks and opportunities

#### ORGANIZATIONAL PROFILE

G4-3	10	Name of the organization
G4-4	10	Primary brands, products, and/or services of the organization
G4-5	104	Location of the organization's headquarters
G4-6	8	Number of countries where the organization operates Name those where either the organization
		has significant operations or that are specifically relevant to the sustainability topics covered in the
		report
G4-7	10	Report the nature of ownership and legal form
G4-8	26	Report the markets served (including geographic breakdown, sectors served, and types of
		customers and beneficiaries)
G4-9	8, 22, 44	Report the scale of the organization
G4-10	44	a) Total number of employees by employment contract and gender.
		b) Total number of permanent employees by employment type and gender
		c) Total workforce by employees and supervised workers and by gender
		d) Total workforce by region and gender
		e) Report whether a substantial portion of the organization's work is performed by workers who
		are legally recognized as self-employed, or by individuals other than employees or supervised
		workers, including employees and supervised employees of contractors.
		f) Report any significant variations in employment numbers

G4-11	Note 1 page 104	Percentage of employees covered by collective bargaining agreements.
G4-12	28	Description of the supply chain
G4-13	No significant	Significant changes during the reporting period regarding size, structure, ownership and supply
	changes	chain
G4-14	40	Report whether and how the precautionary approach or principle is addressed by the organization
G4-15	84, 90, 92	List externally developed economic, environmental and social charters, principles, or other
		initiatives to which the organization subscribes or which it endorses
G4-16	71	List all entities included in the organization's consolidated financial statements or equivalent
		documents

#### MATERIAL ASPECTS AND BOUNDARIES

G4-17	96	a) List all entities included in the organization's consolidated financial statements or equivalent documents
		b) Report whether any entity included in the organization's consolidated financial statements or
		equivalent documents is not covered by the report.
G4-18	16, 96	a) Explain the process for defining the report content and the Aspect Boundaries
		b) Explain how the organization has implemented the Reporting Principles for Defining Report
		Content
G4-19	16, 96	List all the material Aspects identified in the process for defining report content
G4-20	96	For each material Aspect, report the Aspect Boundary within the organization
G4-21	96	For each material Aspect, report the Aspect Boundary within the organization
G4-22	There were no	Report the effect of any restatements of information provided in previous reports, and the
	restatements of	reasons for such restatements
	information provided	
	in previous reports	
G4-23	No significant changes	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries

#### STAKEHOLDER ENGAGEMENT

G4-24	17	Provide a list of stakeholder groups engaged by the organization
G4-25	17	Report the basis for identification and selection of stakeholders with whom to engage
G4-26	16, 17, 51	Report the organization's approach to stakeholder engagement, including frequency of
		engagement by type and by stakeholder group, and an indication of whether any of the
		engagement was undertaken specifically as part of the report preparation process.
G4-27	16	Report key topics and concerns that have been raised through stakeholder engagement, and how
		the organization has responded to those key topics and concerns, including through its reporting.
		Report the stakeholder groups that raised each of the key topics and concerns.

#### REPORT PROFILE

G4-28	96	Reporting period (such as fiscal or calendar year) for information provided
G4-29	96	Date of most recent previous report (if any)
G4-30	96	Report submission cycle
G4-31	104	Provide the contact point for questions regarding the report or its contents
G4-32	96, 97	a) Report the 'in accordance' option the organization has chosen
		b) Report the GRI Content Index for the chosen option
		c) Report the reference to the External Assurance Report, if the report has been externally assured
G4-33	96	External assurance of the report
GOVERNAN G4-34	36	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts
ETHICS AND	INTEGRITY	
G4-56	10, 34	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics

#### SPECIFIC BASIC CONTENTS

Disclosure Page, on link or management direct

approach response Omissions

Description

#### **CATEGORY: ECONOMIC**

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G4-EC1	27	Generation and distribution of economic value
G4-EC2	10, 26, 64	Financial implications and other risks and opportunities for the organization's activities due to
		climate change.

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G4-EC7	76	Development and impact of infrastructure investments and services supported
G4-EC8	76, 84	Significant indirect economic impacts, including the extent of impacts

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G4-EC9	28	Proportion of spending on local suppliers at significant locations of operation

#### **CATEGORY: ENVIRONMENT**

#### MATERIAL ASPECT: ENERGY

IVII (I EI III) (E / ISI	With Entitle 7 Bit Edit Enterior		
G4-DMA	53, 58	Energy	
G4-EN3	64	Energy consumption within the organization	
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G4-EN7	64	Reductions in energy requirements of products and services	

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		biodiversity value outside protected areas
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		areas and areas of high biodiversity value outside protected areas
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		compliance with environmental laws and regulations

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#### LABOUR PRACTICES AND DIGNIFIED WORK

#### MATERIAL ASPECT: EMPLOYMENT

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		region.
G4-LA2	50	Social benefits provided to full-time employees that are not provided to temporary or part-time
		employees, by significant locations of operation
G4-LA3	100% men and 98% women	Return to work and retention rates after parental leave, by gender,

#### MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY

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G4-LA5	52	Percentage of total workforce represented in formal joint management-worker health and safety
		committees that help monitor and advise on occupational health and safety programmes
G4-LA6	52	Rate and type of injury, occupational diseases, lost days, absenteeism, and number of work-related
		fatalities, by region and by gender
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		employees and assist them in managing career endings.
G4-LA11	48	Percentage of employees receiving regular performance and career development reviews, by
		gender and professional category

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		to gender, age group, minority group membership, and other indicators of diversity

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G4-LA16	35	Number of grievances about labor practices filed, addressed, and resolved through formal
		grievance mechanisms

#### **HUMAN RIGHTS**

#### MATERIAL ASPECT: INVESTMENT

G4-DMA	34	Investment
G4-HR2	35	Total hours of employee training on policies and procedures concerning aspects of human rights
		that are relevant to operations, including the percentage of employees trained.

#### MATERIAL ASPECT: NON-DISCRIMINATION

G4-DMA	34	Non-discrimination
G4-HR3	34, Note 2 page 104	Total number of incidents of discrimination and corrective actions taken

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G4-DMA	34	Indigenous rights
G4-HR8	34, Note 2 page 104	Total number of incidents of violations involving rights of indigenous people and actions taken.

#### **HUMAN RIGHTS GRIEVANCE MECHANISMS**

G4-DMA	34	Human rights grievance mechanisms
G4-HR12	34, Note 2 page 104	Number of grievances about human rights impacts filed, addressed, and resolved through formal
		grievance mechanisms

#### SOCIETY

#### MATERIAL ASPECT: LOCAL COMMUNITIES

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		and development programs
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G4-DMA	34	Anti-corruption
G4-S03	35	Total number and percentage of operations assessed for risks related to corruption and the
		significant risks identified
G4-S04	35	Communication and training on anti-corruption policies and procedures
G4-S05	35	Confirmed incidents of corruption and actions taken

#### MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOUR

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G4-S07	39	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
		and their outcomes.

#### MATERIAL ASPECT: REGULATORY COMPLIANCE

G4-DMA	34	Regulatory compliance
G4-S08	39	Monetary value of significant fines and total number of non-monetary sanctions for non-
		compliance with laws and regulations.

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G4-DMA	34	Grievance mechanisms for impacts on society
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		grievance mechanisms

#### PRODUCT RESPONSIBILITY

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CUSTOMER PRIV	VACY				
G4-DMA	34	Customer privacy			
G4-PR8	39	Total number of substantiated complaints regarding breaches of customer privacy and losses of			
		customer data			

#### Notes

Note 1: 100% of the workforce in Spain is covered by collective bargaining agreements covering the country. In the other countries in which we operate, equivalent legislation covering the local workforce only exists in Argentina, Brazil, the USA and Uruguay. (G4–11)

Note 2: There are no incidences or aspects worth mentioning. (G4-HR3, G4-HR8, G4-HR12, G4-SO11, G4-EN29)

For more information visit: (G4-5, G4-31)

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