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Corporate Social Responsibility

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- **Corporate Social
Responsibility**

In advanced societies, companies are expected to help to solve major world problems and, in their day-to-day management, to consider - apart from economic interests- the incorporation of social and environmental values, giving them a leading role in social and economic change. In this respect, Sacyr Vallehermoso collaborates with the regions where it is present and encourages their social and economic development through job creation, the supply of high-quality goods and services, which contribute to the well-being of all, and the conservation of the environment in a framework of rigorous ethics and transparency in all its businesses.

Sacyr Vallehermoso believes that its corporate responsibility is associated with objectives and values such as the following:

- to respect human rights;
- to achieve profitable growth;
- to create permanent jobs and improve workers' professional environment by applying principles of equal opportunities, non-discrimination and support in their training;
- to exercise the best corporate governance;
- to apply ethical principles in management and transparency in communication;
- to achieve maximum quality in its products and services;
- to reduce the environmental impact of its businesses; and to collaborate with the most deprived social groups.

These objectives and values already form part of its corporate culture. In this Annual Report the information with respect to the Company's growth and the policies on human resources, quality, the environment and technological innovation followed are extensively commented on and, thus, this section will only describe the other values related to its corporate responsibility.

In 2003 Sacyr Vallehermoso continued to be a company which rigorously applied ethical principles in the actions of all its components, especially in such sensitive sectors as the equity market. It was for this that an Internal Rule of Conduct was drawn up. This Rule of Conduct is applicable to all members of the Company's management and all the employees who have access to facts, decisions and information that could affect the prices of the shares.

Business year 2003 was also a year of progress in terms of corporate governance. Moreover, faithful to the objective of transparency towards shareholders and society as a whole, Sacyr Vallehermoso has been publishing an annual report on how far the Board of Directors

has observed the Code of Good Governance, which this year is complemented by the Annual Corporate Governance Report. This new document was drawn up on the basis of a report from the Audit Committee and is available to all shareholders from the day of notification of the General Meeting.

The regulations regarding corporate governance have been added to the Company's webpage for investors to read.

In the field of social action, Sacyr Vallehermoso has been collaborating with different associations, non-governmental organizations and foundations for some time, supporting projects that benefit society. The Company believes that solidarity, apart from being a personal choice, should be present in business management. Hence, in addition to the collaboration and donations of the past, the Company also sponsored the 2003 Housing Refurbishment Scheme, run by the NGO Cooperación Internacional, in which nearly a thousand young volunteers took part. It also signed a cooperation agreement with the Fundación Madrid 2012 prolonging for two years its support for Madrid's candidature as the seat of the 2012 Olympic Games. Moreover, it continued to give aid to different foundations and associations which support culture and sport such as:

- Asociación de Amigos del Museo del Prado
- Fundación de Apoyo a la Historia del Arte Hispánico
- Asociación Hispania Nostra
- Fundación Agustín Betancourt
- Fundación Antonio Camuñas
- Fundación Príncipe de Asturias
- Real Fundación de Toledo
- Fundación Reina Sofía
- Fundación Amigos del Museo Reina Sofía
- Patrocinio de la Casa de América
- Patrocinio del Torneo de golf Aena, etc.



Roof of Barajas Airport Terminal. Madrid

All of this involved a contribution of around a million Euros.

Sacyr Vallehermosos believes that the Company's human team is an important part of its corporate responsibility and, thus, in 2003 further progress was made as regards employees' professional promotion and in improving their working conditions and quality of life. The Company firmly believes that this attitude helps to enhance the working climate and benefits everyone, as the business functions better.

In 2002 the administrative committee of Sacyr Vallehermoso's social benefit fund had a budget of Euros 300,000 at its disposal. With this, it performed a range of actions such as: assistance

for the studies of employees' children and the workforce itself; contributions for cultural, leisure and sports activities; payments for food or transport, etc. There is also a system of repayable loans of up to Euros 16,000 for the purchase of a permanent home and of Euros 4,000 for other items.

The commitment to corporate responsibility has to be furthered day by day with new proposals and, in this respect, Sacyr Vallehermoso plans to draw up a social action scheme, in order to effectively integrate corporate social responsibility into the Company's global strategy, as a fundamental element in the management of the Company and a new way of drawing it closer to the market and to society.



Motorway under concession

- **Quality, Prevention and the Environment**

In 2003 the work of the quality department was aimed at completing the process of AENOR system certification. The approach based on ISO 9001:2000 processes means that the integration of all the stages of the execution of works is an endogenous process, which permits in-depth control in order to properly meet all the requirements demanded by clients.

The Group is aware of the importance of conserving the environment where it performs its activities and, consequently, these are carefully planned in order to minimize or eliminate any possible environmental effects which might occur as a result of its activity and to contribute to sustainable development.

In its continual efforts to protect the environment and respect nature, which are so precious and increasingly appreciated by individuals and official bodies, the Group took part in working parties with the Ministries of Public Works and the Environment, and with AENOR and

SEOPAN, which promote the implementation of action policies.

Thus, it has collaborated in different projects to improve the environment, such as:

- Hydrological-forestry restoration in Almazán, Matamala de Almazán and Tardelcuence (Soria), for the Confederación Hidrográfica del Duero.
- Improvement of the pedestrian area and cycling lane in Los Cipreses Park, for Leganés City Council (Madrid).
- Ecological roofing for the Barajas building (Madrid)
- Catchment and pipes at Pola de Gordón (León), Vega (León) and others, for Castilla y León Regional Government.
- Goya Park (Zaragoza)
- Environmental organization of the Rambla Salá, at the end of the Contreras reservoir pool.
- Plantations at the Arroyoculebro PAU (Madrid), and irrigation facilities.

In short, the Group's environmental policy is enabling it to achieve the following:

- To satisfy social demand and respond to social partners' increasing sensitivity towards the problem of the environment.
- To integrate the Group into the political, economic and social environment in which it works.
- Rewards, through clients' recognition, for the efforts made in terms of activities and investments to conserve the environment, which also implies an economic outlay for the Group.
- To establish environmental targets as one of the basic pillars of the functioning and efficiency of the Group's management system.

All of these achievements are commitments to action aimed at improving behaviour as regards the environment.

Another priority objective is risk prevention. For this reason, in all its activities, the Group implements the necessary measures for preventing any risks that might arise. In the case of risks that are considered to be inevitable, it insists that all the necessary prevention and protection measures be in place in order to ensure the safety and health of its employees.



Embanking of the River Gafol, Asturias



Pedredo Viaduct. Cantabria-La Meseta Dual Carriageway

- Organization and Systems

ORGANIZATION

The design and analysis of the organizational structure of the different units and the description and updating of posts in them, as a result of the company merger that took place during the year, required a great deal of work from this division, which also had to coordinate the issue, control and updating of circulars and operating procedures.

SYSTEMS

Today organizations find themselves in a changing environment. Technology, methods of work and the form of organization are tools which, apart from frequently changing in the short and medium term, contribute to the success of the company.

Amongst the keys to the success of the Sacyr Vallehermoso group are leadership, professionalism, quality, dedication and teamwork, apart from technological support which is the fundamental basis both for decision-making through efficient

planning and management tools and for the internal and external communication of corporate information about the Group and its products.

Several projects were completed in 2003:

- A balance sheet consolidation programme came on stream, which speeds up the process considerably: the SAP Systems Platform was definitively implemented at Vallehermoso, Testa and Valoriza Facilities;
- The work on providing the personnel administration department with an updated computer tool was completed;
- And, lastly, a computer management and planning system for works projects at Sacyr was designed/adapted to give Project Managers an appropriate tool to meet current demands for information.

Work is currently being done to design and implement instruments at a corporate level and by business divisions. For instance, SAP is being extended to the other companies. In addition, the corporate webpages and intranets which originally existed at the two companies are being integrated.

CREATION OF WWW.GRUPOSYV.COM

In the past few months, the organization has been working on the new corporate website, www.gruposyv.com.

This website, which is structured as an information and services portal, is directed at both investors and clients. It is also an efficient tool for marketing our products in real time: www.gruposyv.com has a complete search engine for housing for sale and updated information on available areas for lease.

Last year the project was completed inasmuch as the contents, structures, design and functioning



of the parts aimed at clients were defined and the site was adapted to the all the legal requirements set out in the Information Society Services Act 34/2002 of 11 July and, as regards information for investors, in Ministerial Order 3722/2003 of 26 December.

According to the way the page is conceived, there are three major information modules:

- The corporate module, mainly aimed at investors, provides information in English and Spanish, updated every day, on everything related to the company: a description of the Group, information on the Board of Directors, Corporate Governance, economic figures, press releases, stock market prices, significant events ... everything to enable the market and the people interested to form an true opinion of the Company. In this way, information is released transparently, immediately and simultaneously.
- The business divisions module. The contents here show the Group's different businesses, associated with their brand: Construction (Sacyr), Development (Vallehermoso), Property (Testa), Concessions (Itinere-ENA), Services (Valoriza). This information gives the user more details about the

scope of the group's businesses, where they are and who their clients are.

- The clients or interactive module has two main parts:

- a. **Product search:** a search engine for housing for sale and for lease. The information is about what is available is in real time, the product is described in detail and attempts are being made to make it even easier to use. The Group can give better information to potential clients as the website is fed by its integrated information system (SAP).
- b. **Area restricted to clients:** This information is tailored to each client who, after being identified by the system thanks to a password they receive, can monitor the work on their property, its status and how building is progressing throughout the whole period of execution. The Group can serve clients by describing to them precisely, accurately and in a personalized manner how their homes are progressing, with the plans and even all the facilities. In addition, in

preferential conditions, clients can access all types of services related to moving into the home and their home life: consultation forums with experts about decoration, gardening, DIY, besides free management of contracting of supplies for the home, changing banks for direct debit of all types of bills, ... For these purposes, Sacyr Vallehermoso has started a system of alliances with leading suppliers in order to offer a better service.

The website is the best way of discovering what our clients and investors want. Apart from being a valuable showcase for the Company, with a monthly average of 322,000 pages viewed every month (Source: Redsheriff TM) and 17,500 different visitors, the Group obtains essential information about what the user wants, thanks to its Web Contact Centre. This is a tool that makes it possible to manage the doubts and queries of clients and potential clients as regards housing. In 2003 over 9,500 on-line queries were answered.



• Human Resources

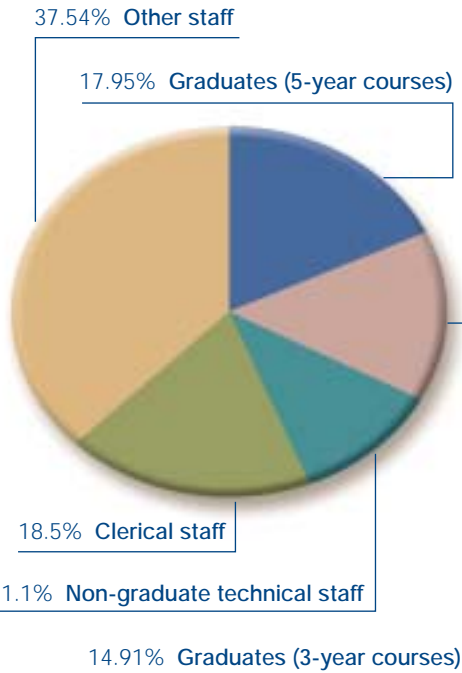
The tasks of the Human Resources Department are to train employees, place them correctly, ensure that staff are notified of payment policies, involve every employee in their own professional development, analyze their work, create an appropriate working climate, etc., all of this line with the interest in recent years as regards the management of human resources as a basic element for meeting natural business and profit targets.

In 2003, the Sacyr y Vallehermoso group had an average workforce of 8,042 employees, with a breakdown by professional category of:

AVERAGE WORKFORCE 2003

	BY CATEGORY
Graduates (5-year degree courses)	1,318
Graduates (3-year degree courses)	1,094
Non-graduate technical staff	815
Clerical staff	1,358
Other staff	2,756
TOTAL	7,341

THE GROUP'S WORKFORCE



SELECTION AND TRAINING

As part of the basic target of attracting the necessary talent, fitting each person joining the Company to her/his post in an optimum manner and promoting her/his training, activity was intense during the year, as is shown in the table below:

SELECTION AND TRAINING

Training	2003
Total number of courses	95
Number of training actions	67
Number of course hours	9,333
Number of participants	271
Average mark (1-4)	3.2
Selection	2003
Number of interviews held	2,083
Number of posts filled	86
Probation periods successfully completed	92.6%



Worth highlighting is the extensive in-depth training given to all SAP users, in order for the entire organization to become more familiar with this systems platform and take greater advantage of it.

Investment in human capital is very important as it will serve to enhance the distribution of the social product in much the same way as investment in other assets does.

MANAGEMENT AND DEVELOPMENT

As a result of the creation of this department in October 2003, the following main steps were taken:

the introduction of the evaluation of management by targets and managers' performance, the establishment of professional careers, the drawing-up of guidelines for the description of new jobs, the analysis of promotions and reinforcement of the procedures used to cover vacancies with the group's personnel.

The main objectives foreseen are to boost the personal and professional development of all employees and to introduce competitive remuneration policies, which guarantee equal conditions for all the employees in the group, by defining salary scales by type of post and studying salary upgrades.



Malaga A-45 Dual Carriageway. Aguilar de la Frontera-Lucena. Andalusia