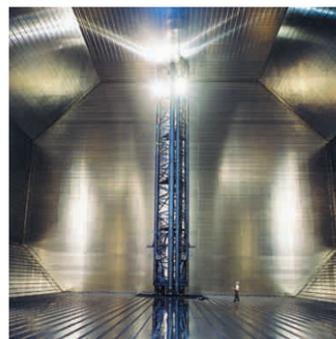




Loading tank for the *Íñigo Tapias* tanker



4 SOCIAL RESPONSIBILITY

- 4.1. Human Resources
- 4.2. Research and Technological Innovation
- 4.3. Quality
- 4.4. Environmental Strategy
- 4.5. The ACS Foundation



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The development of a more dynamic, economically competitive and fair society is a strategic objective of the ACS Group that has been present in all our activities since the company was founded. This principle has led to the application of certain policies and management systems in the economic field and other areas related to human resources, the environment and the Group's overall social commitment. They are delivered through the following clear objectives that ensure we fulfill our commitments:

- To contribute to a sustainable economic growth in the societies that we serve in an efficient and ethically responsible manner while continuously applying our values in the quest for excellence and respect for human rights.
- To improve social well-being through the creation of fairly compensated, respectable employment while abiding by internationally recognized rights and labor laws.
- To respect the surrounding environment and culture as an integral part of all our activities, by applying the measures and technology required.
- To communicate all our policies and activities in a rigorous, transparent way so that clear, consistent, reliable information is available to all the agents related to our Group.

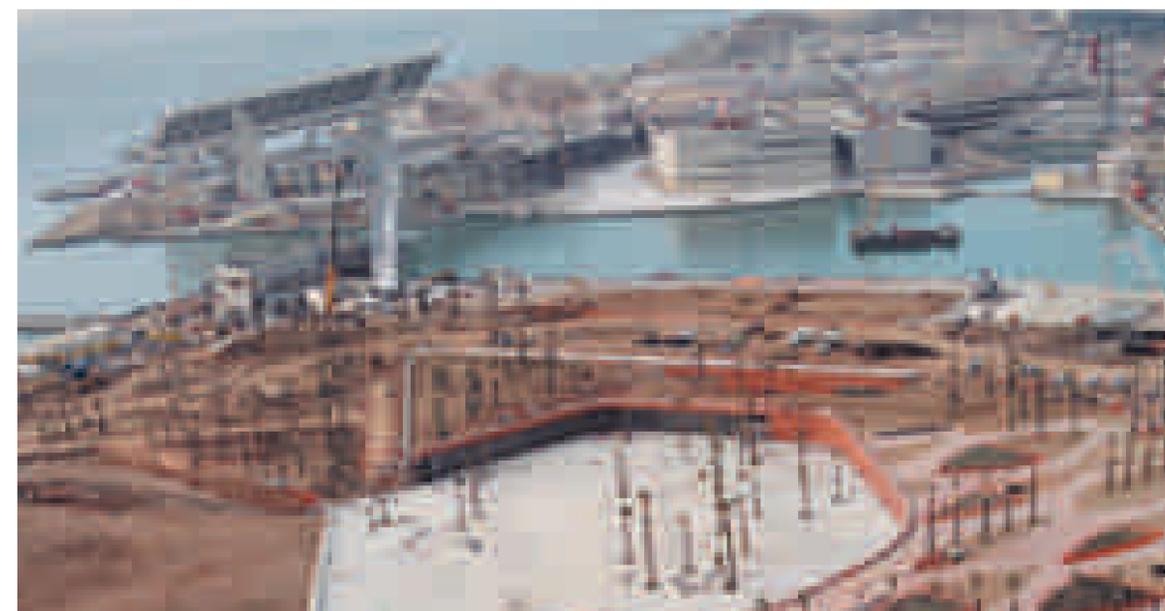
4.1. Human Resources

The ACS Group's leadership requires a top quality team of people with a high level of knowledge and specialization, capable of offering our clients the best service available while generating and managing business opportunities in a disciplined, efficient way. To accomplish these objectives, the Group constantly develops its human resources strategy with five basic principles on which our corporate culture is based:

- To employ, maintain and motivate talented people.
- To promote teamwork and quality control as tools to ensure excellence through work well done.
- To act quickly, with the capacity to make decisions, reducing bureaucracy to a minimum while promoting the assumption of responsibilities.
- To support and increase training and internships.
- To innovate with new ideas that allow for improved procedures, products and services.



112 Emergency Center, Pozuelo de Alarcón (Madrid)



Barcelona Forum

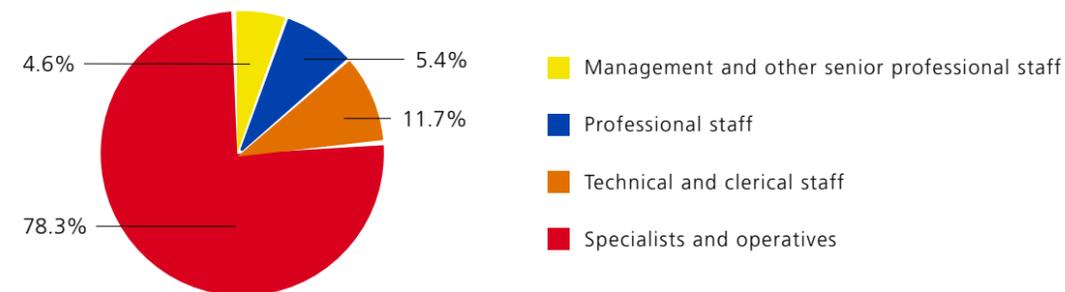
In this way, the ACS Group is particularly sensitive to innovation within human resources management, promoting the generation of opportunities for its personnel while detecting and encouraging individual talent in order to keep the best professionals.

Thanks to applying the appropriate policies to three essential areas, which are hiring new personnel, training and developing our workforce and preventing risks at the workplace, the ACS Group counts on a fine team of people who understand and are fully identified with the Group's strategic project.

4.1.1. Recruitment Policies

As a result of the merger of ACS, Actividades de Construcción y Servicios, S.A. with Grupo Dragados, S.A., the number of employees at the end of the financial year 2003 rose to 99,323, the average during the year being 97,903. Of the total, 10% are managers and university graduates, 11.7% are technical and clerical staff and the remaining 78.3% are specialists and operatives.

STAFF BY QUALIFICATION





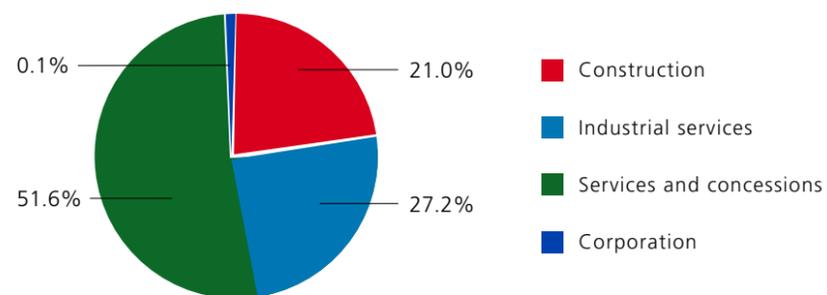
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In our organization we set out to create an environment in which our staff is encouraged to fully develop their capabilities and appreciate the resulting outcome as valuable and desirable. The employment of young technicians who see our company as a possible opportunity to develop their careers is no less important within our strategy.

To this end, the recruitment policy used by the companies of the ACS Group for many years now is the basis of a strict hiring process ensuring that we have the best professionals in each field. Furthermore, the Group has a scholarship program for students in the last years of their studies with the most important universities in Spain as well as scholarships channeled through other educational institutions such as the Fundación Universidad Empresa.

STAFF BY AREAS



4.1.2. Training Policies

Another major challenge for the ACS Group is to take advantage of the personal and professional diversity of its employees to improve their ability to respond to the growing needs of our clients. In this respect, it is our policy to continuously involve all Group employees in issues, such as the targets and culture of the company, while allowing them to develop their full potential as well as their professional qualifications.

To cater to this objective, we are committed to an ongoing global training program at the workplace, in the lecture hall or by correspondence. The Annual Training Program involved more than 350,000 tuition hours in courses and seminars in all the Group activities and particularly in areas related to the following:

- Training of our management staff.
- Technological specialization in management and production systems.
- Information about the products and services developed.
- Quality control and environmental policies.
- Safety at the workplace.

Training procedures undergo yearly internal and external audits that guarantee the highest standards and insure that the training programs are improved continuously.

4.1.3. Prevention Policy

The effort made by the ACS Group in reaching the highest levels of health and safety at work for its employees has become clear through the notable improvement of safety conditions in the work centers of the different activities. Our prevention policy serves as a reference for this and is based on the following principles:

- Compliance with current legislation regarding the prevention of occupational hazards as well as other voluntary measures that we take.
- The integration of preventive actions in the Group's activities as a whole, working from all levels based on an adequate planning and its application.
- Taking on all necessary measures to guarantee the protection and well-being of our employees.
- Development of our employees' potential through adequate training and information on preventative measures, promoting initiative and participation in order to improve the system continuously.
- Ensure the adequate control of our employees' health and the quality of its supervision.
- The qualifications of our personnel and the application of technological innovations.

In addition to putting into practice the most adequate preventive management systems for each line of business, the Group organizes activities and specific campaigns within each area with the objective of reducing the number and seriousness of accidents. We are, therefore, constantly working towards optimizing work conditions and decreasing the accident reference indexes with respect to the average for the industry.



Wholesale market, Valencia



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4.2. Research and Technological Innovation

An intense and continuous effort in innovation is required in order to maintain the leadership in the markets in which the ACS Group operates. To this end, the Group has made major investments in research and development over a number of years, mainly directed towards creating new applications based on the extensive knowledge of the markets in which the Group is present.

As a result of this policy, the ACS Group is in a position to offer its clients the most advanced products and services based on applying the latest technologies to its production processes and supporting them with highly qualified personnel.

4.2.1. Construction

The Group's innovative activities in the Construction area, and in particular research and technological development, are mainly concerned with work areas related to structural behavior, the durability and safety of constructions, new construction materials, building and project design processes and the development of software applications, environmental management and the quality of life, the application of emerging technologies and the development and management of transportation systems.

In 2003 the Group worked on over 35 projects in the construction field, investing more than 10 million euros. These projects are directly related to the development of new building techniques and work methods to improve efficiency and quality. The following projects stand out among them:

- Early and intelligent analysis of conflictive situations in railway tunnels.
- Applications for reusing the outflows of municipal wastewater treatment plants.
- Reuse of concrete debris for construction.
- Automation of auscultation devices used in dams.
- Development of a computer system for maintaining tunnels.
- Design and development of new vertical wharves built with large caissons.
- Evaluation of information technologies.

- Tools for data analysis and technical management of tunnels.
- Structural mathematical modeling calculations for civil engineering.
- New "laser-scanner" technologies for the integral execution of works.
- New caissons with perforated cells for marine projects.
- New structural assessment methods for buildings and bridges of stone and brick masonry.
- Recovering contaminated soil.
- Work safety at the construction site.
- Management system for controlling civil engineering and building construction.
- Techniques for soil stabilization and reinforcement.
- Use of compounded materials in structures.
- Use of polyester as a building material.
- Light prefabricated beams for road and railroad bridge decks.

With regard to activities involving technological innovation aimed towards obtaining new products and production processes and the technological improvement of existing products, the following projects developed during 2003 are noteworthy:

- Construction of underpasses using dome type structures.
- Industrialized forms for retaining walls.
- Stone fill levelling for the harbour floor.
- Modular exterior wall panels.
- Instrumentation for breakwaters.
- Improving the design of block yards.
- Planning for automatic toll systems.
- Incrementally launched bridges.
- Three-dimensional refinery system.
- Incremental launching system for building viaducts.
- Floors with flexible surface.



Carme Hospital, Badalona (Barcelona)



Tunnel under the Villaviciosa Estuary (Asturias)



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In 2003 the ACS Group also participated in the most important national and international research forums, of which the following must be mentioned:

- The Technical Commission of SEOPAN, the National Association of Spanish Construction Companies, where the company actively participated in the analysis of the Technical Building Construction Code and on the AIPCR Bridge Committee.
- AENOR's standardization committees and the work groups that develop the Eurocode-2 European standards.
- ENCORD, the European Association of Contractors for Research.
- The COTEC Foundation for Innovation on whose work committees some of the Group's technical staff participate.
- The Association of Civil Engineers in whose conferences, courses and seminars ACS personnel traditionally collaborates.
- Various European forums that deal with advanced technological issues and on which technicians from our company have been invited to collaborate. In this context forums that stand out are: GEOTECHNET, FUTURE HOME, DIFI and E-COR.
- The Permanent Concrete Committee and the technical committees of prestigious organizations like the Scientific-Technical Association of Structural Concrete and the International Association for Bridge and Structural Engineering.

4.2.2. Industrial Services

The work carried out in Industrial Services during 2003 was focused on three main axes:

- Consolidation of the Group in its main lines of business (energy, telecommunications, systems and industrial) through the development of new products and services for our clients.
- Active participation in technological development projects of the European Union.
- Performance of projects sponsored by the Ministry of Science and Technology within the Program for Promoting Technical Research (PROFIT).



Maintenance of industrial facilities

Development of new products and services

Among the main research and development activities within Industrial Services, the following should be mentioned:

- Study, characterization and analysis of the RFID technology for identifying cable installations in industrial plants.
- Development of a self-adjusting city traffic control system.
- Design and implementation of a new tunnel access and control system with the specifications for shadow toll systems and that complement the free-flow toll system whereby vehicles can be charged without needing to slow down.
- Development of a control and monitor system for hydric resources.
- Design and installation of the overhead power cable for high speed trains that can operate at speeds above 350 km/h.
- Development of the S3e electronic interlocking and of new electronic protection systems for railroad crossings.
- In the telecommunications field, the Antennea project stands out. It is an intelligent antenna system for UMTS mobile telephone networks that achieve a considerable saving on energy.

Participation in European Projects

A fundamental part of the Research and Development activities in the Industrial Services Area, involves the Research and Development Framework Programs within the European Union, where the Group occupies a relevant position in project management. This has meant that the ACS Group leads more projects than many universities or other research centers in Spain.

Of all the programs developed during 2003, there are various that stand out for their technical characteristics: the OSSA program due to its ability to simulate traffic situations, the OMNI program that permits inter-operation between traffic control applications and infrastructures and the WH@M program which provides the forecast, in real time, of traffic and transport information and personalized services to mobile phone users.

We also continued to work on projects of the 5th Framework Program such as:

- EMIRES for the creation of a web portal that works as a unique access point to regional information about public transport and mobility in general.
- SIRTAKI that is developing an expert system for managing safety in highway and railroad tunnels in real time.
- eEPOCH that facilitates the inter-operation of identification, authentication and digital signature systems.
- e-parking for reserving parking spaces in car parks using Bluetooth technology.
- ADA to create a technological platform for the integration of environmental sensors using Bluetooth and JINI standards.

PROFIT Projects

The projects financed under the PROFIT Program have permitted the development of new products that have reinforced the Group's leadership position in our traditional business and allowed us to diversify our activities to other new fields.

The PROFIT initiative in 2003 has made it possible to develop a number of projects of which the following stand out:

- ADAC, a data control and performance system supported by highway devices.
- SGPRL, software application focused on managing accident prevention at the workplace.
- PrefTran, software that brought a traffic light preference system into operation for the trolley in Barcelona.
- MIDI, a system to measure stray current in traffic regulators.



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4.2.3. Services and Concessions

The Services area continues to promote research, development and innovation activities, the projects dedicated to the environment and the management of inter-modal freight shipment being noteworthy. The projects carried out in 2003, include:

- Research on the optimum usage of the biogas derived from the anaerobic fermentation of the organic segment of urban solid waste (USW) in both energy cells and as fuel for public buses and the vehicles used to collect USW.
- Study on automating the recovery of used packaging and containers from USW.
- Study of the best technologies available for gasifying elements rejected from USW treatment plants and transforming them into electricity. Basically, this project seeks to reach what is called "zero residue".
- In-house design of tunnels and bio-filters for USW compost plants.
- Innovations in equipment for pneumatic waste collection systems.
- Projects to improve industrial waste treatment processes.
- Research of new formulas to convert used oils into bases and the design of new equipment for regenerating other oils.
- New systems for micro grafting the American walnut tree.
- Design of equipment for optimizing the management and transport of merchandise.
- Design and real tests on communications in the Madrid subway and equipment for optimizing the management and shipment of freight.

The following are noteworthy projects in which we participated in collaboration with universities and research centers:

- Cooperation with the Gaiker Technological Center on the VERC project (Virtual European Recycling Center), the purpose of which is to define and develop a European virtual center for recycling building and demolition residue.
- Joint participation with the Center for Energy and Environmental Research (CIEMAT) in the project for the use of biogas as fuel in liquid carbonate cells.
- Active participation in the definition and development of criteria for drawing up new National Plan for I+D+i 2004-2007 in the area of technology for the environment and natural resources.
- Cooperation with the University of Valladolid in the study of new technologies for eliminating pollutants in biomethanization process and in the design and start-up of equipment for USW treatment plants (tunnels and bio-filters).
- Cooperation with CSIC, the Board of Scientific Investigation, for characterizing high quality compost from the organic fraction of USW.



Expansion of the wastewater treatment Plant, Valencia

4.3. Quality

The progress of society signifies a constant transformation of our general conditions of life and, in particular, those of the business world. As a result, the increasing complexity in which production processes are developed requires that work methods to be adjusted continuously.

The ACS Group is the only Spanish construction and services group that belongs to the European Foundation for Quality Management (EFQM). This membership is a result of our quest for excellence and aim to be competitive within the European Union.

The contributions of our companies make them face challenges of great responsibility and high levels of quality requiring the best professionals and technicians available. To manage this reality and satisfy our customers' expectations, the ACS Group considers the following principals as basic to developing our business:

- To maintain in-depth client relationships in order to understand their needs more fully.
- To promote the development of professional potential within the organization.
- To stimulate innovation.
- To work with other companies that wholly identify with our objectives.
- To attend to any incident quickly and efficiently.

Quality Management System

Given the decentralized structure of the Group, each business unit has its own internal quality management system that is adjusted to the general policy on corporative quality control. These quality management systems are the basic tools that ensure that what we deliver complies with the corresponding contract specifications, legal requirements, standards and any other additional criteria determined by the organization with the purpose of achieving maximum client satisfaction.

Each system is based on adequately identifying and managing the relevant processes from a quality control perspective. The activities carried out by each company of the Group are organized with the objective of reaching the targets set.

The quality control management systems of the ACS Group are based on the UNE-EN ISO 9001:2000 standards that mainly focus on the creation of value in the activities carried out and to improve our performance. To meet this requirement, procedures have been established to follow up on client satisfaction and to establish goals and actions taken with the objective of fulfilling the commitments made.

The management team of each company within the Group is fully implicated in continuous improvement through the Quality Committee that revises the system periodically to evaluate its efficiency and its compliance with the general policies of the Group.



Negratin-Almazora connection, Almería



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4.4. Environmental Strategy

The Nature and the Environment are a shared wealth that should be respected and safeguarded from the harmful influences of mankind. This principle forms an integral part of all the actions carried out by the ACS Group. To ensure that it is adhered to, the following environmental policies have been established and are known, shared and put into practice by all the companies of the Group:

- Commitment to improve and prevent pollution, continuously establishing new procedures and measures to improve our behavior with respect to the environment.
- To use and exploit raw material and natural resources rationally and to optimize these processes.
- To reduce the amount of waste produced by our activities and to handle what is produced correctly and in a way that is environmentally respectful.
- To minimize environmental degradation by carefully choosing and managing our building procedures and cooperating with Public Administrations as well as with our clients.
- To incorporate an environmentally friendly culture in our training programs.
- To propose technical improvements that will reduce the negative impacts on the environment caused by our activities.
- To involve our suppliers in our environment programs.
- To comply with the environmental legislation and any regulation that may affect our Group, as well as those criteria that the organization subscribes to freely.

4.4.1. Environmental Management System

The Environment Control System used by the companies of the Group is consistent with the requirements laid out in the UNE-EN ISO 14001 specifications that call for the development of an Environmental Plan for each work center, whether offices or jobsites.

Each year environmental objectives and targets are established for the Group in general, taking into consideration global environmental issues, new legal requirements, the annual revision of our system and the Group's environmental policy.



Remodelling the Francoli River bed, Tarragona

These objectives and targets are developed under an Environmental Control Program that can be applied at all of our work centers.

4.4.2. Involving our Suppliers

Suppliers represent an important group in the development of our activities. It is, therefore, essential that they actively support ACS Group's commitment to the environment.

To ensure that we reach this aim, we have included an environment criterion in the evaluation and selection of our suppliers. There is also a specific clause in our standard contract detailing the supplier's obligations regarding environmental issues. Furthermore, these obligations are specified in the Supplier Requirements where issues such as waste control, warehousing conditions for dangerous products and the handling of permits and authorizations are dealt with.

Finally, in the process of evaluating contracts when the work has been completed, the performance of the supplier regarding the environment is determined by taking the following criteria into consideration:

- Fulfillment of the environmental practices established by the Group.
- Fulfillment of the environmental requirements set out in the contract.
- Absence of problems regarding required permits and authorizations that are the supplier's responsibility.
- No record of non-conformities regarding the environment as a result of the suppliers' actions.

4.4.3. Waste Management

We have continued to adequately manage the different types of waste generated at the work centers by adequately separating, storing and transferring it to duly authorized waste management enterprises.

The actions taken regarding these issues have centered on decreasing the amount of waste generated and using treatment methods that are more respectful of the environment. Following a hierarchical principle, we prioritize reusing and recycling against the traditional method of elimination through landfills.

This policy has been relevant in the case of inert waste, especially from construction and demolition work. Procedures for separating contents of value have been intensified in order to produce "clean rubble" that can be sent to treatment plants for recycling. Elimination through landfills is only used in those cases where there is no suitable treatment and recycling infrastructure in the vicinity of the jobsite.

4.4.4. Environment Indicators

The evaluation of environmental behavior is an internal control process which is applied through a series of indicators and offers information that allows us to compare the evolution of the behavior of the company with respect to the criteria established.

These indicators summarize extensive environmental data into a limited amount of key information that offers a quick evaluation of the main processes and areas of improvement in the environmental behavior of the Group companies. In this way, we can make the necessary adjustments to improve our system.

The environmental indicators that will be used by the companies of the ACS Group were recently defined and put into use, collecting all necessary data for calculation and standardization. The implementation will be applied on four organizational levels: Group, company, branch office and work center. These indicators provide valuable information that will serve as a basis for revising the system and for the annual review of our environmental goals.



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4.5. The ACS Foundation

The ACS Group's social activities are mainly carried out through our Foundation that is dedicated to the promotion and development of:

- a) All types of cultural and artistic activities, in the widest sense.
- b) Programs related to science, training, education, research and the sharing of technology.
- c) The conservation and restoration of Spain's artistic and historical heritage, collaborating on measures to enhance the public's awareness of it.
- d) Activities related to the defense and protection of the environment.

4.5.1. Cooperation with Universities

In 2003, the ACS Foundation continued to maintain its firm commitment to education through the promotion and recognition of the best university projects in architecture and engineering. In this sense, we awarded the following prizes to the best final projects:

- School of Civil Engineering, Barcelona.
- School of Civil Engineering, Castilla-La Mancha.
- School of Civil Engineering, La Coruña.
- School of Civil Engineering, Madrid.
- School of Civil Engineering, Cantabria.
- School of Civil Engineering, Valencia.
- School of Architecture, Barcelona.
- School of Architecture, Seville.
- "Tourism and Sustainable Development", Antonio de Nebrija University, Madrid.



Muntanyeta Park, Barcelona

4.5.2. Social Development

As part of our social awareness campaign to eliminate physical and architectural barriers to the disabled community, we carried out the following activities in 2003:

- Awards for the best municipal solutions for eliminating physical and architectural barriers for the disabled were given to the city councils of La Coruña, Terrassa and Almazán.
- Sponsorship of CERMI, the Spanish Committee of Representatives of the Disabled, for the State Plan of Accessibility establishing the requirements of disabled people concerning accessibility and measures that should be taken by the Government.
- The publication and distribution of the book "Eliminating physical and architectural barriers in cities, a social challenge for the 21st century", edited by the Association of European Journalists in the framework of the European Year of People with Disabilities.
- Sponsorship of training programs regarding accessibility in the physical environment, avoiding architectural barriers in cities and on means of transportation, and safety at the workplace for disabled employees through the agreement signed with the Royal Association for the Disabled.
- Sponsorship of various programs organized for the participation of the handicapped in sports activities.

4.5.3. Cultural Promotion

Various actions were taken in 2003 in order to promote Spain's artistic and historic heritage such as publishing the booklets on the project to convert the old El Aguila Brewery into the Regional Library and Archives of the Madrid Community and on the Collegiate-Church of Torrijos (Toledo).

With these publications, the ACS Foundation's collection on rehabilitation projects now has 22 monographic volumes.

We have also continued to promote cultural seminars of which the following stand out:

- "Industrial Heritage and Journal of the Workplace: Recovery and Future", offered at the Summer Course at El Escorial through the General Foundation of the Universidad Complutense of Madrid.
- "Public and Private Initiatives to Promote Appreciation for Spain's Cultural Heritage", held in Aranjuez in association with the Rey Juan Carlos University Foundation.
- "Restoration of our Industrial Architecture Heritage. Transformation instead of restoration", held at the Menéndez Pelayo International University of Santander.

We should also point out the sponsorship of artistic and cultural activities such as:

- Work on phases 8, 9 and 10 of the Episcopal Palace in Murcia that will complete the restoration of this building.
- Opera recital at Royal Theatre of Madrid on the occasion of which the Foundation's book "Environmental Management, an experience through Grupo Dragados" was presented.
- Concert of the Orfeón Donostiarra Choir at the National Auditorium of Music in Madrid as part of the XXX Cycle of Great Authors and Interpreters of Music offered by the Autonomous University of Madrid.
- Cap Roig Garden Festival in the Botanical Gardens of Caixa Girona en Calella de Palafrugell in July and August.
- Exhibition on the works of the architect Teodoro Anasagasti organized by the Ministry of Civil Works.
- Exhibition "Hand in Hand" by the National Society of Cultural Commemorations to mark the 25th Anniversary of Spain's Constitution.
- Symphonic Orchestra of Galicia.



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In addition, in 2003 the ACS Group signed sponsorship agreements with other organizations that meet the foundation's social objectives, such as the Spanish Association of Foundations, the Asociación Impulso Solidario, Cáritas, the National Museum Center of Art Reina Sofía, Friends of the Prado Museum Foundation, Betesda Foundation, Carolina Foundation, FCOTEC Foundation, Fundación Empresa y Crecimiento, Sociological Studies Foundation – FUNDES, Príncipe de Asturias Foundation, Hispania Nostra, The Royal Theatre Foundation, The Complutense University of Madrid, Autonomous University of Madrid Foundation, Rey Juan Carlos University Foundation, Antonio de Nebrija University in Madrid, San Pablo – CEU University Foundation, and the School of Civil Engineering in Madrid.

4.5.4. Environment promotion

During 2003, the Foundation's activities regarding the environment were:

- Publishing of the book "Environmental Management, an experience through Grupo Dragados" under the direction of Dr. José María Baldasano, Head of Environmental Engineering at the Polytechnical University of Catalonia in Barcelona.
- Sponsorship of the seminar "Management of Solid Waste" at the School of the Environment and Technology, Complutense University of Madrid.
- Sponsorship of the conference "Treatment and Management of Waste Water", with the School of the Environment and Technology, Complutense University of Madrid.
- Sponsorship of the summer course "A Company's Social Responsibility for Sustainable Development", organized by the San Pablo – CEU University Foundation in Burgo de Osma, Soria.
- Sponsorship of the "Guide to Good Environmental Practices", with the San Pablo – CEU University Foundation.
- "1st Award of Tourism and Sustainable Development" for research work carried out on this subject matter, in collaboration with the Antonio de Nebrija University.

