6. QUALITY AND MANAGEMENT OF EXCELLENCE

6.1. STRATEGY

Quality is a determining factor for the ACS Group, as its high level of technical sophistication is a factor which sets it apart from its competitors in the infrastructure and services industry.

The Quality Department in the Group's different companies is the entity responsible for implementing their own Quality Management Systems. Companies representing 94.4% of ACS Group

sales[12] presented some form of quality management system in 2015. In this period and as a consequence of these systems, the ACS Group invested a total of €4.6 million in promoting quality.

These quality systems are audited regularly in order to certify Group activities, mainly according to the ISO 9001 standard, held by companies representing 62.9% of the Group's sales.

PRODUCTION CERTIFIED UNDER ISO 9001

	2013	2014	2015
Construction	65.6%	59.8%	50.9%
Industrial Services	93.5%	94.6%	94.7%
Environment	81.7%	85.0%	89.2%
ACS Group	**71.8%**	**68.2%**	**62.9%**

* 2013 which are not comparable due to organisational restructuring processes of the ACS Group.

12 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by level of turnover. The data are expressed in terms of percentage of total Group sales in 2015.

6.2. MANAGEMENT PRINCIPLES

Each company in the group adapts its needs to the specific characteristics of its type of production, but a series of common lines of action have been identified within their Quality Management Systems:

- **Objectives** are set periodically as regards quality and their fulfilment is assessed.

- **Initiatives and actions** are carried out aimed at improving the quality of the services provided.

- Specific actions are carried out in **collaboration with suppliers and subcontractors** to improve quality.

The quality management for the ACS Group's various companies sets general quality objectives for the following financial year. In 2015, companies representing 94.4% of ACS Group sales defined formal objectives in this respect.

According to its characteristics, each project or work adopts the general objectives applicable to it, which generally focus on obtaining, renewing or expanding quality certifications, especially when a Group company develops a new technique or expands its activity into a new geographical area.

At the same time, another common aspiration is to minimise incidents through quantifiable improvement activities, as well as to obtain information relating to clients.

The most important objectives reported by the ACS Group's companies can be summarised in the following overall framework:

- Obtaining and expanding the scope of certifications.

- Implementing tools to improve quality.

- Improving specific performance indicators.

- Improving the training of supervisors, operators and works managers.

- Increasing client satisfaction indices, reducing complaints due to problems in execution.

- Meeting delivery schedules globally and with maximum quality.

- Increasing the number and capacity of internal quality auditors.

The concern with quality in all the group's companies reflects not only the effort to achieve the objectives set, but also the specific actions by the companies. A significant percentage of the Group's companies carry out quality improvement actions. According to the reported data, companies representing 95.3% of ACS Group sales carried out at least one initiative of this type in 2015.

6. QUALITY AND MANAGEMENT OF EXCELLENCE

6.3. MAIN INDICATORS

MAIN MANAGEMENT INDICATORS - QUALITY

	2013	2014	2015	Objective for 2016
Percentage of sales from activities certified under the ISO 9001 standard (%)	71.8%	68.2%	62.9%	> 2015
Number of Quality audits per million euros of turnover	0.037	0.046	0.047	> 2015
Intensity of investment in measures to promote and improve Quality (€ investment per € million of turnover)	123	162	137	> 2015

* 2013 data which are not comparable due to organisational restructuring processes of the ACS Group.

6.4. RISKS

Control of the implementation of quality standards in a decentralised company like ACS, with thousands of work centres / works / projects worldwide, is a key task which seeks to reduce the risks to its reputation and operational risks of faults in quality terms.

To achieve this, periodic inspections are carried out to check compliance with quality standards, as shown by the fact that companies representing 96.9% of ACS Group sales carry out regular inspections to check quality. A total of 1,586 quality audits were carried out in 2015.

To a great extent, ACS Group companies carry out a large part of their activities by means of the use of services from suppliers and subcontractors, who collaborate to a significant degree in project execution. In order to guarantee an appropriate level of quality in the provision of services from suppliers and contractors, companies representing 96.9% of ACS Group sales include clauses in contracts demanding a guarantee of a minimum level of quality, which generally depends on the supplier or subcontractor having certification to ISO 9001, among other measures.

Furthermore, as will be seen later in the section on suppliers, the purchasing and supplier contracting departments, together with quality departments, carry out official approval processes and monitoring and audits of performance in terms of supplier quality once the works or contracts for service provision are complete. By this means, corrective measures can be proposed if areas for improvement are detected, and the Group may even stop working with the supplier or contractor in future projects.

ACS SCE:
ISO 9001 CERTIFICATION

In October 2015, the ISO 9001 Quality Certifica¬tion was officially awarded to ACS, Servicios Comunicaciones by the Managing Director of AENOR. As ACS is a holding company made up of companies which operate in a wide range of ¬fields, the fact that the parent company of the Industrial Services area has obtained this certificate is a crucial step forward so as to apply a Quality Management System and so share areas for improvement and good practices performed worldwide. The System is easily deployed in all the companies, as it is integrated in such a way that it coexists with 100% of the Quality Management Systems already established by them.