



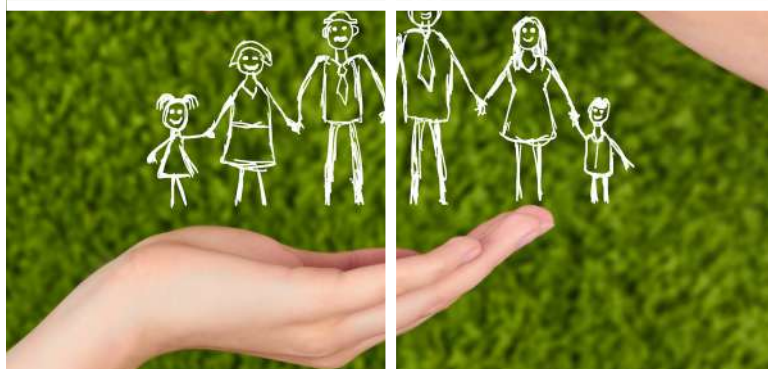
GRUPO
EULEN



EXECUTIVE SUMMARY

CORPORATE SOCIAL
RESPONSIBILITY REPORT

2016



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A Message from the President



“Our strategy and commitments would be lacking in any real value for EULEN and our stakeholders if we failed to continue on the unquestionable path towards sustainability”.

It gives me great pleasure to present you with Grupo EULEN’s Corporate Social Responsibility Report for 2016. Once again this year, we are approaching the report with responsibility, transparency and an enthusiasm for sharing our achievements with you. We will also include the areas that require improvement, as we know that we only deserve your respect and trust if we are honest, credible and sincere.

It has been a truly important year for the company, now fully governed by the family’s second generation. The third generation is also now a firm addition to the business and is following the family rule of “progressing through the ranks”. In other words, we like putting our idea of the best way to gain knowledge about the company into practice by working in all positions within the company, from the most basic positions to senior management roles.

This year has also marked the launch of our 2016-2021 Strategic Plan, which is the outcome of a painstaking internal process of analysis and reflection. After undergoing and overcoming

the long period of crisis in Spain in recent years, which EULEN handled reasonably well thanks to our strength, diversification of services and international growth, we are now looking towards the next five years with enthusiasm.

We have several goals for the period, all of which are important for our future and which could be encapsulated in the following targets: a true standardization of our production and support processes; the digital transformation of our businesses; and a strengthening of EULEN’s values and management style. This way, we will ensure we truly stand out from the competition with our offering while also meeting our financial sales- and margin-related goals.

In line with the rule we have traditionally set throughout our company history, and which has helped us keep our accounts permanently balanced, we aim to tackle our goals mainly through organic growth, taking advantage of the synergies provided by our extensive service and solutions portfolio—possibly the only of its kind in the market—and the excellent relationship

we have with our clients. We are therefore aiming for sound growth from within, based on our knowledge of our clients' needs, the options for improving and increasing efficiency in our operations, and our ability to analyze said operations with a creative vision, striving to go beyond conventional thinking.

If we look back at EULEN's history, creativity and innovation have been constant elements in our journey. In fact, I believe I can proudly say that we have always been one step ahead in the services field, whether by providing intense professional training to our cleaners, engineers, security guards and other staff members in the 1960s—something unusual for the time—or by launching new and less common lines of business, such as environmental and radiation protection, highly specialized electro-medical services or integrated solutions as part of a security convergence approach.

We continue to take the same approach today. By keeping our minds active, working in partnership with specialists in all our areas of work and remaining abreast of the needs of our current and potential clients, our Research, Development and Innovation Department develops several new projects and services every year. And the excitement of designing new services can only be compared with the motivation that comes from seeing them become a reality.

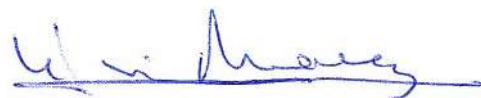
Far from being satisfied with internal growth, however, our aim is to complement this progress by acquiring other companies that add value in a truly attractive way, and we have set aside a significant amount of funding for this purpose. We aim to give special consideration to companies that provide a technological vision for our business, while also focusing on international operations, so we can increase our presence in countries such as the United States, Chile and Peru. In fact, our goal is to go from the €388m in sales registered outside Spain in 2016 to €740m by 2021, in an increase of approximately 91%. With a development of this kind, the International Division, which currently represents 25.5% of the group's sales, would come to represent 32.9%, or a third of the total.

Our strategy and commitments would be lacking in true value for EULEN and our stakeholders if we failed to continue on the unquestionable path towards sustainability. We will continue to travel in this direction, mindful of the business world's role in achieving the ambitious and necessary Sustainable Development Goals, which are part of the UN's 2030 Agenda for Sustainable Development. We will therefore strive to ensure our contribution to fulfilling these goals is significant.

We will mainly be contributing by reducing our water and energy consumption, which will, in turn, reduce our carbon footprint every year; supporting or fully undertaking initiatives to help children and supporting the occupational integration of vulnerable individuals; providing training for social groups that have not had the opportunity to receive this kind of support before; signing collaboration agreements with Governments to help them meet their own development and inclusion goals; and supporting local and minority sport.

We hope you feel EULEN is part of and concerned about society, because that is what we are trying to achieve in our daily endeavor, as we grow and instigate growth in rights, freedom and wellbeing.

Warmest regards,



María José Álvarez Mezquíriz
Executive President

OUR principles

EULEN Group is guided by a series of values deriving from its mission and vision, which are applied throughout the Company and which must steer the company's actions as it undertakes its work. These principles include respect for human rights and current employment and environmental regulations, and a proactive attitude towards dialogue and transparency in relationships with all stakeholders.

EULEN Group has been a member of the UN Global Compact since 2002. Every year for the past 15 years, the company has confirmed its commitment to the 10 universal principles for behavior and action with regards to Human Rights and Business, employment regulations, the environment and fighting corruption.



Mission	Vision	Values
<p>To provide the general services demanded by society, based on value creation, an ethical and social commitment and respect for the environment.</p>	<p>To provide general, high quality services that contribute to improving people's development and wellbeing.</p>	<ul style="list-style-type: none">• Corporate Social Responsibility• Financial results• Respect for the environment• Worker development• A sense of belonging





OUR CONTRIBUTION to the Sustainable Development Goals

Following the United Nations (UN) Millennium Development Goals (MDGs), 17 Sustainable Development Goals (SDGs) were published in 2016 as part of Agenda 2030, preferably aimed at Governments and companies.

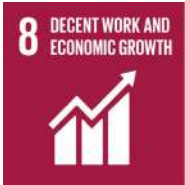

In line with Grupo EULEN's sustainability strategy, the company will highlight its contribution to meeting the following 10 SDGs:

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION
5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE AND JUSTICE STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS 			




SOCIAL DIMENSION

INDICATOR	2016	SDG
EULEN Group employees	86,206	
Compliance with Collective Bargaining Agreements	100%	
Employees with disabilities (Spain)	3.01%	
Nº of employees at risk of social exclusion	138	
Women in management positions	29.7%	
Staff members who are women	53.3%	
Hours of training	611,836	
Hours of training per employee	7.1	
Absenteeism rate (Spain)	0.6%	
EULEN's involvement in developing local communities in all the countries where the company has operations	14	

FINANCIAL DIMENSION

INDICATOR	2016	SDG
Sales (Thousands of €)	1,517,932	
EBITDA (Thousands of €)	38,374	
Total EULEN contribution (Thousands of €) - Tax: 224,665 - Social Security: 264,119	488,784	
Environmental expenditure and expenses (€ - Spain)	1,569,816	
R&D&I initiatives	13	

ENVIRONMENTAL DIMENSION

INDICATOR (Spain)	2016	SDG
Water consumption (m ³)	12,931 (+1.9%)	
Energy use (GJ)	163,002 (-1.1%)	
Total carbon footprint (TCO _{2eq})	13,132 (-1.5%)	

EULEN GROUP worldwide

EULEN Group has direct operations in 14 countries in Europe, the Americas and Asia, with a permanent structure and economic activity in every one.

In light of the need to respond to multinationals in an increasingly wider range of areas, EULEN and German multinational **Dussmann** set up **ideaFM GmbH** in 2015, each with a 50% share. The aim of this venture was to extend our geographical coverage to the rest of Europe and the Far East.

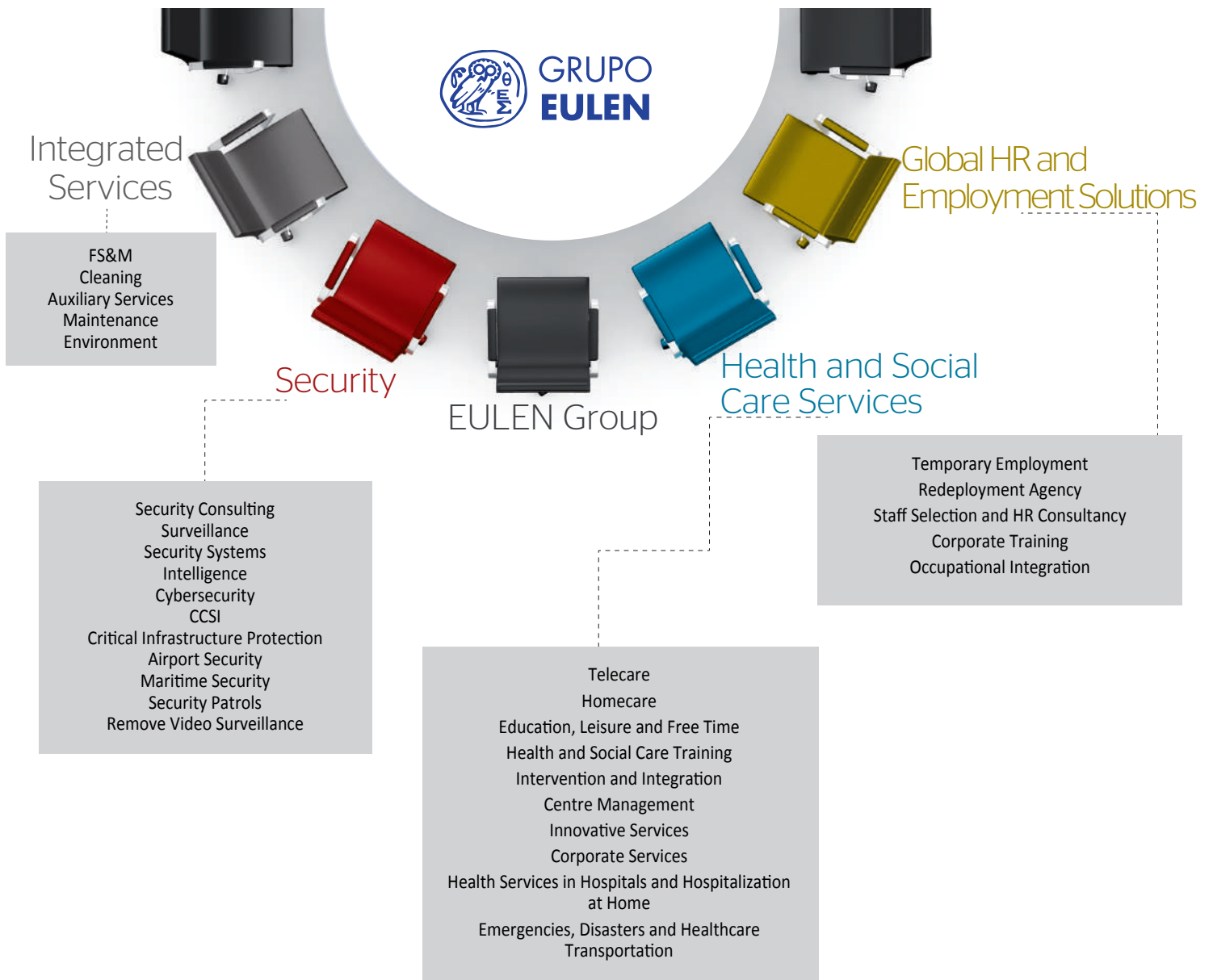
Collaboration agreements have also been signed with other reliable companies in countries not directly covered by ideaFM.



Grupo EULEN's global presence (whether direct or partner-based):



BUSINESS model



STRATEGY



In June 2016, the Group presented its 2017-2021 Strategic Plan as part of the Annual Management Convention. The company aims to increase sales by 50% to €2.25 billion and double profits to more than €32m.

The main figures and goals for the 2017-2021 Strategic Plan are:

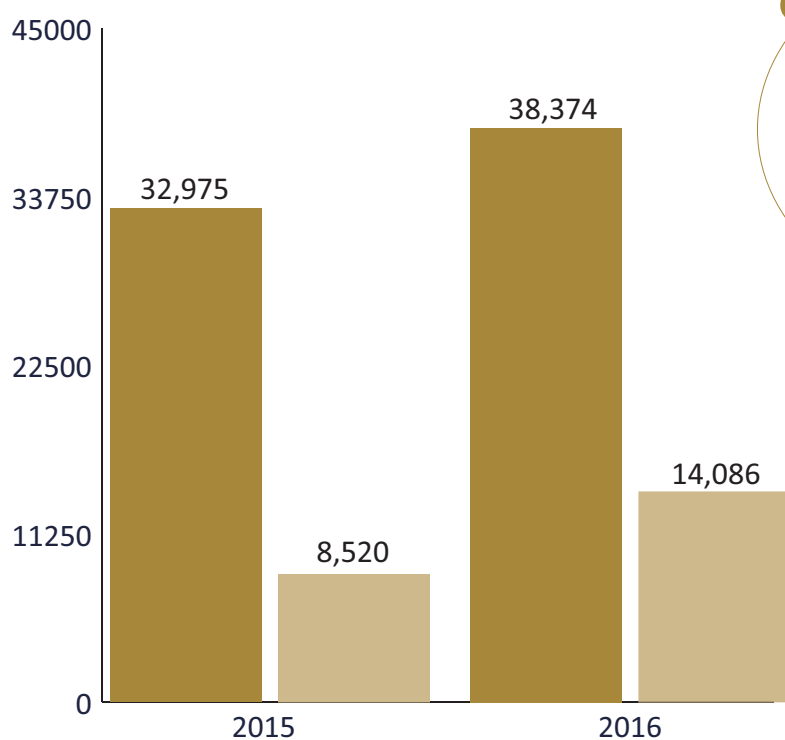
SALES	PROFITS
€2.25bn (+50%)	€32m (+100%)
TURNOVER FROM OUTSIDE SPAIN	ACQUISITIONS
€750m (+100%)	€80m

SUSTAINABLE economic growth

In 2016, EULEN Group increased sales, improved productivity and profitability and reduced its debt. The company also continued to grow and consolidate its position in different countries, such as Portugal, UAE and Qatar.

MAIN MILESTONES

- 3.6% increase in sales and 65.3% rise in net profit.
- 2.6% fall in the financial debt to EBITDA ratio compared to 2015.
- 2.4% increase in revenue per employee

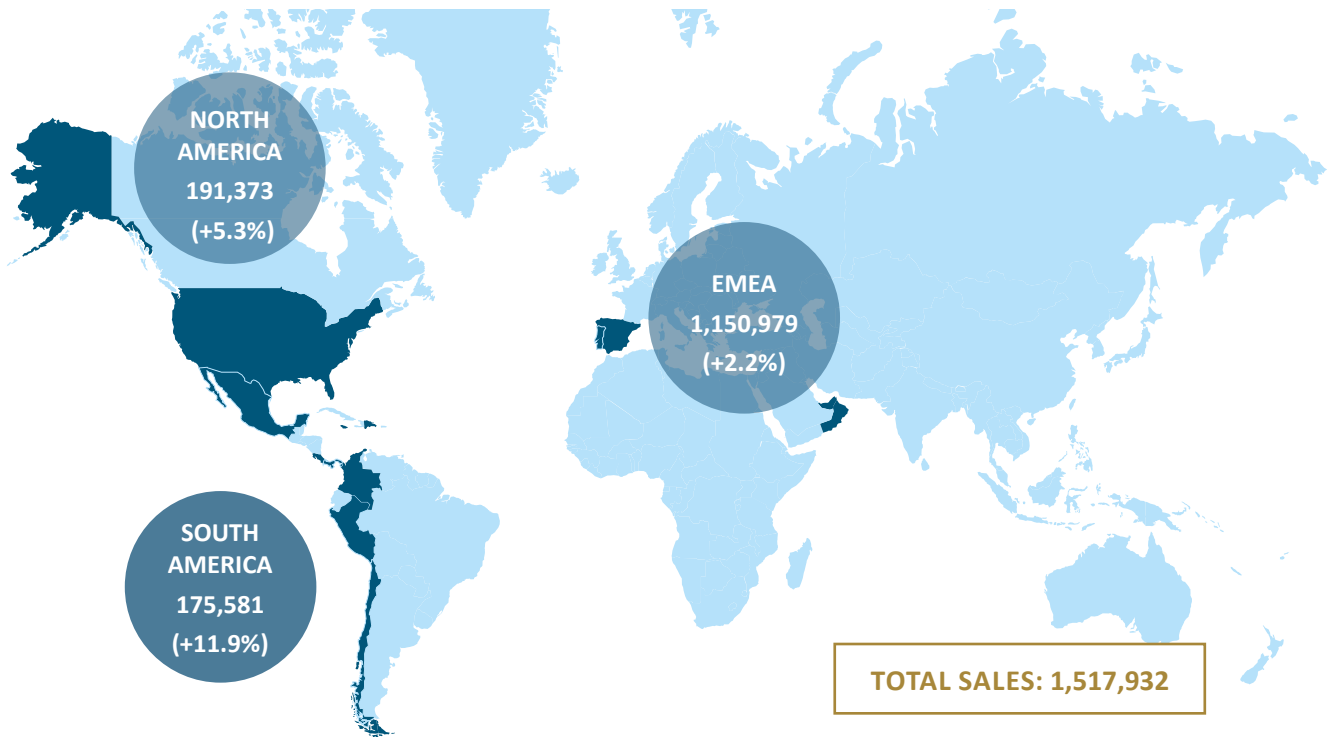


Consolidated cash flow at the end of the financial year up 62.2%.

(In Thousands of euros)

■ EBITDA ■ Consolidated profit for the financial year

GEOGRAPHIC DISTRIBUTION OF SALES



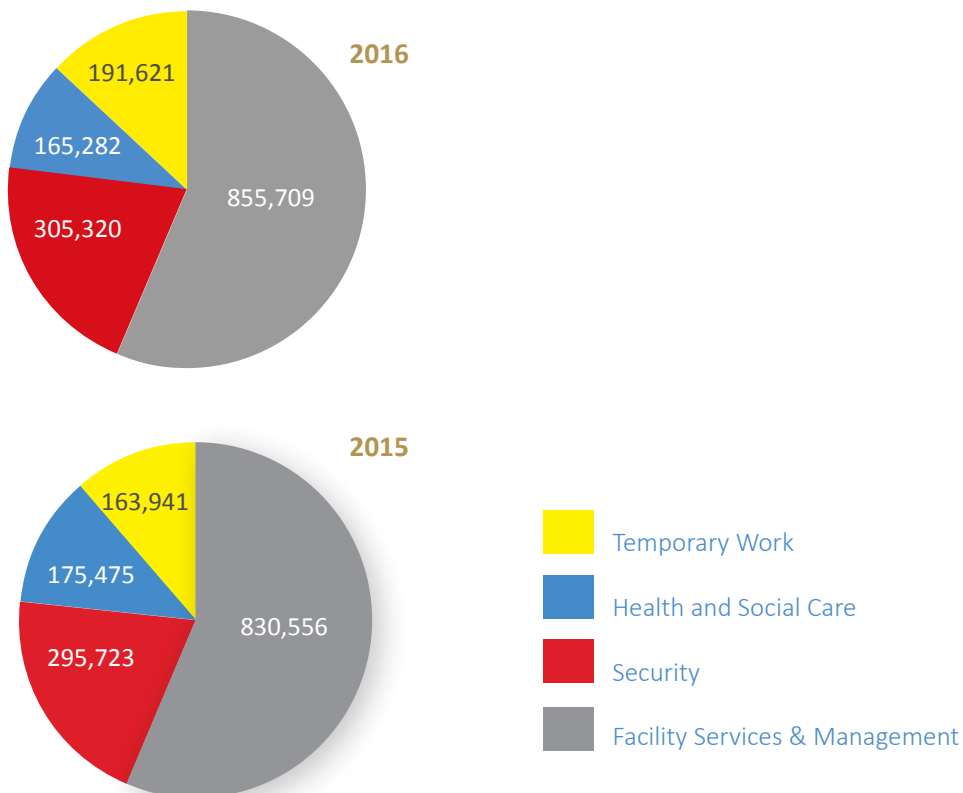
*Figures in Thousands of euros

EMEA: Spain, Portugal and the Middle East.

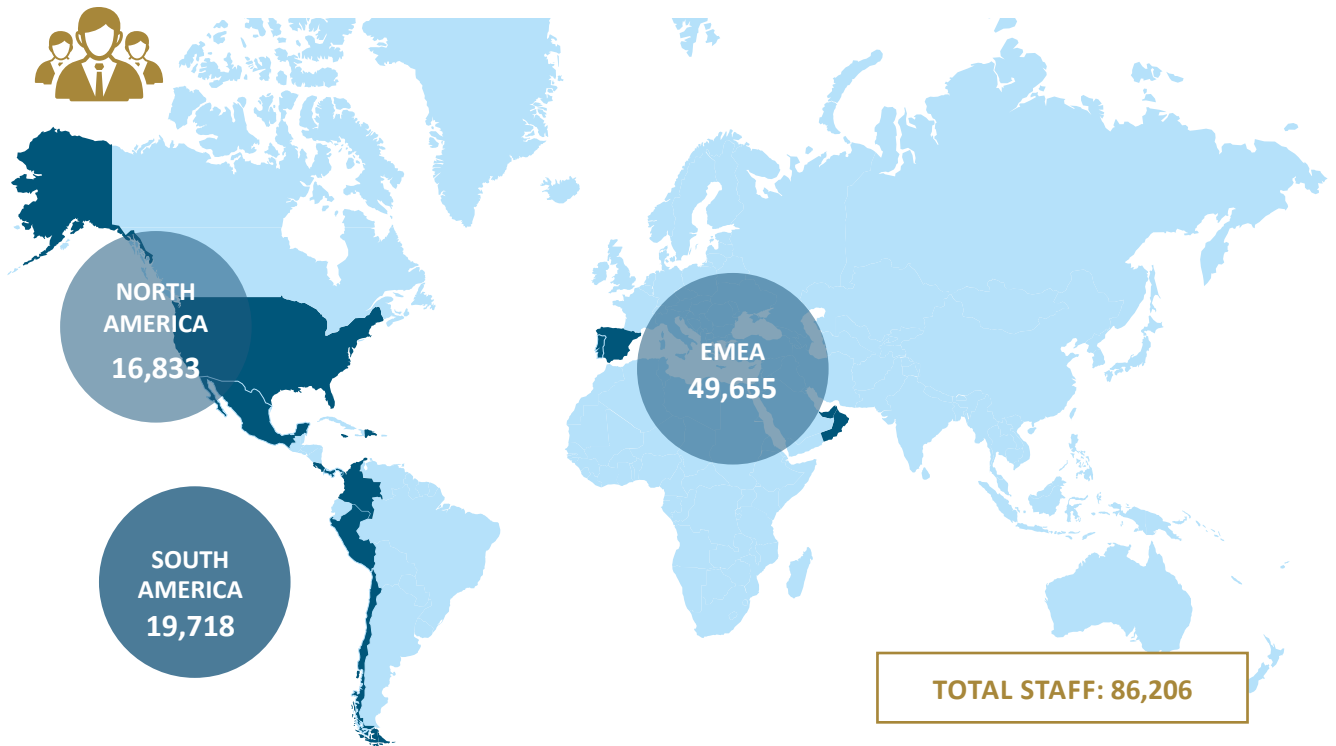
NORTH AMERICA: Costa Rica, USA, Jamaica, Mexico, Panama and the Dominican Republic.

SOUTH AMERICA: Chile, Colombia and Peru.

DISTRIBUTION OF SALES ACCORDING TO EULEN GROUP ACTIVITY



DISTRIBUTION OF HUMAN CAPITAL



EMEA: Spain, Portugal and the Middle East.

NORTH AMERICA: Costa Rica, USA, Jamaica, Mexico, Panama and the Dominican Republic.

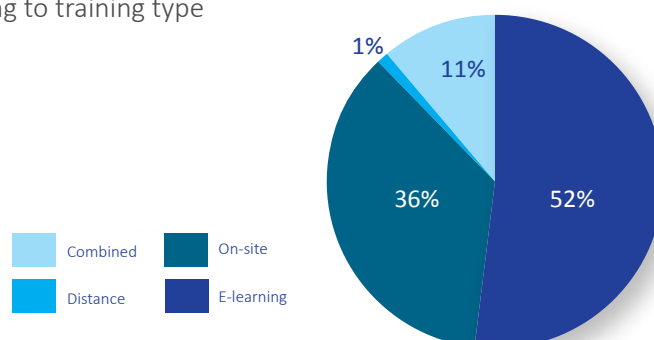
SOUTH AMERICA: Chile, Colombia and Peru.

JOB STABILITY AND DECENT WORK

- Employment at EULEN Spain: **53.38%** of contracts are permanent.
- **97%** of EULEN Spain employees are covered by a collective bargaining agreement.
- Other commitments:
 - Equality plan.
 - Anti-harassment policy.
 - Recruitment policy that fully respects ILO (International Labour Organization) agreements, regulations and protocols.

TRAINING AND DEVELOPMENT

- **611,836** hours of training provided throughout EULEN Group in 2016.
- Distribution according to training type (Spain):



DIVERSITY AND INTEGRATION

- **53.34%** of EULEN's Group staff are women.
- **3.01%** of EULEN's staff (Spain) have some kind of disability.
- **3.71%** of EULEN's staff (Spain) are of nationalities other than Spanish.
- **A firm commitment** to integrating groups that face challenges in their everyday lives into the workplace.

HEALTH, SAFETY AND WELLBEING

- **39%** of staff members are covered by OHSAS 18001 certification.
- **288,297** hours of training in OHS in 2016.
- Multiple awareness-raising campaigns:
 - *Preventive culture*
 - *Road safety*
 - *Health promotion*
 - *Car sharing*
 - *Posture*



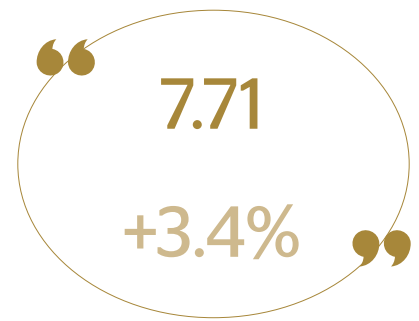
VALUE creation

EULEN's Group business model is based on ethics and transparency when managing stakeholder relations and creating shared value through its operations. The company applies its principles and values throughout the value chain by responsibly managing the supply chain, establishing connections with clients that go beyond commercial relations, and making a commitment to the societies in which it maintains its operations.

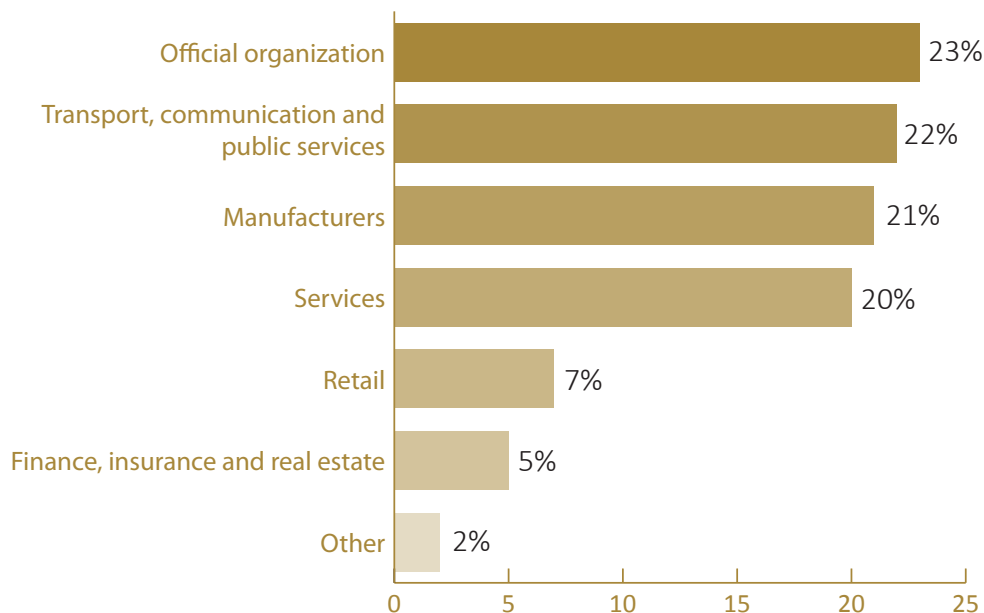
CONNECTION WITH THE CLIENT

The group has a quality management system based on ISO 9001: 2008, which has been established in seven different countries (Spain, Portugal, Mexico, Peru, Chile, Colombia and the Dominican Republic), representing 92% of EULEN's Group sales.

EULEN Group offers products and services to more than 7,000 publicly- and privately-owned clients.



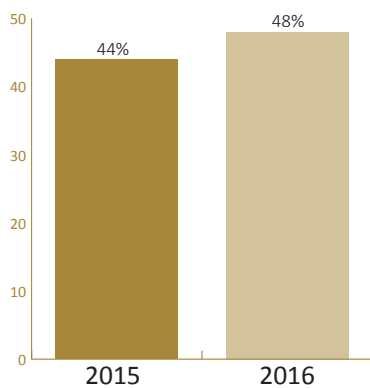
Satisfaction rate.



RESPONSIBLE MANAGEMENT WITHIN THE SUPPLY CHAIN

- All new suppliers signed and accepted Grupo EULEN's Comprehensive Management Policy and Code of Conduct in 2016.
- The purchasing volume for approved suppliers comes to €93.25 million (76.41% of total purchases).
- A total of 168 supplier evaluations were carried out in 2016. This is an increase of 26.6% compared to 2015.

“
122.05 M
 Purchasing volume
 ”



Purchases from local suppliers

“
LOCAL PURCHASES
 +4%
 ”

RELATIONSHIP WITH SOCIETY

EULEN's Group communication strategy is based on undertaking four different kinds of activities that help the company obtain outside opinions and find increasingly greater means of getting closer to stakeholders.

MEDIA ANALYSIS

702 news items with a reference to EULEN Group.

PRESS RELEASES

36 press releases about:

- Awards and acknowledgements.
- Agreements with other companies.
- Employment and training agreements.

AWARENESS-RAISING CAMPAIGNS

Dissemination of awareness-raising campaigns, via:

- Social networks.
- Página web.

EVENTS

5 events:

- A total of 181 companies and 295 people attended our events.
- The satisfaction rate among attendees came to an average of 8.6 out of 10.



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CONTRIBUTING to the community

- Partnership with Fundación Integra, with the recruitment of 138 employees.
- Partnership with Fundación Trabajando en Positivo, for the integration of individuals with HIV-AIDS into the workplace in Spain.
- Second partnership with the Make-A-Wish “Estrellas de la Ilusión” Christmas campaign.
- Agreement signed with AUARA, a social enterprise that uses all its dividends to fund initiatives relating to drinking water.
- Agreement signed with Fundación SEUR to set up the “Tapones para una nueva vida” bottle cap collection campaign.



INTEGRATION INTO THE WORKPLACE AND TRAINING FOR PEOPLE AT RISK OF EXCLUSION

- Partnership with the Spanish Red Cross on the EntornoSur initiative for fighting discrimination.
- Workplace integration agreements for female victims of domestic violence alongside
- Cáritas, Cruz Roja and Secretariado Gitano.
- Training actions to raise awareness among suppliers, with the aim of incorporating diversity and inclusion into everyday working practices.
- Extension of the partnership with the Instituto para la Economía Social (IPES), supporting decent work for employees by formalizing their employment.
- Launch of partnership with the Chapman Partnership and Feeding South Florida.
- Implementation of the recruitment program in less privileged communities and villages by a company to which EULEN Group offers its services.
- Success of the Advisor program at Benito Juárez International Airport in Mexico City through the Fundación Humanista de Ayuda a Discapacitados de México.
- Renewal of the Sello Inclusivo badge, highlighting the company's efforts to integrate individuals with disabilities.



SUPPORT FOR SOCIAL & SUSTAINABLE INITIATIVES

Initiatives aimed at improving health and food security



- 10 wishes paid for in the second edition of Make-A-Wish.



- Help for disadvantaged children to access medical treatment or orthopedic devices that improve their quality of life.



- Member of the “Womenade” executive committee at the Chapman Partnership.



EULEN Group works with Fundación Gisell Eusebio in the Dominican Republic, Fundación Calicanto in Panama, Instituto para la Economía Social IPES in Colombia and the Ministry of Women and Vulnerable Populations in Peru, along with SENADIS (the National Disability Service) in Chile.

Promotion of local culture, education and sport

- Agreements with universities and other educational institutions: Universidad
- Pablo de Olavide (Seville), EUDE Business School and Universidad CEU Cardenal Herrera (Valencia).
- Partnership with Fundación Comillas, funding internship grants for final-year students.
- Participation in the EDUCA 2020 entrepreneurship plan.
- Sponsorship of the San Nicolás rowing club in Portugalete (Vizcaya) in Spain and the Jira-Bira cycling club.
- “EULEN Apuesta por Ti” program: free training so workers can complete their primary or secondary studies.
- Organization of events with educators and social workers to promote reading.



ENVIRONMENTAL impact management

MAIN MILESTONES

- Launch of adaptation period for the new version of ISO 14001:2015.
- Designing of a new IT app for Managing Grupo EULEN's Environmental Work Indicators.
- Undertaking of Energy Audits, based on Spanish Royal Decree 56/2016, in six EULEN Group buildings and three client buildings.
- Application of energy efficiency measures at our main offices, other facilities and client premises.
- Undertaking of inventory, calculation and offsetting work regarding CO₂ emissions at the main headquarters and with our clients.

ENVIRONMENTAL COSTS AND INVESTMENTS

In 2016, EULEN Group increased its environmental investment by 239% compared to 2015, mainly based on investments for updating the company fleet, changing lighting installations and spending on cleaner chemical products.

“
€1.57M
”

DRIVING THE CIRCULAR ECONOMY

In 2016, EULEN Group undertook several initiatives to promote the sustainable use of its clients' resources. They included:

- Reusing pruning waste as wood chipping.
- Adapting irrigation systems to improve efficiency of water usage in green areas.
- Using recycled water at client locations.
- Mulching.





WATER CONSUMPTION

12,931 m³

+1.9%

** Due to increased activity.*

WASTE GENERATED

988 T

+20.8%

** Due to increased activity.*

PAPER CONSUMPTION

54,326 kg

-1.3%

ENERGY CONSUMPTION

163,002 GJ

-1.1%

CO₂

13,133 Mt

-1.5%

EULEN Group measures CO₂ emissions associated with the company's activity based on a methodology using GHG Protocol and ISO 14064, which calculates direct and indirect emissions distributed in Scopes 1, 2 and 3.



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