



08

Additional Information

We manage waste in a manner that is respectful of the environment, recovering materials that may have a subsequent use.

Additional Information

Principles and scope of the sustainability report

This report, which follows the one of 2007, endeavors to provide the most comprehensive and faithful image possible of Befesa. In the previous years, the Report of Sustainability was forming a part of one of the chapters of Befesa's Annual Report, nevertheless, due to the importance that has this information we decide to elaborate a volume separately. This sustainability report collects the relevant information and reflects the development of Company activities in the period between January 1 and December 31 of the year 2008, covering all the countries and sector where its business units are present. The information contained in this report covers all the aspects and indicators that reflect the significant social, environmental and economic impacts of Befesa or those that may have a substantial influence over the evaluations and decisions of stakeholders. It furthermore provides reference data from previous year to enable a better evaluation of the current situation of the Company.

Though Befesa has been publishing its Sustainability Reports annually since the year 2006 according to the criteria and guidelines of the "Global Reporting Initiative" (GRI); this year for the first time it has adopted version 3 of the GRI to inform its stakeholders. Guide G3, which may be consulted on www.globalreporting.org, includes a set of directions to define the contents of the report, its scope and coverage, as well as ensure the quality of the information disclosed. This report includes a GRI index in its attachments so that those who wish to do so may locate the main GRI principles and indicators in the text.

In developing this report it has also been endeavored to inform and provide an account of the commitment of Befesa as a signatory to the Global Compact, by whose principles its actions, activity and strategy are governed, stressing the importance that the company gives to fundamental rights and to the environment in pursuit of a business model based on sustainable development.

All the information contained in these pages relative to the activity of Befesa in the various sectors where it operates or to its actions, whether social, economic or environmental, is regulated by the internal regulations of Befesa, by the ten principles of the Global Compact and by the legislations of the countries in which it operates. The revision of their application, implementation and development is a priority objective of Befesa. The internal audits verify the fulfillment of all processes, rules and procedures for action and internal control established by Befesa and, together with the external audits, guarantee its transparency.

This Sustainability Report forms part of the 2008 Annual Report, available on the www.befesa.com website. Any comment on the report or on the Befesa corporate social responsibility policy should be directed to the CSR mailbox, available on the Befesa website, or to the following postal address:

Corporate Social Responsibility Department
Befesa
Paseo de la Castellana 31, 3ª planta
28046 Madrid, Spain



In line with the Befesa transparency policy, this Sustainability Report has been submitted to an external assessment process by an independent expert.

Revision report

The firm KPMG has reviewed the Sustainability Report to verify the application of the version 3 of the Global Reporting Initiative Guide (GRI G3) in accordance with level A. The methodology followed for the revision was defined in accordance with the provisions of ISAE 3000 (International Standard for Assurance Engagements). The revision was conducted with a degree of reasonable assurance for the indicators specified with the symbol in the GRI index, for which sufficient evidence was obtained to reduce the risk of material error to an acceptable level, and limited for those indicators specified with the symbol. The corresponding assessment report is included at the end of this document; in it the scope of the work undertaken is detailed, as well as the conclusions thereof.

This Report has also been reviewed in its entirety by the Global Reporting Initiative and by Befesa management, which has rated the annual report with a

Level of application

Level of self-declaration	GRI revision	External assessment
		KPMG

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For the definition of the content of this annual report, the most important subjects for the organization were identified in accordance with the principles of materiality, stakeholder participation, context of sustainability and coverage indicated below, and in light of the relevance of the indicators. Furthermore, in order to ensure the quality of the annual report an endeavor has been made to prepare it in keeping with the principles of equilibrium, comparability, precision, periodicity, clarity and reliability indicated by GRI.

Response capacity. Strategic impulse and communication of performance

Befesa has begun the definition of a master plan for the strategic impulse of the CSR to culminate in 2009. The objective of the plan is to systematize the incorporation of the stakeholders in the strategy of the Company. Once this is fully implemented, all Befesa subsidiaries shall reinforce the information and dialog mechanisms that are currently open with its stakeholders.

On the other hand, in order to facilitate the communication of the performance the company has defined a reporting system that makes it

possible to efficiently obtain reliable consolidated data on the organization, relative to relevant quantitative indicators on matters of Corporate Social Responsibility for the suitable management thereof and for communication to the stakeholders of the company. The reliability of the information requires the systematic existence of consolidated data, which must be traceable or reconstructible, precise and thorough in the identification and consideration of data sources. They should likewise have effective internal controls to assist in the prevention, detection and correction of significant errors in the data reported.

For internal control, people in charge exist at all levels of the consolidation process:

- Manager of capture and calculation in the work center. He captures the data from the information source and calculates the indicator for the corresponding range. Appointed by the manager of validation and reporting.
- Manager of validation and reporting in the company. He performs the initial control of the data and perimeter. He validates, modifies and reports to higher levels. On occasion he consolidates. He should be different from the

person responsible for capture and calculation.

- Manager of CSR in the business group. They facilitate communication among the companies and corporate managers and contribute to ensuring that the range of indicators covers the total business group indicators. They act as interlocutors of the business group.
- Corporate managers responsible for the indicators. They are in charge of corporate reporting and the creation and update of protocols. They carry out the final level of information consolidation and the final level of specific control with special attention given to the perimeter for incoming and outgoing companies.

Materiality

Over the past years, significant changes have taken place in the environment. Today there is greater knowledge of the impact that the model for economic development has had on ecosystems, as well as on society. There is a greater consensus on the fact that this model for development is not sustainable in time and that the need for a model based on the concept of sustainable development has become apparent. The objective of sustainable development is "to cover current needs without

compromising the ability of future generations to cover theirs". The key to complying with these broad objectives is for the different parts of society to seek their roles and the specific actions that will lead to attaining a model for sustainable development.

Corporate Social Responsibility (CSR) may be understood as the practical manner in which organizations contribute toward achieving sustainable development. According to the European Economic and Social Committee, the CSR consists of the voluntary integration, by companies, of the social and environmental concerns in their operations and relations with their representatives (stakeholders). The CSR is a conduct that Befesa adopts as a voluntary tool integrated in the company, beyond any legal obligations, because it is deemed to redound on the attainment of the strategic objectives of the company.

Befesa has a business model based on sustainable development, in accordance with this model and considering the values that define (integrity, legality, professional rigor, confidentiality and quality); the CSR is one of the basic cores of the present and future strategy of Befesa.

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Materiality is a complex concept, one that has been defined by several guides and entities and which may be simplified by relating it to the axiom of utility and relevance of information. Materiality is more complex in corporate social responsibility reports than in financial reports. Sustainability reports are not just targeted at one given stakeholder (as in the case of stockholders in the accounting report) but at several, and contain information that is highly heterogeneous in nature.

For the purposes of this procedure the following shall be considered as the definition of materiality:

Materiality: the material topics or subjects for CSR are those that can have a significant impact on the economic, environmental and social divisions, and which may result in a significant difference in the performance of the organization. These material topics will influence the decisions, actions and judgments of the organization itself, as well as its stakeholders.

To determine whether or not a topic is material it is necessary to consider the nature and dimension of the aspect under analysis, and to judge the circumstances that its omission would involve. In

doing so two bases for analysis shall be taken into consideration:

- External factors: those relative to the expectations of Befesa stakeholders and the importance they give to the various topics.
- Internal factors: those that determine the importance of the various topics for the business, management of the company and, lastly, achievement of the business strategy.

During the materiality analysis, the Befesa companies have always had the objectives of the Sustainability Report 2008 in mind when preparing it: the integrated reflection of the actions of the company on economic, social and environmental matters so as to respond to the expectations of the audience and contribute to the generation of confidence among Befesa stakeholders and their subsidiaries.

In preparing this Report, Befesa and its companies have identified and chosen the most relevant aspects of their activities, following a formal process for the identification of relevant topics that considered external factors as well as their importance to the organization.

The initial selection of relevant topics was done from a study of external factors deemed as significant by selective CSR indices (DJSI, FTSE4Good) of socially-responsible European and U.S. investors, the relevance of such topics for 25 companies comparable to the Company, the relevant topics relative to the company for the media, and the position taken by some representative social organizations.

The list of relevant topics identified was verified by the senior management of the company. After analyzing the materiality of the topics presented, and considering the nature and dimension of each aspect analyzed, prepared a prioritized list. Each topic identified in light of the overall list may be characterized with one of these four ranges: critical, significant, emergent and insignificant.

- Critical: those topics that transversally affect more than one business group, that are a priority for more than one stakeholder or that are unavoidable for attaining the minimum requirements for compliance with the general standards under analysis.
- Significant: those topics that, even if taken into consideration by only one stakeholder, are

deemed a priority for this party, or those topics that have attained a certain maturity, albeit generalized, and are no longer considered critical.

- Emergent: those topics of scarce repercussion and that are not yet a priority for any stakeholder, but which may have increased importance in the future.
- Insignificant: those topics identified as having scarce repercussion and which are not given priority attention by any stakeholder.

For the preparation of this Report, Befesa identified and selected the main aspects of its activity following the guidelines of version 3 of the GRI guide and provided further insight into the approach of each topic according to the guidance of the various tools the Company has for dialog with stakeholders. In doing so a series of external and internal factors identified in the G3 guide have been taken into consideration.

Stakeholder expectations in the course of the business have also been taken into consideration, expressed in the strategic plan of the company. This plan considers the tendencies and challenges of the sector, and reflects the orientation of the

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Befesa activity toward sustainable development and the fight against climatic change. It is revised twice a year and defines the risks and opportunities in ten years' time for each Befesa product and service in all its geographical areas and markets, as well as the results forecast during that time.

The strategic plan of each one of its business groups analyzes the influence that sustainability can have on the company, on the basis of information furnished by market reports or internal reports. This information may be consulted in the Report from the Chairman and in the chapter "Befesa Profile". A summary of the main challenges and opportunities for each business unit may also be read in the corresponding Activities Report in the Befesa Annual Report.

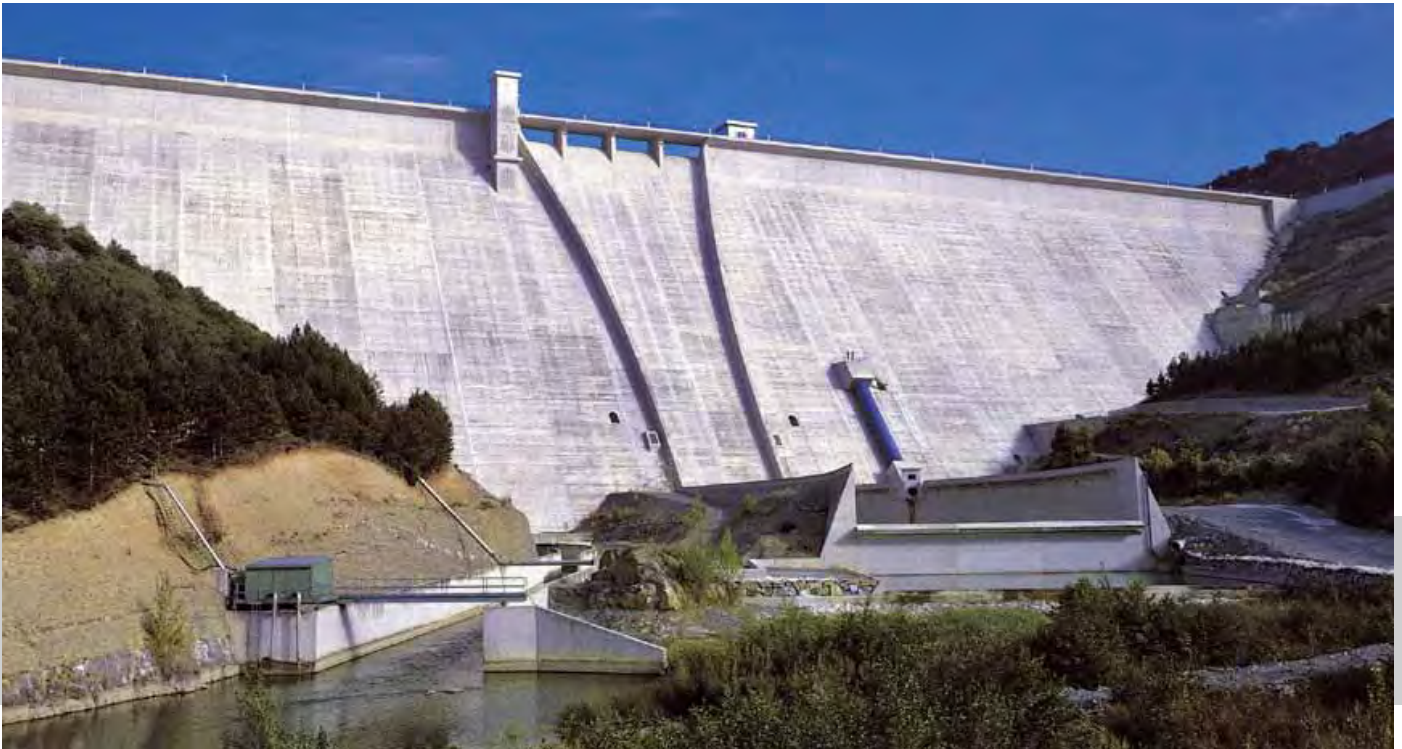
Completeness

In this Report an endeavor has been made to identify the implications, risks and challenges of each area of organizational activity in order to reflect them in a manner that is accessible to a broad and heterogeneous public.

Scope

The coverage of the indicators, understood as the collection of companies whose performance is set forth in the annual report, is comprised of all Befesa subsidiaries (including joint ventures) present on four continents, over whose management it exerts effective control. The following table contains the companies included in the social, environmental and economic departments. Each group of indicators has a different perimeter caused by the varying degree of materiality of each. For example, a company with people but without any economic activity or environmental impact shall be considered for social indicators (i.e. number of employees) but not for economic or environmental ones. Any additional exclusion shall appear marked in the indicator itself. All of these are included in the coverage perimeter of this report, unless the text explicitly provides to the contrary.

This was the first year in which Befesa adopted the G3 guide, having included in the scope (range of sustainability aspects covered) all main indicators of the guide and some of the additional ones. The companies acquired in 2008 (refer to the table) are in a period of integration into the Befesa corporate social responsibility culture, whereby the corresponding management policies are in varying stages of development. Nevertheless an endeavor has been made to include information on these companies in the indicators of this report. In those cases in which this could not be done, the text contains an explanation.



Additional Information

Economic performance indicators		
Alcasa	Befesa Plásticos S.L.	Albega
AMA	Alugreen	Aluminio Catalán S.L.
Befesa Aguas de Skikda	Befesa Agua	Befesa Agua SAU
Befesa Argentina	Befesa Aluminio Bilbao S.L.	Befesa Aluminio Valladolid S.A.
Befesa Escorias Salinas	Befesa Aser-Zn	Befesa Desulfuración, S.A.
Befesa Gestión de Residuos Industriales Fusión	Befesa France	Befesa Gestión de Residuos Industriales
Befesa Medio Ambiente	Befesa Gestión PCB S.A.	Befesa Infraestructura India
Befesa Reciclaje de Residuos de Aluminio	Befesa Mexico	Befesa Plásticos
Befesa SS	Befesa Rrh- Rm	Befesa SC
Befesa Valera	Befesa Stalwerktaub	Befesa Steel Services GmbH
Befesa Zinc Freiberg	Befesa Zinc Aser	Befesa Zinc Comercial
Befesa Zinc Comercial, SAU	Befesa Zinc Amorebieta, S.A.U.	Befesa Zinc Aser, SAU
Befesa Zinc Sondika, S.A.U	Befesa Zinc Duisburg GmbH	Befesa Zinc Freiberg GmbH & Co. KG
Befesa Chile	Befesa Zinc Sur, SLU	Befesa Zinc, SLU
BTLI	BH Germany	BARRA
Bus group Ag	Bus Steel services	Bus Germany
Codesa	Bus Scandust	Bus Valera
GMBH	Fluidos	Geida Skikda
Iniciativas Hidroelectricas	Grc	IHSA
PCB	Lanceoate	Lirsa
Procesos Ecológicos SA	Peru	PIM
Recytech	Procesos Ecológicos Vilches, S.A.	Proecsa
Tracel	Rimacor	Sol Ambiente
Vilches		

Corporate performance indicators

Befesa Agua	Befesa Aluminio	Befesa Argentina
Befesa Gestión de PCB	Befesa Medio Ambiente	Befesa Mexico
Befesa Peru	Befesa Plásticos	Befesa Portugal+ SAN+USA
Befesa Servicios Corporativos	Befesa Servicios Integrales (Bgri)	Befesa USA
Befesa Zinc y Desulfuración	Befesa Escorias Salinas	Bus Group Germany
Bus Group France	Bus Group Sweden	Codesa
Micronet	Procesos Ecol. Vilches	Rimacor
Salt Slags	SAN	Tracel
UTE BCTA Algeria	UTE BCTA Australia	UTE BCTA China
UTE BCTA India	UTE BCTA Maghreb	UTE BCTA Morocco
UTE BCTA México	UTE BCTA Nicaragua	UTE BII India
Lirsa		

Environmental performance indicators

Befesa Aluminio Bilbao	Befesa Agua	Befesa Aluminio Valladolid
Befesa Argentina	Befesa Desulfuración	Befesa Escorias Salinas
Befesa GRI	Befesa Medio Ambiente	Befesa México
Befesa PCB	Befesa Peru	Befesa Plásticos
Befesa Salt Slags	Befesa ScanDust	Befesa Valera
Befesa Zinc Amorebieta	Befesa Zinc Aser	Befesa Zinc Comercial
Befesa Zinc Duisburg	Befesa Zinc Freiberg	Befesa Zinc Sondika
Codesa	Procesos Ecológicos Vilches	Rimacor
SDS	Tracel	

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Some of the companies acquired in 2008 (see table) are in a period of integration into the Befesa corporate social responsibility culture, whereby the corresponding management policies are in varying stages of development.

Company name	Corporate stake
Subsidiaries acquired in 2008	
Befesa Agua Tenes S.L.	100%
Befesa Aluminio Catalán SL	100%
Befesa Servicios S.A	51%
Befesa Steel R & D, S.L.U.	100%
Limpiezas Industriales Robotizadas, S.A.	100%
NRS Consulting Engineers, Inc	51%
Trinacria Spzoo	95.05%
Waterbuild, Ltd	51%
Associate companies in 2008	
Meyah Bah'r Honnaine	25.5%
Joint businesses initiated in 2008	
Micronet Porous Fiber S.L.	50%

The differences between the scope of 2008 and 2007 are due to the changes in the control of the management of the companies, as reflected in the consolidation perimeter. Any exception that may exist, where appropriate, is reflected in the information that accompanies the indicators.

Ongoing communication and transparency are basic aspects of the Befesa corporate responsibility strategy. The company considers that knowing the interests and concerns of its stakeholders is the basis for designing and developing specific actions with them. Befesa identified its stakeholders by following a criterion of impact on its business activity, and has defined channels of stable communication with them,

as may be seen in the chapter “Befesa Direct Stakeholders”.

On the basis of the information that Befesa has on its stakeholders, it has endeavored to explain the corporate social responsibility commitments and policies and the main management systems, and performance data have been illustrated so the reader may form an opinion on the approach and results of the company on this topic.

Participation of stakeholders

The stakeholders’ theory was elaborated in the mid-eighties by Edward Freeman. It proposes management based on stakeholders considering the interrelated nature of economic, political, social and ethical questions. This new management suggests that the main objective of the company is to create value for stakeholders, allowing the integration of business, ethical and corporate questions.

There are intrinsic, contractual and contextual stakeholders. The first are those without which the existence itself of the company is impossible. These may include: stockholders and investors, employees and strategic partners. Contractual

ones are those with which the company has some type of formal agreement. They may include: customers, suppliers and subcontractors and financial institutions. Lastly, the contextual ones are those that perform an essential role in the attainment of the necessary credibility of the companies and, ultimately, in the public acceptance of its activities. These may include opinion and knowledge, local communities, countries and societies, and the public administration.

A fluid relationship with stakeholders provides knowledge on expectations for response by the company on the subjects of interest to them. With it, the Company hopes to increase mutual trust and contribute to the ability to create value and generate persistent competitive edges based on distinguishing capabilities. The analysis of stakeholders constitutes a basic ingredient for the generation of distinguishing capabilities in the company, and for its success in the capital, product and employment market.

Befesa, as part of its master plan for boosting CSR, has identified major indicators of key stakeholders in order to consult their expectations and

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perceptions. The result compares the subjects identified internally with the external perception thereof. The purpose of these consultations with stakeholders, to conclude in 2009, is to learn the importance of the identified challenges, determine the perception of the performance of Befesa and its companies in each one of the subjects and determine the state of the art in those matters deemed of relevance.

Sustainability context

Befesa is an international company specialized in integral industrial waste management, and in the management and generation of water, and is highly aware of its social responsibility for contributing to the creation of a sustainable world. Throughout this Report, its performance is evaluated within the context of its contribution to direct stakeholders, to the communities in which it operates and to the environment.

In 2008 Befesa created two new units related to sustainability whose managers hold periodic information and tracking committees with the office of the Chairman of the Company. Befesa decided to create a Department of Innovation and Strategy,

whose mission is to define and revise the strategy of the Organization as well as the clear wager of Befesa for Innovation. Furthermore, at the start of 2008 a department of Sustainability Management was created, entrusted with defining and reviewing the environmental sustainability strategy of Befesa, including the analysis of all products and services that it offers and the evaluation of their suitability to the environmental strategy of the Company.

Befesa has been very active in the campaign for the communication and dissemination of the importance of sustainability. In 2008 Befesa participated in several forums and presentations and published numerous articles in internal and external media on these subjects, which have also been sent to the various stakeholders of the Company.

By means of these initiatives, Befesa seeks to make its stakeholders, and society overall, aware of the imminent need to attain the welfare state by means of sustainable economic growth targeted at everyone, which allows future generations to enjoy the same resources that we ourselves have received.

Additional Information

Annual Assessment Report



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Verification Report

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the Readers of this Report

Introduction

We have been engaged by Befesa Medio Ambiente S.A. (hereinafter Befesa) to review the non-financial information corresponding to the year 2008, included in its 2008 Sustainability Report (hereinafter the Report). Preparation of the Report and the selection of contents considered to be of most importance to its stakeholders is the responsibility of Befesa Management. Financial information included in the Report, has been obtained from Befesa annual accounts, which have been reviewed by an independent third party.

Scope

In the Report, Befesa describes the efforts and progress it has made towards a more sustainable development. Our responsibility has been to review the Report, assure appropriate application of the Global Reporting Initiative Version 3 (GRI G3) Guidelines based on Befesa's level of self-declaration, and offer readers a level of assurance according to the ISAE 3000 (International Standard for Assurance Engagements) standard:

- Reasonable assurance for the indicators marked with the “☑” in the GRI Index chapter for which sufficient evidence has been obtained to reduce the risk of a material error to an acceptable level.
- Limited assurance:
 - for indicators marked with the “☐” symbol in the GRI Content Index chapter.
 - in relation to the application of the GRI G3 Guidelines for A+ level of application whose self declaration has received the confirmation from Global Reporting Initiative

The procedures carried out in our limited review are substantially less than those required to provide reasonable assurance. Thus the assurance provided is also lower.

The review of the above-mentioned information has not included the verification of quantitative data corresponding to the case studies included in the Report.

We have checked that the financial information included in this Report is obtained from the company's annual accounts, which has been audited by an independent third party.

Review criteria

Our work has been carried out in accordance with the ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). Among other requirements, this standard establishes the following:

- The engagement team should possess specific professional knowledge and skills necessary to understand and review the information included in the Report, and its members meet the requirements established in the IFAC Code of Ethics for Professional Accountants to ensure their independence.
- When providing limited assurance on the information, which is a lower level than reasonable assurance, a conclusion limited to the work undertaken is used.

In our review we have followed Befesa's criteria for the application of the principles of GRI G3 as described in the Principles and scope of the Sustainability Report section.

Work performed

a) Information with reasonable level of assurance

We have reviewed the information marked with the “☑” symbol in the GRI Index chapter and within the Report as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for the systems providing information included in the Report.
- Review of the systems used to generate, aggregate, and facilitate the data.
- Analysis of the information included in the Report.
- Review by sampling of the calculations carried out by business units and at corporate level.
- Review of data generated at 3 sites visited, which represent the company’s activities and its geographical field of operation by sampling.

b) Information with limited level of assurance

We have reviewed the information marked with the “☐” symbol in the GRI Index chapter, as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for providing the information included in the Report.
- Revision that such information included in the Report is adequately supported by internal or third party documentation.

c) Limited review of the alignment of criteria and principles for defining the contents of the Report and its scope based on GRI G3 Guidelines

Documentation of the criteria and procedures used to define the contents of the Report has been reviewed in accordance with the scope described.

The criteria for presentation of the aforementioned information in terms of scope, including possible scope limitations, significance, and data integration and aggregation methods based on Befesa’s interests in the different Group companies, are described in general in the Principles and scope of the Sustainability Report section and specifically in the different sections on the presentation of non-financial information.

Conclusions

Based on the work described above, the indicators verified with a reasonable level of assurance can be considered to be reliable and representative of their activities. For indicators and information verified with a limited level of assurance, we have not observed circumstances indicating that the data included has not been obtained by reliable means, or that the information is not fairly stated. We have also not identified any significant omissions or differences in the information reviewed.

KPMG Asesores, S.L.

(Signed)

Julián Martín Blasco
Partner

31 March 2009