



## ANNUAL CORPORATE GOVERNANCE REPORT

### LISTED COMPANIES

**End of fiscal year:** 31/12/2012

TAX ID. A-28037224

**Corporate Name:**

Fomento de Construcciones y Contratas, S.A.

**ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES FORM**

In order to better understand the form and how it should be completed, the instructions that are at the end of this report on how to fill it in should be read

**A. OWNERSHIP STRUCTURE**

A.1. Complete the table below on the Company's share structure:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
30/06/2008	127,303,296	127,303,296	127,303,296

Indicate whether there are different classes of shares with different associated rights:

YES NO

A.2. Indicate direct and indirect owners of significant stakes in the entity at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
HM TREASURY	0	4,330,938	3.402

(\*) Through:

Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
The Royal Bank of Scotland PLC	The Royal Bank of Scotland PLC	4,323,586	3.396

Indicate significant changes in the ownership structure during the year:

A.3. Complete the tables below regarding the members of the Company's Board of Directors who own shares with voting rights in the Company:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr Baldomero Falcones Jaquotot (see note)	48,473	85,150	0.105
B-1998, S.L. (1)	59,871,785	8,653,815	53.829
Dominum Desga, S.A.	4,132	0	0.003
Mr Antonio Pérez Colmenero	35,323	0	0.028
Cartera Deva, S.A.	100	0	0.000
Dominum Dirección y Gestión, S.A.	10	0	0.000
EAC Inversiones Corporativas, S.L.	32	0	0.000
Mr Fernando Falcó y Fernández de Córdova	35,677	0	0.028
Mr Gonzalo Anes y Álvarez de Castrillón	11,350	0	0.009
Mr Javier Ribas	8,000	0	0.006
Mr Juan Castells Masana	17,509	8,100	0.020
Larranza XXI, S.L.	10	0	0.000
Mr Marcelino Oreja Aguirre	14,000	0	0.011
Mr Rafael Montes Sánchez	98,903	20,697	0.094
Mr Felipe Bernabé García Pérez	55,571	0	0.044

(\*) Through:

Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
Mr Baldomero Falcones Jaquotot (see note)	ORAVLA INVERSIONES, S.L.	73,650	0.058
Mr Baldomero Falcones Jaquotot (see note)	AMOLAP INVERSIONES SICAV, S.A.	11,500	0.009

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Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
B-1998, S.L.	AZATE, S.A	8,653,815	6.798
Don Rafael Montes Sánchez	Doña Josefa Fernández Mayo	20,697	0.016
Don Juan Castells Masana	Doña Heather M. Randall Snell	8,100	0.006
Total percentage of voting rights held by the Board of Directors			54.177

Complete the tables below regarding the members of the Company's Board of Directors who own shares with voting rights in the Company:

Name of Director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights capital
Mr Baldomero Falcones Jaquotot	95,000	0	95,000	0.075
Mr Antonio Pérez Colmenero	72,500	0	72,500	0.057
Mr Felipe Bernabé García Pérez	72,500	0	72,500	0.057

NOTE:

Fomento de Construcciones y Contratas, S.A. (hereinafter, FCC) is controlled by B-1998, S.L.; this company holds 53.829% of the shares of FCC, of which: 59,871,785 are controlled directly and 8,653,815 are indirectly held through its affiliate Azate, S.A.

B-1998, S.L., in turn, is controlled by Ms Esther Koplowitz Romero de Juseu, who is the holder of 89.65% of its shares, and this percentage is broken down as follows:

- She directly holds 22.87%, and
- She holds the rest indirectly through Dominum Desga, S.A. (0.000001%) and Dominum Dirección y Gestión, S.L. (66.78%), both fully owned by Ms Esther Koplowitz Romero de Juseu.

Ms Esther Koplowitz Romero de Juseu also holds directly 123,313 shares of FCC, and indirectly 39,172 shares of FCC, through Dominum Desga, S.A. (4,132 shares), Dominum Dirección y Gestión, S.L. (10 shares), and Ejecución y Organización de Recursos, S.L. (35,040 shares), fully owned by Ms Esther Koplowitz Romero de Juseu.

10.35% of the company B-1998, S.L., is held by several investors (hereinafter, the investors) according to the following breakdown: Eurocis, S.A. (5.01%); Larranza XXI, S.L. (5.34%).

A.4. Indicate, where appropriate, any family, commercial, contractual or business relationships among owners of significant stakes, insofar as they are known to the Company, unless they are insignificant or are derived from ordinary commercial transactions:

A.5. Indicate, where appropriate, any commercial, contractual or corporate relationships between owners of significant stakes and the Company and/or its group, unless they are insignificant or are derived from ordinary commercial transactions:

A.6. Indicate whether the Company has been notified of any shareholders' agreements which affect the Company as set out in Article 112 of the Spanish Securities Market Act. If so, list the shareholders involved and briefly describe the agreements:

YES  NO

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Participants in the shareholders' agreement	% of share capital affected	Brief description
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 30/07/2004 <a href="http://www.cnmv.es">www.cnmv.es</a> (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 <a href="http://www.cnmv.es">www.cnmv.es</a> (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 <a href="http://www.cnmv.es">www.cnmv.es</a> (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 19/07/2007 <a href="http://www.cnmv.es">www.cnmv.es</a> (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 26/12/2007 <a href="http://www.cnmv.es">www.cnmv.es</a> (see note).
Ms Esther Koplowitz Romero de Juseu	52.483	Relevant event of 04/02/2008 <a href="http://www.cnmv.es">www.cnmv.es</a> (see note).
Ms Esther Koplowitz Romero de Juseu	53.829	Relevant event of 26/05/2011 <a href="http://www.cnmv.es">www.cnmv.es</a> (see note).

Indicate whether the Company is aware of any concerted actions among its shareholders. If so, give a brief description:

YES NO

If the shareholders' agreements or concerted actions have been amended or terminated in the year, indicate this expressly:

**NOTE:**

Note On 30 July 2004 a Relevant Event was published on the CNMV website consisting of the acquisition of part of the equity interests of Ms Esther Koplowitz Romero de Juseu in the company B-1998, S.L., by the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A., and the Peugeot family in France through the company Simante, S.L.

On 13 January 2005 a Relevant Event was published whereby the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (fully held by Ms Esther Koplowitz Romero de Juseu) agreed with the company Larranza XXI, S.L. (a company belonging to the Bodegas Faustino Group) 'the transfer to the latter of a minority interest that the former held in the company B-1998, S.L., a company which in turn directly or indirectly holds 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.'

Also on 13 January 2005 a Relevant Event was published whereby the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (Sole Corporation) (fully held by Ms Esther Koplowitz Romero de Juseu) agreed with the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A., 'the transfer to the latter of a minority interest that the former held in the company B-1998, S.L., a company which in turn directly or indirectly holds 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.'

On 19 July 2007 a Relevant Event was published consisting of 'the renewal with amendments of the contracts of the partners of the company B-1998, S.L., without altering the full direct and indirect holding of Ms Esther Koplowitz Romero de Juseu in B-1998, S.L., or the agreements between the parties in relation to the governance of both B-1998, S.L., and indirectly of Fomento de Construcciones y Contratas, S.A., or any provisions regarding the control of those two companies.'

On 26 December 2007 a Relevant Event was published consisting of 'the reorganisation of the holding in the company B-1998, S.L., Ms Esther Koplowitz Romero de Juseu, through the company Dominum Dirección y Gestión, S.L., of which she owns 100% of its capital, has signed with Ibersuizas Holdings, S.L. the purchase and sale, effective 30 January 2008, of 10.55% of the equity interests in the company B-1998, S.L., which is the holder of 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.

This transaction, done at the request of Ms Esther Koplowitz, who increases her holding in FCC, represents the disinvestment of Ibersuizas Group from the share capital of B-1998, S.L., and consequently from FCC Group. Ibersuizas Holdings, S.L. shall no longer be a party to the shareholder agreement regulating the relations between partners of B-1998, S.L., At the same time, on the above-mentioned effective date of the contract, Ibersuizas Holdings, S.A. shall tender its resignation as a member of the Board of Directors of B-1998, S.L., and Ibersuizas Alfa, S.L. shall tender its resignation as a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

On 4 February 2008 a Relevant Event was published consisting of 'the effective purchase by Ms Esther Koplowitz of the holding that Ibersuizas Holdings owned in B-1998, S.L., as the primary shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) with 52.483%. The agreement was reached on 24 December 2007.

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On 12 July 2010 a Relevant Event was published whereby 'The entrepreneur Esther Koplowitz has reached an agreement with Simante, S.L. to acquire the latter's holding in the share capital of B-1998, S.L., for 88 million euros.

By virtue of the agreement, Simante shall assign all of its shares in B 1998 to Dominum Dirección y Gestión S.A. The transaction, involving 5.7% of the equity interests in B 1998, shall take place in the month of September.'

Following the reorganisation of the capital of B-1998, S.L., the capital ownership is as follows:

- Esther Koplowitz (directly or indirectly) holds 89.65%
- Eurocis, S.A. holds 5.01%
- Larranza XXI, S.L. holds 5.34%
- Total 100.00%

In the above-mentioned Relevant Events, of note are the main agreements regarding the control of the companies (FCC and B-1998, S.L.,) reached by Ms Esther Koplowitz Romero de Juseu and the investors, following the respective acquisition transactions:

- Ms Esther Koplowitz Romero de Juseu will retain control of B-1998, S.L., and, therefore, of Azate, S.A. and FCC.
- The Board of Directors of B-1998, S.L., shall be made up by twelve directors, and the investors, as a whole, are entitled to designate a maximum of three directors, and in no event may they designate more than one third of the members of the Board of Directors of B-1998, S.L.,
- Ms Esther Koplowitz Romero de Juseu in any event may appoint the majority of the members of the Boards of Directors of FCC and its subsidiaries. The investors may designate, as a whole, a maximum of two members, and in no event more than one third of the members of the Board of Directors de FCC.
- Ms Esther Koplowitz Romero de Juseu shall be entitled to designate the Chairman of the Board of Directors of FCC, the CEO of FCC and at least two thirds of the members of its Executive Committee.
- FCC's pay-out will be at least 50%.

There are a number of agreements between Ms Esther Koplowitz Romero de Juseu and the investors with the aim of protecting the investment of the latter in B-1998, S.L., in their capacity as minority shareholders, which is described below:

In relation to B-1998, S.L.,

In relation to B-1998, S.L., and subject to the general rule that the resolutions (whether of the General Meeting of Partners or of the Board of Directors) are subject to the principle of approval by simple majority of the share capital, as an exception, a number of special cases are established where the approval must be by consensus:

- Amendments of the Bylaws implying the transfer of the registered office abroad, the change of the corporate purpose or the increase or reduction of the share capital, unless said transactions are imposed by the law or, in the case of capital reductions, they are to be carried out via the acquisition of equity interests of B-1998, S.L., directly or indirectly held by Ms Esther Koplowitz Romero de Juseu or by Dominum Dirección y Gestión, S.L., by B-1998, S.L., itself, for the subsequent redemption thereof, or they are to be carried out via the redemption of the equity interests of B-1998, S.L., directly or indirectly held by Ms Esther Koplowitz Romero de Juseu or by Dominum Dirección y Gestión, S.L., and charged to reserves which, pursuant to the Bylaws or due to provisions no included in the Bylaws, only Ms Esther Koplowitz Romero de Juseu is entitled to use.
- Any type of transformation, merger or spin-off or the total transfer of assets and liabilities;
- The dissolution or winding-up of B-1998, S.L.,;
- The overriding of pre-emptive subscription rights in capital increases and the exclusion of shareholders;
- The amendment of the management regime of B-1998, S.L.,;
- The establishment or amendment of the dividend policy agreed to among the investors in respect of the rights stated in the Bylaws or those not included in the Bylaws corresponding to the equity interests owned by the investors;
- Acts of disposal or encumbrance, under any title, of any relevant assets of B-1998, S.L., specifically of FCC shares or of shares or equity interests of any other companies in which B-1998, S.L., owns or may own holdings in the future;
- The increase of structural costs such that, on an annual basis, exceed those stated on the balance sheet of the company as of 31 December 2003, increased by the general year-on-year CPI plus two percentage points; excluded from the above calculation is

the remuneration received by B-1998, S.L., as a consequence of its presence on the Board of Directors of FCC (hereinafter, Remuneration of the Board of FCC), as well as the remuneration of the members of the Board of Directors of B-1998, S.L., insofar as they do not exceed the remuneration of the Board of FCC;

- Granting or maintaining powers that allow for the disposal of FCC shares, by any means;
- The borrowings of B-1998, S.L., and obtaining or providing guarantees which, overall, exceed 500,000 euros;
- Creating or acquiring direct subsidiaries (other than FCC subsidiaries) or acquiring shares in entities other than those in which B-1998, S.L., already owns a holding.

In relation to FCC:

In relation to FCC and subject to the general rule that the resolutions (whether of the General Meeting or of the Board of Directors) are subject to the principle of approval by simple majority of the share capital and, as an exception, a number of special cases are established where the approval must be by consensus:

- Amendments of the Bylaws implying the transfer of the registered office abroad, the increase or reduction of the share capital, unless said transactions are imposed by the law;
- Changing the corporate purpose, as doing so it includes the incorporation of activities not related to construction, services, cement and real estate;
- The transformation, merger or division in any of its ways.
- The merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. as a consequence of which B-1998, S.L., indirectly ceases to hold over 50% of the voting rights of the entity resulting from the merger.
- The overriding of pre-emptive subscription rights in capital increases.
- The amendment of the management regime.
- Acts of disposal, encumbrance or acquisition, under any title, of FCC assets outside the corporate purpose of said entity, provided that they are relevant and, in any event, the above-mentioned acts, included within the corporate purpose of FCC, when they entail a total or aggregate value equal to or above 700,000,000 euros (increased annually by the CPI), or a significant amendment of the current structure of FCC Group or represent more than 10% of the consolidated assets of FCC Group.

- Any transactions that may lead to or represent a variation of more than 20% of FCC's equity or over 10% of the FCC Group's consolidated assets.
- The granting of powers that could allow, under any title, the above-mentioned disposals, encumbrances or acquisitions; the foregoing in no way whatsoever limits the right of Ms Esther Koplowitz Romero de Juseu to designate and revoke the FCC CEO.
- The borrowings of FCC and the obtainment or provision of guarantees by the latter (excluding, in any event, for the purpose of the above-mentioned calculation, guarantees within the ordinary course of business and borrowing without recourse or project finance) which, collectively, exceed 2.5 times the gross operating profit registered on the last consolidated balance sheet of FCC.

If it is not possible to reach the necessary consensus between Ms Esther Koplowitz Romero de Juseu and the Investors for the adoption of decisions in the above-mentioned special cases, they shall act as required in order to preserve the pre-existing situation.

On 26 May 2011 a Relevant Event was published, consisting of the renewal with amendments of the purchase and sale agreement of investment and disinvestment of partners of B-1998, S.L., and the extension thereof, between Dominum Dirección y Gestión S.L., Eurocis, S.L., and Larranza XXI, S.L. Said Relevant Event publishes the contents of the notarial deed of renewal.

For further information, please check the full contents of the shareholder agreements available on the CNMV website, as Relevant Events of the company dated 30 July 2004, 13 January 2005, 19 July 2007, 26 December 2007, 4 February 2008 and 26 May 2011.

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A.7. Indicate if there is an individual or legal entity that exercises or can exercise control over the Company in accordance with Article 4 of the Securities Market Law: If so, name the person.

YES  NO

Name
Ms Esther Koplowitz Romero de Juseu
Remarks

A.8. Complete the tables below about the Company's treasury shares:

As of year end:

Number of direct shares	Number of indirect shares (*)	% of share capital
3,292,520	9,379,138	9.950

(\*) Through:

Name of direct owner of stake	Number of direct shares
Asesoría Financiera y de Gestión, S.A.	9,379,138
Total:	9,379,138

Detail the significant changes in the year, in accordance with Royal Decree 1362/2007:

Date of disclosure	Total number of direct shares acquired	Total number of indirect shares acquired	% of share capital
31/01/2012	1,302,444	0	1.023
03/04/2012	1,165,367	0	0.915
18/06/2012	1,297,554	0	1.019
31/08/2012	1,112,141	0	0.874
30/11/2012	1,282,137	0	1.007
Capital gain/ (Capital loss) on own shares disposed of during the period			-2,656

A.9. Detail the conditions and term of the current authorisation that the Shareholders' Meeting has given to the Board of Directors to buy or sell own shares.

**Resolution by the Extraordinary Shareholders' Meeting of 30 November 2009 (Item 2 on the Agenda)**

Under the provisions of Article 3 et seq. of European Commission Regulation 2273/2003, of 22 December, to approve a Company share buyback programme whose only purpose is (i) to fulfil the obligations deriving from the issuance of exchangeable bonds for a maximum amount of four hundred and fifty million euros (€450,000,000) approved by the Company under the decision by the General Meeting of Shareholders on 18 June 2008 and by virtue of an Executive Committee decision dated 6 October 2009, by delegation of the Board of Directors on 30 September 2009, and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (including, for this purpose, the 5,090,000 shares loaned to the Underwriters), which shall henceforth be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders. As a result of the foregoing, decision six adopted by the General Meeting of Shareholders on 10 June 2009 is annulled to the extent that it has not been executed and the Company is authorised so that, directly or via any of its subsidiaries and within a maximum period of five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching Articles of the Consolidated text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid up.
- The acquisition price may not be less than the par value or more than 20 per cent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its exchange or conversion obligations arising from the issuance of the Bonds and/or to reduce the Company's capital, as the case may be.

**Resolution of the Ordinary General Meeting of 27 May 2010  
(Item 7 on the Agenda)**

**B. Share repurchase program of the Company and capital reduction**

Under the provisions of Article 3 et seq. of Commission Regulation (EC) No 2273/2003 of 22 December, to approve a programme to buy back shares of the Company whose sole purpose is (i) to meet obligations to deliver shares that arise from the issuance of securities giving entitlement to acquire outstanding shares, or to amortise them in order to limit the dilution of the pre-existing shareholders in case of issuance, while overriding the pre-emptive subscription right, of securities that are convertible into, or give entitlement to subscribe for, newly-issued shares, that may be adopted by the Board of Directors of the Company under the provisions of paragraph A above of this Decision for a maximum of three hundred million euros (€ 300,000,000) (the 'Securities'), and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share buyback programmes that have not been completed), which will be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders.

The Company is authorised so that, directly or via any of its subsidiaries, within a maximum period of five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit while executing the approved share buyback programme, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching articles of the Consolidated Text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid up.

- The acquisition price may not be less than the par value or more than 20 per cent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its obligations to deliver existing shares in connection with the securities issue or to proceed, where appropriate, to reduce the Company's capital so as to limit the dilution of existing shares if the shareholders exercise their right to convert or subscribe the newly issued shares in connection with the Securities issue.

This agreement neither eliminates nor alters the terms and conditions of prior share buyback programmes approved by the Company or authorisations for the derivative acquisition of own stock, which remain in full force. This share buyback programme is compatible with previous programmes in place. However, this programme may only be carried out to the extent that it does not preclude the complete fulfilment of prior share buyback programmes and hence the achievement of the aims for which they were approved.

**CLARIFICATION:**

A relevant event was reported to the CNMV on 1 July 2011 under number 146731 communicating the suspension of the Share Buyback Programme by the Company under the following terms:

The Share Buyback Programme, which was reported to the CNMV in relevant event number 116937 on 1 December 2009, was intended to fulfil the Company's obligations stemming from the subordinated exchangeable bond issue in October 2009 by amortising a number of a treasury shares with a face value equivalent to the new shares of the Company to be issued to satisfy the exchange requests of bondholders. The fundamental objective of this programme is to avoid the risk of future dilution for current shareholders.

In keeping with the objectives of the Buyback Programme and given the current treasury stock positions and number of shares needed to cover the conversion or swap of the bonds, which at this time is equivalent to 9.11% of the share capital, there is not dilution risk for current shareholders derived from this bond issue. For the reasons mentioned above, FCC proceeds to cancel the share Buyback Programme and to communicate this fact as a Relevant Event. This suspension shall remain in effect until such time as there is

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a change in the percentage of share capital indicated above (9.11%) needed to satisfy conversion or swap requirements, accordingly.

Furthermore, on 6 July 2011, a Relevant Event was reported to the CNMV under number 146998, communicating the subscription of a liquidity contract under the following terms:

By resolution of the Board of Directors at the meeting held on 30 June 2011, on 6 July 2011 Fomento de Construcciones y Contratas, S.A. signed a Liquidity Contract pursuant to the terms of Circular 3/2007 of 19 December published by the CNMV with Santander Investment Bolsa, Sociedad de Valores, S.A. This contract is applicable to Spanish stock exchanges and the object of the agreement is to favour trading liquidity and regularity. The term of the Liquidity Contract is twelve months, tacitly renewable for 12-month periods and a total of 95,465 shares and 2 million euros is assigned.

**A.10. Indicate any legal or bylaw restrictions on the exercise of voting rights or any legal restrictions on the acquisition or sale of stakes in share capital. Indicate whether there are any legal restrictions on the exercise of voting rights**

YES NO

Maximum percentage of voting rights that a shareholder may exercise under legal restrictions 0

Indicate whether there are restrictions in the bylaws on the exercise of voting rights:

YES NO

Maximum percentage of voting rights that a shareholder may exercise under restrictions in the bylaws 0

Indicate whether there are any restrictions on the acquisition or sale of stakes in share capital:

YES NO

**A.11. Has the General Meeting of Shareholders has resolved to adopt neutralisation measures in the event of a takeover bid as provided in Law 6/2007?**

YES NO

Detail if appropriate, any such methods that have been approved and the terms in which the restrictions will be rendered ineffective:

**B. STRUCTURE OF THE COMPANY'S ADMINISTRATION**

**B.1 Board of Directors**

B.1.1 Indicate the maximum and minimum number of Directors provided in the bylaws:

Maximum number of directors	22
Minimum number of directors	5

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## B.1.2 Fill in the table below with the members of the Board:

Name of director	Representative	Board position	Date of first appointment	Date of last appointment	Election procedure
Mr. Baldomero Falcones Jacquotot (See Note)		Chairman - CEO	18/12/2007	18/06/2008	Voting at General Shareholders Meeting
B-1998, S.L.,	Mrs. Esther Koplowitz Romero de Juseu	1St Vice-Chairman	17/12/1996	31/05/2012	Voting at General Shareholders Meeting
Dominum Desga, S.A.	Mrs. Esther Alcocer Koplowitz	2Nd Vice-Chairman	27/09/2000	01/06/2011	Voting at General Shareholders Meeting
Mr Antonio Pérez Colmenero		Director	30/03/2005	27/05/2010	Voting at General Shareholders Meeting
Cartera Deva, S.A.	Jaime Llantada Aguinaga	Director	15/09/2004	27/05/2010	Voting at General Shareholders Meeting
Mr. César Ortega Gómez		Director	28/06/2007	31/05/2012	Voting at General Shareholders Meeting
Dominum Dirección y Gestión, S.L.	Mrs. Carmen Alcocer Koplowitz	Director	26/10/2004	27/05/2010	Voting at General Shareholders Meeting
E.A.C. Inversiones Corporativas, S.L.	Mrs. Alicia Alcocer Koplowitz	Director	30/03/1999	10/06/2009	Voting at General Shareholders Meeting
Mr. Fernando Falcó y Fernández de Córdova		Director	18/12/2003	27/05/2010	Voting at General Shareholders Meeting
Mr. Gonzalo Anes y Álvarez de Castrillón		Director	30/06/1991	27/05/2010	Voting at General Shareholders Meeting

Name of director	Representative	Board position	Date of first appointment	Date of last appointment	Election procedure
Mr. Henri Proglío		Director	27/05/2010	27/05/2010	Voting at General Shareholders Meeting
Mr. Javier Ribas		Director	11/06/2009	27/05/2010	Voting at General Shareholders Meeting
Mr. Juan Castells Masana		Director	21/06/2000	27/05/2010	Voting at General Shareholders Meeting
Larranza XXI, S.L.	Mrs. Lourdes Martínez Zabala	Director	13/01/2005	27/05/2010	Voting at General Shareholders Meeting
Mr. Marcelino Oreja Aguirre		Director	21/12/1999	27/05/2010	Voting at General Shareholders Meeting
Mr. Nicolás Redondo Terreros		Director	18/06/2008	18/06/2008	Voting at General Shareholders Meeting
Mr. Rafael Montes Sánchez		Director	06/03/1992	10/06/2009	Voting at General Shareholders Meeting
Mr. Felipe Bernabé García Pérez		Deputy Secretary Director	30/03/1999	27/05/2010	Voting at General Shareholders Meeting
<b>Total Number Of Directors</b>					<b>18</b>

Indicate any cessations from the Board of Directors in the period:

### NOTA:

Mr Francisco Vicent Chuliá holds the position of Secretary of the Board of Directors, having been appointed at the Board meeting held on 26 October 2004.

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B.1.3 Fill in the tables below on the members of the Board and their status:

EXECUTIVE DIRECTORS

Name of Director	Committee that proposed the appointment	Position in the Company
Mr. Baldomero Falcones Jaquotot (see note)	Appointments and Remuneration Committee	Chairman and CEO
Mr. Felipe Bernabé García Pérez	Appointments and Remuneration Committee	Company Secretary
<b>Total number of executive directors</b>		<b>2</b>
<b>% of the Board</b>		<b>11.111</b>

EXTERNAL PROPRIETARY DIRECTORS

Name of Director	Committee that proposed the appointment	Name of major shareholder being represented or that proposed the appointment
B-1998, S.L.	Appointments and Remuneration Committee	B-1998, S.L.
Dominum Desga, S.A.	Appointments and Remuneration Committee	B-1998, S.L.
Mr. Antonio Pérez Colmenero	Appointments and Remuneration Committee	B-1998, S.L.
Cartera Deva, S.A.	Appointments and Remuneration Committee	B-1998, S.L.
Dominum Dirección y y Gestión, S.L.	Appointments and Remuneration Committee	B-1998, S.L.
EAC Inversiones Corporativas, S.L.	Appointments and Remuneration Committee	B-1998, S.L.
Mr. Fernando Falcó y Fernández de Córdoba	Appointments and Remuneration Committee	B-1998, S.L.
Mr. Juan Castells Masana	Appointments and Remuneration Committee	B-1998, S.L.
Larranza XXI, S.L.	Appointments and Remuneration Committee	B-1998, S.L.

Name of Director	Committee that proposed the appointment	Name of major shareholder being represented or that proposed the appointment
Mr. Marcelino Oreja Aguirre	Appointments and Remuneration	B-1998, S.L.
Mr. Rafael Montes Sánchez	Appointments and Remuneration	B-1998, S.L.
<b>Total number of proprietary directors</b>		<b>11</b>
<b>% of the Board</b>		<b>61.111</b>

EXTERNAL INDEPENDENT DIRECTORS

Name of director	Profile
Mr. César Ortega Gómez	General manager of Banco Santander. Holds a Degree in Economics and Business and a Masters in Tax Consulting from ICADE. He studied Law and Philosophy. Partner at Arthur Andersen Asesores Legales y Tributarios and Garrigues law firm for 12 years. Board member of Grupo Empresarial Santander, S.L., Bancos Latinoamericanos Santander, S.L., Santusa Holding, S.L., Santander Holding Gestión, S.L. and Santander Investment, S.A.
Mr. Gonzalo Anes y Álvarez de Castrillón	Director of FCC, S.A.; Chairman of its Audit and Control Committee and member of its Appointment and Remuneration Committee. Holds a PHD in Economics from Madrid University. Professor of History and Economic Institutions at the Madrid Complutense University School of Economics. Full member of the Spanish Royal Academy of History, and Director since 1998. Member of the Prado Museum Board of trustees since 1982 and was its Chairman from 1986 to 1990. Former director of the Bank of Spain and of Repsol-YPF. He holds the title of Marquis of Castrillón.
Mr. Henri Proglio	Hold a Degree from the LaHEC, Business School de Paris (1971). currently Chairman and CEO of EDF and member of the Board of Directors and Supervisory Committee of Dassault Aviation, Natixis, CNP seguros. In the past he has been Chairman of the Board of Directors of Veolia Medio Ambiente, chairman of the Board of Directors of the following Vivendi Environment Businesses: Aguas Generales y Vivendi Agua, CGEA (Onyx: Waste Management- Connex: transport), and Dalkia (Energy Services), Vice-President of Vivendi, chairman of Générale des Eaux, managing director and member of the board of directors of Vivendi Agua, executive vice president of Compagnie Générale des Eaux, member of the executive committee of la Compagnie Générale des Eaux. He is also a former senior officer of Compagnie Générale des Eaux and Chairman and

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Name of director	Profile
	CEO of CGEA, a subsidiary of la Compagnie Générale des Eaux in the transport and waste management area. Recipient of the french legion of honour medal.
Mr. Javier Ribas	Holds a law degree from Deusto University; Chairman of Fundación Diploma in operational research from the French Petroleum Institute (Paris). Engineer at Compañía Francesa de Petróleo; head of research at Esso France; head of the industrial sector for Liga Financiera de Madrid; Deputy General Manager of Electronic Data Systems (EDS) Spain. Currently Executive Vice-Chairman of EDS Spain. Served on the Board of Directors of Telson, S.A. and Hidrocarbónico, S.A.; is currently Director at Inforsistem, S.A. and Hewlett-Packard/EDS (Advisory Board).
Mr. Nicolás Redondo Terreros	Degree in Law studied at Deusto University, Chairman of the Foundation for Freedom, Member of the Editorial Board of the Journal 'El Economista', of the Editorial Board of the Magazine of the Land Registrars and Economists Associations of Spain and of the Advisory Committee of the Middle East Information Agency. Recipient of the 2003 Constitutional Merit Award from the Spanish Government. He Formerly Held a Position in the Government of the Province of Biscay, M.P. in the Basque Parliament, Secretary General of the Basque Socialist Parliamentary Group in Vitoria, Spokesman of the Socialist Group in the General Assembly of Biscay, An M.P. Representing the Historical Territory of Biscay and President of the Basque Socialist Parliamentary Group.
<b>Total number of independent directors</b> 5	
<b>% of total Board members</b> 27,778	

## OTHER EXTERNAL DIRECTORS

State why these directors cannot be considered proprietary or independent, and indicate any relations between them and the Company, its executives or shareholders:

Indicate any changes in directors' status in the period:

**B.1.4 Explain, if appropriate, the reasons why proprietary directors have been appointed as requested by shareholders whose stake is below 5% of the share capital.**

Indicate whether formal requests for a seat on the Board submitted by shareholders whose stake is equal to or higher than that of others who requested and had proprietary directors appointed. Detail the reasons for any such rejections if applicable:

YES NO

**B.1.5** Indicate whether any directors have been removed from office before the end of their appointment, whether they have explained the reasons to the Board and via what means and, if a written explanation was given to the whole Board, explain below the reasons given by that director:

YES NO

**B.1.6.** Indicate any powers delegated to the CEO(s), if any:

Name of director	Brief description
Mr. Baldomero Falcones Jaquotot	See note

### NOTE:

Article 35.2 of the Rules of the Board establishes that the Board of Directors may permanently delegate, to one or several of its members, the powers vested in the Board of Directors, with the exception of those which, by law or under the Bylaws or these Rules, may not be delegated.

The permanent delegation of powers of the Board of Directors and the designation of the Director or Directors, to whom delegated powers are attributed, regardless of their office, shall require, in order to be valid, the vote of at least two thirds of the members of the Board of Directors.

The CEO will be entrusted with effectively representing and managing the business of the company, always in accordance with the decisions and criteria set by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective powers.

The effective representation and management of the Company's business affairs includes, but is not limited to:

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- Supporting the Board of Directors in defining the Group's strategy.
- Drafting the Business Plan and Annual Budgets to be submitted to the Board of Directors for approval.
- Drawing up and respectively submitting for approval to the Board of Directors or to the Executive Committee, depending on whether their individual amount exceeds eighteen million euros or otherwise, the proposals on investments, disinvestments, credit, loans, bond or guarantee facilities or any other type of financial facilities.
- The appointment and revoking of all the company personnel, with the exception of those whose appointment corresponds to the Board of Directors, as established by these Rules.

Once a year, at the first meeting of each financial year, the CEO shall inform the members of the Executive Committee of the degree of real fulfilment of the forecasts made regarding the investment proposals submitted to the Committee itself and to the Board of Directors.

Article 7.2 of the Rules of the Board of Directors establishes that: 'In any event, the Board of Directors in full session, by means of the adoption of resolutions that are to be passed in each case as provided in the Law or in the Bylaws, is vested with the handling of the following matters, which are established as a formal catalogue of matters reserved exclusively to the Board, and they cannot be delegated:

- a. The appointment and removal of the Chairman, Vice-chairman, CEOs, Secretary and Vice-secretary of the Board of Directors, as well as, following a proposal of the CEO, the appointment, removal and, as the case may be, indemnity clauses of the heads of the functional areas of the company (Administration, Finance, Human Resources and Company Secretary's office), of the members of the Management Committee and, in general, of the Senior Managers of the Company.
- b. Proposing to the respective Boards of Directors, under the initiative of the CEO and via the Company's representatives therein, the appointment and removal, as the case may be, together with any indemnity clauses, of the Chairmen and General Managers of the head companies in each of the FCC Group areas, acting in this respect in conformity with the corporate interest of each one of them.

- c. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association, and revoking such powers.
- d. The appointment and removal of directors as members of the various Committees envisaged in these Rules.
- e. Supervising the Board's Internal Committees.
- f. The appointment of Directors by co-opting in the event of vacancies until the next General Meeting.
- g. The acceptance of resignations tendered by Directors.
- h. Drawing up the financial statements and dividend policy for submission and proposal to the General Meeting, and agreeing, if applicable, on the payment of interim dividends.
- i. The definition and structure of the Group and the coordination, within the legal limits, of the general Group strategy in the interest of the Company and its subsidiaries, supported by the Strategy Committee and the CEO, disclosing in the Annual Corporate Governance Report any business relations between the Company and the listed subsidiaries in its Group, as well as between the latter and other Group companies, and the mechanisms established to solve any possible conflicts of interest that might arise.
- j. The investment and financing policy, in particular the approval of investments, disinvestments, credit facilities, loans, bond or guarantee facilities or any other type of financial facilities within the limits established by the Board itself, as well as the approval of any investments or operations of any kind which owing to their special circumstances are of a strategic nature.
- k. In general, organising the powers of the Board of Directors, particularly the power to amend these Rules.
- l. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.

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Also, article 8.1 (General functions – Balance in the development of functions) establishes that the Board of Directors is vested with developing any acts that are necessary for the performance of the corporate purpose provided in the Bylaws, pursuant to the applicable laws. On the other hand, article 8.2 states that the delegation of powers by the Board to any of its members, within the limits allowed by Law, does not deprive the Board of those powers.

The Board of Directors, at its meeting of 18 December 2007, delegated to Mr Baldomero Falcones Jaquotot, effective from 1 January 2008, powers of a varied nature such as financial powers, powers to liaise with customers and suppliers, labour, administration and drawdown related powers, in relation to companies and associations, and powers of a legal and internal nature. The delegation of these powers facilitates Group management and expedites the external manifestation of the Company's activities.

**B.1.7** Identify, if appropriate, the members of the Board who hold director or senior executive positions in other companies that are part of the group of the listed company:

Name of director	Name of Group company	Position
Mr. Baldomero Falcones Jaquotot (véase nota)	Alpine Holding GMBH	Chairman of Surveillance Committee
Mr. Baldomero Falcones Jaquotot (véase nota)	FCC Energía, S.A. Unipersonal	Chairman
Mr. Baldomero Falcones Jaquotot (véase nota)	FCC Power Generation, S.L. Unipersonal	Chairman
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
Mr. Fernando Falcó Fernández de Córdova	FCC Construcción, S.A.	Director
Mr. Fernando Falcó Fernández de Córdova	FCC Environment (UK) Limited	Director
Mr. Javier Ribas	Alpine Holding GmbH	Director
Mr. Javier Ribas	FCC Environmental LLC	Director
Mr. Juan Castells Masana	Alpine Holding GmbH	Director
Mr. Juan Castells Masana	Cementos Portland Valderrivas, S.A.	Director
Mr. Juan Castells Masana	FCC Environment (UK) Limited	Director
Mr. Rafael Montes Sánchez	Cementos Portland Valderrivas, S.A.	Director
Mr. Rafael Montes Sánchez	FCC Construcción, S.A.	Director
Mr. Rafael Montes Sánchez	Alpine Holding GmbH	Director
Mr. Felipe Bernabé García Pérez	FCC Energía, S.A. Unipersonal	Director-Secretary
Mr. Felipe Bernabé García Pérez	FCC Environmental LLC	Consejero
Mr. Felipe Bernabé García Pérez	FCC Power Generation, S.L. Unipersonal	Consejero-Secretario

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B.1.8 Indicate, if appropriate, the directors of your company who are members of the Board of Directors of other companies listed on official securities exchanges in Spain that are not in your same group of companies, which have been communicated to your company:

Name of director	Name of listed company	Position
EAC Inversiones Corporativas, S.L.	Realia Business, S.A.	Director
Mr. Javier Ribas	S.A. Damm	Director
Mr. Rafael Montes Sánchez	Realia Business, S.A.	Director

B.1.9. Indicate whether the Company has established rules about the number of directorships its Board members can hold, and describe any such rules:

YES  NO

EXPLANATION OF THE RULES

Article 24.3 of the Board Regulations establishes that before accepting a senior executive position or office on the Board of another company or entity the Director must first check with the Appointment and Remuneration Committee.

Article 22.3 establishes that Directors must report any other professional obligations they may have to the Appointment and Remuneration Committee, in case they might interfere with their dedication to their office, and the Board of Directors, following a proposal from the Appointment and Remuneration Committee, must establish on how many boards the Directors may hold office.

B.1.10 In relation to recommendation number 8 of the Unified Code, state the policies and general strategies that the Board in full session has reserved the right to approve:

	Yes	No
Investment and financing policy	<input checked="" type="checkbox"/>	
Definition of the structure of the group of companies	<input checked="" type="checkbox"/>	
Corporate governance policy	<input checked="" type="checkbox"/>	
Corporate social responsibility policy	<input checked="" type="checkbox"/>	
Strategic or business plan and the annual management and budget objectives	<input checked="" type="checkbox"/>	
Remuneration policy and assessment of senior management performance	<input checked="" type="checkbox"/>	
Risk control and management policy and periodical follow-up of internal control and reporting systems	<input checked="" type="checkbox"/>	
Dividend and treasury share policy and, especially its limits	<input checked="" type="checkbox"/>	

B.1.11 Fill in the tables below in respect of the aggregate remuneration of the directors accrued during the year:

a) At the Company to which this report refers:

Remuneration item	In thousand euros
Fixed remuneration	3,445
Variable remuneration	450
Per diem allowance	0
Considerations in the bylaws	699
Share options and/or other financial instruments	0
Other	0
<b>Total:</b>	<b>4,594</b>

Other benefits	In thousand euros
Advances	0
Loans granted	0
Funds and Pension Plans: Contributions	0
Funds and Pension Plans: Obligations undertaken by company	0
Life insurance premiums	0
Guarantees established by the company for the directors	0

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b) As members of Boards of Directors and/or undertaking senior management in other group companies:

Remuneration item	In thousand euros
Fixed remuneration	0
Variable remuneration	0
Per diem allowance	0
Considerations in the bylaws	130
Share options and/or other financial instruments	0
Other	0
<b>Total:</b>	<b>130</b>

Other benefits	In thousand euros
Advances	0
Loans granted	0
Funds and Pension Plans: Contributions	0
Funds and Pension Plans: Obligations undertaken by company	0
Life insurance premiums	0
Guarantees established by the company for the directors	0

c) Total remuneration per type of director:

Type of director	Paid by company	Paid by group
Executive	3,967	0
External proprietary directors	484	130
External independent	143	0
Other external	0	0
<b>Total:</b>	<b>4,594</b>	<b>130</b>

d) With regard to the profits attributed to the parent company:

Total remuneration of directors (in thousand euros)	4,724
Total remuneration of directors/profit attributed to parent company (as a pct.)	0.0

B.1.12 Identify the senior executives who are not executive directors, and indicate the total remuneration they accrued during the year:

Name	Position
Mr. Francisco Martín Monteagudo	General Manager of Human Resources
Mr. José Manuel Velasco Guardado	General Manager of Communication and Corporate Responsibility
Mr. Eduardo González Gómez	General Manager of Energy and Sustainability
Mr. José Mayor Oreja	Chairman of FCC Construcción, S.A.
Mr. Víctor Pastor Fernández	General Manager of Finance
Mr. Antonio Gómez Ciria	General Manager of Administration and Information Technology
Mr. Miguel Hernanz Sanjuan	General Manager of Internal Auditing
Mr. José Luis de la Torre Sánchez	Chairman of FCC Servicios
Mr. Juan Béjar Ochoa	Chairman And CEO of Cementos Portland Valderrivas, S.A.
<b>Total remuneration of senior executives (in thousand euros)</b>	<b>6,015</b>

B.1.13 Identify in an aggregated way whether there are any guarantee or golden parachute clauses for senior executives, including executive directors of the company or group in the event of removal or change of control. Indicate whether these contracts have to be notified to and/or approved by the company's or the group's bodies:

Number of beneficiaries	7
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	Board of Directors	General Meeting
Body authorising the clauses	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	YES	NO
Are the clauses reported to the General Meeting?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## NOTE:

As set out in the Notes to the Financial Statements for each year, drawn up by the Board of Directors and submitted to the approval of the General Meeting, an insurance policy was taken out and paid in order to meet the contingencies related to the death, permanent

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disability for working, retirement bonuses or other items to the benefit, among others, of some of the Executive Directors and Senior Managers mentioned in sections B. 1. 3 and B.1.12 respectively.

In particular, the contingencies giving rise to indemnity are those that entail the termination of the employment relationship for any of the following reasons:

- a) Unilateral decision by the Company.
- b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.
- c) Death or permanent disability.
- d) Declaration of physical disability or legal incompetence for any other reason.
- e) A substantial change in professional conditions
- f) Termination, upon reaching the age of 60, at the manager's request and with the Company's consent.
- g) Termination at age 65, by unilateral decision of the manager.

The Company has subsequently agreed to include indemnity clauses for other senior managers, when hiring them, only in the event of the unilateral termination of their contracts by the Company before a certain minimum period of time has elapsed. Clauses of this kind are also included in the contracts signed with the Board of Directors, Chairman and CEO's approval.

FCC Group did not pay any insurance premiums in 2012 and it did not receive any premium rebates.

**B.1.14 Indicate the process for establishing the remuneration of the members of the Board of Directors and the relevant related clauses in the bylaws.**

**Process to establish the remuneration for Board members and the corresponding clauses in the Bylaws.**

Article 37 of the Company Bylaws establishes the following:

*'The post of Board member is remunerated. The remuneration shall consist of a share of the net profits which shall not exceed two per cent (2%) of the financial year profits attributed to Fomento de Construcciones y Contratas, S.A. in the Group's consolidated*

*financial statements, in which it is the Parent Company. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four per cent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.*

*The Board will distribute the remuneration resolved at the General Meeting of Shareholders among its members, taking into account the functions and responsibilities of each one on the Board members or its Internal Committees and other criteria provided in the Rules of the Board of Directors, including, within the amount referred to in the previous paragraph of this article, fixed remuneration as well as variable remuneration and benefit schemes.*

*Subject to the foregoing, Directors shall be remunerated for attendance at the Board and Internal Committee meetings. For this purpose, the General Meeting shall determine the amount corresponding to this item in each financial year, which shall be divided by the Board among its members taking into account their effective attendance at the meetings of the Board and of the Internal Committees of which they are members.*

*Also, the Company shall in any event take out civil liability insurance for its Directors.*

*In accordance with the resolution adopted by the General Meeting in this respect, and regardless of provisions of the foregoing paragraphs, director remuneration may also consist of the delivery of shares or share options, or it may be referenced to the value of the Company shares.*

*The remuneration mentioned in the preceding paragraphs for Board members will be compatible with the other wages, service or professional remuneration paid to the Board members for the performance of their duties, whether managerial, executive, advisory or of any other nature, including the Directors' functions of supervision and collective decision-making which they perform for the Company, under the form of hired employment, lease of services or any other form legally applicable to them based on their nature.*

*The Board of Directors shall draw up an annual report on Director remuneration, which shall include the Company's remuneration policy approved by the Board for the current year, the one foreseen for future years, the overall summary of how the remuneration policy was applied during the year and the detail of the individual remuneration accrued by each one of the Directors, which shall be disseminated and submitted to vote, for consultation*

purposes and as a separate item on the Agenda at the Annual General Meeting of Shareholders.’

On the other hand, Article 42.3 f) of the Rules of the Board of Directors states that the Appointment and Remuneration Committee's functions include, among others, overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.

State whether the Board in a plenary session has reserved the right to approve the following matters:

	YES	NO
On proposal from the Company's chief executive, the appointment and possible discharge of senior managers, and the indemnity clauses.	<input checked="" type="checkbox"/>	
The Board members' remuneration and the additional remuneration of executive directors due to their executive functions and other terms their contracts must comply with.	<input checked="" type="checkbox"/>	

B.1.15 Indicate whether the Board of Directors has approved a detailed remuneration policy and specify the matters it deals with:

	YES	NO
Fixed remuneration items, including a breakdown of attendance expenses accrued to the members for Board of Directors and Committee meetings and an estimate of the annual fixed remuneration accrued	<input checked="" type="checkbox"/>	
Variable remuneration items	<input checked="" type="checkbox"/>	
Main features of pension systems, including an estimate of their equivalent annual cost	<input checked="" type="checkbox"/>	
Conditions under senior management contracts, including executive officers	<input checked="" type="checkbox"/>	

B.1.16 Indicate whether the Board submits a report on the directors' remuneration policy to the vote of the General Meeting as a separate item on the agenda and for consultation purposes. If so, describe the points in the report dealing with remuneration policies approved by the Board for future years, the main policy changes this year and a general summary of how the remuneration policies were applied throughout the year. Describe the role of the Remuneration Committee and, if external advisors were engaged, state their identity:

YES  NO

Matters dealt with by the remuneration policy

At the time the Ordinary General Meeting of Shareholders scheduled for 31 May 2012 was announced, a report on the Board of Directors remuneration policy was made available to the shareholders (for the year 2012 and how it was applied to the year 2011). The report was approved by the Board of Directors on 12 April 2012 and submitted to vote for consultation purposes prior to that Meeting, where it was approved by the majority (96.0832% votes for).

These are the most significant changes in this policy applied during the year:

The last Annual General Meeting resolved to amend the system established in article 37 of the Bylaws of Fomento de Construcciones y Contratas, S.A. in order to consider the actual attendance of Board and Committee meetings, as well as the subsequent dedication that the preparation and discussion of the matters to be discussed requires of each one of the directors, as something to be remunerated which is not directly linked to the results of the financial year.

Because of this, the specific regulation of this item was amended (Remuneration for effective attendance), as opposed to participation in profits.

Following this amendment, directors will be remunerated for attending meetings of the Board and of its Internal Committees. For the purpose herein, the General Meeting will determine the amount corresponding to each year for this item, which

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will be distributed by the Board among its members taking into account their actual attendance of Board meetings and meetings of the Internal Committees of which they are members.

Aspects of the report referred to the remuneration policy approved by the Board for future years:

The remuneration system detailed in the report is the one expected to be applied in future years unless the corporate bodies decide to amend it because of future circumstances making it advisable to do so.

Global summary of how the remuneration policy was applied in the year 2011:

The Board proposed to the Annual General Meeting held in 2012 to pay out a total remuneration of 1,974,356 euros, which was distributed among all of the members according to their membership of the different Board Committees. This remuneration consisted of a share in the net profit (1.82%), which is therefore below two per cent (2%) of the profit of the year attributed to Fomento de Construcciones y Contratas, S.A. in the consolidated financial statements of the Group of which it is the parent company, for all the Board of Directors, after meeting the Legal Reserve and having allocated a minimum dividend of four per cent (4%) to the shareholders.

The amount of the module serving as the basis for the different remuneration items to be received by the members of the Board for the performance of their functions during the year 2011 was the same as for the years 2007, 2008, 2009 and 2010, where it was frozen at 66,720 euros.

Remuneration item	Amount in euros
Membership on the Board	66,720
Membership on the Executive Committee	44,480
Membership on the Audit Committee	33,360
Membership on the Appointment and Remuneration Committee	33,360

There are no other remuneration items such as attendance bonuses or per diem allowances, or variable remuneration items.

Further details on the Board remuneration policy in 2012 and that scheduled for 2013 and subsequent years, may be reviewed in the report on these policies to be approved by the Board of Directors and following submission to the Annual General Meeting dedicated to the past year.

**Role of the Remuneration Committee**

Pursuant to article 42 of the Rules of the Board of Fomento de Construcciones y Contratas, S.A., the powers of the Appointment and Remuneration Committee include:

f) Overseeing compliance with the remuneration policy set by the Company and proposing to the Board of Directors the remuneration policy for Directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, reporting and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.

Also, proposing to the Board of Directors the distribution among the Directors of the remuneration arising from their membership on the Board that is resolved by the General Meeting of Shareholders, pursuant to the provisions in the Bylaws and in the Regulations herein.

Each and every one of the members of the Appointments and Remuneration Committee have played an active role in drawing up the Report, directed and coordinated by the Chairman, taking into account the remarks and suggestions made by all of them.

Also, the information and advice provided by the internal services of the Company were used, and for the purpose herein no advice was received from external consultants (Art. 32.2 RCA).

Last of all, data on the remuneration paid in the market by companies of a similar size and activities were taken into consideration, together with the recommendations and indications of the Unified Code of Corporate Governance published by the Spanish National Securities Market Commission (CNMV) regarding the structure of Director remunerations.

	YES	NO
Has external advice been used?		<input checked="" type="checkbox"/>
Identity of the external consultants		

B.1.17 Indicate, as the case may be, the identity of the members of the Board of Directors who are, at the same time, members of the Board of Directors, managers or employees of companies holding significant interests in the listed company and/or in other entities of its Group:

Name of Director	Name of significant shareholder	Position
Dominum Desga, S.A.	B-1998, S.L.	Director
Cartera Deva, S.A.	B-1998, S.L.	Director
Dominum Dirección y Gestión, S.L.	B-1998, S.L.	Director
EAC Inversiones Corporativas, S.L.	B-1998, S.L.	Director
Don Fernando Falcó Fernández de Córdova	B-1998, S.L.	Director
Don Juan Castells Masana	B-1998, S.L.	Director
Larranza XXI, S.L.	B-1998, S.L.	Director
Don Rafael Montes Sánchez	B-1998, S.L.	Director

Detail, if applicable, the relevant relations other than those contemplated in the section above, of the members of the Board of Directors that link them to significant shareholders and/or Group entities:

Name of related director	Name of related significant shareholder	Description of relationship
Cartera Deva, S.A.	B-1998, S.L.	B-1998, S.L. Shareholder Agreements
Larranza XXI, S.L.	B-1998, S.L.	B-1998, S.L. Shareholder Agreements

B.1.18. Indicate whether there were any amendments to the Rules of the Board in the year:

YES	NO
<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Description of the amendments**

Go to this link: [http://www.fcc.es/fccweb/wcm/idc/groups/public/documents/document/mdaw/mde4/~edisp/ucm\\_012592.pdf](http://www.fcc.es/fccweb/wcm/idc/groups/public/documents/document/mdaw/mde4/~edisp/ucm_012592.pdf)

B.1.19. Indicate the procedure for appointing, re-election, assessing and removing directors. Indicate the competent bodies, the process and the criteria for each procedure.

The Shareholders' Meeting is in charge of appointing and removing Board members. Directors may be re-elected indefinitely one or more times, for five-year terms.

By virtue of the shareholders' agreements referred to in section A.6. of this report as regards the FCC Directors approved by B-1998, S.L., the Investors may appoint two (2) directors to FCC's Board.

Ms Esther Koplowitz Romero de Juseu, or her designated representative, may appoint all of the members of FCC's Board of Directors to which B-1998, S.L. is entitled other than those appointed by the Investors.

Moreover, Chapter IV of the Rules of the Board of Directors, 'Appointment and Removal of Directors,' establishes the following:

**Article 16.** Appointment, ratification or re-election of directors

1. *Proposals for the appointment or re-election of Directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, solvency, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and*

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based on a prior report of the Appointments and Remuneration Committee, in the case of other directors.

2. If a corporate body is appointed as a director it will be necessary that it appoint one individual only for the permanent exercise of the functions attached to the position, who shall be subject to the requirements of good name, solvency, technical competence and experience and to the regime of incompatibilities and prohibitions stated in these Regulations, and on a personal basis he/she shall fulfil the director duties established in these regulations. The revocation of the representative by the corporate body acting as a director shall not be effective until a person is designated as a replacement.

**Article 18.** Term of office

- '1. The term of office of directors will be that established in the Bylaws, which cannot be more than six years, although directors may be re-elected.
2. The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.
3. Directors whose mandates expire or who cease to sit on the Board for any reason cannot render services to FCC competitors for two years.
4. The Board of Directors, at its discretion, may waive or reduce this limitation for directors who are leaving.'

**Article 19.** Re-election of Directors

Prior to proposing re-election of any director to the General Meeting of Shareholders, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate.

**Article 38.6.**

'The Board in full session will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional, if applicable. Also, based on a report drawn up by the Appointments

and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.

**Article 20.** Removal of Directors

- '1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Bylaws.'

**Article 21.** Nature of the Resolutions of the Board on this subject

'Pursuant to the provisions of Article 25 of these Rules, the directors being proposed for appointment, re-election or removal may not participate in the debates or vote on these issues.'

**B.1.20 Indicate the reasons for which directors may be forced to resign**

Article 20 of the Rules of the Board of Directors states:

- '1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Bylaws.
2. The directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:
  - a. In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.
  - b. In the case of proprietary directors, when the shareholder whose interests they represent disposes of its entire holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.
  - c. When they fall under a situation of incompatibility or legal disqualification provided by law.
  - d. When the Board, by a two-thirds majority, asks the director to resign:
    - if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee or

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- when his or her permanence on the Board may jeopardise the Company's credibility and reputation; directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether the director must resign or not, and it must give a justification in the Annual Corporate Governance Report.

**B.1.21. Explain whether the functions of the Company's chief executive are performed by the Chairman of the Board. If so, indicate the measures taken to limit the risk of a single person accumulating power:**

YES  NO

**Measures taken to limit risks**

The FCC, S.A. Rules of the Board of Directors control these risks by vesting the powers set out in the following section in an independent director.  
At the meeting held on 27 January 2010, FCC's Board of Directors appointed Mr Gonzalo Anes and Álvarez de Castrillón as the independent director to undertake the functions envisaged in the last paragraph of Article 34 of the Rules of the Board of Directors.

**State whether the Company has established rules to empower an independent director to request a Board meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the evaluation by the Board.**

YES  NO

**Explanation of the rules**

Article 34.3 of the Rules of the Board establishes the following:  
When a Company's Chairman is also its CEO or top executive, an independent director should be empowered by the Board to request the calling of Board meetings or the inclusion of new business on the agenda, to coordinate and give voice to the concerns of external directors, and to lead the Board's evaluation of the Chairman.

**B.1.22 Is a supermajority, other than the legal majority, required in some decisions**

YES NO

**Explain how resolutions are adopted by the Board of Directors, stating at least the minimum quorum and type of majority required to adopt resolutions:**

Description of the resolution:	Quorum	Type of majority
Permanent delegation of delegable powers to the Executive Committee, the Chairman or the Managing Directors and the appointment of the Directors who will hold such posts. (All other resolutions of the Board require an absolute majority in order to be approved.)	Two-thirds of the Board members must be present or represented at the meeting 66.66%	Two-thirds of the Board members 66.66%

**B.1.23 Detail whether there are specific requirements, other than those relating to directors, to be appointed Chairman.**

YES NO

**B.1.24 Indicate whether the chairman has a casting vote:**

YES NO

**B.1.25 Indicate whether the Bylaws or the Rules of the Board establish an age limit for Directors:**

YES NO

Age limit for chairman	Age limit for CEO	Age limit for directors
0	0	0

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B.1.26. Indicate whether the Bylaws or the Rules of the Board establish a term limit for Independent Directors:

YES  NO

Maximum number of years in office 12

B.1.27 When there are few or no female directors, indicate the reasons for this situation and the measures taken to correct it:

In particular, state whether the Appointments and Remuneration Committee has established procedures to ensure that the selection processes have no implicit bias that might hamper the selection of female candidates, and to ensure that female candidates with the right profile are actively sought:

YES  NO

Describe the main procedures

Article 42.3.h) of the Rules of the Board establishes that the Appointments and Remuneration Committee's functions include: 'Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women candidates with the necessary professional profile, and it should explain to the Board, if applicable, via the Annual Corporate Governance Report the reason why there are few or no female directors and the initiatives adopted to correct this situation.

B.1.28 Indicate whether there are formal processes for delegating votes in the Board of Directors. If so, give a brief description.

There are no are formal processes for delegating votes on the Board of Directors.

B.1.29 Indicate the number of Board of Directors meetings held in the year. Also, state the number of times that the Chairman did not attend the Board meeting:

Number of meetings of the Board of Directors	11
Number of Board meetings without the attendance of its Chairman	0

Indicate the number of meetings held by different Board Committees in the year:

Number of Executive or Delegated Committee meetings	9
Number of Audit Committee meetings	8
Number of Appointments and Remuneration Committee meetings	9
Number of Appointments Committee meetings	0
Number of Remuneration Committee meetings	0

B.1.30. Indicate the number of Board of directors meetings held in the year which were not attended by all members. To calculate this, absence will be considered to be those proxies granted without specific instructions.

Number of absences of directors during the year	19
% of absences over the total votes during the year	9.600

B.1.31 Indicate whether the individual and consolidated financial statements that are presented for Board approval have been certified:

YES  NO

Indicate, as the case may be, the person(s) who have certified the separate and consolidated financial statements of the Company, prior to submitting them to the Board:

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Nombre	Cargo
Mr. Juan Béjar Ochoa	Deputy Chairman and CEO
Mr. Víctor Pastor Fernández	Director of Finance
Mr. Antonio Gómez Ciria	Director of Administration and Information Technology

**B.1.32.** Detail whether the Board of Directors has established any mechanisms to avoid that the individual and consolidated financial statements authorised by it be presented to the General Meeting with audit qualifications.

One of the Audit and Control Committee's functions is the revision of the financial and economic information published periodically by the FCC Group. This revision is particularly important in the case of the annual report; therefore, prior to the Board of Directors' authorisation of the 2012 financial statements, the Audit and Control Committee thoroughly examined the statements and requested that the external auditor explain the conclusions of its review so that, once the statements were approved by the Board, the external auditor's report would contain no qualifications.

**B.1.33.** Is the Secretary of the Board a Director?

YES NO

**B.1.34.** Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the Appointments Committee was consulted and the appointment or removal was approved by the full session of the Board:

Appointment and removal procedure
<b>Art. 36.1 of the Rules of the Board:</b> 'His appointment and removal must be approved by a full Board meeting based on a proposal by the Appointments and Remuneration Committee'.

	Yes	No
Is the Appointments Committee consulted on the appointment?	<input checked="" type="checkbox"/>	
Is the Appointments Committee consulted on the removal?	<input checked="" type="checkbox"/>	
Does the full Board approve the appointment?	<input checked="" type="checkbox"/>	
Does the full Board approve the removal?	<input checked="" type="checkbox"/>	

Is the Secretary of the Board entrusted in particular with ensuring compliance with corporate governance recommendations?

YES  NO

**Comments**

**Art. 36.2 of the Rules of the Board:**  
 The Secretary shall especially see to it that the Board's actions: (i) are adjusted to the letter and spirit of the Laws and regulations, including those approved by regulatory bodies; (ii) are in conformity with the Bylaws and the Rules of the General Meeting, the Board and any others that the Company may have; (iii) and that they bear in mind the recommendations on governance included in the Bylaws and Rules of the Company.

**NOTE:**

The current Secretary was appointed before the Appointments and Remuneration Committee was created.

**B.1.35.** Indicate the mechanisms, if there are any, established by the Company to maintain the independence of auditors, financial analysts, investment banks and rating agencies.

These mechanisms are included in Article 41.4 of the Rules of the Board which states as follows:

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external Auditor.

In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:

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- a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- b) Liaising between the Board of Directors and the Company’s external Auditor, evaluating the results of each audit, with the following additional duties with respect to the external Auditor:
  - (i) Making recommendations to the Board of Directors for the selection, appointment, re-election and removal of the external Auditor, and the terms and conditions of his or her engagement;
  - (ii) receiving regular information from the external Auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations;
  - (iii) discussing with the external Auditors any significant weaknesses found in the internal control system as a result of the audits conducted;
  - (iv) ensuring the independence of the external Auditor and, in particular, establishing appropriate measures to ensure that:
    - 1) contracting consulting and advisory services with that Auditor or a company of its group does not jeopardise its independence, to which end the Committee will receive an annual report from the Auditors confirming in writing their independence in respect of the Company or the entities directly or indirectly related to it and information on any additional services of any kind rendered to the companies by the Auditors or by persons or entities related to the Auditors, as provided for in the Auditing Act; and
    - 2) the Company issues a relevant event to the CNMV as regards the change in Auditor, with a statement about any disagreements with the outgoing Auditor and their nature; where the external Auditor resigns, the Committee must examine the reasons;
  - (v) and seeking to ensure that the Company's Auditor takes responsibility for auditing the companies comprising the Group.
- c) Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company’s Auditors or auditing companies. This report must necessarily address any additional services of the kind referred to in section b) (iv) 1 above.
- d) Supervising the Company's internal audits that oversee the good operation of the information and internal control systems; the head of internal audit is obliged to present

an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.

- e) Supervising and analysing the risk control and management policy, identifying at least:
  - (i) the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
  - (ii) the determination of the risk level the Company sees as acceptable;
  - (iii) the measures in place to mitigate the impact of risk events, should they occur;
  - (iv) and the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, and submission to the Board for approval.
- f) Supervising the preparation and presentation of the annual financial statements and management report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions:
  - (i) the financial information that the Company must release periodically by virtue of being listed, ensuring that the interim financial statements are drawn up in accordance with the same accounting principles as the annual financial statements and, to this end, considering the advisability of a limited review by the Company's external Auditor;
  - (ii) and the creation, or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC group.
- g) With respect to internal control and reporting systems:
  - (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles;
  - (ii) reviewing internal control and risk management systems on a regular basis, to ensure that the main risks are properly identified, managed and disclosed;

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- (iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports;
- (iv) periodically receiving information from the Response Committee and the Management Control and Risk Management Department, respectively, on how they carry out their activities and on how internal controls work;
- (v) and ensuring that the internal codes of conduct and the rules of corporate governance comply with the requirements of law and are appropriate for the Company, and reviewing compliance, by the persons governed by those codes and governance rules, of their obligations to inform the Company.

**h)** Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems appropriate for the best performance of its functions, particularly the report on proposed amendments to these Rules, as provided in Article 4.3.

**i)** Deciding on requests for information presented by directors, by virtue of Article 30.3 of these Rules, to the Committee, and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in Article 38.3 of these Rules.

**B.1.36** State whether the Company changed its external auditor during the year. As the case may be, identify the outgoing and incoming auditors:

YES NO

If there was a disagreement with the outgoing auditor, describe it:

YES NO

**B.1.37** Indicate whether the audit firm performs other work for the Company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the Company and/or its group:

YES  NO

	Company	Group	Total
Amount of other non-audit jobs (thousand euros)	52	447	499
Amount of non-audit jobs / total amount billed by audit firm (as a %)	18.186	8.492	8.990

**B.1.38** State whether the auditors' report on the previous year's financial statements had any reservations or was qualified. If it was, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualification or reservation.

SÍ NO

**B.1.39** Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the Company and/or its group. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	11	11
Number of years the current audit firm has audited / number of years the Company has been audited (as a %)	48.0	48.0

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B.1.40 Indicate the shareholdings of the members of the Company’s Board of Directors in the share capital of companies engaged in the same, similar or complementary activities as that of the corporate purposes of the Company and group, of which the Company is aware. Likewise, include the offices or functions held or undertaken in such companies:

B.1.41 Indicate whether there is a procedure for directors to engage external consultants and, if so, provide details:

YES  NO

**Details of the procedure**

Article 31 Expert assistance, of the Rules of the Board states that:

1. *In order to assist them in performing their duties, external directors are entitled to obtain the necessary assistance from the Company to perform their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts.*
2. *Requests to engage external consultants or experts must be referred to the Chairman of FCC and will be approved by the Board of Directors if it considers that:*
  - a. *it is necessary for the proper performance by independent directors of their assigned duties,*
  - b. *the cost is reasonable, in view of the importance of the problem and the assets and revenues of FCC, and*
  - c. *the technical assistance cannot be properly provided by internal FCC experts or technical personnel.*
3. *Requests for expert assistance by any of the Board Committees should not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this article are not met.*

B.1.42 Indicate whether there is a procedure for directors to have the necessary information to prepare for the meetings of the governing bodies with sufficient time and, if so, provide details:

YES  NO

**Details of the procedure**

Article 38 Meetings of the Board of Directors, of the Rules of the Board defines the procedure as follows:

1. *The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC so require, in accordance with a calendar and agendas set at the beginning of the year, to which each director, along with any of the Board’s Committees, may propose the addition of other items not initially envisaged in the agenda, such proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.*
2. *The announcement of the ordinary meetings will be sent by post, fax, e-mail or telegram and will be authorised with the signature of the Chairman or his alternate or the Secretary or Vice-Secretary, by order of the Chairman. Notwithstanding the provisions of Article 30 of the Bylaws, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and if applicable, to vote on the issues submitted to them for their consideration. In emergency situations, at the Chairman's discretion, an immediate meeting of the Board of Directors may be called, in which case the meeting agenda will be limited to the urgent matters.*
3. *The Chairman will decide the meeting agenda. The directors and the Board Committees may ask the Chairman to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairman will be obliged to include them. When a specific item is included on the meeting agenda as requested by the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the*

rest of the Board members. In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion.

- Board meetings may be held via telephone multi-conference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone conference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors who physically attended or those represented by another director, those who attended via telephone multi-conference, videoconference or an equivalent system.

**B.1.43** Indicate whether the Company has rules obliging directors to inform and, if appropriate, to resign in any circumstance that might harm the organisation's name or reputation, and describe any that exist:

YES  NO

**Explain the rules**

According to Article 29 of the Rules of the Board of Directors' duty of disclosure, 'Directors must disclose the following to FCC's Appointments and Remuneration Committee through the Corporate Responsibility Department or any other that takes its place: d. Legal, governmental, or any other type of claim which, due to its significance, could have a serious effect on the reputation of FCC.'

Also, article 20.2.d) on Removal of Directors states that 'Directors must tender their resignation to the Board of Directors and, if the latter sees fit, resign in the following cases: when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is indicted or tried for any of the crimes indicated in Article 213 of the Public Limited Companies Act, the Board

will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.'

**B.1.44** State whether any member of the Board of Directors has informed the Company that he has been charged with, or tried for, any of the crimes indicated in Article 124 of the Public Limited Companies Act:

YES NO

State whether the Board of Directors has analysed the case. If it has, give a reasoned explanation on the decision made regarding whether it is fit for the director to remain in office.

YES NO

Decision made	Reasoned explanation	Typology
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**B.2 Board of Director Committees**

**B.2.1** List the Committees of the Board of Directors and their members:

**EXECUTIVE OR DELEGATE COMMITTEE**

Name	Position	Type of director
Mr. Baldomero Falcones Jaquotot (see note)	Chairman	Executive
Carteda Deva, S.A.	Director	Proprietary
Dominum Desga, S.A.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Juan Castells Masana	Director	Proprietary

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AUDIT COMMITTEE

Name	Position	Type of director
Mr. Gonzalo Anes y Álvarez de Castrillón	Chairman	Independent
Dominum Desga, S.A.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Juan Castells Masana	Director	Proprietary

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type of director
Dominum Desga, S.A.	Chairman	Proprietary
Mr. Antonio Pérez Colmenero	Director	Proprietary
Cartera Deva, S.A.	Director	Proprietary
Dominum Dirección y Gestión, S.L.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Gonzalo Anes y Álvarez de Castrillón	Director	Independent
Mr. Juan Castells Masana	Director	Proprietary
Mr. Rafael Montes Sánchez	Director	Proprietary

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type of director
B-1998, S.L.	Chairman	Proprietary
Cartera Deva, S.A.	Director	Proprietary
Dominum Desga, S.A.	Director	Proprietary
Dominum Dirección y Gestión, S.L.	Director	Proprietary
EAC Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Javier Ribas	Director	Independent
Mr. Juan Castells Masana	Director	Proprietary
Larranza XXI, S.L.	Director	Proprietary
Mr. Rafael Montes Sánchez	Director/ Secretary	Proprietary

B.2.2 Indicate whether the following functions are attributed to the Audit Committee:

	Yes	No
Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the Group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.	<input checked="" type="checkbox"/>	
Periodically check the systems of internal control and risk management, in order that the principal risks are identified, managed and announced adequately.	<input checked="" type="checkbox"/>	
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	<input checked="" type="checkbox"/>	
Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	<input checked="" type="checkbox"/>	
Make recommendations to the Board for the selection, appointment, re-election and removal of the external auditor, and the terms and conditions of his/her engagement.	<input checked="" type="checkbox"/>	
Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.	<input checked="" type="checkbox"/>	
Monitor the independence of the external auditor	<input checked="" type="checkbox"/>	
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	<input checked="" type="checkbox"/>	

**B.2.3 Give a description of the rules of organisation and functioning, together with the responsibilities attributed to each one of the Board committees.**

**Committee name**  
**STRATEGY AND INVESTMENT COMMITTEE**

**Brief description**  
**STRATEGY COMMITTEE:**

This Committee is governed by Article 43 of the Rules of the Board of Directors.

1. ... made up by the Directors appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely to the extent that they are also re-elected as directors. The majority of the members of the Strategy Committee will be external directors.
2. The Strategy Committee will choose a Chairman from among its non-executive members. The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted.
3. The members of the Strategy Committee will step down from the Committee when they cease to be Directors or when decided by the Board.'
4. It is a function of the Strategy Committee to assist the Board of Directors in determining the Group's strategy based on the guidelines set out by the Board, preparing such reports and proposals as may be necessary.

[...]

6. To perform its functions optimally, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.
7. The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but cannot vote.

8. The Strategy Committee will meet periodically and as convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.
9. The minutes of each Committee meeting will be drafted and signed by the Committee members in attendance.
10. Any member of the Company's management team or personnel of FCC Group who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his disposal.
11. The Strategy Committee will have access to all of the documentation and information needed to perform its functions.
12. The Strategy Committee will regulate its own operations to the extent that they are not regulated in these Rules and in the Bylaws, whose provisions relating to the operations of the Board of Directors will apply specifically insofar this is possible considering the nature and functions of the Committee.

**Committee name**  
**APPOINTMENTS AND REMUNERATION COMMITTEE**

**Brief description**

This Committee is governed by Article 42 of the Rules of the Board of Directors.

1. It will be composed of a minimum of three Board members appointed by the Board of Directors. The majority of its members will be external directors and the Chairman will be appointed from among the latter. The term of the members of the Appointments and Remuneration Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely so long as they are also re-elected as directors.
2. The Appointments and Remuneration Committee will regulate its own functioning pursuant to the Corporate Bylaws and these Rules. The Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the development of the deliberations, the contents of the deliberations and the

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resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remuneration Committee will step down from the Committee when they step down as directors or when decided by the Board of Directors.

There shall be a quorum at the Appointments and Remuneration Committee meetings when the majority of its members are present or represented; its resolutions are to be passed by an absolute majority of the members present or represented and the Chairman shall have a casting vote in the event of a tie.

3. The Appointments and Remuneration Committee will have the powers to inform, advise and propose within its areas of competence, and it will have the following functions in particular, in addition to those already indicated in these Rules:
  - a) Evaluating the balance of skills, knowledge and experience on the Board, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties. Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration.
  - b) Examining or organising appropriately the succession of the Chairman and CEO, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
  - c) Proposing the appointment and re-election of independent directors and advising on proposals for the appointment and re-election of the other directors.
  - d) Advising on proposals to maintain independent directors in their positions after 12 years and advising on proposals for the removal of independent Directors, in accordance with Article 20.3.
  - e) Advising on the appointment and removal of senior managers proposed to the Board by the CEO, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in Article 2.2. of these rules, and making the proposals for reprimands envisaged in Article 20.2.d) of these Rules. The Committee will also issue a report before any appointment to a position or

office whose annual remuneration is equal to or greater than the figure established by the Appointments and Remuneration Committee and reported to the Board of Directors in each case.

- f) Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares. It may also propose to the Board of Directors the distribution among the Directors of the remuneration arising from their membership of the Board that is resolved by the General Meeting of Shareholders, pursuant to the provisions in the Corporate Bylaws and in these Rules.
- g) Preparing and maintaining a record of the status of Directors and senior managers of FCC.
- h) Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.
- i) Advising on the proposed appointment of members of the Board of Directors Committees.
- j) Advising on the appointment and removal of the Secretary of the Board.
- k) Verifying the qualifications of the directors under Article 6.4.
- l) Receiving the information provided by directors under Article 24.2 of these Rules.
- m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules, if applicable.

- n) Advising on the use, for the benefit of a director, of business opportunities or assets of FCC which have been previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.
- o) Receiving and keeping in custody the registration of situations mentioned in section e) above and the personal information furnished by the Directors, as established in article 29 of these Rules.
- p) Requesting, as the case may be, the inclusion of items on the Agenda of Board meetings, under the conditions and in the terms provided in article 38.3 of these Rules.

When dealing with matters referring to the Executive Directors and Senior Managers, the Appointments and Remuneration Committee will consult with the Chairman and the CEO of the Company.

4. The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Bylaws and these Rules, whose provisions relating to the operation of the Board of Directors will apply specifically insofar as this is possible considering the nature and functions of the Committee.
5. The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. Such advisers may attend meetings but not vote, and the provisions of Article 31 of these Rules will apply to them.
6. The Committee will meet periodically, at least once per quarter, and when convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.

### Committee name EXECUTIVE OR STANDING COMMITTEE

#### Brief description EXECUTIVE COMMITTEE

Its rules are determined by Article 36 of the Bylaws of FCC, which are extracted below:

*'... The Executive Committee will be convened by the Chairman, on its own initiative or upon the request of two Committee members. The notice will be sent by letter, telegram, e-mail or fax to each of the Committee members at least 48 hours in advance of the meeting date. The Executive Committee may be convened immediately for reasons of urgency, in which case the meeting agenda will be limited to the issues which caused the urgency.*

*The meetings shall be held at the Company's registered offices or another location designated by the Chairman and indicated in the announcement.*

*In order for the Executive Committee to be quorate, there must be a majority of members present or represented. Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.*

*The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a Committee member chosen by majority vote of those in attendance*

*The Chairman will give the floor to those attendees who wish to speak.*

*Resolutions will be passed by absolute majority of the Committee members.*

*In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in Article 30 of the Bylaws...'*

*Additionally, Article 40 of the Rules of the Board of Directors establishes that:*

2. ....The Board of Directors will designate the directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board

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itself in terms of the various categories of director. The Secretary of the Board will also be the Secretary of the Executive Committee.

3. The Executive Committee will be composed of a minimum of five and a maximum of ten members.
4. The members of the Executive Committee will step down from the Committee when they cease to be Directors or when decided by the Board.
5. Any vacancies arising will be filled as quickly as possible by the Board of Directors.
6. In the absence of the Chairman of the Executive Committee, a Committee member will be chosen to perform his functions.
7. The Executive Committee will hold ordinary meetings in the months when a Board of Directors meeting is not scheduled, apart from the month of August, and it may meet on an extraordinary basis when required by the Company's interests. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and vote.
8. The Executive Committee will be convened as established in Article 35 of the Bylaws, although, except in the event of a justified emergency, every effort will be made to ensure at least ten days' advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to vote.
9. The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting.
10. The Executive Committee, through its Chairman, will inform the Board of the business transacted and the decisions made by the Committee, and a copy of the minutes of each meeting will be given to each director.
11. In all other matters, the Executive Committee will be governed by the pertinent provisions of the Bylaws and, specially, by the provisions relating to the Board of Directors contained in the Bylaws and these Rules.

### Committee name AUDIT COMMITTEE

#### Brief description AUDIT AND CONTROL COMMITTEE

This Committee is governed by Article 41 of the Rules of the Board of Directors. It must comprise at least three Directors designated by the Board of Directors taking into consideration their knowledge and experience of accounting, auditing or risk management; all of its members will be external directors, and the Committee will appoint a Chairman from among its members, who will hold office for no more than four years; it may also appoint a Vice-Chairman. The term of the members of the Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely so long as they are also re-elected as directors.

At least one of the members of the Audit and Control Committee must be an independent director and will be appointed based on his/her accounting and/or auditing expertise and experience.

The Secretary and Vice-Secretary, if any, shall be chosen by the Committee and need not be Board members.

The members of the Committee may obtain advice from external professionals. These advisers will attend the meetings and may speak but not vote.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervision duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.

Its main responsibilities include:

- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- Liaising between the Board of Directors and the external auditor, evaluating the results of each audit.

- Supervising the Company’s internal auditing services.
- Analysing the risk control and management policy.
- Supervising the process of drafting the separate and consolidated financial statements and management reports and the regular financial disclosures to the market.
- Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company’s auditors. This report must necessarily address any additional services rendered.

**B.2.4 Indicate the advisory and consultative powers and, where applicable, any powers delegated to each Committee:**

**Committee name**  
EXECUTIVE OR STANDING COMMITTEE

**Brief description**

The delegation of powers to the Board Committees is governed by Article 40 of the Rules of the Board of Directors and Article 35 of the Bylaws.

All the duties and powers necessary to conduct the Company’s business are permanently vested in the Executive Committee, except for those powers declared to be non-delegable under Article 141.1 of the Public Limited Companies Act and those reserved for the full Board of Directors as non-delegable, as set out in Article 7 of the Rules of the Board of Directors.

In the exercise of the powers and duties referred to above, the Executive Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent. The Executive Committee may also revoke the powers thus granted.

Article 40.1 of the Rules of the Board of Directors establishes that ‘The Board may set up an Executive Committee in which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Bylaws

or these Rules, may not be delegated. Unless otherwise stipulated in the delegation of powers by the Board of Directors, the Executive Committee will have specific responsibility for deciding on investments, divestments, credits, loans, guarantee and bonds and other financial facilities for unit amounts not exceeding the figure that is established in each case in accordance with Article 7.2.i).

Also, in situations of emergency the Executive Committee will exercise the following powers attributed to the Board of Directors, under Article 8 of these Rules, which must be reported to the Board of Directors for subsequent ratification: the appointments and removal of senior managers and their indemnity clauses, periodic public financial information, strategic investment and transactions, and those covered by Article 8.3.f.’

As regards the advisory and consultation powers of Committees, see section B.2.3.

**B.2.5 Indicate any rules governing the Committees of the Board of Directors, where they are made available for consultation and any changes to these rules during the year. Also, indicate whether an annual report on each Committee's activities has been drafted voluntarily.**

**Committee name**  
EXECUTIVE OR STANDING COMMITTEE

**Brief description**

The Rules of the Board of Directors, amended on 12 April 2012, govern the regulation of the functioning of the different Board Committees: Executive Committee (article 40), Audit and Control Committee (article 41), Appointments and Retribution Committee (article 42) and Strategy Committee (article 43).

As established in article 38.6 of the Board Rules (‘The Board in full session will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.’), the Board of Directors,

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at its meeting of 3 February 2012, evaluated its performance and that of its Committees compared to the year 2011.

This evaluation analysed not only the performance of the Board but also that of each and every one of the different Committees (Executive Committee, Audit and Control Committee, Appointments and Remuneration Committee and Strategy Committee).

Both the Board and its Committees and the Chairman and CEO have performed their powers and functions with quality, organising their work in compliance with all the procedures, while at the same time undertaking to continuously improve their management. The evaluation also highlights the fact that the different Committees supported the launch of a number of projects aligned with the Group strategy, which has given the Board greater efficacy and transparency in its management to fulfil its main purpose: to protect the corporate interest, understood as the maximisation, in a sustainable manner, of the economic value of the Company, in accordance with article 22.1 of the Rules of the Board of Directors and recommendation no. 7 of the Unified Code of Governance for Listed Companies.

**B.2.6** Indicate whether the executive Committee's composition reflects the composition of the Board in terms of director type:

YES NO

**If it does not, detail the composition of the Executive Committee**

The composition of the Executive Committee is as follows: 83.3% external Directors and 16.7% executive Directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.

**C. RELATED PARTY TRANSACTIONS**

**C.1** State whether the Board of Directors, in full session, has reserved for itself the power to approve, subject to a favourable report by the Audit Committee or any other Committee entrusted with such duties, the Company's transactions with directors, significant shareholders or shareholders with Board representation or with persons related to any of them.

YES  NO

**C.2** Detail any significant transactions involving a transfer of funds or liabilities between the Company or subsidiaries in its group and significant shareholders of the Company:

**C.3** Detail any transactions involving a transfer of funds or liabilities between the Company or subsidiaries in its group and directors or executives of the Company:

Name of significant shareholder	Name of group company or entity	Nature of relationship	Type of transaction	Amount (thousand euros)
B-1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Rendering of services	3
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	2

**C.4 Detail the significant transactions between the Company and other companies in the group, except those that are eliminated in consolidation or do not form part of the Company's normal operations with regard to their purpose and conditions:**

**NOTE:**

Numerous transactions have been carried out between Group companies that are part of the ordinary course of business and, in any case, they are eliminated in the process of drawing up the consolidated financial statements.

**C.5 Indicate whether the members of the Board of Directors have been in situations of conflict of interest throughout the year, pursuant to Article 127.3 of the Public Limited Companies Act.**

YES NO

**NOTE:**

The directors of Fomento de Construcciones y Contratas, S.A. have communicated that they do not perform any professional duties, as independent professionals or as employees, at companies whose business is identical, similar or supplementary to that of the company. Mr Henri Proglío is also a member of the Board of Directors of FCC, a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

The rest of the members of the Board of Directors of the company do not own holdings in the capital of companies with activities that are identical, similar or supplementary to those comprised in the corporate purpose of Fomento de Construcciones y Contratas, S.A.

**C.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the group and its directors, executives or significant shareholders.**

Article 25.2, 25.3, 25.4, 25.5 and 25.6 of the Rules of the Board of Directors establishes that Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the Company or any of the companies in the FCC group of companies or their related companies. Under Article 25.3, in the following cases, the prior written consent of the Board of Directors of FCC, which may not be delegated, based on a favourable report from the Appointments and Remuneration Committee, will be required:

- a. Provision by a director or a related party to companies of the FCC Group of professional services other than those deriving from the employment relationship with executive Directors.
  - b. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director, significant shareholder or shareholder represented on the Board, or their related parties, to companies of the FCC Group. For this purpose, related party is as defined in Article 127ter.5 of the Public Limited Companies Act.
  - c. Transfer of supplies, materials, goods or rights in general outside the seller's normal course of business by a company of the FCC Group to a Director, significant shareholder or shareholder represented on the Board, or their related parties.
  - d. Provision of works or services or the sale of materials by companies of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties, in the normal course of the former's business, at lower than market prices.
4. The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:
- a) They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.
  - b) They are performed at market prices or rates generally set by the person supplying the goods or services.

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- c) Their amount does not exceed 1% of the Company's annual revenues.
- 5. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect).

Under Article 25.1, a Director is likewise considered to have an indirect interest when that matter affects a related party.

C.7 Is more than one Group company listed in Spain?

YES  NO

Identify the subsidiaries that are listed:

Listed subsidiary  
Cementos Portland Valderrivas, S.A.

Indicate whether a public definition been established describing precisely the respective business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies:

YES NO

Define any business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for resolving conflicts of interest

D. RISK CONTROL SYSTEMS

D.1. Describe the risk policy of the Company and/or its group, detailing and assessing the risks covered by the system, and justify why those systems conform to each type of risk.

1. Risk Management at FCC Group

As established in the eighth recommendation of the Unified Code of Corporate Governance for Listed Companies published by the CNMV, and as described in the eighth article of the Rules of the Board of Directors, among the Group's general policies and strategies that are reserved for the approval of the Board of Directors due to their impact on the Company's business are the risk control and management policies and the regular monitoring of internal reporting and control systems.

The Board of Directors is supported in this regard by the different governing bodies and Committees described in part D.3. FCC's general commitment to risk management takes the form of a series of corporate policies, including those established in the Manual of General Standards, a specific, universal and dynamic risk management system and other risk control systems that are described later in this section.

2. General Rules of Organisation and Operation

The Group's general organisational and operating rules provide the framework applicable to all members of the organisation, the powers vested at each hierarchical level and the basic principles guiding the operating processes in order to mitigate the most significant risks. These principles serve as the foundation for the more specific rules governing the processes in each business area or function.

The Manual of General Standards, which encompasses all of these, is divided into different sections, chapters and parts:

3. Risk management system

3.1 Organisation and operation

FCC Group has a comprehensive risk management policy, which is gradually being extended, that will enable it to deal effectively with all of the risks to which its business

operations are exposed. The chosen model includes devising an advance risk map using Enterprise Risk Management (Coso II) methodology which provides management with valuable information and contributes to the definition of the Group’s strategy. The tool is used at the regularly scheduled risk Committee meetings to analyse and evaluate the risks of the different business areas. Supported by the people responsible for risk management in the different business areas, as ‘risk management coordinators’, the Group Management is currently in the process of redefining and improving the management of the above-mentioned risks, including those related to financial reporting and the drawing up of those reports, both in the definition and assignment of responsibilities on risk management in the operating area and in the preparation of procedures and methods, which include:

- Identifying key risks for FCC Group based on the potential threat they pose to the achievement of the Group's objectives.
- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
- Additionally, for risks exceeding the Risk Accepted for each sector of activity, the necessary action plans are established with corrective measures to keep their critical levels within the Accepted Risk area. These action plans include the actions needed to reinforce existing controls and they even incorporate new controls thereto.
- From time to time Risk Committees are held in the different Business Areas, analysing the identified risks and monitoring them.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring process.
- Implementation of specific procedures for documenting risk management in the decision-making process.

**3.2. Risk Classification**

FCC Group, in keeping with the best business practices in this field and applying the Coso II methodology, has classified its risks as follows:

- a) **Strategic risks.** These are the key risks related to the Group’s strategy and hence managed on a priority basis. These risks are related to the markets/countries/sectors where FCC Group operates. Also included in this category are reputational, innovation and economic planning risks.
- b) **Operating risks.** These risks are related to operations management and the value chain of each one of the business areas where FCC Group operates. They include the risks related to tender and contracting processes, selection of partners, subcontractors and suppliers, human resource management and permanent personnel training.
- c) **Compliance risks.** These are the risks affecting internal and external regulatory compliance, including those relative to the compliance with FCC Group’s code of ethics, compliance with applicable laws regarding legal, fiscal, ICFR, data protection, quality, environmental, information safety and occupational risk prevention matters.
- d) **Financial risk.** Risks associated with the financial markets and with the generation and management of cash. Financial risks include those related to liquidity, cash management, access to financial market, exchange rates and interest rates.

**4. Risk control systems**

**4.1 Strategic risk control**

The key systems for controlling strategic risks include the following:

**Strategic planning/market/country**

FCC Group’s strategic planning process identifies the objectives to be met in each business area based on the improvements to be introduced, the market opportunities and the level of risk considered acceptable. On the basis of this process, the Group designs operating plans specifying the targets to be achieved each year.

To mitigate the market risks inherent to each business area, the Group maintains a diversified position between businesses related to infrastructure construction and management, environmental services, energy and others. In the field of geographic diversification, in 2012 foreign activity accounted for 57% of total sales, being particularly important in the Group’s most significant areas, infrastructure construction and environmental services.

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**Technological capacity/Innovation**

FCC Group is aware that its success in the highly competitive markets where it operates depends on offering clients added value through technical and economic capabilities. In this regard, FCC Group is very active in the field of technological research and innovation and also places a great deal of importance on the on-going training of its personnel.

FCC has outsourced the management of its information infrastructure and telecommunications systems. FCC Group has also implemented a common information system which is intended to cover its individual financial reporting needs and to standardise the process of consolidating the Group's economic-financial information. Furthermore, the Group is currently in the process of implementing a corporate balance scorecard card that will automatically provide management indicators, which will increase the quantity and quality of the information available to management.

In terms of supplier, purchasing and billing management, personnel training and tender submission, FCC Group is implementing new technological systems intended to mitigate the risk of material error or fraud. These systems are described in other sections of this report.

**Reputation management / Corporate governance**

Reputation management is part of FCC Group's Code of Ethics and of the work developed in matters related to Corporate Responsibility and ethics. Social responsibility policies are an integral part of FCC Group's philosophy which holds that the operation of a business requires a firm commitment to society.

Once again in 2012, the Company's corporate responsibility performance and results have been recognised by a number of renowned independent observers. Most notable among them, the selective responsible investment indices DJSI World, Stoxx. FTSE4good and, the FTSE Ibex 35.

The Spanish Carbon Disclosure Project (CDP) report recognised FCC for its system of analysing risks and opportunities in the field of climate change.

**4.2. Operating risk control systems**

Some of the most significant operating risk control systems for FCC Group are listed below:

**Contracting and tendering management systems**

The risks and opportunities arising during the tendering and contracting process constitute one of the main challenges faced by FCC Group. The Company has formally established policies and procedures that focus on technical quality, technological capacity, economic feasibility and competitive bidding. Accordingly, the process of preparing, submitting and monitoring bids must be authorised at various levels within the organisation, the main bid preparation tasks being entrusted to the highly qualified technical staff of the specific departments. To this end, FCC Group is in the process of implementing a specific risk management procedure for bidding, contracting and execution phases.

**Selection of partners, subcontracting and suppliers**

The Group has a rigorous process for selecting the partners with whom it works in different business areas which consists of applying the procedures contained in FCC Group's Manual of General Standards.

The risks associated with subcontracting are controlled by uniformly applying the subcontracting model established by FCC Group in accordance with the aforementioned Manual of General Standards, which establishes a protocol of action indicating the minimum requirements for FCC Group companies to be able to subcontract public or private sector contracts.

The Human Resources Manual also defines the labour responsibilities assumed by FCC Group in connection with the personnel subcontracted for projects or services.

Regarding supplier management, the e-commerce platform implemented by FCC Group makes it possible to manage all of the processes on the procurement and supply chain as well as supplier relations, from requests for proposals to billing, all of which is handled electronically to minimise the risk of material errors and fraud.

**Human resources management and on-going personnel training**

FCC Group is working on an ambitious project to modernise its information system and personnel management system, incorporating all of the information into a single, global database for the entire Group in order to support and facilitate the human resources management process.

The project also includes a SAP computer tool for designing and implementing the payrolls of all FCC Group companies in Spain in order to enhance the security, quality and uniformity of the payroll process.

To coordinate the entire process and mitigate the risks involved, FCC Group has created a 'shared services centre' where these projects are being carried out.

FCC Group has training procedures in place which take the form of structured training plans based on both regularly scheduled basic and refresher training courses as well as 'ad hoc' training to cover specific needs as they arise. In particular, FCC Group has training plans in place for all personnel involved in the preparation of the Group's financial statements. This plan is constantly being updated to adapt to the business and regulatory environments in which FCC Group's companies are operating and to be updated on changes to International Financial Reporting Standards and the regulation and evolution of internal controls on financial reporting.

In the 2012 Corporate Training Plan, specific training has been included related to Risk Management, including risks associated to ICFR and its evaluation, as well as criminal risks derived from the responsibility of legal entities.

**4.3. Compliance risk control systems**

The key systems for controlling regulatory compliance risks are as follows:

**Code of Ethics**

FCC Group has a Code of Ethics in place that regulates the guiding principles of Group employees' conduct and the relations between Group employees and other stakeholders. Compliance with the Code of Ethics is mandatory for all Group employees and for those third parties who accept it voluntarily.

FCC Group's Code of Ethics is a tool for guiding the Group's actions in matters of a social, environmental or ethical nature of certain significance. The Group offers an online training tool for the Code of Ethics. Persons bound by the Code of Ethics have the obligation to report any breaches of the Code. To do so, they may use the established channels and procedures to report incidents confidentially, in good faith and without fear of reprisals. FCC Group has established a general communication procedure for matters related to the Code of Ethics, and motivated by the recent reform of the Criminal Code, FCC Group has drafted a Crime Response and Prevention Manual which is explained in the following section on legal risk management.

**Legal risk management systems**

FCC Group has implemented procedures to guarantee compliance with the laws regulating each one of the Group's business activities. The departments that specialize in regulatory compliance stay abreast of regulatory changes, advising the Group's units accordingly and issuing standards as needed to standardize the Group's criteria and guarantee compliance with the law.

For operations outside of Spain, FCC Group seeks legal advice from local professionals in relation to the specific laws and regulations that affect the Group's business in each country.

Regarding the recent reform of the Criminal Code as it relates to the criminal liability of legal entities, FCC Group has drafted a Crime Response and Prevention Manual which has two clearly differentiated parts:

- The first part deals with prevention and consists of identifying and updating any conduct within the Group that may involve the risk of committing a crime and then planning and implementing controls to mitigate these risks. To do so, the Group has set up certain oversight bodies and mandatory procedures. In the year 2012 a report was drawn up on the operation of the internal controls established in the catalogue of priority of offences and risk behaviours.
- The second part deals with the bodies and procedures implemented to respond to behaviours which could constitute the commission of a crime within FCC Group, especially conduct which could be interpreted as illegal.

**Fiscal risk management systems**

Within the context of the delegation of powers agreed by the Board of Directors and the Chairman and the business model established in the FCC General Standards and the Financial-Economic Manual, in addition to the specific powers vested in the person responsible for the Fiscal Division, the functions of this Division include: proposing standards relative to the Group's fiscal policies; advising on and coordinating corporate acquisitions and reorganisations; and providing advice to the different business areas in connection with their activities.

In addition, in order to minimise fiscal risks and ensure proper reporting and control, FCC, along with other large Spanish Corporations and the Spanish tax authorities, is a signatory

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to the Code of Good Tax Practices approved by the Business Forum, and it complies with the contents thereof. In compliance with the terms of the Code, the Tax Division reports to the Audit and Control Committee on the Group’s tax policies through the Directorate General of Administration and Information Technology.

**Internal Control over Financial Reporting (ICFR)**

Publicly listed companies are obligated to disclose information in the Annual Corporate Governance Report (ACGR) on their Internal Control over Financial Reporting (hereinafter ICFR) and the Audit Committees of publicly listed companies have assumed new internal control responsibilities as well.

In this regard and in connection with the good practices proposed in the report published by the CNMV, FCC Group has prepared an ICFR Report for 2012 which is enclosed with this Annual Corporate Governance Report and has been subject to an external audit.

**Personal data protection systems**

The processing of personal data, primarily for compliance with the Data Protection Act (LOPD) is specifically regulated in the markets where FCC operates. To manage the risk of non-compliance, there is a programme that measures the impact on each business area and then establishes the necessary legal, organisational and technical controls in each case. This programme defines the legal, organisational and technical controls necessary for each case.

**Quality Management Systems**

Formal quality control systems are firmly in place in the different activity areas of FCC Group. These Quality Management Systems have been certified according to UNE-EN ISO 9001 standard, and regularly pass the periodic evaluations performed by external professionals.

The quality control committees in the different areas of the Group are the supreme executive bodies with the authority to establish guidelines, oversee compliance and review systems.

**Environmental management systems**

FCC Group’s business areas apply environmental management systems that focus on:

- a) Compliance with the environmental regulations applicable to the activities of each area.
- b) Establishment and attainment of continuous improvement targets beyond those required by prevailing legislation or contracts.
- c) Minimising environmental impacts through proper operational control.
- d) An on-going analysis of risks and possible improvements.

By implementing these quality assurance systems in the different business units according to UNE-EN, the Group has obtained ISO 14001 certification for its Environmental Management System.

**Information security systems**

FCC Group has an operating unit entrusted with analysing and mitigating the factors that could lead to a security failure in its information systems.

For each new project that involves changes to FCC Group’s information system, the risks are analysed to determine the specific threats and define the pertinent measures. With regard to information processing risk, FCC Group has established a Corporate Information Security Policy laying down common information management criteria to mitigate those risks which could affect the confidentiality, availability and integrity of information. These criteria are based on the international standards of the International Standardisation Organisation (ISO) contained in the ISO 27000 family standards.

As a consequence of this policy, the Company has defined a Code of Conduct for the use of information technologies and different protocols for managing incidents in relation thereto. Controls have been implemented to guarantee user access to the resources for which they are authorised based on their need to know and their assigned roles.

FCC Group has a monitoring system known as ‘Data Leak Prevention’ to detect and prevent the risk of classified data leaks through information systems.

FCC Group has a Security Operation Centre (SOC) that operates 24/7 to address the growing threat of attacks from the internet and information leaks.

As mentioned above, FCC Group has outsourced the rendering of information infrastructure management services. Furthermore, investments are being made to standardise the architecture of FCC’s system and to remove any differences between the environments managed by Group companies in terms of availability and integrity.

FCC has thus guaranteed the efficient use of its information system while ensuring the most effective operation and management of its information system based on best practices for information technology service management (ITSM).

**Occupational risk prevention systems**

One of FCC Group’s priorities is to guarantee top level health and safety of its personnel and to strictly comply with all labour legislation, as evidenced by the Occupational Risk Prevention Policy approved by the Board of Directors. To achieve this, occupational risk prevention systems have been implemented in all business areas and the Group companies received OHSAS 18001 certification, successfully passing the periodic evaluations conducted by external professionals. For standardisation purposes and as a global management instrument to ensure that the organisation’s standards are met, a new Corporate Occupational Health and Safety Manual that entered into force in 2012, the guidelines of which are being incorporated into existing management systems. This is aimed at permanently reducing occupational accidents with a horizon of ‘Zero Accidents’.

The certification of the occupational risk prevention management systems has been incorporated as a global strategic objective in Human Resources.

**4.4. Financial risk control systems**

Financial risk refers to changes in the value of financial instruments contracted by FCC Group due to political, market and other factors, and the effect of such changes on the financial statements. FCC Group’s risk management philosophy is consistent with its business strategy, as it strives for maximum solvency and efficiency at all times. In that regard, the Group has set out stringent financial risk management and control criteria for identifying, measuring, analysing and controlling the risks faced in the course of the Group’s operations. This risk policy is correctly integrated into the Group’s organisational structure.

In view of the activities of FCC Group and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

**Capital risk**

FCC Group manages its capital to ensure that FCC Group companies are able to continue as profitable businesses, while maximising shareholder returns.

FCC Group’s overall strategy continues to focus on geographical diversification, developing and expanding activities in OECD countries and selectively in emerging economies.

The Finance Department that is responsible for the management of financial risks, periodically reviews the capital structure of subsidiaries as well as the debt-equity ratio and compliance with the financing covenants.

**Interest rate risk**

In order to ensure a position that is in FCC Group’s best interest, an interest-rate risk management policy is actively implemented, constantly monitoring the market and taking different positions mainly depending on the asset that is financed.

**Foreign exchange risk**

A noteworthy consequence of FCC Group’s positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. FCC Group’s general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

**Solvency risk**

The most relevant ratio for measuring solvency and repayment capacity is: the Net Debt/ EBITDA ratio. FCC Group’s ratios are reasonable and comply with the covenants agreed with lenders.

**Liquidity risk**

This risk arises from timing differences between the resources generated by the business and the need for financing.

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To properly manage this risk, FCC monitors the maturity dates on the policies and financing agreements of all Group companies very closely in order to negotiate the renewals in a timely manner under the best conditions the market has to offer. The conditions of the financing are analysed on a case-by-case basis and if they are found not to be advantageous to the Group alternatives are considered.

Also, with the purpose of mitigating liquidity risk, FCC Group is present in various markets in order to facilitate the obtainment of financing.

**Concentration risk**

This risk arises from the concentration of financing transactions with common features and is broken down as follows:

- Sources of financing: In order to diversify this risk, FCC Group works with a large number of domestic and international financial institutions to obtain financing.
- Markets/geographical area (Spanish, abroad): FCC Group operates in a wide variety of markets in Spain and other countries; the Group's debt is denominated primarily in euros and the rest is in various international markets with different currencies.
- Products: FCC Group uses diverse financial products: loans, credit facilities, debentures, syndicated operations, assignments, discounts, etc.
- Currency: FCC Group finances its operations using a number of different currencies depending on the country where the investment is being made.

**Credit risk**

Rendering services to or accepting orders from clients whose financial soundness is not guaranteed at the time of acceptance or which cannot be evaluated by the Group as well as situations that may occur during the rendering of the service or fulfilment of the order that can affect a client's financial situation can give rise to the risk of outstanding balances not being paid.

FCC Group obtains commercial reports and evaluates the financial solvency of clients before entering into agreements with them and then monitors their solvency on a regular basis. There is a procedure in place for dealing with cases of insolvency. For public

sector clients, FCC Group has a policy of not accepting work that does not have an assigned budget and prior economic approval. Proposals for work that exceed a particular payment deadline must be authorised by the Manager of Finance. Defaults are monitored continuously with specific bodies such as risk committees.

**Risk-hedging financial derivatives**

Generally speaking, the financial derivatives contracted by FCC Group are treated, from an accounting perspective, as provided for in the rules governing accounting hedges, as explained in the Notes to the Consolidated Financial Statements. The main financial risk hedged by FCC Group using derivatives is the variation in floating interest rates to which FCC Group companies' finance is referenced. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts are independent from the Group and the entities financing it.

**D.2 State whether operating, technological, financial, legal, reputational, tax or other risks arisen during the year with an effect on the Company and/or group:**

YES  NO

If so, indicate the circumstances giving rise to them and whether the established control systems worked.

Risk materialised in the year	Circumstances that gave rise to it	How the control systems operated
Cut-backs in investments forecast by Public Administration bodies and private customers.	As a consequence of the current economic and financial crisis, there have been cuts and investment restrictions for the construction of infrastructures for domestic clients. Budget adjustments required because of the implementation of the Budget Stability Act have led to reviews of services rendered to levels sustainable according to clients Budget	This situation has been mitigated by increasing presence abroad, selectively in certain geographical markets, and by incorporating new contracts with a growth of the portfolio of works abroad. The continuing sales relationship with clients involved has allowed for the modulation of the services rendered without losing orders and keeping up the market share in Spain. Also, a restructuring plan has been implemented in the cement area in

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Risk materialised in the year	Circumstances that gave rise to it	How the control systems operated
	availability. This has led to a lower demand of cement, with a significant decline of sales and EBITDA.	order to adjust the operating and production capacity starting in the second half of the year.
Country risk. Insufficient knowledge of some local markets.	Insufficient knowledge of certain foreign markets has led to the reprogramming of works, leaving certain construction markets, with the subsequent negative effect on the Group's financial statements.	In 2012 there was the implementation of a comprehensive strategic, operational and financial reorganisation in the markets where those risks materialised, with the purpose of mitigating them.
Limitations in the access to financial markets and to refinancing.	The current financial and economic crisis has caused difficulties in terms of accessing the Group's sources of financing, or refinancing the existing ones, in the best possible conditions, with the subsequent negative effect on the Group's financial statements.	In order to mitigate this risk, FCC Group works with over 140 domestic and international financial institutions to obtain financing. It also closely monitors the maturity of policies and financing in order to renew them in a timely manner, analysing the most favourable alternatives on the market.
Insecurity in terms of legislation.	Recent legislative changes in the field of Energy have caused the reduction of future revenues from the production of renewable energies, with the subsequent negative impact on the business models. Also, the unilateral amendment of the regulations in force for the rendering of certain public services has led to a significant decline in revenues and to the incorporation of entry barriers that were formerly not considered.	The returns or profitability of projects in the new legislative scenarios is being analysed, including a process of geographic and technology diversification.
Improvements in terms of delays in collecting funds for executed works or services rendered.	The Supplier Payment Fund Act in 2012 allowed the Group to reduce the effects of this risk.	

D.3 Indicate whether there are any committees or governing bodies entrusted with establishing and supervising these control mechanisms.

YES  NO

If so, detail their functions.

Name of Committee or Body	Description of functions
Executive Committee	The Board may permanently delegate in the Executive Committee each and every one of the powers of the Board of Directors with the exception of those which are reserved by law or the bylaws for the Board. Like the plenary Board, the Committee ensures that the FCC Group's organisation structure, planning systems and management processes are designed to deal effectively with the different risks to which the FCC Group's business is exposed.
Auditing and Control Committee	According to article 41 of the Rules of the Board of Directors and as established in Recommendation 50 of the Unified Code of Corporate Governance for Listed Companies, the principal function of the Audit Committee is to support the Board of Directors in its supervisory and oversight efforts, particularly with regard to risk management and control policies and the supervision of the Company's internal audit services.
Management Committee	The Management Committee is chaired by the Chairman and CEO of FCC Group and composed of members assigned to the Committee by the plenary Board of Directors. Its functions include reviewing the FCC Group's financial information on a monthly basis, especially when the information must be reported to the CNMV, monitoring the FCC Group's risk map and implementing the actions plans needed to mitigate the most significant risks identified.
Strategy Committee	The Strategy Committee supports the Board of Directors in determining the Group's strategy based on the guidelines agreed by the Board, preparing the corresponding reports and proposed agreements in this regard. The Strategy Committee is responsible for ensuring that the objectives of the strategy plan can be achieved by the Company assuming an acceptable level of controlled risk so as to protect the interests of shareholders, other stakeholders and society in general, as well as the Group's reputation.
Information Technology Committee	The Information Technology (IT) Committee, chaired by the Chairman and CEO, establishes IT and telecommunications strategy for the entire Group, striving for uniformity in the actions taken in this area by the different business areas in order to obtain important synergies.

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**D.4 Identify and describe the compliance processes for each legislative framework to which the Company and/or group is subject.**

FCC Group has procedures in place to guarantee compliance with the regulations governing each one of its economic activities. Different departments within the Group specialise in the regulations applicable to the Company and the Group.

These departments are in charge of:

- Staying fully abreast of and up to date on the different regulations
- Overseeing regulatory compliance
- Drafting the standards needed to unify Group criteria
- Advising different operating units

The economic activities carried out in countries other than Spain receive local advice in relation to the specific regulations and laws affecting the FCC Group’s business operations in those countries. The managers of the different business units collaborate with corporate on risk management.

As stipulated in the Rules of the Board of Directors, the Audit and Control Committee oversees compliance with legal requirements and the Company’s internal control process adhering to the principles contained in the risk management policies approved by the FCC Group’s Board of Directors at any given time.

**E. GENERAL MEETING**

**E.1 Indicate whether there are any differences between the minimum requirements established in the Public Limited Companies Act (LSA) and the quorum required for a General Meeting to be held and, of appropriate, detail them.**

YES  NO

	Quorum percentage other than that established in art. 102 of LSA for general cases	Quorum percentage other than that established in art. 103 of LSA for special cases
Quorum required at first call	50	0
Quorum required at second call	45	45

**Description of differences**

The ordinary and extraordinary General Meetings are quorate when:

The shareholders present or represented at first call possess at least fifty per cent of the share capital with voting rights. At second call, the General Meeting is quorate when the shareholders present or represented possess at least forty-five per cent of the share capital with voting rights.

- In order for the General Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment en bloc of assets and liabilities, to suspend or limit the pre-emptive right to acquire new shares, the transfer of the Company's domicile to another country and, in general, any amendment to the Bylaws, shareholders possessing at least fifty per cent of the share capital with voting rights must be present or represented at the meeting at first call. At second call, it will suffice for shareholders accounting for at least forty-five per cent of the subscribed voting capital to be present or represented.

When the shareholders in attendance or represented at second call account for less than fifty per cent of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

**E.2 Indicate whether there are differences in respect of the system established in the Public Limited Companies Act (LSA) for the adoption of corporate resolutions and, if appropriate, describe them.**

YES NO

Describe the differences in respect of the system provided in LSA.

**E. 3 Detail shareholders' rights in relation to general meetings that differ from those established in the Public Limited Companies Act.**

There are no differences with respect to the rights set out in the Capital Companies Act.

**E.4 Indicate any measures adopted to encourage shareholders to participate in general meetings, if appropriate.**

The Rules of the General Meeting establish a series of measures intended to encourage shareholder participation at the General Meeting. These measures are defined in the shareholders' information rights regulated in the following articles:

**Article 6.** Information available as soon as the General Meeting is announced

As from the date of the notification of the meeting, the Company will make available to its shareholders, at its registered offices, at the **National Securities Market Commission**, on the stock exchanges where its stocks are traded and on the Company's website, the following:

- a) The full text of the notice of the meeting.
- b) The total number of shares and voting rights on the date of the notice, broken down by classes of shares, if any.

- c) The full text of all of the motions to be submitted by the Board of Directors in relation to the items on the agenda, as well as the motions presented by shareholders as they are received.

When the proposal consists of the appointment or ratification of directors, the following information with regard to the directors will also be included:

- (i) professional and biographical profile;
- (ii) other Boards of Directors to which they belong, both listed and unlisted companies;
- (iii) indication of the category of director to which they belong, specifying, in the case of proprietary directors, the shareholder at whose request the appointment, ratification or re-election has been proposed, or with whom they have ties;
- (iv) date of their first appointment as a director of the Company, and date of their subsequent appointments;
- (v) Company shares and share options which they possess.

- d) The documents or information that will be presented at the meeting especially, the independent experts reports and the account auditors-administrators reports which by law must be made available to the shareholders on the items on the meeting agenda as from the date of the notification of the General Meeting of Shareholders.

- e) Information on the channels of communication between the Company and its shareholders for the purposes of obtaining information or making suggestions, in accordance with the applicable regulations.

- f) The means and procedures of appointing proxies for the General Meeting, as well as for exercising distance voting rights. In particular, the forms for accrediting attendance and for voting by proxy and remotely at the General Meeting, except when they are sent directly by the Company to each shareholder. In the event they cannot be published on the website owing to technical reasons, the Company must indicate how hard copy forms may be obtained, and these are to be sent to any shareholders requesting them.

- g) The rules of operation of the Shareholders' Electronic Forum

**Article 7.** Right to Information prior to the General Meeting

- 1. Up to seven calendar days before the first scheduled date for the Meeting, at the first call,

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shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the **National Securities Market Commission** since the last General Meeting and on the audit report.

2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.
3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.
4. The Chairman may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.
5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.
6. Subject to the foregoing, the Directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format.

**Article 14.** Information.

1. The Directors must provide the information requested by shareholders, except under the circumstances envisaged in Article 7.4 of these rules or when the requested information is not available during the meeting. In this case, the information will be provided in writing within seven days from the meeting date, to which end the shareholders will indicate the mailing address where the information should be sent.

2. The requested information or clarifications will be provided by the Chairman or, at the Chairman's request, by the CEO, the Chairman of the Audit Committee, the Secretary, a Director or any employee or expert on the subject in question, if suitable, in accordance with Article 9.2 of these Rules.

**Article 15.** Voting on Proposals

1. Upon conclusion of the shareholders' discourses and once the questions have been answered as provided for in these Rules, the proposed resolutions in the agenda and any others which by law need not be included in the agenda will be voted on.
2. The Secretary will ask the shareholders whether or not they wish to have the proposed resolutions read, the text of which was delivered to the shareholders before the meeting and is available on the Company's website. If any shareholder wishes them to be read or if the Chairman deems it appropriate, the proposed resolutions will be read aloud. In any event, the shareholders will be informed of the agenda item to which each proposed resolution refers that will be put to a vote.
3. Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:
  - a) The system for voting on the proposed resolutions relating to the items on the agenda will be by a negative deduction system. This means that, for each proposal, the votes corresponding to all of the shares present and represented will be considered as votes in favour, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, to which will be added the votes corresponding to proxies received by the Board of Directors, indicating whether voters are against the motion or abstentions. Votes against and abstentions will be counted separately.
  - b) The system for voting on the proposed resolutions relating to items not on the agenda, when such proposals may legitimately be voted upon, will be a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.

- c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may establish the use of electronic vote counting systems.
  - d) Issues which are substantially independent will be voted on separately so that the shareholders can exercise separately their voting preferences; this rule will be applied when adopting resolutions on:
    - (i) the appointment or ratification of directors, which must be voted on individually; and
    - (ii) amendments to the Bylaws where each article or group of articles is substantially independent.
  - f) Provided that it is legally possible and that the requirements provided for in this respect are met, financial intermediaries who are legitimised as shareholders, but who act on behalf of different customers, will be allowed to split the vote as per the instructions of their customers.
4. The statements containing votes submitted to the notary or the meeting officers as envisaged in paragraph 3 above may be made individually for each of the proposals or jointly for several or all of them, indicating to the notary or the officers the identity of the shareholder or representative, the number of shares in question, and whether the shareholder/representative votes in favour or against, or abstains.

#### Article 15 bis. Distance voting

1. Shareholders may vote on proposals of items on the agenda by post, electronically or by any other distance communication medium allowing to duly guarantee the shareholder's identity and, if appropriate, the security of electronic communications, all pursuant to the law in force from time to time.
2. In order to cast votes by post, shareholders may send the Company a written document specifying their vote or abstention, together with the attendance card issued in their name by the Company or by the entity or entities in charge of the book entries. However, the attendance card, duly filled in and signed, may suffice when it is established that it may be used for the purpose of distance voting.
3. Votes by electronic communication shall be cast using a recognised electronic signature or any other type of guarantee that the Board of Directors deems fit to ensure the

authenticity and the identification of the shareholder exercising his/her voting right, which is to be accompanied by a Copy of the attendance card in an unalterable electronic format.

Subject to the foregoing, the Company may create on its website a specific software application for exercising distance voting rights, in which case it will not be necessary to send a Copy in an unalterable electronic format of the documents stated in the preceding section.

4. Votes cast by any of the means provided in the preceding sections must be received by the Company before 12 midnight of the day immediately prior to that scheduled for the General Meeting to be held at first call. Otherwise, the vote shall be deemed as not having been cast.
5. Votes cast at a distance as referred to in this article shall be void:
  - a) When subsequently and expressly revoked via the same means used to cast the vote and within the term established for voting.
  - b) When the shareholder who cast the vote attends the meeting in person.
6. The Board of Directors is authorised to develop the preceding provisions, establishing the rules, means and procedures suited to the state of technique to implement the casting of votes and the appointment of proxies by electronic means, adjusting, as the case may be, to the rules passed for the purpose and to the Bylaws.

In particular, the Board of Directors may

- (i) regulate the use of guarantees as alternatives to the electronic signature for casting votes electronically according to the provisions under section 3 above and
- (ii) reduce the term established in section 4 above regarding the deadline for the Company to receive votes cast by post or by electronic mail.

In any event, the Board of Directors shall adopt precise measures to avoid possible duplications and to ensure that those casting their vote or appointing a proxy by post or electronically are legitimated for the purpose pursuant to the provisions in the Bylaws and in these Rules.

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7. The developing rules which, as the case may be, are adopted by the Board of Directors pursuant to the provisions in this Article shall be published on the Company’s website.

**Article 20.** Shareholders’ Electronic Forum

Around the time of each General Meeting of Shareholders, an electronic forum will be set up for shareholders on the Company’s website which will be available to individual Company shareholders and voluntary shareholders’ associations validly formed and registered in the special register of the Spanish **National Securities Market Commission** to facilitate communications between the Company and its shareholders with regard to the call. The website will be available up to the date of the general meeting.

The rules of operation of the Forum are included as an exhibit to the Rules of the General Meeting.

**E. 5 Indicate whether the position of chairman of the General Meeting coincides with that of the chairman of the Board of Directors. Detail any measures adopted to guarantee the independence and smooth operation of the General Meeting:**

YES  NO

**Detail the measures**

Article 10.2 of the Rules of the General Meeting of Shareholders establishes that, ‘2. The General Meeting of Shareholders shall be presided over by the Chairman and, in his absence, by the Vice-Chairmen of the Board of Directors, in order; if there is no pre-set order, it will go in order of seniority on the Board. If there is no Vice-Chairman in attendance, the General Meeting will be chaired by the oldest director.’

Measures to guarantee the independent and smooth operation of the General Meeting:

The Rules of the General Meeting of Shareholders, which are available on the Company’s website, contain a detailed set of measures to guarantee the independence and good working of the General Meeting.

They include, notably, Article 7 ‘Right to Information prior to the General Meeting of Shareholders’

1. Up to seven calendar days before the first call for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the **National Securities Market Commission** since the last General Meeting and related to the auditor’s report.
2. Information requests may be made by e-mail to the address provided for this purpose on the Company’s website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company’s registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders’ right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.
3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.
4. The Chairman may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company’s interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.
5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders’ requests for information through the Stock Market and Investor Relations Department.
6. Subject to the foregoing, the Directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format

Article 23 of the Bylaws establishes shareholders’ right to information:

Shareholders may request, either in writing or using other electronic or distance communication media, up to seven calendar days before the date of the General Meeting at first call, any information

or explanations they require or pose any questions they may have on the agenda items or about the information available to the public provided by the Company to the **National Securities Market Commission** since the last General Meeting was held. The information or explanation so requested will be provided by the directors in writing no later than the date of the General Meeting.

Any information or explanations requested verbally from the Chairman by the shareholders in relation to the items on the agenda during the General Meeting itself before the Meeting turns to the items contained in the agenda, or requested in writing up to the seventh day before the scheduled meeting date, will be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or explanations refer to items falling under the jurisdiction of the Audit Committee, they shall be provided by any of the members or advisors to the Committee in attendance at the meeting. If in the Chairman's opinion it is not possible to provide the shareholder with the requested information or explanations during the Meeting, they will be provided in writing to the requesting shareholder within seven calendar days of the Meeting date.

The Directors are obliged to provide the information referred to in the two preceding paragraphs unless, in the Chairman's opinion, the publication of the requested information could be detrimental to the Company's interests.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

Subject to the foregoing, the directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format.

The Company has a website which contains the legally-required information and through which the Company can respond to the shareholders' requests for information, according to the legislation in force at any given time.

### E.6 Indicate, if applicable, the amendments made during the year to the Rules of the General Meeting.

At the last ordinary General Meeting of Shareholders held on 31 May 2012, a motion was passed to modify the Rules of the General Meeting.

The purpose of the amendment was to reform the Rules of the General Meeting of Shareholders of the Company, with the fundamental goal of adapting them to the recent legislative amendment incorporated to the Consolidated Text of the Capital Companies Act by Act 25/2011, of 1 August, on the partial reform of the Capital Companies Act and incorporation of Directive 2007/36/EC of the European Parliament and of the Council, of 11 July 2007, on the exercise of certain rights of shareholders in listed companies. Also, certain technical enhancements have been introduced for the harmonisation with other internal regulatory texts of the Company, in particular the Bylaws.

- It was resolved to amend the following articles in order to adapt them to the current wording of the Capital Companies Act: Article 1 (General Meeting of Shareholders), Article 4 (Notice of General Meeting), Article 5 (Advertising the Notice), Article 6 (Information available from the date of the notice), Article 7 (Right to information before the General Meeting is held), Article 8 (Proxies), Article 11 (Quorum for the General Meeting of Shareholders), Article 16 (Adoption of resolutions and announcement of the result), and Article 15 bis (Publicity of resolutions).
- It was also resolved to amend several articles with the purpose of incorporating technical enhancements or to harmonise them with other internal regulatory texts of the Company, in particular the Bylaws: Article 3 (Functions of the Meeting), Article 4 (Notice of General Meeting), Article 9 (Right and duty of attendance), Article 11 (Quorum for the General Meeting of Shareholders), Article 15 (Voting of proposals), and Article 15 bis (Distance voting).

### E.7 Indicate the attendance data of the shareholders' General meetings held in the year of this report:

#### Attendance figures

Date of Meeting	% of attendance	% by proxy	% of distance vote	Other	Total
31/05/2012	54.626	7.829	0.0	0.1	62.555

#### NOTE:

The final attendance list was as follows:

- 225 shareholders in attendance controlling 69,666,917 shares accounting for 54.725% of the share capital.

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■ 1,299 shareholders represented controlling 9,967,094 shares accounting for 7.829% of the share capital.

As provided in the Capital Companies Act, the 86 shareholders controlling a total of 125,957 shares who voted by remote means prior to the meeting were counted as being present.

Thus the General Meeting was attended, whether present or represented, by a total of 79,634,011 shares, equivalent to an amount of 79,634,011.00 Euros, which is 62.555% of the subscribed share capital.

The Company held 11,578,732 treasury shares, equivalent to 9.095% of the share capital.

**E.8. Briefly indicate the resolutions adopted by the general meetings held in the year of this report and the percentage of votes that approved each resolution.**

In the year that this report refers to one General Meeting was held (the AGM of 31 May 2012). Below are the resolutions that were passed and the voting percentages for each of the resolutions:

**One.** Financial statements of the Company and its consolidated Group and the directors' reports for this period.

	%
Votes for	99.8313
Votes against	0.1681
Abstentions	0.0006
Blank votes	0.0000
Votes cast (*)	100.00

**Two.** Application of profits (loss) for the year 2011.

	%
Votes for	99.9862
Votes against	0.0132
Abstentions	0.0006
Blank votes	0.0000
Votes cast (*)	100.00

**Three.** Appointment and re-election of Directors.

	%
Votes for	99.9968
Votes against	0.0011
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

**Four. 1.** Appointment of the Director B-1998, S.L.,

	%
Votes for	97.9315
Votes against	2.0681
Abstentions	0.0004
Blank votes	0.0000
Votes cast (*)	100.00

**Four. 2.** Appointment of the Director Mr César Ortega Gómez

	%
Votes for	98.4737
Votes against	1.5259
Abstentions	0.0004
Blank votes	0.0000
Votes cast (*)	100.00

**Five. 1.** Amendment of the Bylaws in order to adapt their contents to recent legislative amendments in the field of Company Law.

	%
Votes for	99.9975
Votes against	0.0000
Abstentions	0.0025
Blank votes	0.0000
Votes cast (*)	100.00

# CORPORATE GOVERNANCE

**Five. 2.** Amendment of the Bylaws in order to make technical corrections or for coordination with the rest of the corporate texts.

	%
Votes for	99.8274
Votes against	0.0000
Abstentions	0.1726
Blank votes	0.0000
Votes cast (*)	100.00

**Five. 3.** Amendment of article 2 (Corporate purpose) of the Bylaws.

	%
Votes for	99.9975
Votes against	0.0000
Abstentions	0.0025
Blank votes	0.0000
Votes cast (*)	100.00

**Five. 4.** Amend of article 37 (Remuneration of the Board) of the Bylaws.

	%
Votes for	99.8274
Votes against	0.0000
Abstentions	0.1726
Blank votes	0.0000
Votes cast (*)	100.00

**Six.** Amendment of the Rules of the General Meeting to update its contents in keeping with the recent legislative amendments in the field of Company Law.

	%
Votes for	99.8280
Votes against	0.0000
Abstentions	0.1720
Blank votes	0.0000
Votes cast (*)	100.00

**Seven.** Approval of the Company's website.

	%
Votes for	99.9934
Votes against	0.0047
Abstentions	0.0019
Blank votes	0.0000
Votes cast (*)	100.00

**Eight.** Resolution on the term for calling Extraordinary General Meetings pursuant to the terms of article 515 of the Capital Companies Act

	%
Votes for	98.9565
Votes against	1.0416
Abstentions	0.0019
Blank votes	0.0000
Votes cast (*)	100.00

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CORPORATE GOVERNANCE

**Nine.** Extend the term granted to the Board of Directors by the Annual General Meeting of 10 June 2009 to execute the resolution of capital reduction.

	%
Votes for	99.8388
Votes against	0.1591
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

**Ten.** Subjection of the annual report of the director remuneration policy, for consultation purposes.

	%
Votes for	96.0832
Votes against	3.9168
Abstentions	0.0000
Blank votes	0.0000
Votes cast (*)	100.00

**Eleven.** Grant of extensive powers to the directors for the development. Public recording, registration, correction and enforcement of resolutions adopted.

	%
Votes for	99.9978
Votes against	0.0001
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

**Twelve.** Approval of the minutes of the Meeting.

There was no vote on this agenda item since the minutes were prepared by the notary public of Barcelona, Mr Santiago Gotor Sánchez.

(\*) Percentage of voting capital present or represented at the Meeting (total valid votes).

**E.9** Indicate whether there are any restrictions in the Bylaws establishing a minimum number of shares to be entitled to attend the General Meeting.

YES NO

Number of shares required to attend the General Shareholder’s Meeting.

**E.10.** Indicate and explain the Company's policy on delegating votes at the General Meeting.

Notwithstanding the provisions of Bylaws with respect to proxy voting, the Board of Directors does not require unnecessary formalities in the proxy voting procedure which might hinder the rights of shareholders wishing to exercise their right to attend the General Meeting. Nevertheless, pertinent procedures are in place to verify the validity of proxy authorisations.

**E.11.** Indicate whether the Company is aware of the institutional investors' policy of participation in company decisions:

YES NO

**E.12.** Give the address and instructions for accessing corporate governance content on your web page.

On the FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. website, [www.fcc.es](http://www.fcc.es), there are specific sections on the home page under ‘Information for shareholders and investors’ and ‘Corporate responsibility’, which include the information required by Act 26/2003, of 18 July, the Ministry of Economy Order ECO/3722/2003, of 26 December, Circular 1/2004, of 17 March, of the National Stock Market Commission, the Ministry of Economy and Finance Order EHA/3050/2004, of 15 December, and Royal Decree 1333/2005, of 11 November.

This page is two clicks away from the home page. Its contents are structured in order by rank, under shortcut titles. All of its pages can be printed.

The FCC website has been designed and programmed according to the WAI (Web Accessibility Initiative) guidelines, which sets international standards for the creation of web contents accessible across the world. The AENOR Accessibility Consultants, after conducting a technical analysis of accessibility, established that the FCC Group website complies with all of the priority 2 and priority 1 checkpoints, according to the UNE 139803:2004 Standard, which is in turn based on the Web 1.0 Content Accessibility Guidelines of W3C (known as WAI guidelines).

The site includes a link to the Fomento de Construcciones y Contratas, S.A. data reported to the CNMV website.

**F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the Company’s degree of compliance with the recommendations of the Unified Code of Corporate Governance. In the event of not complying with some recommendations, detail the recommendations, rules, practices or criteria applied by the Company.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

COMPLIANT  EXPLAIN

2. When a parent and a subsidiary company are stock market listed, the two should provide detailed disclosure on:  
 a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other Group companies;  
 b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

COMPLIANT PARTIALLY COMPLIANT EXPLAIN  NOT APPLICABLE

Article 7.2.i) of the Rules of the Board of Directors provides that the Board of Directors is responsible for ‘Defining the structure of the Group and coordinating, within the legal limits, the Group’s general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the CEO, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the Group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise’.

3. Even when not expressly required under company Acts, any decisions involving a structural corporate change should be submitted to the General Shareholders’ Meeting for approval or ratification. In particular:  
 a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating to subsidiaries core activities that were previously carried out by the original company, even though the latter retains full control of the former;  
 b) Any acquisitions or disposals of key operating assets that would effectively alter the company’s corporate purpose;  
 c) Operations that are equivalent to the Company’s liquidation.

COMPLIANT PARTIALLY COMPLIANT  EXPLAIN

Article 8.6 of the Rules of the Board of Directors establishes that the Board must seek the authorisation of the shareholders at the General Meeting prior to an acquisition or disposal of key operating assets that would effectively alter the corporate purpose of the Company or prior to any operations that are equivalent to the Company’s liquidation.

To avoid impairing the Board of Directors’ ability to operate, this does not include subsidiarisation operations, since these operations often require quick decisions for opportunity reasons and are governed by ample legal mechanisms to protect the interests of the shareholders and the Company. Nevertheless, the Board duly reports such operations at the General Meeting.

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4. Detailed proposals of the resolutions to be adopted at the General Meeting of Shareholders, including the information stated in Recommendation 28, should be made available at the same time as the publication of the notice of Meeting.

COMPLIANT  EXPLAIN

5. Separate votes should be taken at the General Meeting of Shareholders on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate voting on each candidate;
- b) Amendments to the Bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

COMPLIANT  EXPLAIN

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders should be treated in the same way. It should be guided at all times by the Company's best interest and, as such, strive to maximise its value over time in a sustained manner. It should likewise ensure that the Company abides by the laws and rules in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

8. The Board should seek, as core components of its mission, to approve the Company's strategy and the organisation required to carry it forward, and supervise and control that the management meets the objectives set while pursuing the Company's interests and corporate purpose. For such purpose, the Board in full should reserve the right to approve:

- a) The Company's general policies and strategies, and, in particular:
  - i) The strategic or business plan, management targets and annual budgets;
  - ii) The investment and financing policy;
  - iii) The design of the structure of the corporate group;
  - iv) The corporate governance policy;
  - v) The corporate social responsibility policy management;
  - vi) The remuneration policy and the evaluation of the performance of senior Managers;
  - vii) Risk control and management, policy and the periodic monitoring of internal information and control systems.
  - viii) The dividend policy, as well as the policies and limits applying to treasury shares.

See sections: B. 1.10, B.1.13, B.1.14 and D.3

- b) The following decisions:
  - i) On the proposal of the Company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14.

- ii) Directors' remuneration and, in the case of executive Directors, the additional consideration for their management duties and other contract conditions.

See section: B. 1.14.

- iii) The financial information that all listed companies must periodically disclose.
  - iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Meeting of Shareholders;
  - v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ('related-party transactions'). However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:
1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
  2. They are arranged at market rates, generally set by the person supplying the goods or services;
  3. The amount is no more than 1% of the Company's annual revenues.
- It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other Committee entrusted with the same function; and that the directors involved should neither exercise nor delegate their votes, and should leave the meeting room while the Board debates and votes.

Ideally the above powers conferred to the Board should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: C. 1 and C.6

COMPLIANT <input checked="" type="checkbox"/>	PARTIALLY COMPLIANT	EXPLAIN
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9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

COMPLIANT	EXPLAIN <input checked="" type="checkbox"/>
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Article 27 of the Bylaws states that the Board of Directors shall comprise a minimum of five and a maximum of 22 members. As of 31 December 2011, there were 18 directors.

Given the characteristics of the Company, the size of the Board is considered to be appropriate for proper management, direction and administration of the Company's businesses. Furthermore, the size of the Board makes it possible for different types of directors to sit on the Board without jeopardising the Board's effectiveness.

10. External directors, both proprietary and independent, should occupy an ample majority of seats on the Board, while the number of executive directors should be the minimum required bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14

COMPLIANT <input checked="" type="checkbox"/>	PARTIALLY COMPLIANT	EXPLAIN
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11. In the event that an external director can be deemed neither proprietary nor independent, the Company should disclose this circumstance and the links that person maintains with the Company or its senior officers, or its shareholders.

See section: B.1.3

COMPLIANT EXPLAIN NOT APPLICABLE

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the Company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large capitalization companies where few or no equity stakes attain the legal threshold for significant shareholdings, but where there are shareholders with blocks of shares with high absolute value.
2. In companies with a plurality of shareholders represented on the Board that are not otherwise related.

See sections: B.1.3, A.2 and A.3

COMPLIANT  EXPLAIN

13. The number of independent directors should represent at least one third of all Board members.

See section: B.1.3

COMPLIANT EXPLAIN

Article 6.3 of the Rules of the Board of Directors establishes that the Board of Directors must have an appropriate number of independent Directors to ensure a reasonable balance between proprietary and independent Directors, and that external Directors must represent an ample majority on the Board.

There are five independent Directors on the Board (which is very close to the 6 needed to comply with this recommendation). Pursuant to the OECD Principles of Corporate Governance and the Recommendation of the European Commission of 15 January 2006, it is understood that they are a sufficient number of independent Directors to guarantee that the interests of other shareholders are adequately protected.

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments Committee. That Report should also disclose the reasons for the appointment of proprietary directors upon request of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

15. When there are few or no women directors, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Appointments Committee should take steps to ensure that:

- a) The process of filling Board vacancies has no implicit bias against women candidates;
- b) The Company makes a conscious effort to include women with the professional profile among the candidates for Seats on the Board.

See sections: B.1.2, B.1.27 and B.2.3.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to obtain a good level of debate and the active involvement of all directors, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the Company's chief executive, along with the chief executive.

See section: B.1.42

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

17. When a Chairman of the Board is also its chief executive, an independent director should be empowered to request the calling of Board meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the Board's evaluation of the Chairman.

See section: B.1.21

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

18. The Secretary of the Board should take care to ensure that the Board's actions:  
 a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;

- b) Comply with the Company Bylaws and the Rules of the General Shareholders' Meeting, the Board of Directors and others;
- c) Are informed by those good governance recommendations of the Unified Code that the Company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by a full Board meeting; the relevant appointment and removal procedures being stated in the Rules of the Board of Directors.

See section: B.1.34

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged.

See section: B.1.29

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so giving instructions.

See sections: B.1.28 and B.1.30

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COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, the person expressing them can request that they be recorded in the minutes.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

22. The Board in full should evaluate the following points on a yearly basis:  
 a) The quality and efficiency of the Board's operation;  
 b) Starting from a report submitted by the Appointments Committee, how well the Chairman and chief executive have carried out their duties;  
 c) The performance of its Committees on the basis of the reports furnished by them.

See section: B.1.19

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the Bylaws or Rules of the Board of Directors indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B. 1.42

COMPLIANT  EXPLAIN

24. All directors should be entitled to call on the Company for the advice and guidance they need to carry out their duties. The Company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the Company's expense.

See section: B.1.41

COMPLIANT  EXPLAIN

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the Company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:  
 a) Directors should inform the Appointments Committee of any other professional obligations, in case they might interfere with the necessary dedication;  
 b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B. 1. 17

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

27. The proposal for the appointment or re-election of directors which the Board submits to the General Meeting of Shareholders, as well as provisional appointments by the method of co-option, should be approved by the Board:
- a) On the proposal of the Appointments Committee, in the case of independent directors.
  - b) Subject to a report from the Appointments Committee in all other cases.

See section: B.1.3

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

28. Companies should post the following Director particulars on their websites, and keep them permanently updated:
- a) Professional experience and background;
  - b) Directorships held in other companies, listed or otherwise;
  - c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
  - d) The date of their first and subsequent appointments as a Company Director, and;
  - e) Shares held in the Company and any options on the same.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

COMPLIANT  EXPLAIN

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when a director is in breach of his or her duties or comes under one of the disqualifying grounds enumerated in section III.5 of this Code. The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

COMPLIANT  EXPLAIN

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32. Companies should establish rules obliging Directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Public Limited Companies Act, the Board should examine the matter as soon as possible and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this Recommendation should also apply to the Secretary of the Board; director or otherwise.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the reason for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

35. The Company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of Board and Board Committee attendance fees, with an estimate of the fixed annual payment to which they give rise;
- b) Variable remuneration components, including, in particular:
  - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
  - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
  - iii) The main parameters and grounds for any system of annual bonuses or other non-cash benefits; and
  - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of pension schemes (e.g. supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
- d) The conditions applicable to the contracts of executive directors performing senior management functions, including:
  - i) Duration;
  - ii) Notice periods; and

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iii) Any other clauses covering hiring bonuses, as well as indemnities or golden parachutes in the event of early termination of the contractual relation between Company and executive director.

See section: B.1.1 5

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

36. Remuneration comprising the giving of shares in the Company or other companies in the group, share options or other share price-based instruments, remuneration linked to the Company's performance or membership of pension schemes should be confined to executive directors. The giving of shares is excluded from this limitation when directors are obligated to retain them until the end of their tenure.

See sections: A.3 and B.1.3

COMPLIANT  EXPLAIN

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

COMPLIANT  EXPLAIN

38. In the case of remuneration linked to company earnings, any qualifications stated in the external auditor's report which may reduce said results should be considered.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

39. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, or other circumstances of this kind.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

40. The Board should submit a report on the directors' remuneration policy to the vote of the General Meeting of Shareholders, as a separate point on the agenda. This report should be supplied to shareholders separately or in the manner each company sees fit. The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in such policies in respect of those applied in the prior year that the General Meeting is reviewing, with a global summary of how the policy was applied over the last year. The role of the Remuneration Committee in designing the policy should be reported to the Meeting by the Board, along with the identity of any external advisors engaged.

See section: B.1.16

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

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41. The Notes to the Financial Statements should list individual Directors' remuneration in the year, including:

- a) A breakdown of the compensation obtained by each company director, to include where appropriate:
  - i) Participation and attendance fees and other fixed Director payments;
  - ii) Additional compensation for acting as Chairman or member of a Board Committee;
  - iii) Any payments made under profit-sharing or bonus schemes, and the reason for being granted;
  - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
  - v) Any severance packages agreed or paid;
  - vi) Any compensation they receive as directors of other companies in the group;
  - vii) The remuneration executive directors receive in respect of their senior management posts;
  - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of shares given to directors, as well as share options or other share-based instruments, itemised by:
  - i) Number of shares or options awarded in the year, and the terms set for their execution;
  - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
  - iii) Number of options outstanding at year-end, specifying their price, date and other exercise conditions;
  - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the Company's profits or losses, or some other measure of enterprise results.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

NOTE:

In compliance with article 61.3 of the Stock Market Act, FCC's Annual Remuneration Report complies with the contents of this recommendation.

42. When the Company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

COMPLIANT PARTIALLY COMPLIANT  EXPLAIN NOT APPLICABLE

The composition of the Executive Committee is as follows: 83.3% external directors and 16.7% executive directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.

The Secretary of the Board is the Secretary of the Executive Committee.

43. The Board should be kept fully informed of the business performed and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

44. In addition to the Audit Committee required under the Securities Market Act, the Board of Directors should form a Committee, or two separate Committees, of Appointments and Remuneration. The rules governing the composition-up and operation of the Audit Committee and the Committee or Committees of Appointments and Remuneration should be set forth in the Rules of the Board, and include the following:
- a) The Board of Directors will designate the members of the Committees, taking into account the directors' knowledge, skills and experience and each Committee's area of competence; discuss their proposals and reports; and at the first Board meeting following each Committee meeting, should inform on the business and activities performed, and respond to the work carried out.
  - b) These Committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
  - c) Committee Chairmen must be independent directors.
  - d) These Committees may engage external advisors when they feel this is necessary to carry out their duties.
  - e) Committee meetings should write-up minutes and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

COMPLIANT PARTIALLY COMPLIANT  EXPLAIN

The Board has taken into account the knowledge, skills and experience of the directors and the mission of each Committee when appointing Committee members. Committees are also expressly given the power to obtain external advice and the Board has debated the proposals and reports presented by the Committees, which reported on their activities and performance at the first full Board meeting after each of their meetings.

When appointing the Committee members and chairs, the Board gave priority to the skills, experience and qualifications that will enable directors to contribute to better performance by the Committees of the duties entrusted to them (rather than to the directors' categories).

The Audit and Control Committee is chaired by Mr Gonzalo Anes y Álvarez de Castrillón, an independent director of FCC.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, if they are separate, Compliance or Corporate Governance Committees.

COMPLIANT  EXPLAIN

46. All members of the Audit Committee, particularly its Chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

COMPLIANT  EXPLAIN

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

COMPLIANT  EXPLAIN

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

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49. The control and risk management policy should specify at least:
- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks;
  - b) The determination of the risk level the Company considers as acceptable;
  - c) Measures in place to mitigate the impact of risks identified should they occur;
  - d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

COMPLIANT <input checked="" type="checkbox"/>	PARTIALLY COMPLIANT	EXPLAIN
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50. The Audit Committee's role should be:
1. With respect to internal control and reporting systems:
    - a) Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate definition of the consolidation perimeter, and the correct application of accounting principles.
    - b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
    - c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
    - d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.
  2. With respect to the external auditor:
    - a) Make recommendations to the Board for the selection, appointment, re-

- election and removal of the external auditor, and the terms and conditions of the engagement.
- b) Receive regular information from the external auditor regarding the audit plan and the results thereof, and verify that senior executives act on the recommendations of the external auditor.
- c) Ensure the independence of the external auditor, to which end:
  - i) The Company should notify any change of auditor to the CNMV as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditor and with the contents, if appropriate.
  - ii) The Committee should ensure that the Company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
  - iii) Investigate the issues giving rise to the resignation of any external auditor, in the case thereof.
- d) In the case of groups, urge the group auditor to take on the audit of all group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

COMPLIANT <input checked="" type="checkbox"/>	PARTIALLY COMPLIANT	EXPLAIN
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51. The Audit Committee should be empowered to call a meeting with any Company employee or manager, even ordering their appearance without the presence of another senior officer.

COMPLIANT <input checked="" type="checkbox"/>	EXPLAIN
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52. The Audit Committee should prepare information on the following points from Recommendation 8 prior to the Board decision-making:
- a) The financial information that all listed companies must disclose periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
  - b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
  - c) Related-party transactions, except where the prior report has been entrusted to another supervision and control Committee.

See sections: B.2.2 and B.2.3

COMPLIANT <input checked="" type="checkbox"/>	PARTIALLY COMPLIANT	EXPLAIN
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53. The Board of Directors should seek to present the annual accounts to the General Meeting of Shareholders without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

COMPLIANT <input checked="" type="checkbox"/>	PARTIALLY COMPLIANT	EXPLAIN
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54. The majority of Appointments Committee members, or Appointments and Remuneration Committee members, as the case may be, should be independent directors.

See section: B.2.1

COMPLIANT	EXPLAIN <input checked="" type="checkbox"/>	NOT APPLICABLE
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As indicated under Recommendation 44, when appointing Appointments and Remuneration Committee members, the Board focuses more on the skills, experience and qualifications that will enable the different Committees to best perform their duties rather than on the category of director.

All members of the Appointments and Remuneration Committee are external directors and one of them, Mr Gonzalo Anes, is an independent director.

55. The Appointments Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience required on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.
- d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

COMPLIANT <input checked="" type="checkbox"/>	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE
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56. The Appointments Committee should consult with the Company’s Chairman and CEO, especially on matters relating to executive directors. Any Board member may suggest directorship candidates to the Appointments Committee for its consideration, if they are considered ideal, potential candidates to fill a vacancy.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding:
  - i) The remuneration policy for directors and senior officers;
  - ii) The individual remuneration and other contractual conditions of executive directors.
  - iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the Company.

See sections: B.1.14 and B.2.3

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN NOT APPLICABLE

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

COMPLIANT  PARTIALLY COMPLIANT EXPLAIN

G. OTHER INFORMATION OF INTEREST

If you consider that there are any relevant principles or aspects of corporate governance applied by your Company which has not been assessed in this report, state and explain the contents thereof below

NOTE:

Mr Baldomero Falcones Jaquotot stepped down as a member of the Board of Directors of FCC on 31 January 2013. On that date, Ms Esther Alcocer Koplowitz was appointed Chairwoman of the Board of Directors and Mr Juan Béjar Ochoa joined the Board of Directors in the capacity of Vice-chariman and CEO of FCC.

Dentro de este apartado podrá incluirse cualquier otra información, aclaración o matiz, relacionados con los anteriores apartados del informe, en la medida en que sean relevantes y no reiterativos.

En concreto, indique si la sociedad está sometida a legislación diferente a la española en materia de gobierno corporativo y, en su caso, incluya aquella información que esté obligada a suministrar y sea distinta de la exigida en el presente informe.

Definición vinculante de Consejero independiente:

Indique si alguno de los Consejeros independientes tiene o ha tenido alguna relación con la sociedad, sus accionistas significativos o sus directivos, que de haber sido suficientemente significativa o importante, habría determinado que el Consejero no pudiera ser considerado como independiente de conformidad con la definición recogida en el apartado 5 del Código Unificado de buen gobierno:

SÍ NO

Fecha y firma:

Este Informe anual de gobierno corporativo ha sido aprobado por el Consejo de Administración de la sociedad, en su sesión de fecha 21/03/2013

Indique si ha habido Consejeros que hayan votado en contra o se hayan abstenido en relación con la aprobación del presente informe.

SÍ NO



## REPORT ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (ICFR)

### ADDITIONAL INFORMATION ANNUAL CORPORATE GOVERNANCE REPORT 2012

Description of the main characteristics of the internal control and risk management systems in relation to the financial reporting issuance process (art. 61 bis 4.h Spanish Securities Market Act).

Internal control and risk management systems in relation to the financial reporting issuance process (ICFR)

#### 1. THE COMPANY'S CONTROL ENVIRONMENT

1.1 Bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation and (iii) the supervision thereof.

The bodies and functions within FCC Group that are responsible for overseeing the existence, maintenance, implementation and supervision of an adequate and effective ICFR and the responsibilities attributed to these bodies are the following:

##### Board of Directors

As set out in article 8 of the Rules of the Board of Directors of FCC, S.A., the Board is ultimately responsible for approving the Company's general policies and strategies and, in particular, the control and risk management policy, identifying the main risks for the

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Company and implementing and monitoring the adequate internal control and reporting systems, with the purpose of ensuring their future feasibility and competitiveness, adopting the most relevant decisions for the better development thereof.

## Executive Committee

Article 40 of the Rules of the Board of Directors establishes that the Board may set up an Executive Committee to which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Bylaws or these Rules, cannot be delegated.

Additionally, like Board as a whole, the Committee ensures that FCC Group’s organisation structure, planning systems and operations management processes are designed to deal effectively with the different risks to which FCC Group’s business is exposed in the course of business.

The Board of Directors will designate the Directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director.

The functioning of the Executive Committee is determined in article 36 of FCC’s Articles of Association.

## Audit and Control Committee

Article 41 of the rules of the Board of Directors of FCC establishes that there must be a permanent Audit and Control Committee comprising at least three Directors designated by the Board of Directors taking into consideration their knowledge and experience of accounting, auditing or risk management; all of its members must be external Directors, and the Committee will appoint a Chairman from among its members, who will hold office for no more than four years; it may also appoint a Vice-Chairman. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic and financial information, the internal controls and the independence of the external auditors. In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:

- Supervising the Company's internal audit units that oversee the good working of the information and internal control systems; the head of internal audit has the obligation

to present an annual work plan to the Committee and to inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.

- Analysing and submitting the control and risk management policy to the Board for approval; it must at least identify:
  - (i) the different types of risk to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks among the financial or economic risks;
  - (ii) the determination of the risk level the Company considers acceptable;
  - (iii) measures in place to mitigate the impact of identified risks should they occur;
  - (iv) the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities or off-balance-sheet risks.
- Supervising the preparation and presentation of the annual financial statements and directors' reports of the Company and the consolidated group, and of the financial information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions:
  - (i) the financial information that the Company, being a listed company, must disclose periodically, ensuring that interim financial statements are drawn up using the same accounting principles as the annual statements and, for such purpose, it may consider whether it is appropriate that the Company’s external auditor conduct a limited review of those statements;
  - (ii) and the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC Group.
- With respect to internal control and reporting systems:
  - (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, where appropriate, on the Group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.
  - (ii) periodically reviewing the internal control and risk management systems, so that the main risks are identified, managed and made known adequately, monitoring the Risk Maps and action plans required to mitigate the most relevant risks that are identified, among which are those arising from the internal control of the financial reporting.

**Management Committee**

The Management Committee is chaired by the Chairman and CEO of the FCC Group and composed of members assigned to the Committee by the plenary Board of Directors. Its functions in relation to the internal control of the financial reporting systems include, among others, the monthly review of the consolidated financial reports of the FCC Group, which is especially relevant in the periods when said reports must be sent to the Spanish Securities Exchange Commission (CNMV).

**Management Control and Risk Management Department**

Financial risk management is reinforced by the actions, at a corporate level, of the Management Control and Risk Management Department, created by a decision of the Board of Directors, reporting to the General Department of Administration and Information Technology, with the following responsibilities and functions in the field of Corporate Risk management:

- Identifying the risks that the Company faces, according to the potential threat they pose for achieving the organisation’s objectives.
- Proposing the procedure it considers adequate for monitoring and controlling such risks, especially those with preferential monitoring.
- Establishing the mechanisms for periodically reporting on the evolution and monitoring of the identified risks.

**General Administration and Information Technology Management**

The General Administration and Information Technology Management performs the following functions related to the internal control of the financial reporting:

- Coordinating the Administration of the Areas, establishing the administrative processes and procedures for general application in the Group and promoting the uniform application of the accounting and tax policies.
- Defining and issuing the accounting policy to be applied in the Group.
- Drawing up and supervising the consolidated accounting and management information.
- Developing the accounting and tax management of FCC, S.A. and its subsidiaries that are not allocated to the operating Areas.
- Defining and publishing the tax criteria generally applied in FCC Group, both in the separated companies and at a consolidated level.

- Advising the different Areas in tax matters and take part in solving any issues that arise.
- Designing and publishing the procedures, documents and software applications generally used in the FCC Group, both for accounting and taxes.
- Advising the different Areas regarding procedures and taking part in solving the issues they raise.
- Issuing the regulations, drawing up and supervising the FCC Group Budget.

The Information Technology and Systems Department of FCC Group has the following major lines of action: homogenising and improving the functionality of business applications, modernising and optimising the service levels of the infrastructures and, at an organisational level, aligning the needs of the different business activities.

**General Finance Department**

The General Finance Department is entrusted with the centralised management of the finances of FCC Group. This implies the centralised financial management of the following aspects: financing the Group’s activities, managing the Group’s debt and financial risks, optimising cash and banks and the financial assets, the Group’s financial management and control, relations with investors, the Stock Exchange and the CNMV, analysis and financing of investments, management, monitoring and control of bonds, guarantees and insurance, and management of industrial and equity risks.

**General Internal Auditing Management**

The goal of the General Internal Auditing Management is to provide the Board of Directors, via the Audit and Control Committee, and the Senior Management of FCC Group, with which it collaborates actively, with the efficient supervision of the Internal Control system, by exercising a unique, independent governance function aligned with professional standards, that contributes to Corporate Governance, verifying the fulfilment of the applicable regulations, both internally and externally, and reducing to reasonable levels the possible impact of risks in the achieving the objectives of FCC Group. (Additional information is included in section 5.1).

**1.2 Elements present in the process of drawing up financial information:**

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clearly defining lines of responsibility and authority,

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with an adequate distribution of tasks and functions; and (iii) ensuring that there are sufficient procedures for the proper dissemination in the entity, especially in relation to the process of drawing up the financial information.

As defined in the Rules of the Board of Directors of FCC, the person ultimately responsible for the design and review of the organisational structure and for defining the lines of responsibility and authority is the CEO, supported by the Management Committee and ratified by the Board of Directors.

The rules of the Board of Directors define the responsibilities allocated to each one of the Board Committees as well as the organisational structure of each one of them.

The CEO and the Management Committee determine the distribution of tasks and functions, ensuring that there is an adequate knowledge of the skills, such as to ensure a correct separation of functions and efficient communication between them, including those related to the personnel involved in the preparation of the Group's financial reports.

The Appointments and Remuneration Committee proposes the appointment of senior managers with the most adequate profile for their tasks and functions. It also takes care of overseeing the compliance of the remuneration policy established by the Company and, in particular, it proposes to the Board of Directors the remuneration policy for Directors and senior managers.

The process used to determine the organisational structure is regulated by the Group's General Rules Manual in section 10 "Organisational structure," which regulates the Bodies directly reporting to the Board of Directors, the distribution of functions of the Group management and the Appointment of Management Positions, as well as the rest of the levels within the Organisation.

The Chairman/CEO is entrusted to define the lines of responsibility and authority and each Corporate Director must define the organisational structure and lines of responsibility of his/her Department.

On the other hand, the Human Resources Area is responsible for updating and reviewing, with the support of the corresponding Departments, both the organisational structure and

the organisation chart of the Group. It is scheduled that in 2013 the detailed organisation chart with all of the Group functions will be published on the Company's Intranet and it will be reviewed annually.

In this respect, the General Manager of Human Resources is developing a project to modernise the I.T. system and human resources management. Among other objectives, this project is meant to clearly define the organisational structure and the lines of responsibility to optimise the distribution of tasks and functions.

Additionally, the General Communication and Corporate Responsibility Department is in charge of establishing the procedures for the correct dissemination of the organisational structure and the lines of responsibility.

■ **Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific references to the register of transactions and the preparation of financial reports), body in charge of analysing breaches and of proposing corrective actions and penalties.**

FCC Group has drawn up a Code of Ethics, the latest update of which was approved by the Board of Directors on 27 February 2012, which regulates the principles that must guide behaviour within the Group and guide relations among Group employees and between employees and other stakeholders, being compulsory for all the individuals in the Group and for third parties voluntarily accepting its application.

FCC Group's Code of Ethics is a tool to guide the Group's actions in matters of social, environmental or ethical nature of certain significance. The standards of conduct set out in the Code of Ethics refer to basic principles of behaviour: relations with and among employees; internal control and fraud prevention; commitment to the market, to the Company and to the community.

The FCC Group Code of Ethics includes a chapter closely related to the control of the preparation of financial reports called "Internal control and fraud prevention," which assesses the following issues: "Manipulation of information," "Use and protection of assets," "Intellectual property protection," "Corruption and bribery," and "Money laundering and irregular payments."

FCC Group communicates and disseminates the Code within the Company, so that it may be known by all the employees, who formally accept to comply with it, as well as by third parties voluntarily accepting the application thereof. Also, the Code of Ethics is published on the Group's corporate website, where anybody can access it for consultation purposes.

The Group's training plan for the year 2012, drawn up by the General Management of Human Resources, includes in its welcome course for new employees, among other things, specific training regarding the Code of Ethics.

The Audit and Control Committee, according to article 41 of the Rules of the Board of Directors, has the following powers, among others:

- Receiving information periodically from the Response Committee and from the Management Control and Risk Management Department, respectively, on the development of their activities and the functioning of internal controls.
- Ensuring that the internal codes of conduct and the rules of corporate governance comply with regulatory requirements and are adequate for the Company, as well as reviewing compliance by the individuals affected by said Codes and the rules of governance, of their reporting obligations in respect of the Company.

The persons bound by the Code of Ethics are obliged to report any breaches thereof. To do so, they may use the established channels and procedures to report incidents confidentially, in good faith and without fear of retaliation. FCC Group established a general communication procedure for the matters related to the Code of Ethics which is described in the "Whistleblowing Channel" section. The Response Committee is responsible for supervising and monitoring the Code of Ethics, which is the body in charge of analysing possible breaches, and a system is also established to propose corrective actions and, if it is considered necessary, penalties. This Committee reports to the Audit and Control Committee.

Also, in relation to the reform of the Criminal Code in terms of the criminal liability of legal persons, FCC Group has drawn up a Manual for Preventing and Responding to Criminal Offences. During the year 2012 a report was prepared on the functioning of the internal controls established in the catalogue of priorities in terms of criminal offences and risk behaviours included in this manual.

- **Whistleblowing channel that allows financial and accounting irregularities to be reported to the Audit Committee, as well as possible breaches of the code of conduct and irregular activities in the organisation, reporting the confidential nature thereof, as the case may be.**

FCC Group has set up a procedure allowing one to report, confidentially, any actions representing inappropriate conduct or actions in light of the Code of Ethics.

A specific Response Committee was set up, with the function of overseeing the proper operation of the established reporting channel, assessing possible improvements of the controls and systems established by the Company, processing reports so that they may be solved, encouraging knowledge of the Code of Ethics and regularly drawing up reports on the level of compliance therewith.

The Code of Ethics allows one to report, confidentially, in good faith and preferably not in an anonymous fashion, any actions contrary to the Code of Ethics they may observe. The reporting methods provided in the whistleblowing channel are:

- An html page on the Group's Intranet: internal reporting channel.
- By post, to Apdo. de Correos 19312, 28080-Madrid, managed by the Chairman of the Response Committee.
- An email sent to [comitederespuesta@fcc.es](mailto:comitederespuesta@fcc.es), managed by the Response Committee.

In order to guarantee the confidentiality of the whistleblowing channel, the reception of reports is centralised by the General Manager of Internal Audit, who chairs the Response Committee, the body in charge of this procedure.

The Response Committee assesses the acceptability of the report received, according to a preliminary review of the contents, placing on record the reasoned decision it then takes. In any event the documentation that is generated is filed and the acceptance thereof entails the opening of a case file, all of the information of which is entered into the Complaints Management System.

- **Training and periodic refresher programmes for personnel involved in the preparation and review of financial reports, as well as in the evaluation of the ICFR, at least covering accounting standards, auditing, internal control and risk management.**

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Ongoing training of personnel is a basic aspect at FCC. It is set out in the values, policies and commitments approved by the Company’s Management and it has the following goals:

- Obtaining better performance and efficiency from personnel in the development of their functions and in the functioning of the Company.
- Reaching career development goals (enhancing employment possibilities).

The General Manager of Human Resources of FCC and the General Administración and Information Technology Management jointly develop training plans for all the personnel involved in the preparation of the Group’s Financial Statements. This Plan includes the permanent updating of standards affecting financial reporting and internal control in order to guarantee the reliability of the financial information.

In the year 2012, within the Corporate Training Plan, The FCC Management School includes training for the management team in Corporate Finance, Economic Environment, Financial Management, Analytical Accounting, Management Planning and Control, Taxation and Mergers & Acquisitions. Also, the FCC Corporate Processes School includes Finance training for non-financial personnel, Project Finance, Company Valuation, Analysis and valuation of investment projects, Management control, Payments methods for international trade and the accounting thereof, Foreign Trade Finance, Corporate Income Tax, Value Added Tax (VAT), International Taxation, Consolidation of Financial Statements, the New International Financial Reporting Standards (IFRS), Derivative Financial Products, Risk Management and Evaluation of the ICFR.

During the year 2012, 769,947 hours of training were given, mostly externally, of which 46,740 hours (6.1%) were for the acquisition, updating and recycling of economic and financial knowledge, including accounting and auditing standards, internal control and management and risk control, as well as other regulatory and business aspects that need to be known for the satisfactory preparation of the Group’s financial reports, attended by an approximate total of 3,157 people.

The Corporate Training Plan prepared for the year 2013 completes the training offer in finance by including, within the FCC Corporate Processes School, advanced training in Finance for non-financial personnel, Valuation, monitoring and financial control of investment projects, Accounting, Advanced accounting, Advanced Excel for Finance, and the Balance Scorecard as a Management Tool.

2. EVALUATION OF RISKS IN FINANCIAL REPORTING

2.1 Main characteristics of the risk identification process, including error or fraud, in respect of:

- Whether the process exists and is documented.

The Group is headed towards an integrated risk management model, allowing it to appropriately face the financial reporting and other risks to which its activities are subject. The chosen model includes development of a top level risk map using the Enterprise Risk Management (Coso II) method, which provides management with valuable information and contributes to the definition of the Group’s strategy.

For this purpose risk maps have been drawn up for each one of the Business Areas: FCC Construcción (except Alpine), Aqualia, FCC Medio Ambiente, FCC Energía, FCC Ámbito, VERSIA (FCC Logística, Cemusa, SVAT and CyS), and FCC Environment.

In addition to this, risks maps are being prepared for the major corporate areas that affect all of the Group’s activities: Human Resources, Finance, Administration and Information Technology, Internal Audit and Legal Counsel.

Given the singular nature of the different business areas in FCC Group, each one of them carries out its own risk management, and the reported information is used to prepare the Group’s consolidated risk map.

FCC Group’s risk model is described in the Risk Management procedure, as part of the Management Systems for the different Business Areas in the Group.

Risk maps include the major risks identified in the business areas, as well as the controls established by the Management to mitigate the effect of the aforementioned risks and the evaluation thereof in terms of likelihood of occurrence and impact on the financial statements of the area analysed. Thus, counting on the support of the risk managers of the different business areas, as “risk management coordinators”, the Group Management is being guided through a process to redefine and improve the above-mentioned risks, including those related to financial reporting and the preparation thereof, both in terms

of the definition and allocation of responsibilities regarding their management in the operational field and in the preparation of procedures and methods, which include the following:

- Identifying key risks for FCC Group based on the potential threat they pose to achieve the Group's objectives.
- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact should they materialise and the likelihood that they will occur.
- Additionally, for those risks exceeding the Accepted Risk for each of the business sectors, the necessary action plans are established with possible corrective measures in order to make their critical scale fall within the Accepted Risk. These action plans include the actions required to reinforce the existing controls and they even incorporate new controls thereto.
- Periodically, the Directors of each business area analyse, in collaboration with the Management Control and Risk Control Department, what risks have materialised in each one of the Group Areas, reporting them to the Audit and Control Committee.
- Periodically Risk Committees are held in the different business areas, to analyse the risks that have been identified and to monitor them.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring.
- Implementation of specific procedures to document risk management in the decision-making process.

Risk maps, as stated in the Comprehensive Risk Management model, are updated annually.

Periodically, Risk Committees are held in each business area, where the identified risks are monitored and the results are subsequently reported to the Audit and Control Committee. The implementation model is described in the risk management procedure as part of the Management systems in the Group's different business areas.

The entire process of identifying and monitoring risks is done for all the Group's risks and, in particular, it includes the risks arising from the reliability of top level economic and financial reporting.

Regarding the risks arising from the Group's criminal liability, in particular the risk of error or fraud, which are considered in the Spanish Criminal Code, there has been a preventive identification of risks and controls mitigating them, as well as of the response thereto.

In summary, the main characteristics of the Comprehensive Risk Management model in FCC Group are:

- Preventing and controlling the risks that might affect achieving the objectives set by the Group;
- Ensuring compliance with the legal regulations in force and with the Group's internal rules and procedures;
- Guaranteeing the reliability and integrity of the accounting and financial reporting.
- **Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.**

The Operating Risks identified in the Risk Map include the risk of reliability of the economic and financial information affecting each one of the business areas. For the global assessment of this risk we generally consider the risk of errors in the financial reporting in each of the business areas that are analysed, to cover all the objectives of financial reporting, mainly registration, integrity, cut-off of operations, homogeneity of the reports, validity and valuation.

The risk maps described above are updated at least annually. The last annual update took place in December 2012. This update was presented to the Audit and Control Committee on 31 January 2013.

- **The existence of a process to identify the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, shell corporations or special purpose vehicles.**

The Group has a register of companies that is continually updated and includes all the Group's holdings, whatever their nature, whether direct or indirect holdings, as well entities in which the Group has the capacity to exercise control regardless of the legal form through which it obtains that control, therefore including both shell corporations and special purpose vehicles. This corporate register is managed and updated according to the procedures regulated in the Group's Economic and Financial Manual.

The Corporate Intranet provides individual entries on each company with all of the relevant information on each one of them: shareholders, corporate purpose, administration body, etc.

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Each of the areas of the FCC Group organisation is responsible for the maintenance and updating of the consolidated companies corresponding to its business area. The Administrative Coordination Division keeps the database updated in the Corporate Intranet mentioned in the preceding paragraph, as well as the Economic and Financial Manual as regards the list of companies making up the consolidated Group, based on the data provided by the business areas.

- **Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.), insofar as they affect the financial statements.**

The risks associated to achieving the objectives of financial reporting are an integral part of FCC Group’s risk map, therefore they do take into account the effect of other types of risk.

FCC Group’s global risk management system, following the best business practise in the field and applying the Coso II method, has categorised risks as follows:

- **Strategic risks.** These are key risks for the Group and they are managed as a priority. These risks are related to the markets/countries/sectors where FCC Group operates. They also include risks involving reputation, innovation, economic planning, definition of the structure and objectives and the effectiveness of information disclosure and information flow.
- **Operational risks.** These risks are related to operations management and the value chain of each one of the business areas where FCC Group operates. They include risks related to the tender and contracting processes, selection of partners, outsourcing and suppliers, labour, collection and customer satisfaction processes, as well as risks having an impact on the reliability of the financial reporting.
- **Compliance risks.** Those affecting regulatory compliance, both internally and externally. These include the risks related to compliance with the applicable laws (in the field of quality, the environment, information security, prevention of industrial risks, etc.), the fulfilment of contracts with third parties and compliance with the FCC Group Code of Ethics.
- **Financial risks.** Risks associated with the financial markets and with the generation and management of cash. Financial risks include those related to liquidity, working capital management, access to financial markets, exchange rates and interest rates.

These risks are aligned with FCC Group’s global risk policy.

- **What governing body in the Company supervises the process**

The supervision of the process use to identify risks in financial reporting is done by the Audit and Control Committee via the General Manager of Internal Audit and the General Administration and Information Technology Management, as part of their functions of supervising the internal control and risk management systems of FCC Group, as set out in the Rules of the Board of Directors.

Throughout the year 2012 the Audit and Control Committee has been informed of the results of the updates of the risk maps carried out during the period.

3. CONTROL ACTIVITIES

3.1 Procedures for reviewing and authorising financial reports and description of ICFR, that are to be disclosed to securities markets, indicating who is responsible, as well as the documentation describing the activity flows and controls (including those related to the risk of fraud) of the different types of transactions that could materially affect the financial statements, including the procedure for closing the end-of-period accounts and the specific review of relevant judgements, estimates, appraisals and projections.

As mentioned in the preceding section of this document, the Group is headed towards an integrated risk management model, allowing it to appropriately face the financial reporting and other risks to which its activities are subject.

This integrated risk management model is geared towards compliance with the four major objective categories established by this model:

- Effectiveness and efficiency of transactions.
- Safeguarding of assets.
- Reliability of the financial reporting.
- Compliance with applicable laws and regulations.

In this way objectives are related to the risks that could hinder the achievement thereof and to the control activities required to ensure that the response to these risks is conducted adequately in order to achieve the proposed objectives:



Control activities are documented in the policies and procedures that tend to ensure that FCC Group management’s guidelines are followed, and that the necessary measures are taken to face the risks that jeopardise achieving the Group’s objectives. The control activities are carried out in any part of the organisation, at all levels and in all of the functions, and they comprise a number of very different activities. They are applied by Company personnel, using their application systems and other resources established to ensure that the control objectives are reached and that the risk mitigating strategies are executed.

FCC Group has implemented control activities at corporate level and in each one of the business areas, such as to mitigate the risks included in the risk maps indicated in section 2 above. These control activities could be classified in the following groups:

- **High level reviews:** Related to approvals, authorisations, verifications and reconcilements. Senior management reviews the evolution of actual figures compared to the forecasts included in the Strategic Plans and the figures from prior periods.
- **Direct management of specific functions or operating activities:** reviews of the operating functions that are carried out in relation to the objectives sought and the risks that jeopardise them.
- **Processing and security of information:** controls related to the verification of the exactness, integrity and authorisation of transactions.
- **Physical controls:** periodic reconcilements of the inventory and security of the assets.
- **Performance indicators:** these are applied when matching operating and financial data.
- **Separation of functions:** division of functions among different people to reduce the risk of error or fraud.

In order to cover the preceding activities, the different business areas have defined in their procedures, the controls they have considered necessary with the objective of covering the risks in each of the areas. Regarding the controls of information systems, a distinction can be made between general controls such as information technology management, information technology infrastructures, security management and software acquisition, maintenance and development, among others, and application controls such as control digits, reasonability tests, logical tests, predefined data lists, etc.

The control weaknesses detected by the General Manager of Internal Auditing in relation to Internal Control are passed on to the Audit and Control Committee via reports including the recommendations considered necessary for the weaknesses that have been identified.

On the other hand, the specific review of the noteworthy judgments, estimates, valuations and projections in the quantification of certain assets, liabilities, income and expense commitments recorded and/or detailed in the Financial Statements is done by the General Administration and Information Technology Management, supported by the rest of the General Departments. Hypotheses and estimates based on the evolution of business are reviewed and analysed together with the corresponding Business Departments.

Additionally, a review is conducted by the external auditor, supervised by the Audit and Control Committee, at least half-yearly.

The main procedures are included in the Group’s General Rules Manual and in the Economic and Financial Manual. These procedures include the closing of the accounting period and the maintenance of the Accounting Plan. In addition, the persons in charge of the Group’s accounts receive indications on the registration of transactions that had not taken place in the Group before, and these criteria are incorporated to the next update of the Manual.

FCC Group periodically discloses financial reports to the securities market, on a quarterly basis and whenever relevant events take place that must be disclosed pursuant to the laws in force.

The periodic financial reports are drawn up by the Group’s General Administration and Information Technology Management, which performs certain control activities at the end of the accounting periods to ensure the reliability of the reports. Once the financial report has been consolidated in the software application under SAP, it is reviewed by the

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General Administration Management, the Management Committee, the Director General of Internal Audit and the external auditor.

Last of all, the Audit and Control Committee presents to the Board of Directors its conclusions on the financial report so that, once it is approved by the Board of Directors, it may be disclosed to the securities markets.

Article 10 of the Rules of the Board of Directors states the following in relation to the specific functions regarding the Financial Statements and the Directors' Report:

- The Board of Directors shall draw up the Financial Statements and the Directors' Report, both separately and on a consolidated basis, such as to give a true and fair view of the assets, the financial position and FCC's results, as provided by Law, following a favourable report by the Audit and Control Committee. The statements shall be certified beforehand, as to their integrity and exactness, by the General Administration and Finance Management with the Approval of the Chairman, if he has executive functions, or otherwise by the CEO.
- The Board of Directors, after reviewing the reports mentioned above, may request any clarifications deemed appropriate from those who issued the reports.
- The Board of Directors shall ensure, in particular, that the above-mentioned accounting documents are drafted in clear and precise terms so that the contents are easy to understand. In particular, they shall include any comments that are useful for that purpose.
- Members of the Board of Directors shall place on record that, before undersigning the Financial Statements as required by Law, they have had access to the report thereon that is to be prepared by the Audit and Control Committee, as well as, in general, to the information required for that act, and they may set down any comments they consider relevant.
- On a quarterly basis, the Board shall review the FCC Group accounts, after receiving a report from the Audit and Control Committee.

Likewise, article 11, in relation to the specific functions with respect to the Securities Market, establishes the following:

- In particular, the Board shall perform, in the manner provided in the Rules, the following specific functions in relation to the Securities Market:

- The performance of any acts and the adoption of any measures required to ensure the transparency of FCC in the financial markets.
- The performance of any acts and the adoption of any measures required to promote the proper price formation of FCC shares, particularly preventing manipulation or the use of privileged information.
- The approval and update of the Internal Rules of Conduct in relation to Securities Markets matters.
- Approval of the Annual Corporate Governance Report mentioned in article 116 of the Spanish Securities Market Act.

Last of all, article 14 "Market relations," states the following:

- The Board of Directors shall adopt the measures required to ensure that periodic financial information and any other information disclosed to the market is drawn up pursuant to the same principles, criteria and professional usage as the financial statements and is as reliable as the latter.

On the other hand, the Group's Internal Audit Basic Standards establish, among the functions and attributions of the General Internal Audit Management, the "review of the (individual and consolidated) accounting information, the management reports and the financial reports that are periodically disclosed to the markets, evaluating their correctness and reliability, the compliance with the laws in force and the proper application of generally accepted accounting principles" and "suggesting internal control measures to facilitate compliance with the standards when preparing and disclosing financial reports."

**3.2 Internal control policies and procedures for information systems (among others, with regard to secure access, control of changes, operation thereof, continuing operations and separation of functions) supporting the Company's relevant processes in relation to the preparation and disclosure of financial reports.**

The General Administration and Information Technology Management is responsible for the Information and Telecommunication Systems of all the businesses and countries in which FCC Group operates. Its multiple and varied functions include the definition and monitoring of security policies and standards for applications and infrastructures, including the internal control model within the scope of information technologies.

FCC Group’s internal control model considers the computer processes, comprising the I.T. environment, architecture and infrastructures, on the one hand, and the applications affecting the transactions with a direct effect on the company’s main business processes and hence on financial reporting and on the end-of-period closing processes. The aforementioned controls may be developed by means of automated activities in the computer programs themselves or through manual procedures.

FCC Group applies an internal control model to the Reporting Systems and it particularly pays attention to the control of the “Financial Environment Map”, focusing on ensuring the quality and reliability of the financial reporting in the process of closing periods and hence of the information disclosed to the markets. In this respect, the Company has a governance framework for information technology related environments and it relies on multiple and varied functions that are defined within the security policies and standards for the internal control application within the scope of I.T. management.

In respect of this indicator, the following areas are considered priorities:

- Programs and Data Access.
- Change Management.
- Development Management.
- Transaction Management.
- Documentation Management.

Within these five areas, the following controls over the applications supporting the financial environment are considered especially relevant:

- Information Management Policy.
- Financial environment map.
- Role matrix and responsibility of the applications.
- Demand for developments and functional change management.
- Demand for infrastructure change management.
- Specification and approval of tests and user acceptance.
- Technical and functional requirements specification.
- Incident management.
- Job management.
- Environment continuity management.

- Service level agreement and management thereof with third parties.
- Physical Security of the Data Processing Centres (DPC).

It should be noted that the company has a certified information security management system, based on the ISO/IEC 27001 international standard, for the Construction business area. This standard defines and establishes the principles of functionality, security and responsibility and it may be extrapolated to different areas in the organisation.

FCC Group, aware of the importance of the security of the information it processes, has developed a set of policies and standards that help to ensure the confidentiality, integrity and availability of its information systems. The aspects related to the internal control over the financial reporting are regulated in the “Information Security” Corporate Standard.

This document defines the functional principles and the bodies responsible for Information Security and it directly involves the business, demonstrating its support in this paragraph of the Policy itself:

“The CEO and the Management Committee shall have these responsibilities:

- To establish the general criteria for the classification and management of information assets.
- To approve:
  - The Security Organisation and Management Model.
  - The Information Assets Classification and Management Model.

One of the fundamental principles governing the functioning of the above-mentioned standard is the Principle of Information Integrity: information management shall be governed by policies, standards, procedures and guidelines to ensure its confidentiality, integrity and availability.

FCC Group has a security model that requires, in order to operate, an organisational structure and the allocation of roles and responsibilities in terms of security:

- The Information Technology Committee will act as the highest body coordinating the Group’s information security.
- The Information Security and Technology Risk Management Department defines the

security requirements in projects that develop new applications and it successively validates the functionality of the mechanisms and controls implemented in the applications before going into production.

- The Information Security and Technology Risk Management Department is integrated within the Change Management Committee with the object of verifying the conformity of the proposed changes in the I.T. infrastructure with the security requirements established in the FCC Group Information Security Policy.
- The Information Security and Technology Risk Management Department uses different monitoring tools that analyse the operation of FCC Group’s information systems, ensuring that they are able to generate warnings in real time when they detect security incidents.

Information security is evaluated periodically. In this respect, the Information Security and Technology Risk Management Department performs the following audits:

- Regulatory compliance regarding Personal Data Protection, biannually.
- Analysis of information system vulnerability.
- Information system intrusion test.

Since the year 2011, the management of the technology infrastructures of FCC Group’s information systems is outsourced. The contract with the external firm includes a clause ensuring the rendering of services according to the best practices in the market as regards I.T.

**3.3 Internal control policies and procedures used to supervise the management of activities outsourced to third parties, together with evaluations, calculations or assessments entrusted to independent experts, which could materially affect the financial statements.**

FCC Group has not outsourced any relevant activities used to execute or process transactions shown on the Group’s financial statements, with the exception of the valuation of financial derivative products, the performance of actuarial calculations and the carrying out of certain property appraisals on an ad-hoc basis.

There is an internal procedure for hiring external advisers, which requires certain levels of approval depending on the amount involved, including, if appropriate, the approval of the

CEO of the Company. The results or reports by persons hired in the fields of accounting, taxation or legal issues are supervised by the persons in charge of General Administration and Information Technology Management, General Legal Counsel Management and General Internal Auditing Management, and of other Departments if it is considered necessary.

As mentioned above, FCC Group has outsourced the rendering of information and telecommunications infrastructure management services. Furthermore, as part of the contract, investments are being made to standardise the architecture of FCC’s system and to remove any differences between the environments managed by Group companies in terms of availability and integrity.

Of the projects being performed, it is important to highlight the following:

- Consolidation of the centralised Information Technology infrastructure in two high availability data centres in Madrid.
- Complete overhaul of the workstations in a virtualised environment or with automatic back-up to guarantee the availability of the information.
- Consolidation of operations in global centres with standard tools.
- Implementation of a single, common Service Desk through which all information system incidents are channelled.
- Implementation of a single wide area network (WAN) to standardise the ability of users to access the Group’s information systems.

As an internal control procedure for supervising the management of these outsourced activities, the Group has implemented a catalogue of services managed with unified service quality and measured according to pre-agreed Service Level Agreements (SLA).

Last of all, it should be noted that FCC Group has procedures to supervise the activities the businesses in which it operates by means of corporate structures where either it does not have a controlling interest or they are not administrated directly by the Group, for instance in joint ventures (UTEs).

## 4. REPORTING AND COMMUNICATION

**4.1 This is a specific function in charge of defining and updating the accounting policies (accounting policies area or department) and solving any doubts or disputes arising from the interpretation thereof, communicating constantly with the operations managers in the organisation, together with an updated accounting policy manual that is communicated to the units through which the Company operates.**

The responsibility for the application of FCC Group's Accounting Policies lies with the General Administration and Information Technology Management, which includes the Group's Administrative Coordination Division, with the following functions, among others:

- Defining the Group's accounting policies.
- Issuing the accounting standards to be applied in the Group.
- Solving doubts or disputes arising from the interpretation or application of the Group's accounting policies for any company in the Group.
- Analysing special operations and transactions carried out or scheduled to be carried out by the Group to determine how they are to be accounted for according to the Group's accounting policies.
- Monitoring the new regulations being considered by the IASB, the new standards already approved by the aforementioned Body and its validation process by the European Union, determining the impact that the implementation of those standards will have on the Group's Consolidated Financial Statements.

Thus the Administrative Coordination Division keeps all those in charge of preparing financial statements at the different levels of the Group informed of the regulatory modifications, clarifying any doubts that may arise, and at the same time it gathers from the Group companies, the information necessary to ensure the coherent application of the Group's Accounting Policies and determining the impact of the application of the new accounting standards.

FCC Group's General Internal Auditing Management details, within its Internal Auditing Plan, as one of the functions it is responsible for, the task of supplementing, from the standpoint of accounting standards, all the technical queries made from any of the business areas in which the Group operates.

Wherever the application of the accounting standards is subject to different interpretations, the General Internal Auditing Management and/or the General Administration and Information Technology Management may take part in the explanation given to the external auditor of the reasons for the interpretation adopted by FCC Group.

FCC Group is made up of a large number of companies operating in different countries and it is obliged to draw up its consolidated statements according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union, as detailed in the Group's Economic and Financial Manual.

The Group's Economic and Financial Manual establishes, in the first chapter, the accounting base on which FCC Group must function, allowing it to draw up the Group's consolidated financial statements, as well as any other financial statements or periodic information that are to be disclosed.

In FCC group subsidiaries, joint ventures and associated companies where what is established cannot be applied, the necessary information must be available in order to homogenise it by introducing the appropriate adjustments, so that the resulting information complies with the established criteria.

In order to homogenise FCC Group's economic and financial reporting on the basis of international standards, financial statement models and a corporate accounting chart have been developed; they are likewise included in the Economic and Financial Manual.

This Manual is updated, according to the evolution of accounting regulations, by the Administrative Coordination Division, and it is available on the Group's Intranet (FCCnet) under "Regulations" and it may be consulted by Group employees. It is also possible for users to create a warning whenever any updates have taken place in this Manual.

The regulations are updated in a coordinated fashion by the departments that know about, are experienced and involved in the matters at issue, and this is ultimately approved by General Administration and Information Technology Management.

**4.2 Mechanisms for gathering information and preparing financial reports with homogeneous formats, to be applied and used by all the units in the Company or Group, supporting the main financial statements and the notes thereto, as well as any financial information detailed on ICFR.**

FCC Group has implemented a common reporting system based on the application in SAP, with which it intends to cover its individual financial reporting needs as well as to systemise and standardise the consolidating process of the Group’s economic-financial information. This application gathers, by reporting units, at a “business-sector” or legal corporation level, as required, the information needed to draw up different types of economic and financial reports, both for internal use and for disclosure to public bodies and institutions.

The tool centralises in a single system all the information corresponding to the accounting of individual financial statements of the subsidiaries making up the Group. The system is centrally managed and it uses a single accounting plan, and the information is automatically loaded into this consolidation system from SAP.

The procedures to gather and prepare financial information are documented in the Economic and Financial Manual, establishing the availability dates, in the Administration and Information Technology Area, of the economic and financial information to be furnished by the Administration and Finance Departments of the different business areas (standard 8.01.01); the consolidated economic and financial documentation, on the one hand, and that of FCC, S.A. (CEBEs and UTEs), on the other hand, to be furnished to the Administration and Information Technology Management by the Administration and Finance Departments of the business areas (standards 8.01.02 and 8.01.03 respectively). These procedures do not specifically consider information on the Internal Control System, this information is obtained via specific requests to the persons in charge of the areas involved.

Additionally, for the closing of the year-end accounts and with the object of disclosing the annual financial report within the two months following the end of the year, pursuant to Royal Decree 1362/2007, of 19 October, in relation to the transparency requirements regarding the information on issuers whose securities are listed on an official secondary market or other regulated markets in the European Union, the General Administration and Information Technology Management sends out the end of period plan by email, which includes instructions for those responsible for providing the corresponding financial

information. The Administrative Coordination Division specifies, clarifies or increases the instructions whenever require.

The accounting policies, procedures and internal standards related to the closing, reporting and consolidation processes are described in the Group’s Economic and Financial Manual, also detailing the information to be furnished for the consolidation and defining the base documents or forms to provide that information.

Another procedure for capturing financial information is the implementation of a tool in a SAP environment allowing the FCC Group Corporate Finance Division to obtain all the banking information from each company and with all of the financial entities they operate with.

With respect to the description of the internal control over financial reporting (ICFR), FCC Group has identified the controls it has in place to respond to the indicators proposed by the CNMV Internal Control Task Force and those responsible for it. As a result of this process an additional file has been created with the supporting documentation provided by those responsible for each one of the indicators.

**5. SUPERVISION OF THE SYSTEM’S FUNCTIONING**

**5.1 ICFR supervision activities performed by the Audit Committee, and whether the Company has an Internal Audit function authorised to support the Committee in its task of supervising the Internal Control System, including ICFR. Information will also be given on the scope of the ICFR evaluation carried out during the year and on the procedure whereby the person in charge of performing the evaluation communicates the results, whether the company has an action plan detailing any corrective measures, and whether the impact on the financial reporting has been considered.**

The FCC Group Internal Audit Basic Standard, heading three, states that “The goal of the General Internal Auditing Management is to provide the Board of Directors, via the Audit and Control Committee and the Senior Management of FCC Group, with which it collaborates actively, with the effective supervision of the internal control system, by exercising a unique and independent governance function aligned with professional

standards, contributing to Good Corporate Governance; to check the proper fulfilment of the applicable regulations, both internally and externally, and to reduce the possible impact of risks to achieve the FCC Group objectives to reasonable levels.”

The General Internal Auditing Management, delegated by the Audit and Control Committee, has as its goal, as stated in the Group’s Internal Audit Basic Standard, sections 4 and 5: to be able to evaluate the adequacy and effectiveness of the internal control systems. To this end the Internal Audit function reaches the entire FCC Group in respect of:

- Reliability and integrity of the economic and financial information, both internal (reports on management) and external.
- Systems and operations review to check the compliance with the policies, procedures and regulations approved by Management, and also compliance with the laws in force.

Heading 9 of this standard establishes the functions and attributions of the General Internal Auditing Management:

- “The General Internal Auditing Management has the fundamental mission of facilitating for the Audit and Control Committee, the compliance with the competencies and responsibilities conferred to that Committee by article 41 of the Rules of the Board of Directors in force.”
- “The functions of the General Internal Auditing Management are supervising the efficiency of the internal controls, ensuring compliance with legal requirements, evaluating and improving the risk management processes and ensuring that the financial reports that are prepared are correct and adequate for FCC Group. These functions are specified in:
  - Analyses and evaluation of the systems ensuring compliance with the policies, procedures, standards, regulations and plans. The sufficiency and effectiveness of the internal control systems, making suggestions for improvement.
  - Review of the application and effectiveness of the risk management procedures and its assessment systems.
  - Monitoring compliance with the standards and guidelines established by Management, especially the Code of Conduct and the General Standards Manual.
  - Review of the (individual and consolidated) accounting information, the management reports and the financial information disclosed periodically to the markets, evaluating

their correctness and reliability, the compliance with the laws in force and the correct application of generally accepted accounting principles. Suggestion for internal control measures facilitating compliance with the regulations in the preparation and disclosure of financial reports.

- Checking that the assets really exist and the systems, guaranteeing its integrity and safeguarding.
- Providing support to the different areas for their technical relations, control and monitoring with the external auditors.
- Assisting the members of the Group’s Organisation, providing them with analyses, recommendations, advice and information on the reviewed activities, informing the Management of any incidents that are detected and recommending corrective actions.
- Compliance with the Annual Auditing Plan, informing periodically on its evolution.
- Supervising the work of the external auditors, requesting and receiving information on any aspect related to the auditing process, liaising between the external auditors and the Audit and Control Committee, forwarding the conclusions of the review by the external auditors, especially any circumstances that might jeopardise their independence. It will also make a proposal on the appointment of the external auditors to enable the Audit and Control Committee to fulfil its obligations with the Board of Directors.
- Any other functions assigned by the Audit and Control Committee.

The General Internal Auditing Management will act independently of the management areas. A resolution of the Board of Directors, dated 26 October 2004, established that the General Internal Auditing Management was functionally dependent on the Audit and Control Committee and organically dependent on the Chairman of FCC Group. The members of the General Internal Auditing Management perform their functions independently without sharing their responsibilities with other management areas.

As mentioned in section 2.1 above, the Group is headed towards an integrated risk management model, allowing it to appropriately face financial information risks and others to which its activities are subject. To this end, the General Administration and Information Technology Management allocated funds to the Management Control and Risk Management Department, which works alongside the General Internal Auditing Management to carry out this task.

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The deterioration of the economic environment during recent years has increased the exposure of companies to the different risks. In this respect, the Group's General Internal Auditing Management, as detailed in the Auditing Plan drawn up in compliance with the Basic Auditing Standard, considers it necessary to analyse and evaluate, by way of different indicators, the impact caused in the business areas in order to advise the Audit and Control Committee and make the right recommendations to allow to minimise the impact of the risks in relation to the Group's financial reporting.

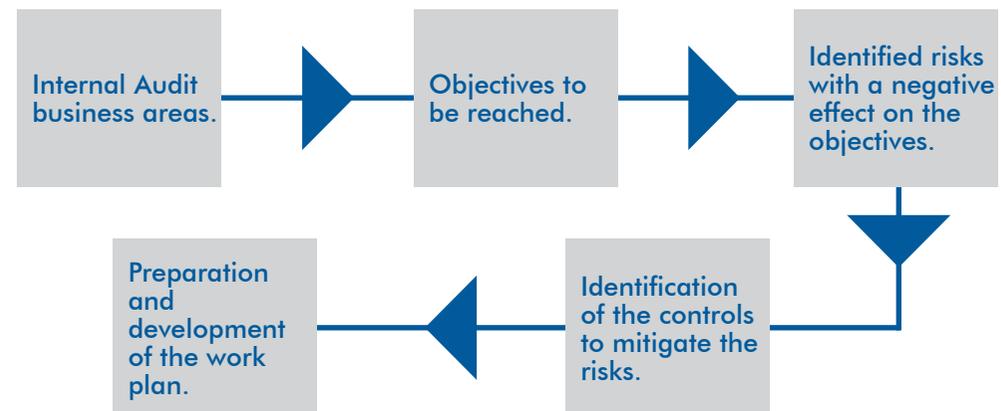
Depending on these variables, the scope of the auditing work is defined, to provide the Audit and Control Committee and Management in general with reasonable security as regards the correct functioning of the internal control systems, on the compliance with the main risk management policies of the Group and the reliability of the economic and financial information prepared by the Management and submitted to the Board of Directors for approval.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes applied to prepare the economic and financial information, the internal controls and the independence of the external auditors.

The Audit and Control Committee meets with the External Auditor and listens to the explanations given by the General Finance Management and the General Administration and Information Technology Management.

The auditing plan does not include the work that can be performed by the Internal Audit Departments of the FCC Group listed subsidiaries Cementos Portland Valderrivas and Realía, without prejudice to the coordination tasks taking place between the different Internal Audit Departments, with the object of being able to inform FCC Group's Audit and Control Committee of the effect that the risks of these Groups may have on its consolidated financial statements.

The Auditing Plan (prepared in compliance with the Basic Auditing Standard) is done according to the following diagram:



According to the 2012 Auditing Plan communicated to the Auditing Committee for the year 2012, the General Internal Auditing Management has carried out the following tasks in relation to the Group's financial information internal control system, in the areas of:

- **I.T. audit:** there have been reviews of the role and separation of function matrix models in FCC Construcción, Alpine and in Service Business Areas (Aqualia and Medio Ambiente), reviews of the General I.T. Controls in the Construction areas, work to validate the effectiveness of automatic controls in the FCC Construcción SAP for Machinery, validation of the Security of the implementation of SAP Incorpora to manage payrolls in all the business areas of FCC Group, ISO 27001 Audit in the FCC CO area and half-yearly reviews of SAP (the FCC Group financial system).
- **Environmental audit:** review of the models to estimate environmental provisions at FCC Environment.
- **Review of the financial information in the different business areas:** Construction, Industrial waste services, Waters, Energy, Environment and Versia, mainly the information on provisions, judgments and estimates.

- **Analysis of the audit opinions on the audited companies:** systematic analysis of the audit opinions on the FCC Group companies, with the purpose of monitoring the companies that do not receive a favourable opinion of the auditor.
- **Monitoring of the reporting obligations to financial institutions (covenants):** coordination of the work between the external auditors and the business areas, analysing and reviewing the information put together by these areas, which must be certified by the auditor. Involvement in the process of certifying financial ratios determined using statutory financial statements that have already been audited.
- **Criminal liability of the legal person or body corporate:** evaluation of the design of the controls implemented at FCC with respect to the modification of the Criminal Code, verification of the measures and controls established in the Group for the prevention and detection of criminal offences.
- **Internal communication channel:** Review of the fulfilment of the communication obligations established in FCC Group’s Internal Rules of Conduct and in its Code of Ethics.
- **Monitoring of internal control recommendations made in prior years.**
- **Other financial reporting review functions:** Supervision of the quarterly, half-yearly and annual accounts its Notes. Internal Audit reviews the consolidated and separate financial statements with the purpose of identifying whether the amounts and the information detailed in the statements are in keeping with the IFRS or the Spanish General Chart of Accounts. Additionally, the reports sent to the CNMV are supervised.
- **Technical queries:** Internal Audit collaborates in responding to queries on the accounting of certain transactions depending on how complex they are.

The outcome of the reviews carried out by the General Internal Auditing Management and the incidents that were detected, have been communicated to the Audit Committee throughout the year.

**5.2 Discussion procedure whereby the auditor (in accordance with that provided in the Technical Auditing Standards), the Internal Audit function and other experts can communicate to Senior Management and to the Audit Committee or to Directors of the Company any significant internal control weaknesses identified during the process of reviewing the financial statements or any other reports entrusted to them. It should also be stated whether there is an action plan to correct or mitigate the weaknesses observed.**

FCC Group’s Basic Internal Audit Standard, in heading 7.i), states that “the Audit and Control Committee is to be informed, through the General Internal Auditing Management and its relations with the external auditors, of the financial reporting preparation process, the correct application of generally accepted accounting principles, and of the fulfilment of legal requirements and the functioning of the internal control systems.”

As stated in the preceding section, the goal of the General Internal Auditing Management is to provide the Board of Directors, through the Audit and Control Committee and the Senior Management of FCC Group, with the effective supervision of the internal control system.

This goal is met by providing the FCC Group Management with an independent opinion on the Organisation’s preparation to achieve its objectives, by means of a systematic and methodological approach to the evaluation, management and improvement of the effectiveness of these processes:

- **Risk Management:** the processes followed by Management to identify, evaluate and respond to the potential risks that may affect the Organisation being able to achieve the business objectives set out in the Strategy Plan.
- **Internal Control:** the policies, standards, procedures and activities making up the control system set by FCC Group to ensure proper management and to keep risks to a minimum.

As detailed in the preceding section, heading 9 of the Group’s Basic Internal Audit Standard establishes, among the functions and powers of Internal Audit: “Assisting the members of the Group’s Organisation, providing them with analyses, recommendations, advice and information on the reviewed activities, informing the Management of any incidents that are detected and recommending corrective actions.”

# AUDIT REPORT

FCC Group's General Internal Auditing Management periodically informs the Audit and Control Committee of the significant internal control weaknesses identified when performing its work, making recommendations for the adequate correction of those weaknesses. In 2012 it attended all the Audit and Control Committee meetings.

With the purpose of ensuring that the financial information forwarded to the Audit and Control Committee has been prepared according to generally accepted accounting principles and gives a true and fair view of FCC Group, the General Internal Auditing Management conducts review processes of the (individual and consolidated) accounting information, the management reports and the financial reports that are periodically disseminated to the markets.

Additionally, the Group's auditor has direct access to the Group's Senior Management and has periodic meetings with them, both to obtain the information needed to perform their work and to report any control weaknesses that have been detected. The external auditors present the conclusions of their reviews to the Audit and Control Committee at least three times a year, detailing the internal control weaknesses that have surfaced when reviewing the Group's financial statements, including any aspects they consider relevant. In 2012 the external auditor attended 4 Audit and Control Committee meetings.

## 6. OTHER RELEVANT INFORMATION

N/A

## 7. EXTERNAL AUDITOR'S REPORT

**7.1 If the ICFR information disclosed to the markets has been reviewed by the external auditor, the Company must include the relevant report as an Exhibit. Otherwise, the reasons why said report is not available must be explained.**

The information included herein on the Internal Control over Financial Reporting System has been reviewed by the External Auditor, and the report is attached as an exhibit to the actual document.



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*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.*

### REPORT ON THE DISCLOSURES ON INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR 2012

To the Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

Under Spanish Securities Market Law 24/1988, of 28 July, as amended by Sustainable Economy Law 2/2011, of 4 March, for financial years beginning on or after 1 January 2011, the Annual Corporate Governance Report ("ACGR") must include a description of the main characteristics of the internal control and risk management systems in relation to the regulated financial reporting issuance process. In this connection, on 26 October 2011 the Spanish National Securities Market Commission (CNMV) published a draft Circular, modifying the specimen Annual Corporate Governance Report to be published and including the manner in which entities should approach the description of the main features of their ICFR system. In its letter, dated 28 December 2011, the CNMV provides a reminder of the aforementioned changes in the law that must be taken into consideration when preparing the "Disclosures on the ICFR system" until final publication of the CNMV Circular defining a new ACGR model.

For the purposes of subparagraph no. 7 of the ICFR of the contents of the specimen annual corporate governance report, included in the draft CNMV Circular, whereby entities are required to indicate whether the description of the ICFR system has been reviewed by an external auditor and, if so, to include the relevant report, on 28 October 2011 the financial auditors' representative bodies published Draft Guidance, together with a specimen guideline auditors' report ("the Draft Guidance"). On 25 January 2012, the Spanish Institute of Certified Public Accountants established certain additional considerations in this connection in its Circular E01/2012.

As requested by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("the Entity") and in accordance with our proposal-letter dated 5 February 2013, we have applied certain procedures on the accompanying "Report on the system of internal control over financial reporting (ICFR)" of Fomento de Construcciones y Contratas, S.A. for 2012, in which the Entity's internal control procedures relating to its annual financial reporting are summarised.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance and supervision of an adequate system of internal control and for making improvements to that system and for preparing and establishing the contents of the accompanying Disclosures on ICFR.

In this regard, it must be borne in mind that, irrespective of the quality of the design and operativity of the internal control system implemented by the Entity in connection with annual financial reporting, such system can only provide reasonable, but not absolute, assurance in respect of the objectives it pursues, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the Entity's internal control was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the

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aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidance on the auditors' report relating to Disclosures on Internal Control over Financial Reporting in Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2012 described in the accompanying Disclosures on ICFR. Therefore, had procedures additional to those provided for in the aforementioned Guidance been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Reading and understanding of the accompanying disclosures on ICFR prepared by the Entity and assessment as to whether such disclosures address all the information required in accordance with the minimum content described in the specimen Annual Corporate Governance Report of the draft CNMV Circular.
2. Making inquiries of the employees responsible for preparing the disclosures detailed in point 1 above, with a view to: (i) gaining an understanding of the preparation process; (ii) obtaining the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtaining information on whether the aforementioned control procedures have been implemented and are in use at the Entity.
3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the employees in charge of preparing the information describing the system of ICFR. In this respect, the aforementioned documentation includes reports prepared by the internal audit department, senior executives and other internal or external experts providing support functions to the Audit and Control Committee.
4. Comparison of the information detailed in point 1 above with our knowledge of the Entity's system of ICFR obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.
5. Perusal of minutes of meetings of the Board of Directors, the Audit and Control Committee and of other Entity committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.
6. Obtainment of the representation letter concerning the work performed, duly signed by those in charge of the preparation and authorisation for issue of the disclosures detailed in point 1 above.

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The procedures applied to the Disclosures on the system of ICFR did not bring to light any inconsistencies or incidents that might affect the Disclosures.

This report has been prepared exclusively in the context of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the draft CNMV Circular, of 26 October 2011, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.



Miguel Laserna Niño  
21 March 2013

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## OTHER ADDITIONAL INFORMATION IN RELATION TO THE 2012 ANNUAL CORPORATE GOVERNANCE REPORT

Information on securities that are not listed on a regulated market in the EC, stating, if appropriate, the different classes of shares and, for each class of shares, the rights and obligations they confer, as well as the percentage of the share capital represented by the Company's treasury shares and any significant variations (art. 61 bis 4. a) 3 of the Spanish Securities Market Act).

### A) Securities that are not listed on a regulated market in the EC:

At present bonds exchangeable for shares of the company have been issued; their terms and conditions are subject to English Law and they are listed on the unregulated Euro MTF Luxembourg stock exchange (multilateral trading platform).

Their characteristics are mentioned in Relevant Events numbers 114574, 114614, 116937, disclosed to the CNMV and described below:

### Relevant Event number 114574

On 7 October 2009, Relevant Event number 114574 was disclosed, which included information on "the issue of bonds exchangeable for Company shares, which are expected to be listed on an unregulated market (Euro MTF Luxembourg)." The contents are the following:

I. "The Executive Committee, pursuant to the resolution of the delegation of the Annual General Meeting of Shareholders of 18 June 2008 and of the Board of Directors of 30 September 2009, unanimously resolved at its meeting of 6 October 2009 to carry out the issue of bonds exchangeable for Company shares (the "Bonds"), establishing the main characteristics thereof, but there are yet to be determined some of the terms and conditions of the Bonds (the "Terms and Conditions"), once the bookbuilding process that is scheduled to be performed by the Joint Lead Managers (as defined later) is completed today.

II. The main characteristics of the bonds offer are the following:

- (a) The initial amount of the issue is four hundred and fifty million euros (€450,000,000).
- (b) The issue will be underwritten by Barclays Bank PLC and Société Générale (the "Joint Lead Managers"), subject to the signing of the Subscription Agreement (as defined below) and it will cater to qualified international investors.
- (c) The bonds will be non-guaranteed debentures of the Company and they will have equal rank among them ("pari passu") and as the rest of the past and future ordinary non-guaranteed loans of the Company, with the exception of certain loans from financial entities amounting to €3,306,554,225, \$186,900,000 and £153,850,000 with final maturity on 30 December 2013, in respect of which they will be subordinated debt, and those which have legal preference.
- (d) The Bonds will be issued at par value, in registered form, with a principal amount of fifty thousand euros (€50,000). The Bonds are of a single series and they will be represented by registered bonds, initially under the form of a single global certificate ("Global Certificate"), although it is possible that they may be subsequently represented by means of definitive registered certificates ("Definitive Registered Bonds").
- (e) The Bonds will accrue a fixed annual interest payable half-yearly, which will ultimately be determined by the Company once the Joint Lead Managers have finished the bookbuilding process, and it is estimated that it will be set between 5.50% and 6.00% per annum.
- (f) The redemption price at the maturity of the Bonds will be 100% of the nominal value.
- (g) The Bonds will be exchangeable, at the choice of the bondholders, for existing shares in the Company, according to the Terms and Conditions of the issue, which among other things determine the exchange period and price (as defined below).

Pursuant to the provisions in the Terms and Conditions of the issue, the Company may choose to meet its obligations as a consequence of the bondholders exercising their right of Exchange by delivering newly issued shares, provided that (i) the Extraordinary General Meeting of Shareholders of the Company, which is scheduled to be called soon following a resolution of the Board of Directors, approves the exchange of Bonds for newly issued shares in the Company, the exclusion of pre-emptive subscription rights to which shareholders would be entitled, and the corresponding capital increase to allow such exchange, and that (ii) said resolutions are recorded at the corresponding Mercantile Registry.

- (h) The exchange price ("Exchange Price") will be established by the Company taking into account:
  - (a) The Stock Exchange price of the Company's shares, determined on the basis of the weighted average price of the shares considering their trading volume on the Stock Exchange during the period comprised between this notice of the issue ("launch") and the setting of the above-mentioned Exchange Price today ("pricing"); and
  - (b) an exchange premium also to be determined, which will be set between 28% and 33% of that price, determined as a result of the bookbuilding process performed by the Joint Lead Managers.
- (i) The issue is backed by the Company's assets and there is no special third-party guarantee.
- (j) The Terms and Conditions of the Bonds are subject to English Law and it is expected that the Bonds will be listed on the unregulated Euro MTF Luxembourg stock exchange (multilateral trading platform).
- (k) The Terms and Conditions will be set by the Company once the Joint Lead Managers have carried out the bookbuilding process (scheduled for today), and today it is also expected that the subscription agreement ("Subscription Agreement") for the Bonds will be signed with the Joint Lead Managers, subject to English Law.

The Bonds will be subscribed and paid for on the closing date, initially scheduled for 30 October 2009, provided that the conditions provided in the Subscription Agreement are met.

III. The Company will accept a 120 day lock-up commitment as from the signing of the Subscription Agreement, by virtue of which it undertakes not to carry any issues, offers or sales of securities, shares or options during that period. This restriction will not affect

the capital increase for the issuance of FCC shares which, as the case may be, could be approved by the Extraordinary General Meeting mentioned in section V. below.

**IV.** The Company has resolved to furnish liquidity to the investors who are awarded Bonds by making available to the Joint Lead Managers a loan of Company treasury shares representing approximately 4% of the share capital.

**V.** The Board of Directors is scheduled to call an Extraordinary General Meeting which is to approve, among other matters, (i) the exchangeability of the Bonds for newly issued shares of the Company, the exclusion of the pre-emptive subscription rights to which shareholders would be entitled and the corresponding capital increase to enable this exchange; and (ii) a share buyback program pursuant to European Commission Regulation 2273/2003, the purpose of which is the fulfilment by the Company of the obligations arising from the issuance of Bonds and/or the reduction of capital (also to be resolved by the General Meeting) by means of the redemption of own shares for a nominal amount of new shares of the Company issued in order to meet the applications for exchange or conversion made by the Bondholders.

**VI.** B-1998, S.L., the holder, directly or indirectly, of 53.829% of the share capital of FCC, has undertaken to attend the above-mentioned Extraordinary General Meeting and to vote in favour of the resolutions proposed thereto with respect to section V. above. Also, B-1998, S.L., has undertaken with regard to the Joint Lead Managers a lock-up commitment for 50.01% of the share capital that it holds for 120 days following the signing of the Subscription Agreement."

**Relevant Event number 114614**

On 8 October 2009, Relevant Event number 114614 was disclosed, with information on the terms and conditions related to the issue of bonds exchangeable for shares of the Company, according to the following terms:

As a continuation of the Relevant Event disclosed today in connection with the issue of bonds exchangeable for Company shares (the "Bonds" and the "Issue"), upon completion of the bookbuilding process by Barclays Bank PLC and Société Générale (the "Joint Lead Managers"), FCC has resolved to establish the following terms and conditions for the Issue:

- (a) The Company will issue five-year Bonds for a total amount of four hundred and fifty million euros (€450,000,000).

- (b) The Bonds will earn interest at a fixed annual rate of 6.50%, payable half-yearly.
- (c) The initial exchange price of the Bonds is €39.287 per share of the Company.

**II.** On this day the Company signed, with the Joint Lead Managers, a subscription agreement for the Bonds (the "Subscription Agreement") under English law, whereby the Joint Lead Managers underwrite the placement of the Bonds. Nevertheless, the subscription and payment of the Bonds will take place at the completion date, initially scheduled for 30 October 2009, provided that the related conditions established in the Subscription Agreement are fulfilled. By virtue of the Subscription Agreement, the Company has granted the Joint Lead Managers a green shoe option amounting to fifty million euro (€50,000,000) in order to cover oversubscription of the Bonds by investors.

**Relevant Event number 116937**

On 1 December 2009, Relevant Event number 116937 was disclosed, which included information on the Resolutions adopted at the Extraordinary General Meeting of 30 November 2009, with the following contents:

The Extraordinary General Meeting of Shareholders, held on 30 November 2009, under the provisions of article 75 of the Consolidated Public Corporations Act, has approved the motion, submitted by the Board of Directors meeting held on 27 of October 2009 and under the provisions of article 3 and following of European Commission Regulation 2273/2003, regarding the share buyback programme.

The purpose of this programme is:

- (i) to enable the Company to fulfil its obligations deriving from the issuance of exchangeable bonds ("the Bonds") for an amount of four hundred and fifty million euros (€450,000,000) approved by FCC pursuant to the resolution of the Annual General Meeting of Shareholders of 18 June 2008 and by virtue of the resolution of the Executive Committee of 6 October 2009, by delegation of the Board of Directors of 30 September 2009 (Relevant Events nos. 114574, of 7 October 2009, and 114614, of the following day), and
- (ii) the reduction of FCC's capital by means of the redemption of the shares acquired by virtue of the buyback programme or those existing among the treasury shares, which will hereinafter be subject to the terms and conditions of the programme

approved by the General Meeting, for an amount equivalent to the number of new shares of the Company issued in order to meet the requests for exchange or conversion made by bondholders.

Likewise, the General Meeting has approved the following limits or requirements for the buyback of own shares:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, cannot at any time exceed ten per cent of the Company's share capital.
- The acquisition price cannot be less than the par value or more than 20 per cent of the market price.
- The shares acquired are to be fully called up.

In any event, shares will be acquired at market price in compliance with volume and price conditions stated under article 5 of European Commission Regulation 2273/2003, as well as under FCC, S.A.'s Internal Code of Conduct. What is stated in article 4.3 (Trade reporting operations under the programme) and 6 (Restrictions) of the above-mentioned European Commission Regulation 2273/2003 will also be fulfilled.

The programme will be valid until 30 October, 2014, maturity date of the exchangeable bonds, unless all of them are exchanged or converted prior to that date, in which case the early completion of the programme will be stated publicly in accordance with article 4 of European Commission Regulation 2273/2003.

#### **B) The percentage of the share capital which are treasury shares and significant variations**

This information has been provided in the ACGR, section A8.

#### **Information on the rules applying to the amendment of the Company Bylaws (art. 61 bis 4.a) 4 of Spanish Securities Market Act).**

The rules applying to the amendment of the Company bylaws are included in article 17 of the Bylaws:

#### **Article 17. Quorum for the Meeting**

There shall be a quorum for the Annual or Extraordinary General Meeting, at first call,

when the shareholders present or represented hold at least fifty per cent (50%) of the subscribed capital with the right to vote; at second call, when the shareholders present or represented hold at least forty-five per cent (45%) of the subscribed capital with the right to vote.

In order for the General Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment en bloc of assets and liabilities, the overriding or limitation of the pre-emptive right to acquire new shares, the transfer of the Company's domicile to another country and, in general, any amendment to the Bylaws, shareholders possessing at least fifty (50%) per cent of the share capital with voting rights must be present or represented at the meeting on the first announced call, and at second call, forty-five per cent (45%) of said capital will be sufficient.

When the shareholders in attendance or represented account for less than fifty per cent (50%) of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

#### **Restrictions on the transferability of securities and restrictions on the right to vote (art. 61 bis 4.b) of the Spanish Securities Market Act).**

There are none.

#### **Information on the powers of the members of the Board of Directors and, in particular, those related to the possibility of issuing or buying back shares (art. 61 bis 4,c, 3º of the Spanish Securities Market Act).**

The powers of the members of the Board of Directors, in particular those referring to the possibility of issuing or buying back shares:

- A) The following powers have been delegated to Mr Baldomero Falcones Jaquotot, as Chairman and CEO:

Opening and cancelling accounts: Open and cancel all kinds of current accounts, savings accounts or term deposits, in official or private Banks, including the Bank of Spain, Savings

Banks and other credit or financial Institutions. Acquire, dispose of, cancel and pledge deposit certificates. Contract and cancel safe deposit boxes in Banks and other financial institutions.

Operating accounts: Sign cheques, acquire bank drafts, buy and sell foreign currency, order transfers, drafts and payment orders and, in any other form, withdraw sums from the current accounts and any other kinds of accounts, from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Setting up standing orders: Arrange direct debit payments, receipts, bills of exchange and other trade bills in any kinds of accounts opened in official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Arranging credit facilities and loans: Arrange, in the capacity of borrower, credit facilities, loans and financial discounts, guaranteed or otherwise by certifications or invoices for works and services rendered, as well as by any other personal guarantees, with official or private Banks, even the Bank of Spain, Savings Banks, and other credit or financial entities, as well as with any natural or legal person, setting the interest, term, commission, covenants and conditions that he may freely stipulate. Receive and pay back fully or partially the amount of such loans or credit facilities and, in relation thereto, postpone, divide and modify conditions precedent. Modify, extend and cancel fully or partially said credit facilities or loans and, as a means of implementation, sign the corresponding policies or contracts and accept, issue or endorse, as the case may be, bills of exchange and any other necessary documentation. Request, contract, amend and cancel the opening of simple or documentary credits of any kind.

Credit facilities and loans as lender: Arrange, in the capacity of lender, credit facilities and loans, with or without personal or real guarantees or pledges, setting the interest, term, commission, covenants and conditions that he may freely stipulate and, in relation thereto, postpone, divide and modify conditions precedent. Amend, extend and cancel fully or partially said credit facilities or loans and, as a means of implementation, sign the corresponding policies or contracts and accept, issue or endorse, as the case may be, bills of exchange and any other necessary documentation. Request, contract, amend and cancel the opening of simple or documentary credits of any kind.

Endorsing certifications: Endorse or pledge to official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities, certifications for works or services

rendered that are to be received from the State, Self-governing regions or authorities, Provincial Councils, Island Authorities, Town Councils or local authority associations, or from any other public or private entities.

Making deposits: Make deposits in any kind of account.

Collections: Collect credit, whatever the amount, source or nature, owed by the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations and any other entities or natural or legal persons, whether public or private, signing the relevant receipts or discharges, for full amounts or sums paid on account, as well as receive amounts as refundable prepayments. Assign trade credit facilities (factoring).

Collecting by means of registered documents: Collect credit, whatever the source or nature, owed by the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations and any other Entities or natural or legal persons, whether public or private, signing the relevant receipts or discharges, for full amounts or sums paid on account, as well as receive amounts as refundable prepayments. This power may be exercised exclusively when the payment is made by means of a cheque, promissory note, bill of exchange or any other trade bill issued as payable to the creditor Company or at the order thereof.

Issuing and negotiating trade bills: Issue, draft, negotiate, endorse and collect bills of exchange, money orders and letters of instruction, and collect and endorse promissory notes, cheques and bank cheques, prepare re-draft accounts and protest or request the control of the aforementioned mentioned trade bills.

Requesting statements: Request statements of account from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Accepting statements: Accept or challenge statements of account from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Contracting guarantees for the principal: Request and contract guarantees for the principal Company with official or private Banks, even the Bank of Spain, Savings Banks and other credit Institutions, finance or insurance companies, by means of the establishment by the

above-mentioned entities of bonds, guarantees, surety bonds, rights in rem and other guarantees.

Securing and Collateralising the Principal and its Subsidiaries: Request and contract guarantees for the principal Company, as well as guarantee and collateralise its subsidiaries, with official or private Banks, even the Bank of Spain, Savings Banks and other credit Institutions, finance or insurance companies, by means of the establishment, by the above-mentioned entities, of technical bonds, that is, guarantees related to contracting (provisional or definitive bonds), guarantees of the certification of storing machinery in works contracts or contracts for the rendering of services or supplies, signing for the purpose the documents they freely stipulate among them.

Accepting trade bills and signing promissory notes: Accept bills of exchange and other trade bills and sign promissory notes.

Making and cancelling deposits: Make, with the General Deposits Fund and all its Delegations, as well as with any other bodies of the State, Self-governing region, Provincial Government or Province, Island Authority, Municipality or Local authority association, Banks, or public or private entities, even with individuals, all kinds of bonds, provisional and definitive deposits, made by means of cash, securities, bonds, recognised or any other credit facilities, as guarantee for contracts, offers or bids. Substitute any other securities for those that are paid back. Receive the amount corresponding to the coupons on those securities. Request the return of bonds, guarantees and provisional and definitive deposits, withdrawing cash, guarantees, bonds and securities deposited, receiving the interest yielded by said guarantees or deposits and cancel, as the case may be, and sign evidence of payment, receipts, drafts and any other public or private documents that are pertinent in each case.

Paying: Pay any amounts that are owed, demanding the relevant receipts, discharges and evidence of payment. Assign the handling of invoice payments to credit institutions (confirming).

Submitting offers and bids: Make offers, take part in all kinds of auctions, tenders, tender-auctions or any other type of tenders that may be called. Present, for the purpose, the relevant proposals, even collectively, jointly and severally or jointly, with other entities taking part, whether natural or legal persons, as well as also in Economic Interest Groups,

Joint Ventures (UTEs), or any other types of associations. Undersign any public or private documents that are necessary, including drawings, projects and any others related to the bid or tender.

Representing the Company in the opening of sealed bids: Attend the acts where proposals are opened in relation to any kind of tenders called by public or private entities, whether natural or legal persons, as well as present, before the contracting board or the body or entity calling the tender, any claims, reservations or remarks that he deems appropriate, and sign the corresponding minutes that are drawn up.

Contracting the execution of works, the rendering of services and the sale of supplies: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether public or private, natural or legal persons, the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations, provided that said contracts have the object of executing or rendering, by the principal, all kinds of works, services, supplies, as well as in any kind of contracts related to concessions, leases and administrative arrangements. Accept all kinds of awards granted to the principal. Negotiate, agree to and accept contradictory, reformed or additional prices. Seek the definitive settlement of the contracts.

Layout for the works: Appear in person to check layouts and when works are being taken over, whether provision or definitive receptions, whatever their nature and the contracting entity, whether it is a natural or legal, public or private person, the State, Self-governing regions or authorities, Provincial Governments, Island Authorities, Town Councils or Local authority associations, or individuals, undersigning the minutes and any documents that are necessary or appropriate and issue the statements and reservations that he considers appropriate.

Buying and contracting: Contract, modify, terminate and, as the case may be, cancel the acquisition and supply of materials or facilities and the rendering of services, as well as the execution of all kinds of works or part of them and the rendering of services by third parties.

Supplies of water, electricity and telephone: Contract water, gas, electricity and telephone supplies and connections with the supplier companies.

Insurance: Contract, modify, redeem, pledge, terminate, cancel and settle all types of insurance, signing the insurance policies and contracts with the Insurance Companies in the conditions he considers appropriate, and collect the indemnities that are due from the insurance companies.

Foreign trade licences: Make all kinds of petitions with Official Authorities, to request concessions, permits or import and export licences, with no limitations whatsoever and, in relation to said concessions, permits and licences, submit documents, appear in person in procedures and proceedings, hear notifications and lodge appeals.

Receiving correspondence: Receive all kinds of correspondence, declared value sealed documents, money orders and packages. Pick up merchandise, packages, envelopes or any other shipments from customs and from carriers and railway companies, lodging the relevant claims when appropriate.

Undersigning correspondence: Undersign postal, telegraphic or any other kinds of correspondence.

Issuing certifications: Issue appraised lists and certifications of works or services performed.

Collective bargaining: Negotiate and undersign collective agreements, whatever their scope.

Labour relations: Open up work centres, contract, modify, extend, terminate and, as the case may be, cancel labour contracts, establishing with personnel the economic, labour and other conditions that it considers appropriate. Undersign the corresponding labour contracts. Institute procedures and adopt disciplinary measures. Carry out, with the Labour Ministry, Social Security offices, Employment Offices, Trade Unions and other Bodies, all kinds of formalities, actions and proceedings, presenting and signing any written documents, applications and other documents that are necessary. Act before the Labour Inspectors in any proceedings or procedures handled by or with them.

Labour procedures: Appear before Labour Courts, High Courts of Justice, the National Criminal Court, the Supreme Court or any administrative or jurisdictional bodies in labour matters. Carry out conciliations, reaching a compromise or otherwise. Agree to issues or differences, submit applications, documents and writs, as plaintiff or defendant, expressly

granting powers of attorney to reply to interrogatories, ratify in the latter and in any actions and proceedings where these requirements are necessary, and any other actions he deems convenient.

Urbanise and dividing estates into plots: Urbanise and re-plot property, request the approval of land qualification plans and newly built industrial estates, plotting and re-plotting and accept and, generally, be involved in all the actions covered by the Land and Urban Planning Act and supplementary laws and by the Municipal Ordinances. Assign real estate under any title for urbanisation purposes. Make abutments and mark-outs, make groupings, aggregations, separations and divisions of estates. Request registrations of properties, recordings of excess and reductions of capacity and rectifications of boundaries, new descriptions and all kinds of entries in the land registry. Request building permits, make new building work declarations, erect buildings as condominiums or any other kind of community, set the holding percentages and draw up, as the case may be, the bylaws and regulations. Divide communal properties and accept awards.

Rights in rem on properties: Establish, accept, modify, redeem and terminate mortgages, usufructs, censuses, easements and all kinds of rights in rem on properties.

Lease of third-party properties: in the capacity of tenant, contract the lease of all kinds of properties, even if the lease can be recorded with the Land Registry, as well as extend, assign, modify, repudiate, terminate, and as the case may be, rescind the corresponding contracts.

Lease-out properties: Lease out all kinds of property, even if the lease can be recorded with the Land Registry. Grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts. Evict occupants, settlers and tenants.

Financial Leasing of Properties: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether natural or legal, public or private persons, provided that the object of such contracts are financial lease transaction in respect of properties.

Purchase and sale of vehicles and movable property: Buy, sell, withdraw, swap and, under any other title, acquire or dispose of, purely or conditionally, with deferred or disclosed price or paid cash, all kinds of properties (except the purchase and sale of shares in

companies) and vehicles, without exceptions. Pay or receive, as the case may be, the price of the acquisitions or disposals. Establish or accept the rights in rem as guarantee and stated conditions precedent on said movables or vehicles and, in the case of sale, accept any class of guarantees that may be established to secure the deferred price of the disposals of said properties or vehicles.

Determine on his own, freely and with no restrictions or limitations whatsoever, the conditions under which the above-mentioned acquisitions, disposals and swaps must take place and, for such purposes, carry out any proceedings, formalities and acts before the Traffic Authorities, Tax Delegations, Town Councils, Customs and other public and private Authorities, with no exception whatsoever.

Lease third-party vehicles and movable property: in the capacity of lessee, contract the lease of all kinds of vehicles and movable property, as well as grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts.

Lease out vehicles and movable property: Lease out all kinds of vehicles and movable property, as well as grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts.

Financial Leasing of Movable Property: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether natural or legal, public or private persons, provided that the object of such contracts are financial lease transaction in respect of movable property.

Rights in rem on movable property: Establish, accept, modify, redeem and terminate mortgages on movable property, pledges, usufructs and all kinds of rights in rem on movable property.

Purchase of credits and other incorporeal rights: Buy and, in any other form, acquire, in one cash payment or in instalments and, under the conditions he deems convenient, all kinds of credit facilities and other incorporeal rights, provided that such credit facilities or rights are not represented by securities or book entries.

Sale of credits and other incorporeal rights: Sell, dispose of, pledge and, in any other form, encumber or transfer, in one cash payment or in instalments and, under the conditions he

deems appropriate, all kinds of credit facilities and other incorporeal rights, provided that such credit facilities or rights are not represented by securities or book entries.

Incorporation of companies: Establish civil and commercial-law companies. Subscribe shares, debentures and equity interests and pay out sums in cash or by means of any goods. Waive the pre-emptive subscription rights in the issuance of shares, debentures and equity interests. Accept exchanges, conversions and redemptions. Approve, accept and modify bylaws, and the shareholders' agreements referring to the relations among them or in respect of the company, which supplement, substitute or modify the contents of the rights and obligations of the partners arising from the bylaws. Appoint, accept, waive, remove and replace persons in representative, administration, management and legal representative positions, determining in each case their powers, and appoint Managers, members of the Management Bodies and other positions, being able, as the case may be, to designate, remove and replace third persons as representatives of the principal company in the performance of the functions of the office for which he is appointed.

Incorporation of Joint Ventures (UTEs) and other associations: Incorporate, extend, modify, transform, wind-up and liquidate Associations, Economic Interest Groups, Joint Ventures (UTEs), or any other kind of Associations. Subscribe equity interests and pay out sums in cash or by means of any goods. Waive the pre-emptive subscription rights in the issuance of equity interests. Accept exchanges, conversions and redemptions. Approve, accept and modify bylaws, and the shareholders' agreements referring to the relations between them or in respect of the association, which supplement, substitute or modify the contents of the rights and obligations of the partners arising from the bylaws. Appoint, accept, waive, remove and replace persons in representative, administration and management positions, being able, as the case may be, to designate, remove and replace third persons as representatives of the principal company in the performance of the duties of the office for which he is appointed.

Representation before governing bodies of Companies and other Associations: Attend and vote at Annual, Extraordinary or Universal Meetings, exercising all the rights and fulfilling all the obligations inherent in the capacity of member. Approve or challenge, as the case may be, the company resolutions.

Attend and vote at meetings of Boards of Directors, Committee or any other Administration Bodies of Companies, Joint Ventures (UTEs), Economic Interest Groups or any other types

of Associations, approving or challenging, as the case may be, the resolutions that are passed.

Hold office and be present on the committees to which he is designated in the Governing Bodies of Companies, Joint Ventures (UTEs), Economic Interest Groups or any other types of Associations, exercising the rights and fulfilling the obligations inherent thereto.

Representation: Represent the principal in procedures, appeals, proceedings or claims, whatever their nature and amount, before the State, Self-governing regions, Provincial Governments, Island Authorities, Town Councils and Communities, Courts of Law, Tribunals, Prosecution Services and, in general, before any other bodies with jurisdiction and, at them, seek, carry forth and complete, as plaintiff, defendant or in any other capacity, all kinds of proceedings, conciliations, civil, criminal, administrative, economic-administrative, contentious-administrative, governmental and fiscal or tax-related trials and proceedings of all degrees, jurisdictions and classes. Submit petitions and lodge actions and exceptions in any procedures, proceedings and appeals, including appeals for review and other extraordinary appeals. Whenever required, personally ratify and respond to interrogatories and, generally, carry out any court or out-of-court actions supplementing the procedure. Lodge, follow up and withdraw from all kinds of appropriate appeals, against resolutions of the State, Self-governing regions, Provincial Governments, Canary Island Authorities, Town Councils and Local authority associations, or public or private Authorities or Bodies which in any way infringe or might infringe the rights of the principal, making any declarations and executing any documents required to exercise those powers. Appear before all kinds of entities and sign and monitor any proceedings, writs, applications, requests and documents that are necessary.

Transactions: Compromise in all kinds of matters and disputes, and withdraw from actions and appeals, under the conditions, covenants and with the obligations he considers appropriate. Excepted are transactions entailing the acquisition or disposal of property or rights in rem. Arrange, compromise and commit all the credit facilities, rights and actions, controversies and disputes.

Arbitration: Submit the solving of all kinds of controversies and disputes to the judgment of arbitrators. Execute the corresponding public deed designating the arbitrators, setting the matters subject to their decision under the terms and conditions he deems convenient. Accept the arbitration award or lodge the legal appeals and, generally, perform and execute whatever is allowed by the arbitration in force in terms of arbitration.

Grant of powers of attorney to Solicitors and Barristers: Grant powers to Solicitors and Barristers, with general powers of attorney to take part in lawsuits or the special powers for lawsuits he considers fit, even with powers of substitution, and revoke those powers when he thinks it is appropriate.

Accepting debt recognitions and goods as payment: Accept debt recognitions by third parties and the guarantees that are offered and established, whether they are pledges with or without removals, mortgages or antichresis, or the award of movable properties or real estate, establishing, in any event, the clauses and conditions he considers appropriate. Accept as payment of debts all kinds of movable property, real estate and rights at their appraised value or that which he freely agrees to under the conditions he considers appropriate.

Attending Creditor Meetings: Take part representing the company, exercising all its rights in the bankruptcy proceedings of debtors regulated by Act 22/2003, of 9 July, the Bankruptcy Act and, especially, designate, if the company itself is appointed received by one third of the creditors, the professional who fulfils the legal conditions to be appointed by the Judge handling the proceedings, according to article 27 of the Act, and adhere to the arrangement proposals and attend, with voting rights, bankruptcy creditor meetings, accepting or rejecting the arrangement proposal and the guarantees offered as security for the credit facilities, pursuant to articles 103, 108, 121 and related articles of the same Act and take part in the enforcement of the arrangement and, as the case may be, in the liquidation following the bankruptcy. Generally, for everything set out above, exercise the actions and rights to which he is entitled as well as the powers granted to creditors by Law.

Obtaining notarial public deeds: Obtain all kinds of notarial public deeds. Attain records of ownership, resumption of chain, releases from encumbrance and high-profile events. Serve, accept and reply to notifications and notarial injunctions. Formalise public deeds of clarification, modification or correction of errors.

Tax statements: Sign statements, settlements, listings or any other fiscal or tax-related forms.

Purchase of securities: Buy and, in any other way, acquire, in cash or in instalments and under the conditions he considers appropriate, public securities, debentures, bonds, equity interests and other securities. Justify the acquisition and holding thereof and receive them. Make statements and lodge claims.

Sale of securities: Sell, dispose of, pledge and, in any other way, encumber and transfer, in cash or in instalments and under the conditions he considers appropriate, public securities, debentures, bonds, equity interests and other securities. Convert them, exchange them and deliver them, make statements and lodge claims.

Purchase of treasury shares: In compliance with the requirements established in article 75 and the first additional provision of the Consolidated Text of the Spanish Companies Act and within the limits and conditions set by the authorising General Meeting, buy and in any other way acquire, in cash or in instalments, treasury shares of the principal Company.

Sale of treasury shares: Sell, dispose of, pledge and, in any other way, encumber and transfer, in cash or in instalments and under the conditions he considers convenient, treasury shares of the principal Company.

Securing and collateralising third parties: Secure and collateralise third parties and for such purpose provide, in the name of the principal Company, all kinds of guarantees, including mortgages and pledges.

Purchase of properties: Buy, withdraw and, under any other title, acquire, purely or conditionally, for a deferred price (represented by bills of exchange or otherwise), a disclosed price or cash, all kinds of real estate and rights in rem. Grant and cancel the real guarantees he considers convenient as security for the deferred price, even a mortgage encumbering the acquired goods or an express condition precedent, or any combination of these or other guarantees. Establish, in respect of the guarantees that are provided, automatic cancellation formulas or, with the unilateral intervention of the buyer, accept, modify and exercise call options on properties and other rights in rem.

Sale of property: Sell, swap and under any other title dispose of, purely or conditionally, at a deferred or disclosed price or in cash, all kinds of real estate and rights in rem. Accept the personal and real guarantees he considers appropriate to ensure the collection of the deferred price, even a pledge, mortgage or express condition precedent, or any combination of these and other guarantees. Collect the deferred price, provide receipt of payment and cancel the guarantees. Establish, in respect of the guarantees received, automatic cancellation formulas or formulas for the unilateral intervention of the buyer. Grant, modify and waive call options on property and other rights in rem.

Sale of property developments: Sell homes, business premises, offices, storage rooms, parking places and any other property units, setting the prices, payment methods and interest, as the case may be, that he considers appropriate.

Substitution of powers of attorney: Substitute the preceding powers of attorney, fully or partially, granting them to the persons he considers appropriate. Limit, restrict or modify the contents of each of those powers in the cases and in the manner he deems necessary. Revoke the granted powers, regardless of the person or company body that granted them, even if they were granted by the Board of Directors, by the Administrators or by the Executive Committee, as the case may be, and the legal representative shall conserve each and every one of the powers that are substituted for those withdrawn.

In relation to the possibility of issuing or buying back shares, according to the preceding provision, with his signature alone he may:

- sell and buy treasury shares
- buy and sell securities

B) To the Director and Vice-secretary, Mr Felipe Bernabé García Pérez, in his capacity as General Secretary, the following powers of attorney have been granted (not a delegation of powers):

Powers he may exercise with his signature alone:

- Representation in the opening of sealed bids
- Water, electricity and telephone supplies
- Foreign trade permits
- Receive correspondence
- Undersign correspondence
- Lease third-party properties
- Rights in rem to movable property
- Incorporate Companies
- Incorporate Joint Ventures (UTEs) and other associations
- Representation before the governing bodies of Companies and other Associations
- Representation
- Transactions

- Arbitration
- Grant powers of attorney to solicitors and barristers
- Accept debt recognitions and goods as payment
- Attend creditors' meetings
- Obtain notarial deeds
- Tax statements

Powers that he may exercise signing together with another legal representative has been granted the same powers:

- Buying and contracting
- Insurance
- Rights in rem to property
- Lease out property
- Financial leasing of property
- Purchase and sale of vehicles and movable property
- Lease of third-party vehicles and movable property
- Lease out vehicles and movable property
- Financial leasing of securities

**Information on significant agreement entered into by the Company which shall enter into force, be amended or terminated in the event of a change of control of the company following a takeover bid, and the effects thereof, except when the dissemination is seriously harmful for the company. This exception shall not apply when the company is legally obliged to publicise this information (art. 61 bis 4. c) 4 of Spanish Securities Market Act).**

There are none.

**Information on agreements between the company and its administration and management officers and employees with severance pay when they resign or are subject to wrongful dismissal or if the labour relationship ends because of a takeover (art. 61 bis 4. c) 5 of Spanish Securities Market Act).**

The Company has not set up pension plans to supplement social security pensions. According to the provisions in the Consolidated Text of the Pension Plans and Funds

Regulation Act, in specific cases where there are similar obligations, the Company outsources commitments with its personnel related to this matter.

Following the authorisation of the Executive Committee, an insurance premium was taken out and paid to meet the payment of contingencies related to death, permanent disability for working, retirement bonuses and other items to the benefit, among others, of some of the executive directors and senior management. In particular, the contingencies giving rise to indemnity are those that entail the termination of the employment relationship for any of the following reasons:

- a) Unilateral decision by the Company.
- b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.
- c) Death or permanent disability.
- d) Declaration of physical disability or legal incompetence for any other reason.
- e) A substantial change in professional conditions
- f) Termination, at the age of 60, at the executive's request and with the Company's consent.
- g) Termination at the age of 65, by the unilateral decision of the executive.

The Company has subsequently agreed to a severance pay for other executive staff members only in the event of the unilateral termination of their contracts by the Company before a certain minimum period of time has elapsed. Clauses of this kind are also contained in the contracts signed with the Chairman and CEO, with the Board of Directors' approval.



## CORPORATE SOCIAL RESPONSIBILITY REPORT 2012



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## FCC, CONCENTRATING ON ITS STRATEGIC BUSINESSES

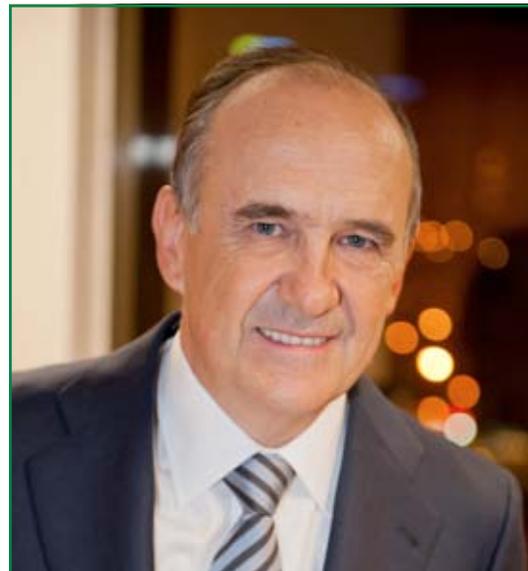
FCC Group is a diversified and international group of public service companies, reference in the Spanish market that, in consonance with its mission and vision, helps create environments for citizens that make life easier, healthier and more comfortable; in short, companies that are meeting the collective desire for more sustainable development.

The Company's focus on citizens and sustainable communities is based on its principles, attitudes and corporate values. These permeate its corporate responsibility strategy, which is defined by the Company's senior management and approved by its Board of Directors.

For over a hundred years, the Company's contribution to the creation of value in the communities it serves has been based on the commitment of its shareholders and its Board of Directors, its extensive experience and technical capabilities, the efficient management of resources and the performance of its employees.

Looking ahead, FCC Group will concentrate its efforts on its core businesses, i.e., those linked to urban and environmental services, related to construction and infrastructure and forming part of integrated water management services. Along with improving the balance and debt situation, FCC Group is initiating a consolidation strategy and a management culture that is more global, international and flexible, that will enable it to continue fulfilling its mission and meet the expectations of its shareholders.

The Group believes that the implementation of a culture of sustainable development in all its business areas promotes corporate responsibility policies that are initiated in senior management and are part of the day-to-day work of FCC Group professionals. The Group's renewed values are based on four corporate principles that guide the Company's business and the daily work of all its employees: integrity, efficiency, proximity and doing things well.



## THE CHIEF EXECUTIVE'S VISION

**Recently FCC Group has made significant changes in the organisation and refocused its strategy. What message would you like to send to the Company's shareholders?**

At FCC, we have begun a period of renewal.

On the business side, we are going to concentrate our efforts on sectors that have been strategic for FCC throughout its history: environmental services, construction and integrated water management. The Group's slogan "Citizen Services" is an excellent summary of our vocation: to contribute to the sustainable development of the countries where we operate, mainly in urban centres or in the connection between them.

## CSR INTERVIEW

The priority of our strategic plan is to reduce the debt, primarily through divestiture and improving the generation of cash flow. This way we will ensure financial stability, improve profit margins and be able to remunerate shareholders as quickly as possible.

On the people side, we are promoting a new global culture so that we can have managers capable of operating in any market with the same effectiveness as in their countries of origin. We are also embarking on a reorganisation that will launch young talent, identify those with the greatest potential and we will design training plans tailored to the needs of business development, especially in the international arena.

### What opportunities are emerging from this focus on strategic activities at FCC, and how do they fit with the Company's sustainability strategy?

FCC has great experience in areas related to services that are essential to ensuring the sustainability of cities. Let us not forget that the European Union sees wastes as a resource on the same level as water and energy. Environmental services and managing the integrated water cycle are the backbone of FCC Group's business activities. We have always applied innovation policies to activities that have a direct impact on the environmental quality of urban areas. I would like to offer an example that illustrates our commitment: the world's most efficient waste collection vehicles, in terms of energy consumption and CO<sub>2</sub> emissions per transported tonne, are currently operating in Madrid and Barcelona.

### In a difficult economic context that requires the reduction of resources earmarked for certain business projects, what matters would you highlight in terms of the progress made by the Company over the last year?

Among the many other aspects that demonstrate FCC's commitment to social responsibility, one of the most remarkable is our determination to reinforce the ethical framework in the scope of our business activities.

The last two years have seen the implementation of tools such as the management model for the Code of Ethics and for crime prevention, aimed at helping our employees worldwide to act correctly.

The adaptation of our system to the U.S. Federal Sentencing Guidelines is a point of reference not just for our industry, as a number of companies, institutions and business schools have assessed our experience in a very positive fashion.

At FCC we fully understand that we must apply due diligence, and this means accountability at the highest level. This way, we minimise our risks and, at the same time, create confidence in our good practices among stakeholders that are essential to us, such as shareholders, public administration bodies and employees.

We are going to reinforce the concept of accountability so that business managers will be fully responsible for the activities carried out, in financial, economic, environmental and social terms.

### The corporate responsibility strategy is the business's way of connecting to the needs and trends of cities. What role does FCC intend to play in the cities of the future?

It is a simple fact that the majority of the world's population is located in cities. For FCC Group, priority is given to the design of activities and services that provide specific answers to the present and future needs of urban communities. At FCC, from a business standpoint, we want to interpret the changes that are affecting the energy, social and demographic scenarios that are emerging in this new century. To do this, we have set up communication channels in some of the cities where we provide services so that citizens can be our main allies in this great effort. This project, which we call "sustainable radar", enables us to promote initiatives that will improve the development of cities by getting citizens involved in the development of innovative solutions.

We are also promoting a "Intelligent Services" strategy. Our vision is that each one of our services must contribute to sustainability. This objective requires open dialogue with the public administration bodies and citizens, so that we can achieve a balance between resource consumption, service quality and business profitability.

### Another pillar of your sustainability strategy is the fight against climate change. How is FCC facing this challenge?

The creation of the FCC Group's Climate Change Committee is evidence of the interest and importance this global challenge represents for the Company. With our strategy we believe that the reduction of greenhouse gas emissions will create benefits for people, as well as provide opportunities for new services and products. We are aware that each FCC business has a different impact on climate change. That is why mitigation strategies are designed specifically to reduce emissions in each business activity, and reduce the emissions generated by third parties as they use and enjoy the services offered by FCC.

Among actions carried out by the Group in response to climate change, worthy of mention are the replacement of fossil fuels with alternatives such as biomass, energy efficiency, fleet management, capturing biogas from landfills and innovative ways to develop biofuels, bioclimatic construction and climate change-resistant infrastructure.

The Committee has already been working and carrying out actions aimed at generating new businesses to help mitigate emissions in the urban communities where we operate.

**We have just come to the end of what has been a difficult year from a macroeconomic perspective. What was 2012 like for FCC, and what are the expectations for the upcoming years?**

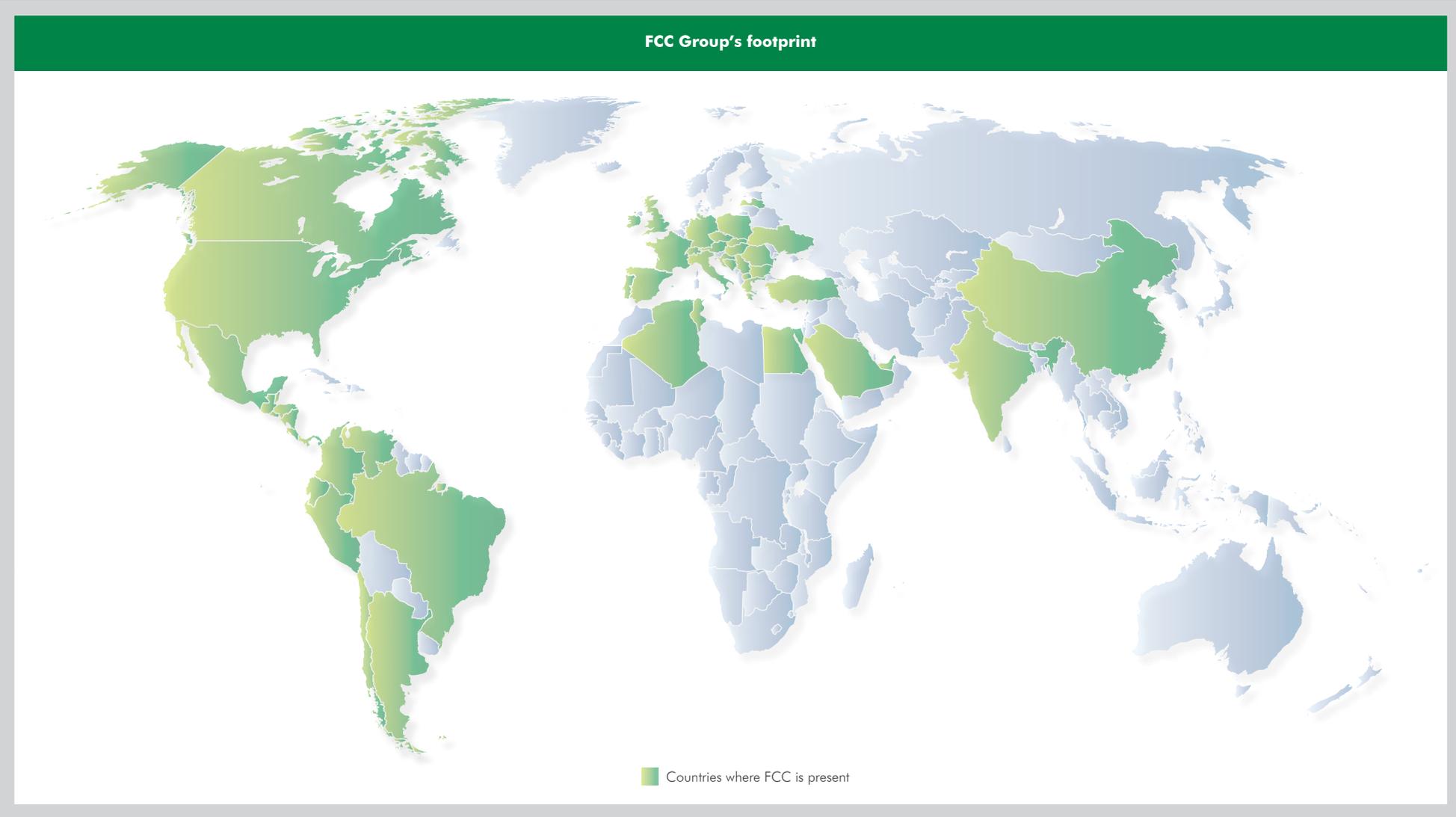
In 2012, the Group's management was hampered by the international economic context of uncertainty, especially in relation to the eurozone's capacity to emerge from the crisis that started five years ago. One of our biggest concerns is the sharp rise in unemployment recorded in some of the countries where we operate, particularly in Spain. Globally, we have made every effort to maintain the level of employment, or to only make the reductions in staff as strictly as necessary in order to match resources to the conditions of the markets where we operate, some of which, such as cement and construction in Spain, have experienced accumulated falls of over two-thirds of the total.

Our efforts over the coming months will be to strengthen our main strategic lines: a more global approach, restructuring the debt, policies that boost efficiency and defending our way of doing business, which is no other than to be closer to the needs of others and in harmony with the natural environment.

It goes without saying that we will have to carry on with our adjustment policies in order to ensure the sustainability of our business in the short, medium and long term. The objective of the current Strategic Plan is to improve returns as quickly as possible for all our stakeholders. We are doing this with great determination and we have the commitment of shareholders, employees, unions, suppliers and the financial community.

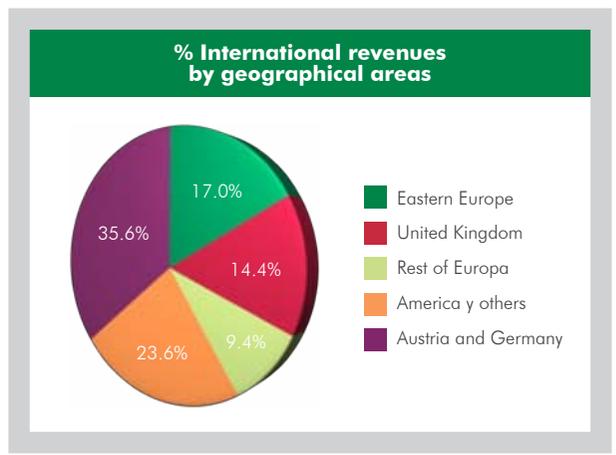
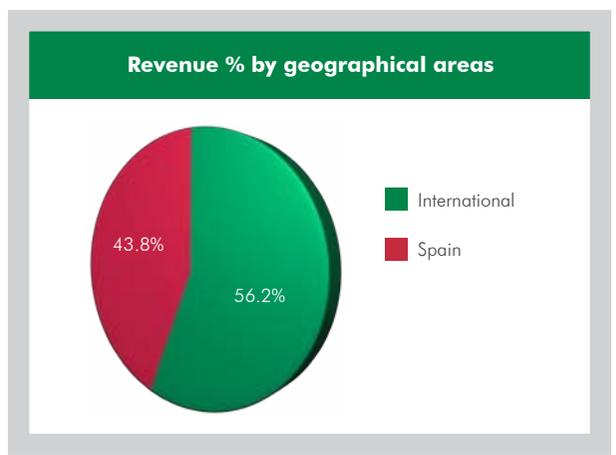
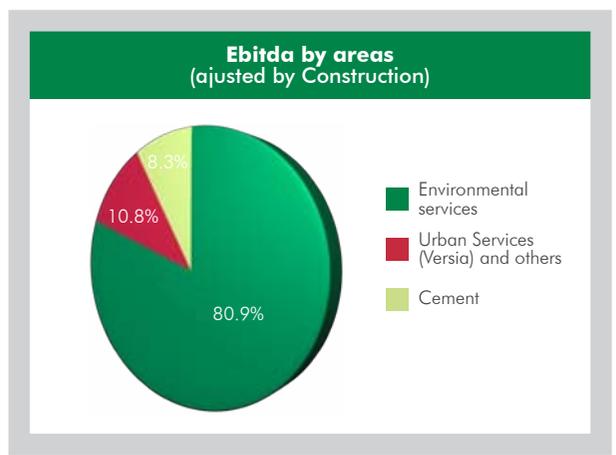
**Juan Béjar Ochoa**  
Second vice-chairman and Chief Executive Officer

# CSR FCC GROUP'S FOOTPRINT



	Revenues in 2012 (M€)	Var./2011 (%)	EBITDA 2012 (M€)	Var./2011 (%)
Environmental Services	3,821.80	2.30	683.4	-2.1
Construction	6,148.40	-8.0	(91.2)	-130.0
Cement	653.7	-12.9	69.8	-54.7
Versia	570	-25.7	59.4	-48.3
Corporation and adjustments*	(41.7)	-3.3	32.0	n.a.
<b>Total</b>	<b>11,152.20</b>	<b>-6.3</b>	<b>753.4</b>	<b>-40.0</b>

\* In 2012 "Corporation and adjustments" includes financing for, among others, equity interests in Globalvía, FCC Energía and the reclassification of the debt from the acquisition of Servicios Medioambientales.



# CSR WHAT FCC CAN DO FOR YOU

## WHAT FCC CAN DO FOR YOU

In the coming decades the number of inhabitants on the planet will increase significantly. What is more, the population, like the last century, will continue to concentrate in cities, especially in emerging or developing countries. Both phenomena will lead to an increasing strain on the infrastructure and basic services urban populations need, especially in the areas of transport, water supply, sewerage and waste management. To address these and other issues that arise in the normal growth and development of a city, FCC contributes its services in order to create sustainable communities that respect both the environment and people.

## A FORWARD-LOOKING APPROACH

FCC Group aims to better understand and connect with the real needs of citizens; create new capacities that enable the design of better sustainable solutions, and to strengthen the organisation so that it will respond better, faster and consistently to the challenges posed by the transformation of urban centres throughout the world.

The Company's activity and the day-to-day work of all its employees and the services it provides are based on the values of integrity, efficiency, proximity and doing things well.



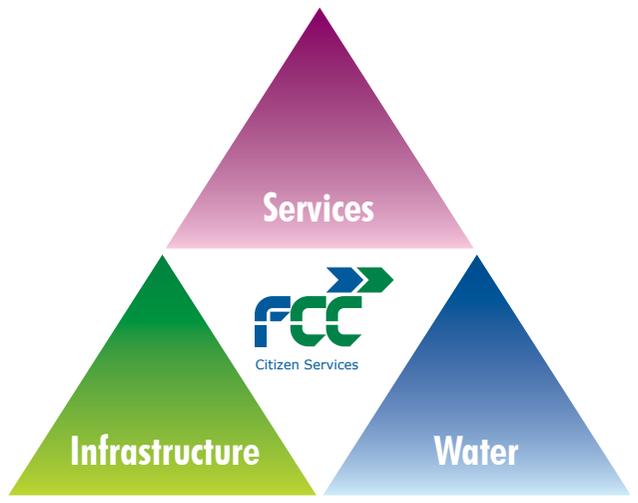
**Efficiency** is implemented by optimising available resources in order to maximise their return in the economic, social and environmental aspects of each of the business activities.

The principle of **integrity** goes beyond fulfilling the commitments made by the Company and its professionals: it is FCC's contribution towards achieving a balanced and prosperous society, with honesty and transparency, wherever the Company operates.

The principle of **proximity**, being close to its stakeholders, allows FCC to meet their expectations with greater understanding; **doing things well** is a value that has been an integral part of the Company since its inception, and something it considers necessary for success.

Although, as far as the economic context is concerned, 2012 continued to be marked by a severe economic crisis and budgetary restraint in the public sphere, the strength and diversification of the different lines of business allowed international revenues to maintain a dominant weight and, once again, record a new high, contributing 56% throughout the year. In this regard, it is noteworthy that in year-on-year terms, the activity carried out, excluding the construction business in Spain and Central/Eastern Europe grew by 8.2%, which is included in the Group's renewed goal of selective and profitable internationalisation.

This international diversification and expansion have made FCC's goal to be that of becoming an increasingly global citizen services business group that will adapt to the needs of cities. To this end, the Group strategy has different approaches for each of the business areas where the Company operates: **Infrastructure, Services and Water**.



The meaning of “citizen services” includes FCC Group's commitment to integrating sustainable development and corporate responsibility into its business strategy, which are essential factors for the prosperity of societies over the coming decades. The Group is a pioneer in the development of a global sustainable city model and helps companies grow and thrive in all of the areas of its business activity 24 hours a day, from the provision of community services and the implementation of infrastructure, to the promotion of innovative measures to develop alternative energies.

**SERVICES: DIVERSIFICATION**

Services activity includes environmental and citizens’ services. With a strong presence in the United Kingdom, FCC’s range of services is being expanded from Austria and the Czech Republic to Central European countries. The strategy undertaken in this area is based on orderly and systematic growth. Within the services area, 40% of turnover in 2012 originated from international markets.

**WE KEEP THE CITY CLEAN FOR YOU**

**PRESENT IN 5,000 MUNICIPALITIES AND CONTRIBUTING TO DAY-TO-DAY SUSTAINABILITY.**

# CSR WHAT FCC CAN DO FOR YOU. Services

## PROFILE AND BUSINESS STRATEGY

FCC Medio Ambiente is one of the largest environmental services companies in the world. It provides services through its subsidiaries FCC Medio Ambiente, FCC Environment (UK) and A.S.A.

The urban sanitation services provided comprise mainly waste collection, street cleaning, the transport and treatment of urban wastes and the maintenance and upkeep of parks and gardens.

FCC Group is a leader in this sector in Spain and is one of the largest operators in Latin America (through Proactiva Medio Ambiente), the United Kingdom, Austria, Portugal, Egypt and the following eastern European countries: the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services to more than 72 million citizens.

In addition, as part of the environmental services offered by the Group, FCC Ámbito provides services in the field of integrated management of industrial waste, industrial cleaning, decontamination of soil and external intervention in case of accidents, spillages, discharges, etc.



## AWARDS AND RECOGNITION

Below is a summary of the major awards and recognitions received by FCC Services in 2012:

Company	Award /Recognition	Description
FCC Medio Ambiente España	Spanish Public Parks and Gardens Association Award	Award for the technical article "Diagnosis of Green Areas for the local Agenda 21"
	Ategrus Bioenergy award	Best innovation award for the project that implemented a micro cogeneration plant for biogas recovery at the Barbanza Environmental Complex waste landfill site in Lousame, A Coruña province.
.A.S.A.	Business Superbrands 2012	The business Superbrands programme in the B2B sector rewards the best brands in the market for providing services to their partners in the business sector.
	Trophy of Excellence	Prize for companies who continue to rank in the top 3 positions according to year on year turnover. Awarded by the Arad County Council Chamber of Commerce and Industry (Romania ).
	Energy Conscious Company 2012	Participation in the "Virtual Power Plant Programme", the aim of which is to publish the energy efficiency achievements of companies taking part in the programme. Awarded by the Arad County Council Chamber of Commerce and Industry (Romania).

## FCC SERVICES CERTIFICATIONS

Below are the organisation's certifications by management area and % of area certified:

Company	Management area	Certification	Scope (% of turnover)
FCC Medio Ambiente España	Quality	ISO 9001	86.5 %
	Environment	ISO 14001	85.5 %
FCC Ámbito	Quality	ISO 9001	80.3%
	Environment	ISO 14001	44.4%
.A.S.A.	Quality	ISO 9001	98%
	Environment	ISO 14001	98%
FCC Environment (UK)	Quality	ISO 9001	13%
	Environment	Carbon Trust Standard	100%
		ISO 14001	84%

## HEALTH AND SAFETY

Conscious of being a part of the solution for many of the problems facing cities today, the Environmental Services area will continue to design and develop a range of services characterised by the principle of corporate integrity together with a component of technological innovation that is able to:

- Improve the energy efficiency of their services and products.
- Reduce GHG Green House Gasses emissions.
- Preserve water resources and biodiversity.
- Optimise the recovery of wastes.
- Promote the performance of intelligent services.
- Encourage proximity and connecting with citizens.

This will be achieved by developing initiatives that promote greater involvement of teams of collaborators and strengthen an active and ongoing dialogue with stakeholders.

## 2012 MILESTONES

- FCC Environment (UK) presents the ABCD "Above and beyond the call of duty awards"
- FCC Environment (UK) collaborates on a volunteer program aimed at reusing waste in Harpenden (United Kingdom).
- .A.S.A. in Gyál (Hungary) obtains the "Company Concerned about Energy" title
- Marepa, a FCC Ámbito company, has obtained the first certificate granted by AENOR for the destruction of confidential information.

## 2013 OBJECTIVES

- Oversee the control and monitoring of the energy efficiency of the services and calculate the carbon footprint of the services provided.
- Domestic offset projects (DOP) aimed at emission reduction.
- Focus on upcoming European calls for tenders for demonstration and research projects for activities related to urban environment, wastes and climate change.
- Implement a participation model so that employees can take advantage of their experience and collaborate in the concept and design of citizen services.
- Implementation of measures to improve the working environment.

## CSR WHAT FCC CAN DO FOR YOU. Water

### WATER: CUTTING EDGE

Aqualia is the FCC parent company, one of the largest European citizen services groups, for integrated water management. Aqualia offers solutions to the market to cover all the needs of public and private institutions and organisations at all stages of the water cycle and for all uses, including human as well as agricultural and industrial. Its main business activity is the management of municipal water services and the company has quickly become a benchmark in the industry.

# WE TAKE WATER TO YOUR COMMUNITY

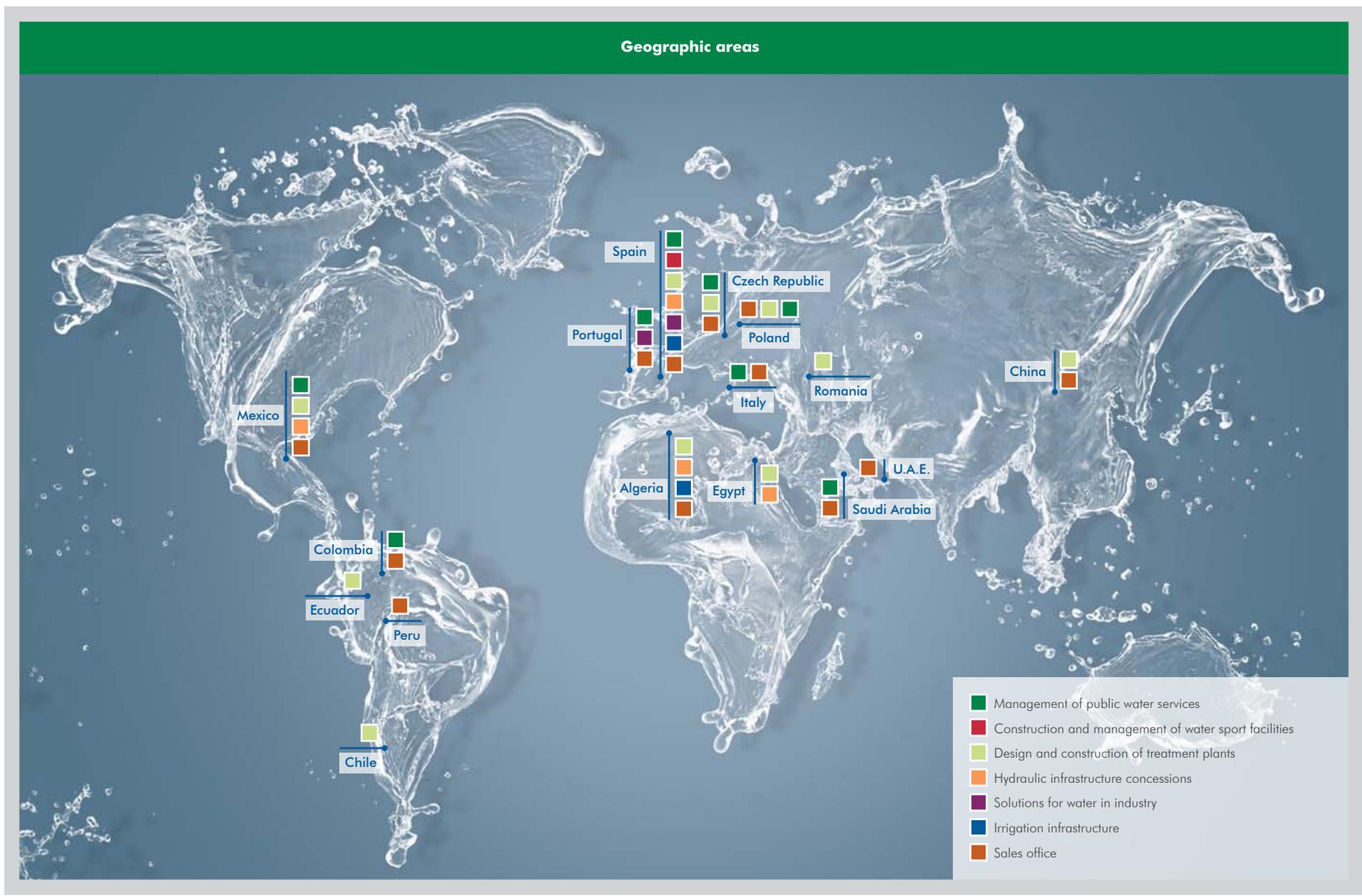
SPECIALISTS IN WATER PURIFICATION, TREATMENT AND DISTRIBUTION

### PROFILE AND BUSINESS STRATEGY

Aqualia is positioned as a cohesive, cutting edge specialist in the industry, thanks to a highly specialised and committed team whose ongoing goal is to improve efficiency in the production process and to optimise resources. This way of working, which has enabled it to consolidate a leading position in the domestic market, is also implemented in the foreign market with a defined strategy for consolidating an ambitious, but cautious, internationalisation. Aqualia has a stable presence in different countries around the world, where it acts directly or through its local companies, subsidiaries and holdings; one example of this is Aqualia's subsidiary SmVak, which operates in the Czech Republic.

Aqualia's social purpose is to obtain water, adapt it for human consumption in accordance with strict quality control measures, distribute it and subsequently treat it, with the aim of returning it back to nature in the right quantity and quality, while using the resources and materials employed in the process in an efficient and sustainable manner.





# CSR WHAT FCC CAN DO FOR YOU. Water

## AWARDS AND RECOGNITIONS

Award/Recognition	Description	Awarded by
Water Deal of the year 2012	Financial closure of the El Realito treatment plant (Mexico)	Global Water Intelligence
MENA Market Leadership Award 2012	Expansion of the Company in the Middle East and North Africa	Frost Sullivan
Latin American Water Deal of the year 2012	Financial closure of the El Realito treatment plant	Euromoney's Project Finance Magazine
Energy and Environment Awards 2012	Best Company with International Scope	Infoenviro

SmVak is considered among the best water management companies in Europe by the European Benchmarking Cooperation.

## AQUALIA'S CERTIFICATIONS

Management area	Certification	Scope (% of turnover)
Quality	ISO 9001	97.5 %
Environment	ISO 14001	94.3 %
Occupational risk prevention	OSHAS 18001	91.5
R+D+i management	UNE 166002	Aqualia GIA and Aqualia Infraestructuras
Information security	ISO 27001	Aqualia GIA (Customer Services Center and Virtual Office)
Energy management	ISO 50001	2.7% of the production of Aqualia GIA Spain
Management of testing laboratories	ISO 17025	Five accredited laboratories

## A FORWARD-LOOKING APPROACH

Sustainability, especially in the environmental field, will have the leading role in twenty-first century businesses. Currently, among the great global challenges and risks is the

problem of water, from different perspectives: supply capacity, access to drinking water, water quality, water control faced with the threat of climate change, rising sea levels, etc.

In response to this challenge, FCC Group's expertise in services and integrated water management, together with its ability to provide solutions, presents a growth opportunity by participating in the creation of smart cities.

**The City of Santander, Aqualia and the University of Cantabria are promoting the development of Santander as a Smart City.**

## 2012 MILESTONES

- Development of a new web portal for Aqualia and its subsidiary Aqualia Industrial.
- Aqualia has implemented a system for Energy Management Certification which is being progressively implemented in its facilities.
- Aqualia is leading the European ALL-GAS project for obtaining biofuel using sewage treatment systems.
- InfoAqualia started as a transparent, citizen-friendly service.
- The Company has incorporated its priorities related to risk prevention in its "Health and Safety Objectives and Initiatives for 2012"

**Aqualia, the first integrated water services company to make an analysis of the carbon footprint of its activity.**

## 2013 OBJECTIVES

- Improve the customer management system in order to become more efficient and to avoid mistakes in information management.
- Participation in European work programmes aimed at identifying and defining new indicators in the water sector.
- Arrange meetings with suppliers to make them part of the company's growth and support achieving innovative projects.
- Participate in working groups with public/private agencies in order to review the Waters Law.

## INFRASTRUCTURE: INTERNATIONALISATION

The strategy for FCC Infraestructura's business is to expand internationally, focussing on countries with legal guarantees, financial strength and ambitious development plans, such as Algeria, the U.S.A, Brazil and the United Arab Emirates, in order to provide mobility services for infrastructure projects built by the Company. Within the Infrastructure area, 68% and 51% of the 2012 turnover for construction and cement areas respectively already come from international markets.

# WE HELP TO BUILD YOUR PROGRESS

OVER 100 YEARS OF BUILDING SUSTAINABLE INFRASTRUCTURE.



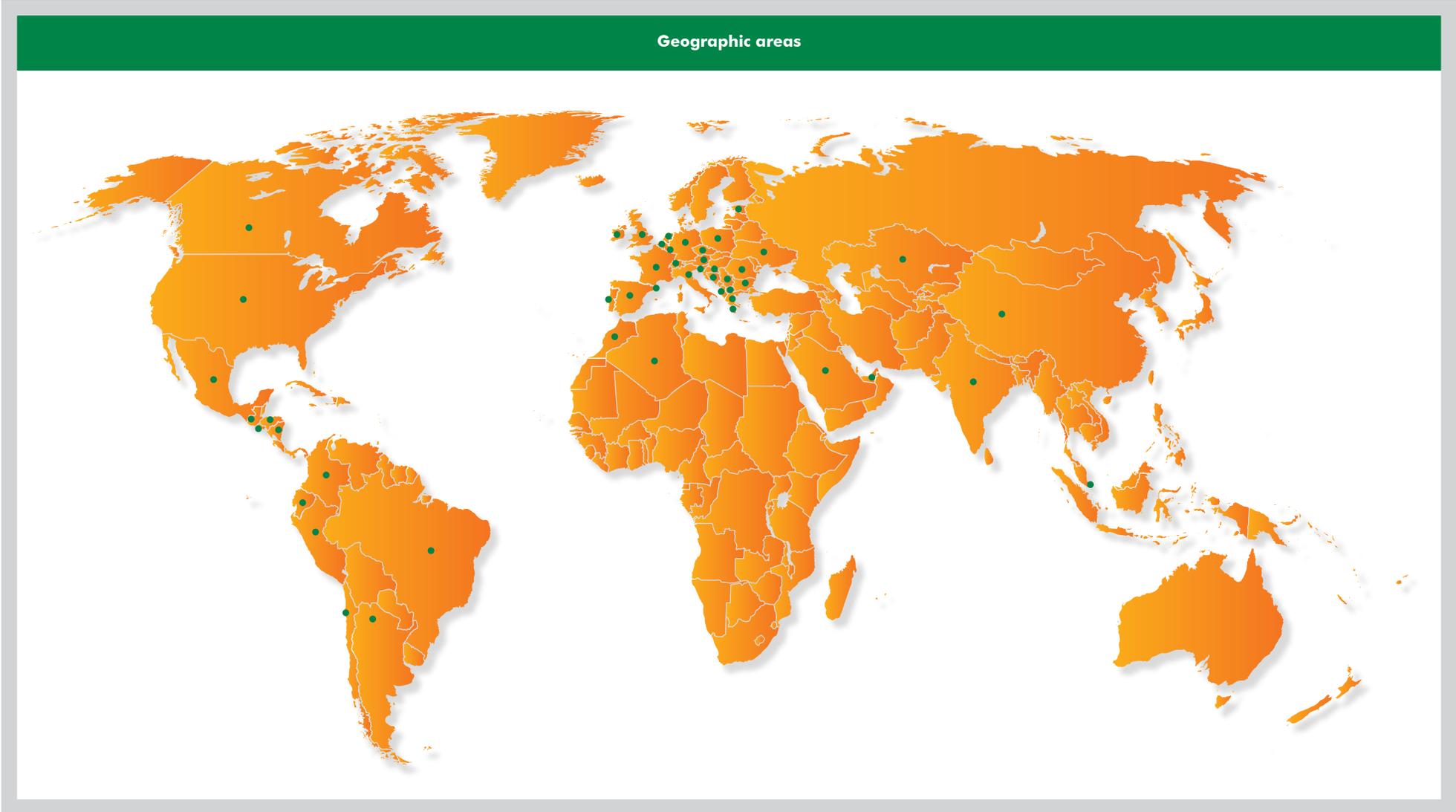
### PROFILE AND BUSINESS STRATEGY

FCC Construcción is the company that carries out construction business within FCC Group, both in the domestic market where it originates from (Spain) and in the global market. Its activities cover all areas of the construction industry, and FCC Construcción is a world reference in the execution of civil engineering works (roads, railways, airports, hydraulic and maritime works) and building projects (both residential and non-residential). It also has a proven track record in developing projects under concession. In addition, it has a number of subsidiaries that are engaged in the industry and energy sectors and in construction-related businesses (engineering, pre-fabrication, installations, etc.).

FCC Construcción has made a firm commitment to sustainable development. Not surprisingly, it was the first construction company in the world to have an "in accordance" sustainability report (2003-2004), in line with the Global Reporting Initiative, which is a reflection of the way it manages its business. Then and now, it cannot conceive business success without a sustainable and ethical dimension to the work. FCC Construcción believes that sustainability is necessary for its business success, and applies this philosophy to all its activities, personnel and strategies in order to be aligned with the guidelines set by the Sustainability Committee.

FCC Construcción has a stable presence in different countries across the globe, where it acts directly or through its local companies, subsidiaries and holdings. One example of this is ALPINE, the number-two infrastructure construction company in Austria and one of the leading companies in Eastern Europe.

# CSR WHAT FCC CAN DO FOR YOU. Infrastructure



# WHAT FCC CAN DO FOR YOU. Infrastructure CSR

## AWARDS AND RECOGNITION

Below is a summary of the major awards and recognitions received by FCC Construcción in 2012:

Award/Recognition	Reason	Awarded by
Best Urban Integration Project	Zaragoza tramway	International Public Transport Association
José Azas Award	New Laredo Port	The Civil Engineers Association of Cantabria
SOLID BAUTECH International Awards 2012	Beska Bridge over the Danube (ALPINE)	SOLID Magazine
SOLID BAUTECH International Awards 2012	Multipurpose Room in Salzburg (ALPINE);	SOLID Magazine
ARACO Quality Award 2012	Basarab viaduct in Bucharest	Romanian Association of Contractors
Prize for the best-contractor-of-the-month, August 2012 Runner-up in the Sustainable Development Management category	Occupational risk prevention (ALPINE) Design and implementation of a protocol for greenhouse gas measurement	Vattenfall Europe Generation AG. Fundación Entorno
Prize for the best civil works	M-50 en Dublin	Irish Concrete Society
Q Certified Sustainable	Sustainable activities in Zone I of Andalucía	Sustainable Accreditation Agency of Andalucía

## FCC CONSTRUCCIÓN HAS THE FOLLOWING CERTIFICATIONS

Management area	Certification	Scope (% of turnover)
Quality	ISO 9001	82% total (99% in Spain)
Environment	ISO 14001	78% (99% in Spain)
R+D+i management	UNE 166003	24% total (78% in Spain)
Information security	ISO 27001	24% total (78% in Spain)
Greenhouse effect gases	ISO 14064	24% total (78% in Spain)
	verification	

## A FORWARD-LOOKING APPROACH

The use of the most suitable technology for implementing the construction project provides added value and is a key differentiator in today's highly competitive market. The most suitable technology means the technology that is the most efficient, most effective, most accurate and that causes the least impact, at a feasible cost.

In addition to the Sustainable Construction area, in which the Company strongly believes and to which it has made a firm commitment, FCC Construcción participates in the promotion of various industry-based European and national initiatives related to R+D+i, along with the development of projects that it is implementing on its own or in cooperation with other FCC Group business areas, both nationwide and internationally. In this respect, it participates in collaborative projects as part of a consortium which enables them to benefit from the synergies among the various members, resulting in increased knowledge-sharing.

## 2012 MILESTONES

- Increased international portfolio and contracts awarded for several flagship projects.
- Collaboration in several working groups that study and approve international standards related to environmental issues in the field of construction (ENCORD Sustainability Declaration, CEN and ISO).
- Verification, for the second consecutive year, of the Greenhouse Gas Emissions inventory and obtaining the AENOR "Verified CO2 Environment" Certificate.
- Signing an agreement with the University of Cantabria for official recognition of the "Master's Programme in Construction Science" taught by Company professionals.
- Enhancement of e-learning and its application to international personnel through specifically tailored training programmes taught by Company professionals.

**FCC Construcción, the first Spanish company in the industry to sign a framework agreement with the International Federation of Trade Unions.**

## CSR WHAT FCC CAN DO FOR YOU. Infrastructure

### 2013 OBJECTIVES

- Consolidate the geographic diversification of the portfolio.
- Reduce payment collection periods.
- Consolidate the international implementation of the Environment and Quality Management Systems and obtain certification in countries where there is a stable presence.
- Qualify Company personnel as consultants to assess the sustainability of buildings in accordance with LEED and BREEM standards.
- Establish a Sustainability Observatory in collaboration with Public Universities and issue an annual report.
- Prepare a catalogue of socially sustainable practices for in-house dissemination.
- Gradually generalise the use of common computer applications for planning and data collection and implement it abroad as well.

**"At FCC, we are firmly committed to the promising future of sustainable construction"**



### PROFILE AND BUSINESS STRATEGY

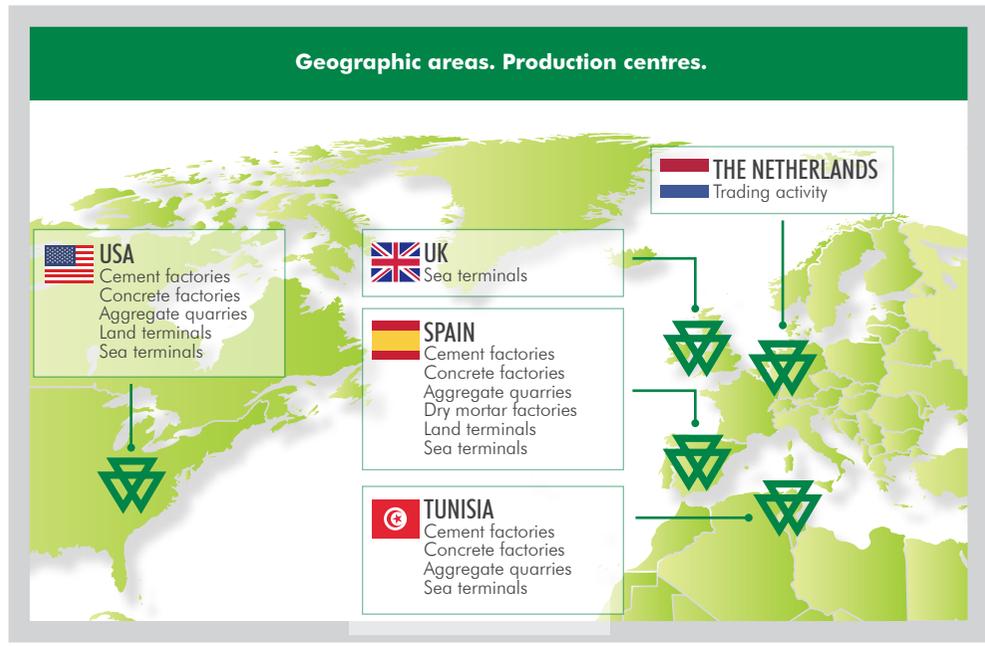
Cementos Portland Valderrivas Group is an industrial group with a significant mining component present in the entire cement business cycle. It comprises a large number of companies of which Cementos Portland Valderrivas, S.A. is the parent company. The Group, which was founded in 1903, has over 100 years of history. It has grown steadily, attentive to the changing needs of society and with a geographical presence in Spain, the United States, Tunisia, the United Kingdom and the Netherlands.

Portland Valderrivas is aware that, in this globalised world, companies must take full responsibility. It is not enough to achieve good economic returns. Instead, it is necessary to go further and consider performances while taking into account the influence of activities going on all around us, especially on people, society and the environment.

The commitment to sustainability is such that it covers all manufacturing lines, deliverables and delivery contracts, and there is a clear focus on service to society and its development. Thus, all its manufacturing of cement, concrete, aggregate and mortar are covered by sustainability criteria.

# WHAT FCC CAN DO FOR YOU. Infrastructure CSR

## GEOGRAPHIC AREAS



## AWARDS AND RECOGNITION

Below is a summary of the main awards and recognitions received by Cementos Portland Valderrivas during the National Awards for Sustainable Development in Quarries and Gravel Pits granted by the Federation of Aggregates in March 2012:

Award/Recognition	Description
First prize in the category of Quarry Restoration.	Apario Quarry, Vizcaya. (This quarry also received the Special Environment Prize and was selected participate in the 2013 European UEPG Awards).
Second prize in the category of Quarry Restoration.	Peña de Lemona Quarry, Vizcaya.
Third prize in the category of Gravel Pit Restoration.	Colomers Gravel Pit, Gerona.
First prize in the category of Good Environmental Practices in Large Companies.	Coto de Nafarrondo Quarry, Vizcaya.
First prize in the category of Best Operational Practices and Initiatives.	Apario Quarry, Vizcaya.
Second prize in the category of Safety.	Coto de Nafarrondo Quarry, Vizcaya.
Second prize in the category of Good Environmental Practices in Large Companies.	Galdames Quarry, Vizcaya.

## CEMENTOS PORTLAND VALDERRIVAS HAS THE FOLLOWING CERTIFICATIONS

Below are the certifications by management area and % of area certified:

Management area	Certification	Scope (% of turnover)
Environment	ISO 14001	60% Global
Environment	EMAS	100% in Spain
Occupational risk prevention	OSHAS 18001	65% in Spain
Quality	ISO 9001	86% Global

# CSR WHAT FCC CAN DO FOR YOU. Infrastructure

## A FORWARD-LOOKING APPROACH

The construction sector is going through critical times, and this has driven the Group to focus on innovation and efficiency with the aim of maintaining its leadership in the industry.

The crisis can be an appropriate setting to undertake new business projects and develop itself, as long as companies are able to innovate, both in products and manufacturing technologies, and thus differentiate itself from competitors. In addition, in a world where there are fewer borders, the internationalisation of businesses allows new niche markets to be opened in emerging countries with a great potential for socio-economic development, and where there is a real need in the construction sector for new technologies to produce cement-related products from the natural resources at their disposal.

## 2012 MILESTONES

- Participation in the Bitácora project which has consulted with stakeholders, over 700 people since 2007.
- Promotion and marketing of new products and technologies to Europe.
- Debt refinanced so that the payment schedule has been adjusted to the estimates for resource generation and the bank debt has been greatly reduced as financing sources have been diversified.
- Exchange transaction between GCPV and the Irish building materials company CRH in which the 98.75% stake in Cementos Leona was exchanged for the 26.38% stake in Uniland Corporation that the Group did not control.
- The workforce was reduced by 570 workers altogether, in agreements with key unions, like those achieved in the two employee restructuring schemes in Spain, which led to a reduction of 500 people. The workforce was cut by 70 people in the United States.
- Implementation of the NewVal Plan that makes GCPV more flexible to adapt, in terms of the fall in demand, and which has contributed to the results with an increase in operational efficiency in the United States, the resizing of the business in Spain and the restructuring of the workforce of the two countries.
- Development of the 2012-1015 Innovation Master Plan, the result of over 100 peoples' work from all areas of the organisation.

## 2013 OBJECTIVES

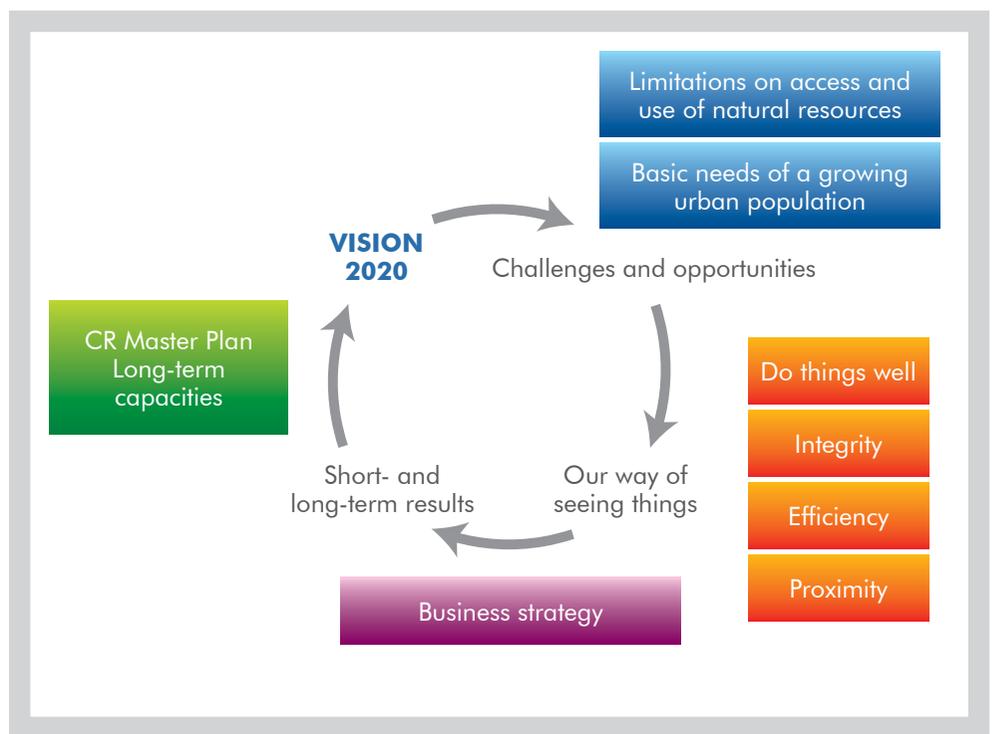
Initiatives	Objectives
1. Commitment and transparency	Collaborate on fulfilling FCC Group's Corporate Responsibility Master Plan 2012-2014 (hereinafter CRMP). Implement the Group's Corporate Social Responsibility/Sustainability Plan following international standards.
2. Human capital	Adapt the Performance Management tool to current needs while maintaining its main objectives. Family Plan: Continue to provide services to our employee's family members with disabilities with the aim of increasing their resources and opportunities for social and workplace integration.
3. Occupational health and safety	Reduce the frequency rate by 9% in Spain and Tunisia with respect to the results obtained in 2012.
4. Connection with stakeholders	Carry out the following consultation sessions with stakeholders in 2013: <ul style="list-style-type: none"> <li>■ Dialogue-based meetings with representatives of the social settings of the factories in Alcalá de Guadaíra (Seville), Mataporquera (Cantabria), El Alto (Morata de Tajuña, Madrid) and Monjos (Barcelona).</li> <li>■ Session scheduled with suppliers to work with waste managers and suppliers of alternative fuels derived from non-hazardous waste.</li> <li>■ Dialogue-based meeting with financial analysts.</li> <li>■ Meetings with opinion leaders to carry on with the open innovation initiative.</li> <li>■ Dialogue-based sessions with customers from different geographical areas of the cement business in Spain.</li> <li>■ Meetings held with Group employees using the information and communication technologies available, intranet forum, video conferencing, teleconferencing, etc., both in Spain and the United States, as well as Tunisia.</li> </ul>
5. Participation and volunteering	Achieve a participation rate of 30% of the total workforce in Spain in the € solidarity initiative in 2013. Increase the results achieved in 2012 in the campaign to collect toys, clothing and food (865 toys, 222 kg of clothes and 782 kg of food) by 10% in 2013.
6. Promotion of the environment	Consolidate the following percentages of replacing fossil fuels with alternative fuels in 2013: <ul style="list-style-type: none"> <li>■ 20% in the Group</li> <li>■ 20% in Cement Spain</li> <li>■ 40% en Cement USA</li> </ul> Reach a restored surface of 50% of the total area affected in quarries and gravel pits belonging to the Group in Spain. Reach €2 million of EBITDA between the domestic and international marketing of new products and the sale of technology.
7. Innovation	Lead open innovation nationally and internationally, contacting the appropriate opinion leaders in at least four countries, beginning with products already on the market: Ultraval, Microval and Rapidval.



# OUR VIEW AND SOCIALLY RESPONSIBLE INITIATIVES

## STRUCTURE OF THE CORPORATE RESPONSIBILITY MASTER PLAN

In 2012, FCC Group's Board of Directors adopted its III Corporate Responsibility Master Plan applicable to 2014. The balance of performance against objectives, along with a comprehensive analysis of trends related to the needs of the sustainable cities of the future and the challenges related to sustainability in each one of FCC Group's business areas, is the basis for defining the company's new corporate responsibility strategy.



## CSR OUR VIEW AND SOCIALLY RESPONSIBLE INITIATIVES

The plan has three strategic pillars, around which the defined initiatives are planned and they are the basis of the report's structure:

**I. Exemplary behaviour.** The principles of integrity and doing things well are the origin of the first pillar of the Master Plan. The aim is to position FCC Group as an example of authenticity in its commitment and its way of doing business. To do this, one of the first tasks carried out along these lines has been to strengthen the company's ethical framework in consonance with the principal of due diligence in the North American Federal Sentencing Guidelines, which allows it to address the major challenges facing FCC aimed at promoting exemplary behaviour.

The company's ethical framework guides FCC's behaviour in all activities and at all levels: safeguarding the health and safety of its employees, promoting equality and diversity, identifying potential areas for integrating groups that are at risk or have special needs and are vulnerable, and extending these commitments to communities, suppliers and contractors.

**II. Intelligent services.** The principle of efficiency is the inspiration for this pillar of the Plan. To cope with the challenge of providing services to towns with changing needs, FCC proposes a strategic approach to innovation aimed at mitigating climate change and at capacity building aimed at adapting the company to new scenarios in the environments in which it operates.

The company has developed a climate change strategy whose guarantee of compliance is underwritten by the company's highest governing body, represented on the Climate Change Committee, which will act as the primary decision-maker within the Group in matters relating to climate change.

FCC also must investigate what future sustainable cities will be like, applying its know-how to the design of eco-efficient citizen services.

**III. Citizen connection.** The principle of close communication with citizens is underpinned by the belief that the company can and should be a catalyst so that citizens can be the protagonists of a sustainable city. FCC Group wants to promote sustainable habits in the cities where it operates, by relying on the commitment of the people who are part of the company, by remaining in contact

with stakeholders involved and in constant consultation with opinion leaders in strategic markets.

This connection with citizens is aimed at linking the management of FCC Group to the trends and needs of the communities of the future. The joint involvement of FCC Group and the public in addressing the urban challenges of this century, based on the capacities developed by the company and the commitment of its employees, will be the starting point for the promotion of sustainable habits.

### RESPONSIBILITY IN THE IMPLEMENTATION OF THE MASTER PLAN 2012 – 2014

FCC Group believes that the implementation and application of corporate responsibility throughout the organisation requires a stable organisational structure driven by senior management and committed to carrying out operations in the different business activities in FCC Group's portfolio. The coordination of corporate policies and those from the areas, divisions and business units is done through the Corporate Responsibility Department, which reports to the Communications and Corporate Responsibility Department, which in turn is a member of FCC's Management Committee. The policies, master plans and reports detailing the degree of progress on actions taken in this regard are submitted to the Management Committee and the Board of Directors for supervision, in line with the responsibility assumed by this body in the field of corporate responsibility.

Each business area has its own initiatives in which the company's strategic priorities are further detailed. All of them are covered by the FCC Group's Master Plan, which sets new objectives for the 2012 – 2014 period.

# EXEMPLARY BEHAVIOUR.

## FCC PROMOTES INTEGRITY, SAFETY AND SOCIAL INCLUSION AMONGST ITS WORKERS

Over the past two years, FCC Groups has focused its efforts on strengthening the Company's ethical framework in order to encourage integrity-based behaviour in all employees as well as its supply chain, regardless of their status, duties or the geographical location they may work in. The Corporate Responsibility Master Plan 2012 - 2014 includes this line of work under the title of "Exemplary behaviour". To this end, the Company has advanced tools for managing issues related to corruption and bribery, integrity, ethical behaviour and crime prevention that strengthen the Group's commitments.

The scope of FCC's ethical framework and integrity systems includes all Group personnel and its entire value chain, from the supply of products and services to the delivery to the end user, the citizen.

FCC also has strengthened its commitment to the social and workplace integration of people with disabilities or at risk of exclusion.

**Exemplary behaviour – 2012 milestones**

- Signing of framework agreement with the International Federation of Trade Unions (ICM).
- Renewal of OHSAS 18001 certification.
- FCC Groups obtains the Equality in Business mark awarded by the Spanish government.
- Dow Jones appreciates FCC's commitment to human capital and ethics.
- The United Nations Global Compact highlights FCC Construcción's Progress Report awarding it the Advanced Level, maximum rating granted for the transparency level of the report.
- New FCC campaign against gender violence.
- Launch of the first international campaign for Occupational Risk Prevention.
- New road safety campaign.
- Collaboration agreement signed with Mapfre to encourage good habits.
- Presentation of the prevention programme as a best practice at the 10th International Congress on Occupational Health and Safety.
- Strengthening the commitment to integrity through a new amendment to the Code of Ethics.

**Exemplary behaviour – 2012 milestones**

- Launch of the online training program on the Crime Prevention and Response Manual.
- FCC is called up by various institutions and business schools to show its ethical framework.
- FCC leads the Sustainability Excellence Club corporate governance committee.
- FCC is part of the company criminal liability group at Emisores Españoles.
- Development of online training for employees on the technical resources usage code.
- Celebration of International Women's Day.
- Approval by the Management Committee of FCC's Equality and Diversity Policy.

Programas de acción the 2012 – 2014 CRMP	2014 objectives
<ul style="list-style-type: none"> <li>■ To be based on referential ethical principles/integrity framework</li> </ul>	<ul style="list-style-type: none"> <li>■ The new framework for ethical behaviour covers 100% of FCC's activities and of those of its main contractors</li> </ul>
<ul style="list-style-type: none"> <li>■ Promote integration and social inclusion – commitment to people</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase in the number of people who work for FCC with special needs</li> </ul>
<ul style="list-style-type: none"> <li>■ Sustainable guidelines for actions in the value chain – contracting</li> </ul>	<ul style="list-style-type: none"> <li>■ 100% of suppliers critical to sustainability and key in terms of magnitude, assessed on environmental, social and ethical criteria</li> </ul>

INICIO **CSR EXEMPLARY BEHAVIOUR**

**1. QUALITY MANAGEMENT AND RESPONSIBLE GOVERNANCE**

FCC Group governance reflects the highest international standards of corporate governance, including virtually all of the recommendations in the Unified Code of Good Governance. The size and composition of the FCC Board of Directors complies with the principles of ownership representation and balance in the governance of the Company, while at the same time the presence of five women serving as Board members is noteworthy.

For FCC Group, good governance means ensuring that the Company is managed focusing on creating long-term value for its shareholders in a manner in which competing stakeholders, and other strategic factors for the health of the business, are integrated into its administration and management model.

FCC Group's senior management is maintaining operating under the principle of transparency and integrity as a strategic priority, fulfilling all the provisions in the Code of Ethics and the Crime Prevention and Response Manual in order to generate trust towards the company and to prevent the occurrence of malpractice.

**1.1. Integrity and good governance in FCC Group**

To ensure a proper strategic orientation by the company, FCC Group adopts the international standards of good governance and the recommendations of the Unified Good Governance Code of listed companies in Spain.

**1.1.1. Corporate governance responsibilities**

The main function of FCC Group's Board of Directors is to ensure that the company is being managed in the long-term interest of its shareholders by monitoring and supervising strategic corporate decisions. At present, the company's Board of Directors has 18 directors, five of whom are independent. The presence of five women, resulting in a 28% of Board members being women is one of the highest ratios in listed companies in Spain and worthy of mention.

In 2012, the Board of Directors held eleven plenary meetings and promoted a number of activities related to good governance and corporate responsibility, among which the most important are the following:

- Approval of the Crime Prevention and Response Manual.
- Approval of the amendments to FCC Group's Code of Ethics.

In addition and with the aim of optimising its operations, the Board of Director's Regulations envisage the self-assessment of its performance and that of its members, the quality of its work and the effectiveness of its rules, and to implement, where necessary, measures to improve the efficiency of its operation.

**1.1.2. FCC's ethical framework under the Federal Sentencing Guidelines**

The strengthening of the ethical framework at FCC includes the North American Federal Sentencing Guidelines. This international reference standard is a tool with two clear objectives: on the one hand, to promote a culture of ethics and, on the other, to declare that the Company exercises due diligence in the prevention, detection and eradication of irregularities. To do this, FCC, following the requirements established in the aforementioned standard, has implemented seven elements in the Company that make it possible to ensure that the code is known, understood and fulfilled by all of the organisation's employees.

The seven elements of due diligence related to FCC's ethics and integrity

- Definition of the Code of Ethics, with a global geographic purview and for all operating environments. The Code includes guidance on all relevant or risk-related elements with regard to ethics and compliance, including matters which are relevant from the standpoint of criminal acts.
- Assigning the responsibility to manage the promotion of the ethics and compliance program and the definition of performance indicators in this area to be reported to the Board of Directors. The Response Committee fulfils the responsibilities corresponding to these issues within FCC Group. In accordance with the principle of integrity, a commitment has been made not to assign responsibilities in ethics and compliance to people with a history of non-compliance in this area. Practical communication on a regular basis and training for all employees in order to ensure that both employees and third parties know and understand what is expected of them.
- A commitment has been made to periodically review the elements implemented in respect of ethics and compliance, and to assess the effectiveness of the overall programme for the prevention, detection and eradication of irregularities. An ethics channel has been set up to report ethical malpractice.
- Incentives have been created and disciplinary measures adopted in the event of non-compliance. Risks will be assessed and the ethics programme aligned for compliance with identified risks.
- There is a procedure to resolve reported or detected irregularities.

**1.1.3. The Code of Ethics, a guarantee of compliance at FCC**

This is the tool of reference that puts into practice FCC Group's commitment to ethics and integrity. Its aim is to stress the Group's corporate culture and rules of conduct and it serves as guidelines to be followed in the Company's business relations with third parties. FCC Group has complementary mechanisms, such as the Internal Stock Market Rules and the Internal Communications Channel for ethical matters, financial irregularities or workplace or sexual harassment.

FCC Group revised its Code of Ethics in 2012 in order to include, firstly, a redefinition of the principles underlying FCC's corporate culture.

**1.1.4. Communication of the Code**

In 2012, FCC Group designed a new training course that includes the new aspects and amendments made to the Code of Ethics. This course will be given in 2013 so that all FCC Group employees know and understand the Company's commitment to ethics, integrity and transparency, and receive guidance on how best to act in their daily work.

The online training modules are structured around the importance of compliance with the legal, regulatory and professional requirements taken on by FCC Group and the obligation to report any breaches, as well as around understanding the commitments for conduct included in the Code of Ethics and the procedures and protocols associated with it.

**1.1.5. Monitoring irregularities**

FCC Group provides its employees with an internal communication channel to report irregularities in a confidential manner, or for enquiries or suggestions for improving the company's existing systems with regard to the matters covered by the Code. All FCC Group personnel are required to report any breaches they discover related to the Code of Ethics.

In 2012, the Code of Ethics channel recorded 23 reports of breaches on the following matters:

- Professional development, equal opportunity and non-discrimination: 5
- Use and protection of assets: 1
- Money laundering and irregularities in payments: 1
- Respect for people: 16

There were no reports related to incidents of child exploitation, forced labour or human rights in any sense of the term. All reports were resolved in accordance with established procedures.

**1.1.6. Integrity**

FCC Group, in accordance with the Federal Sentencing Guidelines, has made a commitment to not assign positions of responsibility related to ethics and compliance for people who are guilty of malpractice or of conduct incompatible with the Company's Code of Ethics or who have a history of non-compliance in this area.

**1.1.7. Compliance with the Code of Ethics**

In order to carry out the in-depth monitoring and control of the issues most relevant to the correct operation of the company, and to achieve greater efficiency and transparency in the exercise of its powers and in the performance of its duties, the Board of Directors has four committees: the Strategy Committee, Appointments and Retributions Committee, Executive Committee and Audit and Control Committee. The latter ensures the adoption of disciplinary measures should the Code of Ethics be breached and that assess risks related to ethics, integrity and compliance with the risk management and control systems.

**1.1.8. Response Committee**

Approved by FCC Group's Board of Directors, the Response Committee is the body whose general role is to promote the dissemination, awareness of, and compliance with, the Code of Ethics in the Company. It comprises the General Manager of Internal auditing, who chairs the Committee, the General Manager of Legal Counsel, the General Manager of Human Resources and the Manager of Corporate Responsibility, who serves as Committee Secretary and Coordinator. Monitoring the communication procedure in matters relating to criminal offences and in general with FCC Group's Code of Ethics, rests with the Response Committee.

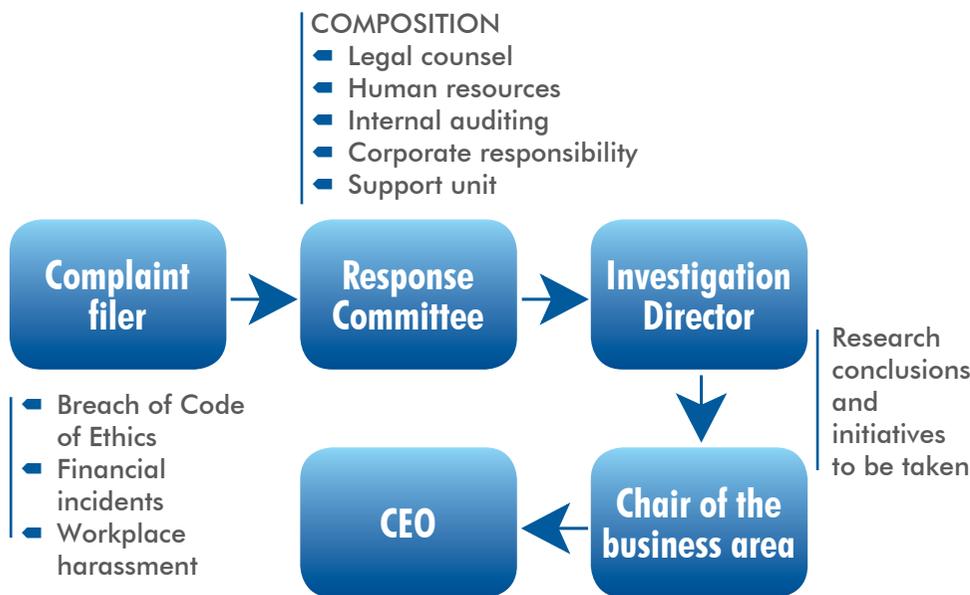
**Evidence indicates that the perceived presence of malpractice in companies decreases to the extent that they have implemented effective ethics and integrity programmes, as understood by the Federal Sentencing Guidelines. (National Business Ethics Survey, 2012)**

Compliance with these recommendations and the commitment to information transparency in this area represent the effective implementation of FCC Group's commitment to good

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governance. In this respect, the composition of the Group's Board of Directors covers, firstly, the principles of effectively representing the structure and, secondly, the balance of its governance.

The Code of Ethics, the Manual and other regulations are available on FCC Group's corporate website. [http://www.fcc.es/fcc/corp/esp/rc\\_gc.htm](http://www.fcc.es/fcc/corp/esp/rc_gc.htm)



**1.2. Risk control and management**

FCC Group has a comprehensive risk management policy which is being progressively implemented and enables it to deal effectively with all of risks to which its business operations are exposed. The adopted model allows it to develop a high level risk map, using the Enterprise Risk Management (Coso II) method, enabling reporting to Management and contributing to the definition of the Group's strategy. As part of the aforementioned model, risk committees are regularly held, analysing and assessing the risks in different business areas.

Supported by the people responsible for risk management in the different business areas, whose activities its coordinates, the Risk Control and Management Department is currently in the process of updating and improving both the definition and assignment of risk management responsibilities in the operating area and the following risk management procedures and methodologies:

- Identifying key risks for FCC Group based on the potential threat they pose to the achievement of the Group's objectives.
- Risk evaluation. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
- Risk categorising.
- Optimising risk control through establishing and implementing action plans for the most relevant risks, including measuring and monitoring indicators.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring process and the materialisation of risks.
- Implementation of specific procedures to document risk management in the decision-making process.
- Periodically and systematically updating the risk evaluation process and controls described above.

As an example of a response to technological risks, in 2012 FCC's Information Security and Technological Risk Management Department launched an online course so that all users would become familiar with the Technological Resources Usage Code and use them in a proper, responsible and lawful manner, in accordance with the Information Security Policy.

**1.2.1. Manual of Crime Prevention and Response**

The report on how the internal controls established in the catalogue of prioritising crime and risky behaviours risk to the company work was prepared in 2012. Likewise, the reform carried out this year also included adapting it to the Spanish Criminal Code, which provides for a new criminal liability of a legal person. To properly include the contents of this reform, FCC also approved what is known as the Crime Prevention and Response Manual. The aim of this Manual is to establish a crime prevention system through actions and controls implemented in FCC Group in order to mitigate the risk of the crime being committed.

For more detailed information on matters related to FCC Group's corporate governance and risk management during 2012, see the Corporate Governance Report 2012, available on the company website: [http://www.fcc.es/fcc/corp/esp/rc\\_gc.htm](http://www.fcc.es/fcc/corp/esp/rc_gc.htm).

**Risks in FCC Group**

**Strategic risks**

- ▣ Strategic/market/country planning.
- ▣ Technological capacity/Innovation.
- ▣ Reputation management/Corporate governance.

**Compliance risks**

- ▣ Code of Ethics.
- ▣ Management of legal risks.
- ▣ Management of fiscal risks.
- ▣ Internal control over financial reporting system (Spanish acronym SCIIF).
- ▣ Protection of all data.
- ▣ Quality management system.
- ▣ Environmental management system.
- ▣ Information security system.
- ▣ Workplace risk prevention system.

**Operative risks**

- ▣ Bid and contracting management.
- ▣ Selection of partners, outsourcing and suppliers.
- ▣ Management of human resources and ongoing staff training.

**Financial risks**

- ▣ Capital risk.
- ▣ Interest rate risk.
- ▣ Exchange rate risk.
- ▣ Solvency risk.
- ▣ Liquidity risk.

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## 2. FCC PEOPLE

Achieving effective internal communication is one of the goals for Human Resources. We work closely with the Group's Communication Department and Human Resources to establish new, more powerful internal channels and an FCC culture based on shared, robust behaviours and values as our own sign of identity, capable of mobilising, motivating and committing people, who represent the greatest value of our company.

Main milestones in the field of communication in 2012:

- Collaboration in the project to develop the new corporate intranet and FCC Communities in order to boost more global (international) bi-directional communication channels.
- Consolidating the HR Business Partner's Network: the main milestone was the III Global Human Resources Meeting in October 2012.
- Emphasis on the dissemination of Human Resources policies and services for the organisation focused on providing employees with greater self-management and more automated processes that affect them: main milestones, internal communication campaigns aimed at FCC people in order to emphasise the FCC culture and identity and actions geared to shaping the company's information and management transparency.

We are advancing in the introduction of strategies and guidelines through the Human Resources Communication Plan, which continues activating and disseminating goals, objectives and projects and developing a communication network that disseminates messages to all the people within the Group.

The Internal Communication function also promotes the effective delivery of information of interest for workers, with special emphasis on information and messages, policies and strategies that are directly related to the management of the company and peoples' professional environment.

In terms of human resources the most prominent progress in 2012 was the following:

**2012 Highlights**

- Promotion of local hiring.
- Redefinition of the FCC leadership model at a domestic and international level.
- Common approach for evaluating performance at FCC at a domestic and international level.
- Extension of the group entitled to access the flexible remuneration system.
- Review of the Training Plans and training itineraries for contract managers according to the FCC knowledge maps.
- Development of specific training to support the internationalisation process.
- Approval of the FCC Equality and Diversity Policy.
- Implementation of the Employee Global Master.
- Implementation of Internal Mobility Programme.
- Introduction of the Responsibility Matrix (Selection and Employment).
- Implementation of the new tool for receiving CVs via the FCC website.
- Design and introduction of the new Labour Practice Programme.
- Analysis of trends and identification of talent via Social Media.
- International campaign for the prevention of occupational risks: "In my job prevention is worthwhile. It really is."
- Introduction of Human Resources Management's Communication Plan.
- Reduction of the Accident Frequency Index by 26%.

### 2.2. Promotion and attraction of talent at FCC Group

Attraction and retention are a priority at FCC Group, which is aware that this is one of the factors that distinguish successful companies. The following are among the actions that are taken into account:

- Promotion of global internal mobility.
- Consolidation of a culture of results-oriented management.
- Development and integration of compensation and benefits policies and models.
- Reinforcement of the training processes common to the different business divisions.
- Implementation of a system to analyse potential and succession planning for key positions.
- Definition of management skills for FCC.

The Department of Selection and Employment manages the task of attracting talent to our organisation. In 2012, FCC received over 36,000 CVs and carried out 283 selection processes.

FCC Group also has a comprehensive collaboration programme with universities, business schools and other educational centres through which it promotes entry into the labour market for new graduates. During the 2011-2012 academic year, 148 students took their professional training in an FCC Group company. Also, a standard labour practice programme has been implemented to identify university students with a high development potential.

Due to the involvement with the academic world, FCC has taken part in a number of events and employment forums in order to enter into contact with young talented individuals wishing to develop their professional career with us.

Also in 2012 we collaborated in the 4th year of Compulsory Secondary Education + Enterprises, of the Self-governing region of Madrid, whereby during 4 days students were exposed to companies in order to enhance their training and get in touch with the labour world.

In this respect, this same year a Collaboration Agreement was signed between the Self-governing region of Madrid and FCC, whereby these entities are jointly organising and developing a Dual Vocational Training Programme, with the purpose of establishing a two year training plan (2012-2014) allowing students to voluntarily take these courses combining theoretical training in the classroom and practice at the company.

**2.1.1 Promoting internationalisation**

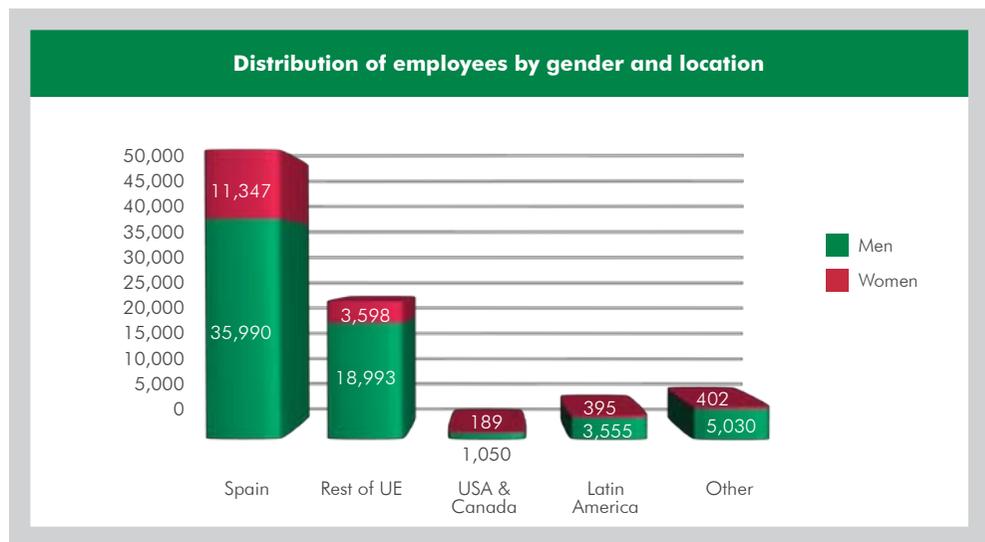
In order to pursue our internationalisation strategy it is necessary to attract professionals to our organisation with the necessary flexibility to live and work anywhere in the world. For this reason, FCC has participated in the International Practice Programme for Civil Engineers at the Polytechnic University of Madrid, in which the company collaborated by receiving graduates for internships at FCC Delegations outside Spain.

Likewise, the Group has implemented an Internal Mobility Project, which allows the Group to maintain organisational flexibility, offering development opportunities to employees and enabling the development of versatile and multi-purpose professional profiles. The Internal Mobility Project published a total of 164 job offers in 2012.

In addition, more than 200 Group employees were transferred to carry out their work outside Spain. It should be noted that local hiring, an objective of the aforementioned

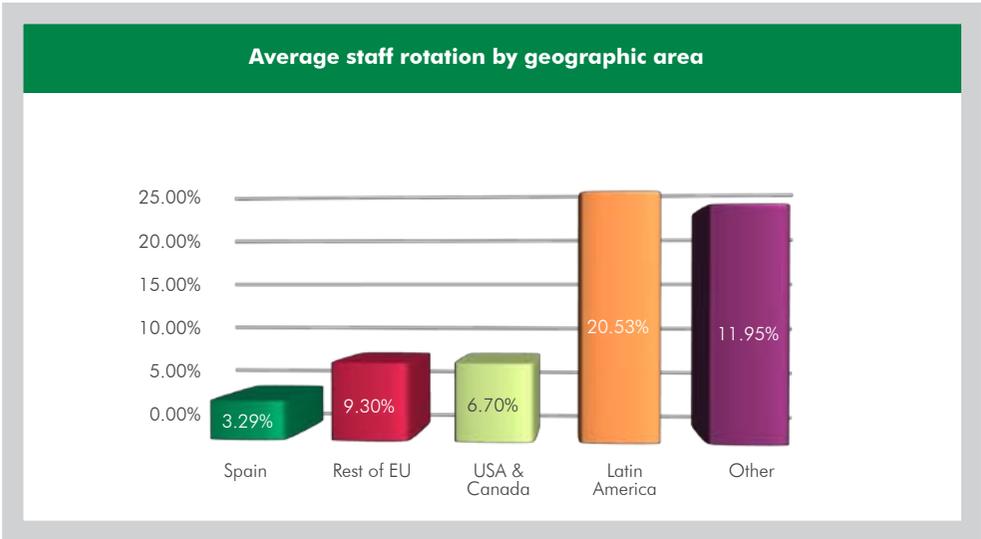
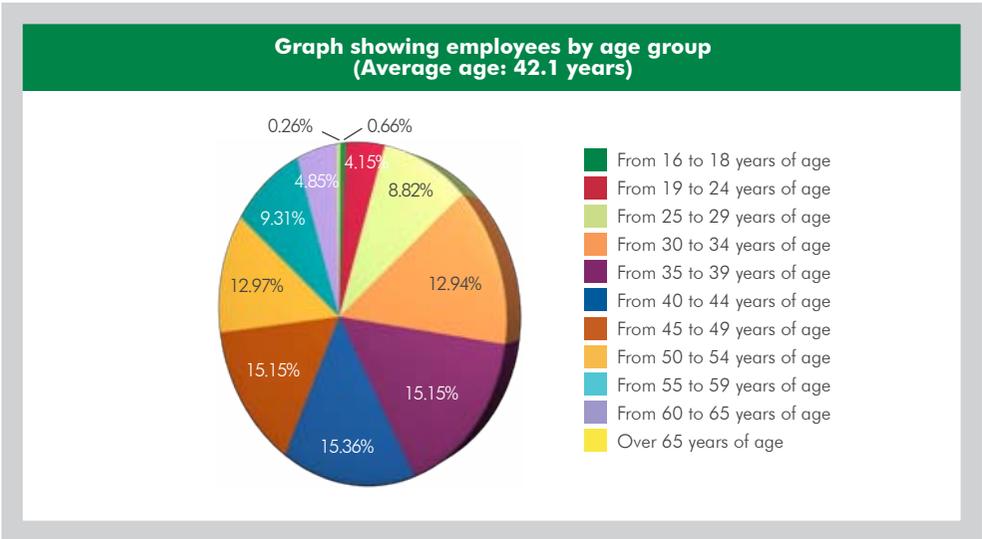
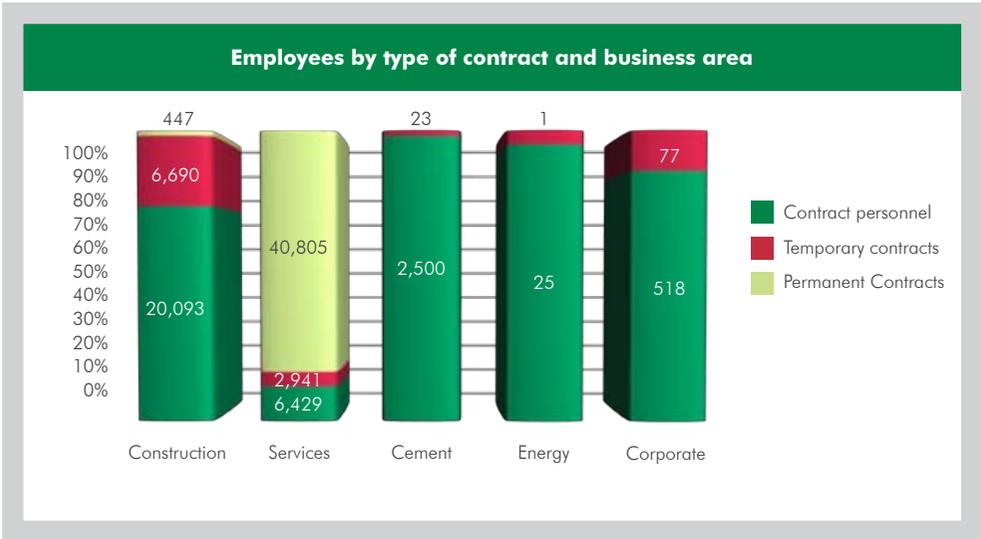
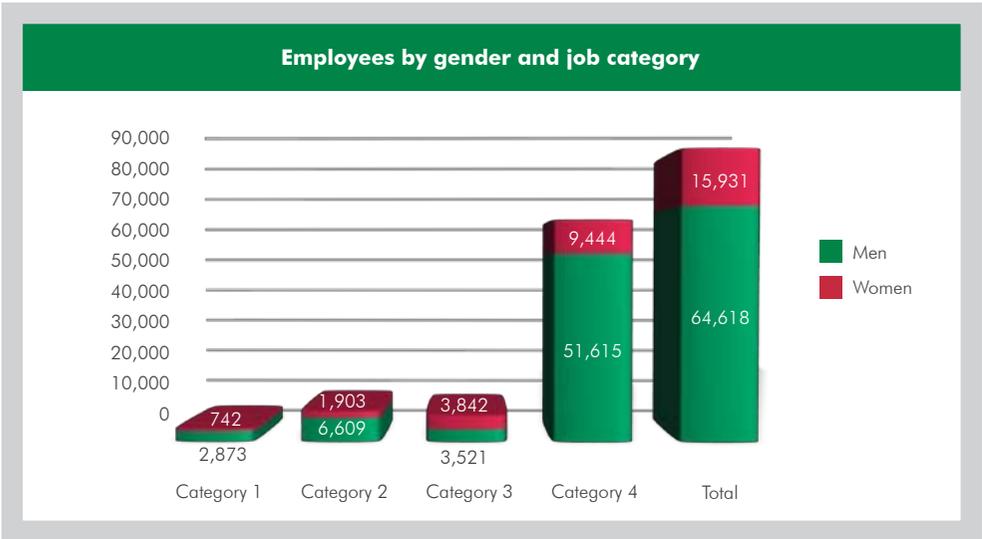
Human Resources Strategic Plan, accounted for about 55% of hires recorded in 2012.

In order to support the internationalisation process, the company continues to encourage language training, conditional upon the progress evidenced by students and new specific training actions have been incorporated to the Training Plan. Lastly, a course has been designed to support internationalisation for our employees prior to their transfer abroad that provides them with international legal, financial and multicultural management knowledge.



\*Data at 31 December 2012

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Training hours by areas of activity (job category and gender)											
Organisation	MEN					WOMEN					TOTAL
	Category I	Category II	Category III	Category IV	Total	Category I	Category II	Category III	Category IV	Total	
CENTRAL SERVICES	4,167	1,704	26	0	5,897	2,854	1,325	1,021	4	5,204	11,101
ENVIRONMENT	4,974	99,968	1,288	123,019	229,249	1,170	8,030	1,270	9,737	20,207	249,456
AMBITO INDUSTRIAL WASTE	1,022	1,819	3,043	2,734	8,618	1,312	1,573	1,770	46	4,701	13,319
AQUALIA WATER MANAGEMENT	2,863	22,902	23,746	25,537	75,048	159	11,652	8,387	8,942	29,140	104,188
FCC VERSIA	2,048	4,099	742	2,693	9,582	762	1,809	1,625	239	4,435	14,017
CONSTRUCTION	2,456	240,562	9,893	2,068	254,979	161	63,482	796	137	64,576	319,555
TRANSPORT	999	1,014	0	749	2,762	347	860	306	116	1,629	4,391
INTERNATIONAL ENVIRONMENT	3,359	14,606	9,796	153,877	181,638	2,009	7,113	5,057	42,740	56,919	238,557
CEMENT	3,019	6,016	1,184	6,455	16,674	1,142	430	1,957	153	3,682	20,356
ENERGY AND SUSTAINABILITY	28	66	0	0	94	6	48	0	0	54	148
<b>TOTAL</b>	<b>24,935</b>	<b>392,756</b>	<b>49,718</b>	<b>317,132</b>	<b>784,541</b>	<b>9,922</b>	<b>96,322</b>	<b>22,189</b>	<b>62,114</b>	<b>190,549</b>	<b>975,088</b>

\*Key: Category 1: Executives and managers, department heads and site managers  
 Category 2: University graduates, section heads, heads of department, heads of workshops and qualified personnel

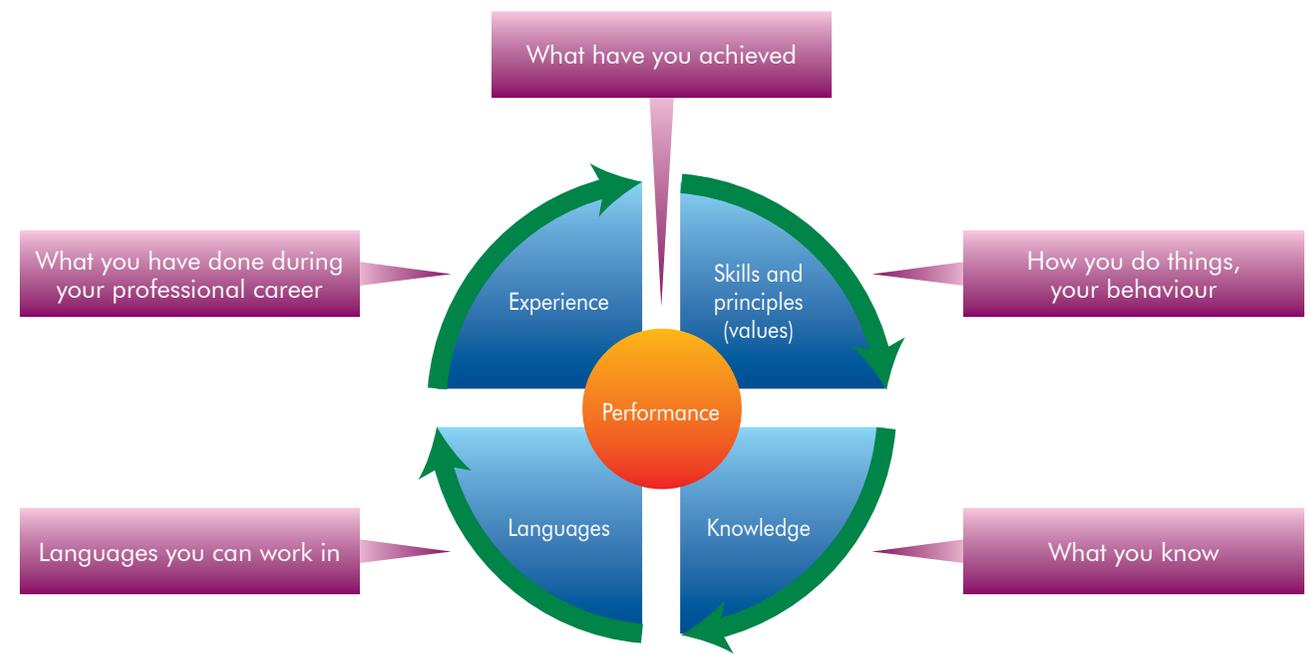
Category 3: Technical and administrative assistants and middle management  
 Category 4: Workers and junior staff

### 2.2 On-going commitment to the development of human capital

The career development of the people working for FCC is one of the keys to the good functioning of the company. It depends on the performance of each employee in their job, of their skills and the required profiles.

At FCC we define the skills required to perform each job in an optimal manner as a body of knowledge ('what you know'), skills and principles ('how you do things, your behaviour'), languages ('languages you can work in'), and professional experience ('what you have done during your professional career').

To align the achievement of company objectives and people development, all the employees need to know what is expected of them. Their contribution to the success in achieving objectives is performance: "results are achieved on the job."



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In 2012, FCC Group has continued fine-tuning its skills model at a domestic and international level, from managerial positions to contracting responsibility positions. Currently the company is working on the review of the requirement profiles of the rest of the standard positions in the organisation.

Also, FCC Group has developed a common approach to evaluate the performance at a domestic and international level. It is an annual process for setting objectives, monitoring and evaluation that enables the deployment of the FCC strategy, so that employees are better able to align their efforts to contribute to the Company's needs and for their own development.

The performance evaluation seeks the following objectives:

1. Aligning the objectives of each employee with those of the Company.
2. Increasing communication between managers and employees.
3. Evaluating the degree of contribution of each employee.
4. Enhancing individual and team performance by means of development actions.

In relation to organisational models, 2011 saw the development of the Job Evaluation Project, which consists of analysing what each job contributes to the organisation and of classifying positions by organisational content. The objective is to have a tool to help manage the design of the organisational structure, the classification system and the remuneration policy. The second stage of the project began in 2011, addressing the next levels of the organisation and the management positions in the international area. During 2012, the project focused on presenting the job evaluation process carried out in 2011 to the Business Areas and Corporate Functions, in order to contrast, perfect and agree to the desired results in individual or group sessions with Senior Managers in the Organisation, in order to furnish the exercise with the necessary security and validity to be able to apply it to the different fields of Human Resources policies. The exercise was successfully completed in the first half of 2012, with over 25 meetings held. In the latter half of 2012 a new stage of the project design was started, consisting of grouping together the job positions evaluated in the previous stage into functional families and standard jobs.

In relation to remuneration and benefits policies, in 2012 the group of employees entitled to access the flexible remuneration system was extended, going from 1841 employees in 2011 to 5459 in 2012. This system allows employees to allocate part of their remuneration to certain benefits instead of receiving everything in cash.

At the end of 2012 a project was started for the design, development and implementation of a reporting system for Human Resources management running on the SAP-HCM application, which is able to supply effective, reliable and timely information to the Corporate Area. Among the benefits that may be derived from the implementation of a system with these characteristics are those related to the strategic objectives of the FCC Remunerations and Benefits Corporate Policy.

In the field of training, work has continued in order to manage more efficiently the training resources that are available.

**In 2012 FCC Group provided a total of 975,087 hours of training (5% more than in 2011) to 161,083 participants (41% more than in 2011), with a total investment of €13,822,080 (22% less than the previous year).**

The major objective of training at FCC is to obtain better performance and efficacy from personnel in the fulfilment of their functions and in the operation of the Company. And secondly, to achieve the career development objectives of our personnel (improving their employability).

A global company needs a global training model, able to preserve and disseminate the know-how, culture and values of the company and to adapt to the needs of the business. This is why FCC is committed to internal training in matters where we are specialists and which we develop professionally with a high degree of quality and efficiency. For other fields of knowledge the company collaborates with renowned universities and business schools. We also incorporate the latest technology to training in order to share knowledge and experience in a better, more agile way, optimising costs and contributing to the creation of a more efficient organisation.

FCC organises training in the style of a Corporate University based on the businesses and our Strategic Plan, with different schools.

- Management Schools are aimed at increasing the knowledge and skills of executives and future executives; this is managed in a standardised fashion throughout the different business and corporate areas.
- Corporate Schools are aimed at training on the culture and values of FCC and non-specific technical training (finance, legal matters, project management, corporate

management tools, etc.), managerial skills, languages and IT. In short, cross-cutting training valid for the different business and corporate areas.

- And lastly, the Schools of Knowledge, which disseminate our know-how linked to the various activities within FCC.

In order to achieve these objectives, and as a complement to the training plans of each business area, training that should be common to and cross-cutting all the areas, has been included in a Corporate Training Plan:

During 2012, the Cross-cutting Training Plan and Implementation model was developed further.

- Within the School of Management, over 200 executives received training at the IESE business school, over 100 executives participated in the School of Industrial Organisation's (EOI) Executive MBA Modules, and a development environment was set up for all of the FCC Group senior managers.
- In the Corporate Processes School, training was provided in the fields of Finance, Legal, Management Control, Risk Management, Purchasing, Human Resources, Technology Resources Use Code, Secretarial skills, etc., a great part of which is especially focused on supporting FCC's internationalisation process.
- Finally, in the Language School, specific language training programmes have been encouraged for nearly 800 people. These programmes require the student to make the most of and progress in the training as a necessary condition to be able to continue in the programme.
- In the IT School nearly 300 people have received training in the most frequently used applications on a daily basis with the most advanced online training systems.

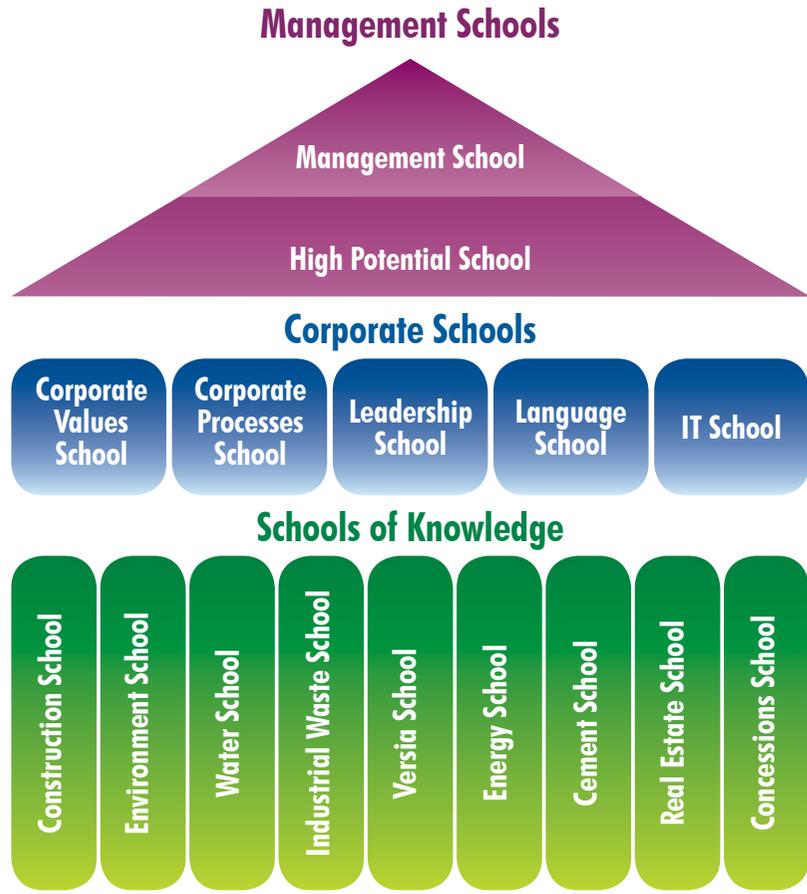
Last of all, the Schools of Knowledge have started a review of the Training Plans and training itineraries for contract managers according to the knowledge maps defined in 2011.

**2.3 Key success factors in managing FCC people**

Diversity, equal opportunities, non-discrimination and the eradication of all forms of harassment are principles and rules of conduct that are part of FCC Group's set of ethical values.

**2.3.1 The diversity of the FCC team**

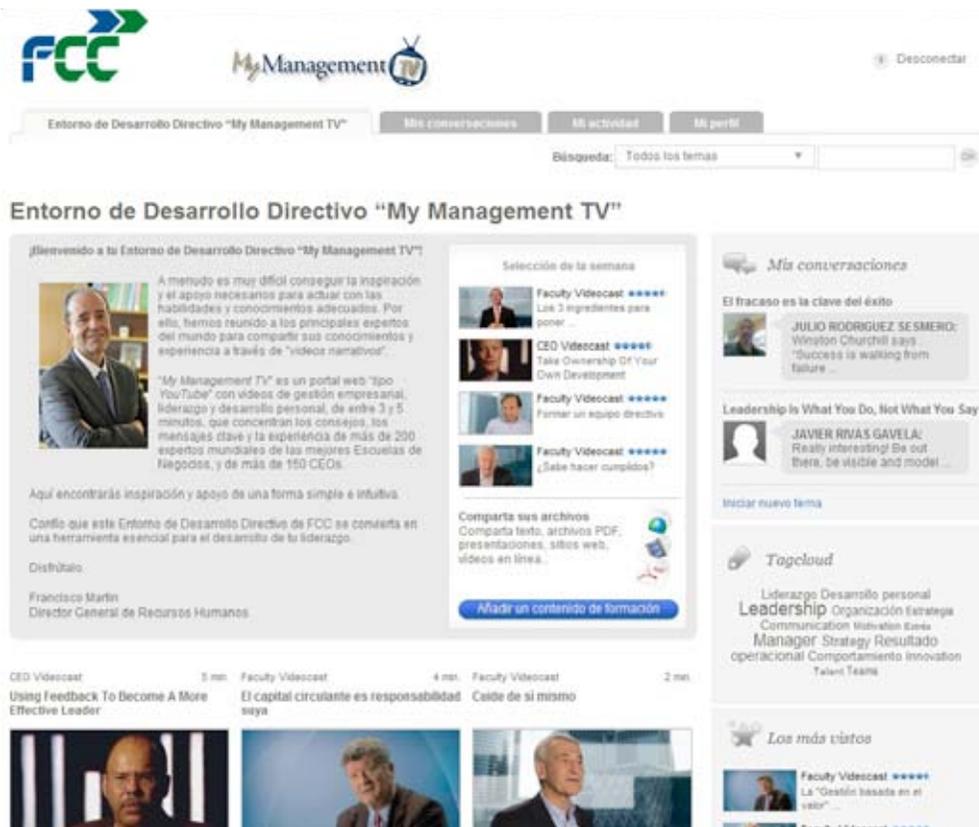
FCC Group believes that diversity is a factor that enriches the company and generates synergies that enhance know-how and that, therefore, can create competitive advantages.



The commitment to diversity is embodied, among other things, in the generation of employment among groups at risk of social exclusion.

In addition, and along with the Code of Ethics, FCC Group has other corporate tools to shape the company's commitment to a corporate culture that enhances respect among employees and equal opportunities for women and men. These are mainly the Equality Policy and the Protocol for the Prevention of Sexual and Workplace Harassment.

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FCC has among its staff 963 employees with some degree of disability and it has an agreement in place with the ONCE's Inserta Foundation (Spanish National Organisation for the Blind), which will enable the incorporation of 150 disabled persons between the years 2011 and 2013.

Also, the company has entered into agreements with other entities such as the Spanish Red Cross, Integra Foundation and Exit Foundation, as a result of which the Group will incorporate people at risk of social exclusion to its personnel, including young people and women who have suffered gender-based violence. In 2012 the Group hired 54 people from these groups.

2.3.2 Equal opportunities

Equality is part of FCC Group's corporate culture and is strengthened by the development of initiatives tailored to each line of business. In this regard, the company has continued to develop equality plans already agreed to in previous years with the main trade unions, implementing specific actions in areas such as access to employment, career development, education and work/personal life reconciliation, among others.

In 2012 two new equality plans were negotiated for the companies FCC Logística and FCC Servicios Industriales y Energéticos.

The equality plans promote, as well as other things, the application of reconciliation measures that allow their employees to balance their work and personal life. The most important reconciliation measures applied at FCC are:

1. Flexible start and finish times. There are 45 minutes of leeway for arriving at and leaving the workplace.
2. Flexible remuneration.
3. Intensive (straight shift) workday during three months.
4. Intensive workday on Fridays.
5. Company canteen.

- 6. Advantageous conditions for the purchase of products.
- 7. Free choice of holiday periods.
- 8. Medical insurance.
- 9. Life insurance.
- 10. Accident insurance.
- 11. Company parking area.

- 12. Advantageous financial conditions.
- 13. Medical check-up.
- 14. Maternity/paternity leave and the breastfeeding period can be accumulated and enjoyed with the vacation period.
- 15. Large percentage of personnel with permanent contracts.
- 16. Professional support for children with disabilities.

FCC Group's Equality and Diversity Policy

In 2012, FCC approved its Equality and Diversity Policy. Managing diversity is a central feature of all Group business activities.

The following have been proposed as objectives at the executive level:

- Maintenance and implementation of the protocol to prevent workplace, sexual or gender-based harassment. The procedure to be followed in such cases is published on the intranet as well as on the internal communication channel [comitederespuesta@fcc.es](mailto:comitederespuesta@fcc.es), ensuring direct and immediate attention from company management on any issues relating to this matter;
- Implementation of the already-created and operating Equality and Diversity Management Team (EGID), with the collaboration of one person per company with an equality plan and responsibilities are assigned to each of them (gender violence, work/personal life reconciliation, etc.). Each has been given formal training on equality;
- Implementation of collaborative spaces on the intranet for EGID members and spaces for disseminating equality in an open fashion to the entire organisation;
- Development of committees to monitor the equality plans, taking part in their regular meetings aimed at supervising and revising the plans and preparing the annual reports;
- Fulfilment of the cooperation agreements on combating gender violence entered into with various private foundations and public agencies, to include women who are victims of this scourge, and the promotion and dissemination of awareness campaigns;
- Renewal of equality plans that expire in 2012: FCC, S.A. and FCC Construcción, S.A., and the negotiation of new equality plans for FCC Sistemas Industriales y Energéticos, S.A. and for FCC Ámbito, S.A.;
- Internationalisation of online training on equality, prevention of harassment and establishing equality plans and programmes appropriate to the legal and cultural environment of each country;
- Provision of onsite training for people without intranet access;
- Development of training activities and preparing pre-management women aimed at facilitating their access to managerial posts;
- Increase in activities related to personal/family/work life reconciliation.

FCC Group is committed to creating a culture of inclusion that seeks out, respects and values differences; it is aware that a workforce built on diversity helps to achieve business objectives and to develop innovative working methods that increase efficiency and improve the quality of services. Based on this principle, FCC implements work practices in order to ensure that no employee or

potential candidate is treated discriminatorily for any reason beyond his or her skills, knowledge and professional performance. In addition, internal mechanisms have been set up that ensure that any claims in this matter are thoroughly investigated and result in the adoption of measures in line with the findings of the investigation.

FCC Group also has a training module that encourages employees to reflect on the equal opportunities and to understand the importance of managing this properly.



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In 2012 the FCC Management Committee approved the Group Equality and Diversity Policy prepared by the Human Resources Department the previous year.

In order to manage equality and diversity across all its business activities, the company has created and implemented the Equality and Diversity Management Team (EGID), composed of those responsible for the development of the equality plan in each of the Group's businesses and areas of activity, together with the Corporate Department of Labour Relations, which promotes and coordinates the policies on equality and diversity. Its main function will be to generate synergies between the different areas so that the actions undertaken can be extended to all business areas.

At the beginning of the year a survey on diversity was carried out among the human resources managers across the Group with the purpose, based on the results gathered, of enabling a better guidance in terms of managing diversity and adding a participative dimension. The results were communicated to everyone taking part in the survey.

Also, various equality and diversity modules have been included in the FCC cross-cutting training plan with the objective of implementing common feeling, culture and values related to these matters across the organisation.

Throughout 2012, in person training actions on equality and prevention of harassment were carried out for people without access to online training from their job location. The objective is to provide them with information on the current context and on the rationale behind equal opportunities in our companies, so that they know what an equality plan is and to raise awareness on the importance of managing equality. At the end of each of these training initiatives each participant is given a training triptych.

On 8 March a dissemination campaign was launched in connection with International Women's Day on the Group's internal communication channels. A video was also published featuring women workers in FCC with a variety of profiles and belonging to different business areas both in Spain and in other countries.

In the area of equality, FCC's adherence to the "Principles for the Empowerment of Women" in the United Nations Global Compact is also worthy of mention, which aims to strengthen the participation of women in all areas of economic life.

In June 2012, the FCC Human Resources Corporate Department signed an agreement with the Ministry of Health, Social Services and Equality which renews the Collaboration Agreement signed previously, making a commitment as a Company to favour a society free of gender-based violence and to promote the following principles:

- Raise awareness within society on equality between men and women and the respect for fundamental rights.
- Advancing in the construction of a society free from gender-based violence.
- Promoting the insertion of women who have suffered gender-based violence.
- Extending and communicating this commitment to its employees.
- Extending and communicating this commitment to supplier companies and customers.
- Extending and communicating this commitment to a society free from gender-based violence to employer associations, trade unions and all related parties.
- Showing the activities carried out to achieve a society free from gender-based violence against women in its business project.

Awareness-raising initiatives were developed in 2012 in relation to gender-based violence, aimed at all of FCC personnel in Spain and in the international areas.

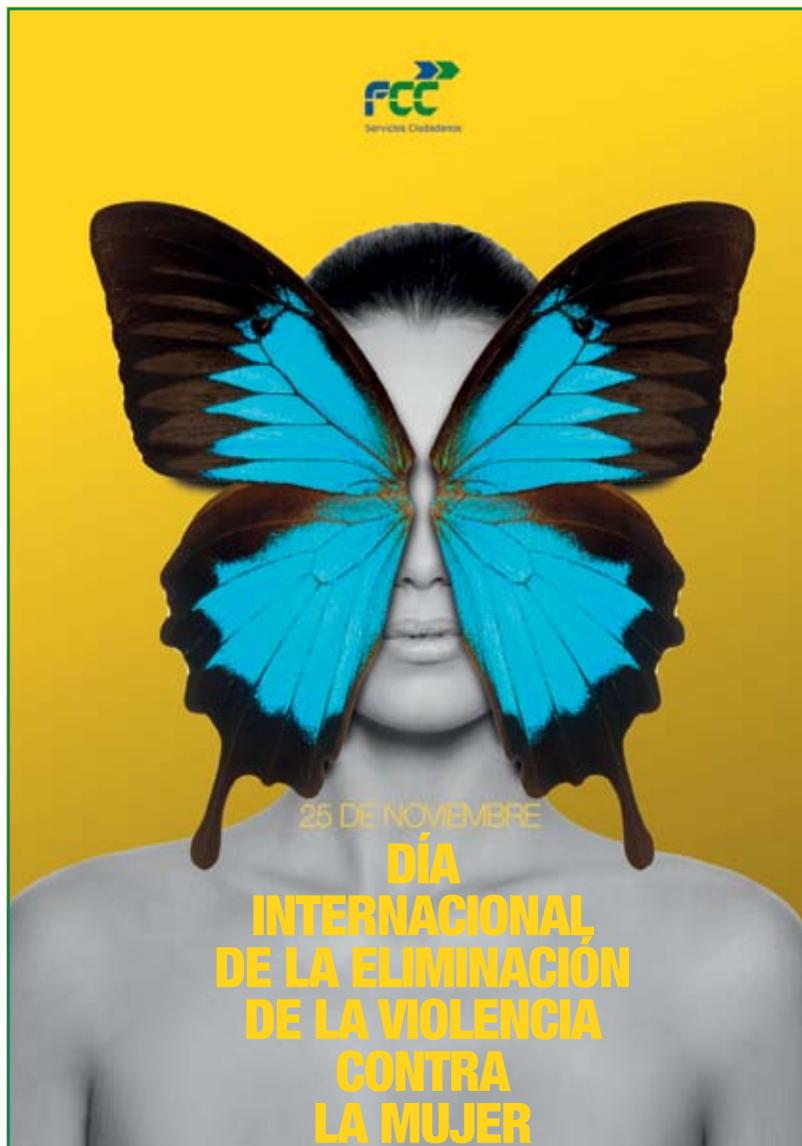
An extensive article on this topic was published in the Internal Communication magazine, including guidance on how to act in the event one detects these situations as well as a number of interviews with people who have suffered this form of violence and with members of the Human Resources Department entrusted with handling these situations.

In January 2012, a campaign was launched on the corporate intranet. It was the second All against gender-based violence campaign promoted by the Ministry of Health, Social Services and Equality with the message "Don't skip the signals. Choose life." In addition to this, posters were put up in all the work centres to increase the dissemination of the message, and the various legal representatives of workers and trade union sections were informed, as well as the members of the equality plan monitoring committees.

This campaign was re-launched in the summer with the message "Don't allow it. We are all against gender-based violence."

On 25 November, the International Day for the Elimination of Violence against Women was held, FCC launched a new international campaign to reinforce its commitment with

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public administration bodies and social interlocutors, as a reminder of the task that must be carried forth out both in terms of awareness-raising and management.

Also, on the International Day of Persons with Disabilities a campaign was published to remind all employees that FCC, day after day, maintains and reinforces its commitment with this group of people by promoting actions and projects to foster equality via employment. Coinciding with this commemoration, the Madrid Delegation of the Environmental Area organised its First Awareness-raising day together with the Territorial Delegation of FSC Inserta Madrid.

The FCC Human Resources Department was distinguished in 2012 by Integra Foundation with a special Mention for its support, commitment and sensitivity towards job candidates from groups at risk of social exclusion.

In 2012, FCC was awarded the 'Equality in the Workplace' seal of distinction by the Ministry of Health, Social Services and Equality. This award recognises companies that stand out due to their design and development of policies for equal opportunities between men and women, thus joining the FCC subsidiary Aqualia who won the first edition of this award last year.

This award recognises the effort and involvement promoted and coordinated by the Human Resources Area to apply and develop policies fostering equal treatment for men and women in terms of work conditions, in organisation models and in other fields such as company services, products and advertising.

Likewise, initiatives are recognised that are performed in terms of reconciliation of family, personal and professional life, setting general objectives and articulating flexible measures allowing them to adapt to the various needs and situations that may arise in the company.

FCC has introduced a development programme for pre-managerial women with the objective of contributing to their possible access to management positions in FCC. This training enables them to acquire and develop managerial skills and capacities with a practical application and it enriches their personal and career development.

As in previous years we have participated as Exhibitors at the Sixth Employment for the Disabled Fair in the Self-governing Region of Madrid, which has the objective of facilitating

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looking for jobs and the integration of this group in the business world. Held on 15 and 16 November, we had a stand in order to personally gather their requests and job applications.

**Understanding diversity and equality as key aspects in the management of FCC Group personnel makes our team our greatest asset**

**2.3.3 Dialogue with employees**

Active dialogue with employees is vital to understanding their concerns, expectations and concerns. For this reason, participation and dialogue are commitments and hallmarks of the company when it comes to managing people. FCC Group actively promotes internal communication among its employees and between the employees and the company. The various internal communication initiatives are part of the strategy to unite workers around a common project, to value the organisation's culture and to embody the company's transparency in providing information and company management.

In 2012 a labour climate survey was carried out with a Great Place to Work, a company specialising in the analysis of the climate within companies. The survey was addressed to all of the people in FCC who work in the Human Resources Department both at a domestic and international level.

FCC Group is responsible for Internal Communication. Its main objective is to promote the activities related to communication and specific internal services that are, in turn, deployed in the Human Resource Department's First Communication Plan. This plan sets out the strategies and guidelines that enable the initiation and dissemination of goals, objectives and projects and the development of a network for communication and dissemination of messages to all the people within the Group.

One of the major communication activities implemented at international level was FCC's Third Global HR Meeting in November 2012, which was attended by the heads of HR operations of all the Group's companies and businesses. Its aim was to share knowledge and experiences in order to move forward with the policies and projects in line with the global company strategy with the intention of increasing our efficiency, competitiveness and addressing the important challenge of internationalisation.

In addition to disseminating awareness-raising campaigns and collaborating and participating in the various social and professional causes and commitments undertaken by the Group through its Human Resources Department, the role of Internal Communication is to promote the efficient provision of information of interest to workers, with special emphasis on information and messages, policies and strategies directly related to management of the company and its employees' work environment.

Similarly, FCC Group's strategy actively promotes collective bargaining and participation in conferences and activities carried out by labour union organisations and federations. FCC Group maintains dialogue channels with union representatives and all organisational changes are consulted in advance with the employees' legal representative bodies as well as with the unions present in these bodies in a process of constructive dialogue. In Spain, the entire FCC workforce is covered by collective bargaining agreements, either by industry or by company. This method of providing a basic regulation of working conditions



is predominant across the entire organisation in the different countries, notwithstanding other methods of regulation.

In addition, the company adheres to the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises, which makes express reference to the freedoms of association and collective bargaining, which are among the guiding principles of its policy. Moreover, in order to prevent retaliation at the local level due to the exercise of activities related to trade unions, representation, demands or collective bargaining, managers in the labour relations area are given instructions to provide advance notification to company management of any disciplinary action aimed at anyone in any of the aforementioned situations, so that it can be studied and, where appropriate, to authorise the implementation of punitive actions.

Along these lines, given that some of the countries where the company operates have not ratified the ILO Conventions on collective bargaining and the freedom to belong to a trade union, we negotiated an international framework agreement with the Building and Woodworkers' International Federation (BWINT), reached before the end of the year and signed the following year on 21st February 2012. This framework agreement expressly sets out these rights and a mechanism to protect against the abuse of either rights, a formula for the publication and dissemination of the agreement at the local level and a joint body to study and resolve conflicts. **This is the first international framework agreement signed by a Spanish company operating in the construction industry.**

The Human Resources Department is preparing the Group's Human rights Policy, which sets out the principles that must guide our company to guarantee respect for human rights and compliance with international laws.

On the World Day against Child Labour, FCC published a worldwide dissemination and awareness-raising campaign on its website to protect the rights of children against any form of unlawful labour entailing danger for their childhood or hindering their education, as well as against any other violation of human rights. The campaign included an explanatory presentation, together with major guides from international organisations such as ILO, UNICEF and Global Compact, for the eradication of this scourge.

With these actions, FCC wishes to promote its social dialogue and labour relations policies, comply with the commitments acquired under the Universal Declaration of Human Rights,



the Declaration of Children's Rights, and various ILO agreements, as well as keeping a responsible attitude towards the communities in which we become integrated and to which we render services.

Finally, it should be noted that employees are notified in advance of all changes related to the organisation, operations and local or foreign transfers. However, there is a prior consultation process when these changes may involve a change in the ordinary working arrangements of employees. Relevant information is provided to workers' representatives

and/or trade unions present in the area affected prior to the adoption of a final decision, and a negotiation process is initiated in order to exchange the perspectives and aims of the different parties.

## 2.4 Health, safety and occupational welfare at FCC

The company's commitment and concern for guaranteeing safe and healthy work environments and to permanently improve their design and conception is shown in the FCC risk prevention corporate policy approved in 2011 by the Board of Directors and disseminated throughout the organisation, being present at all workplaces in Spain and abroad.

The risk prevention corporate policy contains the guidelines for the management of health and safety, as well as the priority of preserving, caring for and improving employees' health. As a reference criterion for organising resources and the global management of the main activities and legal requirements related to this issue, the Human Resources Department approved and updates the **Corporate Occupational Health and Safety Manual**.

The different occupational risk prevention management systems and the particular health and safety procedures are developed and implemented within the scope of what is provided in the Corporate Manual. Besides this and as an added guarantee, these systems are certified according to the OHSAS 18001 Standard for the business activities in Spain and in many of the activities developed internationally. In this respect, 70% of the FCC workers are covered by certified health and safety systems.

As an essential item within the continuous improvement of worker health and safety management, management objectives are established both at a corporate level and for each business area, and they are monitored from senior management to production levels.

At the end of 2012 the development of a project began which consolidates, organises and extends the initiatives that consider the company as a healthy company. This project, which will be developed throughout 2013, is supported by three fundamental pillars: promotion of sports activities, promotion of health care and health, last of all, the promotion of healthy eating habits.

### 2.4.1 Global management of occupational health and safety

During 2012 the initiatives to improve the global management of health and safety at FCC continue to be supported by the definition and development of lines of action defined by the

Prevention Committee, made up of the Corporate Health and Safety Department, and the Prevention Departments at the different business areas. The main activities developed this year within the global initiatives to consolidate the culture of prevention were the following:

- Organisation of the Second Edition of the Security and Health Awards.
- Management and handing out of the "Prevenland" awards (Educate your world), aimed at children, grandchildren, nieces and nephews for the dissemination of good habits in the field of the environment and prevention.
- FCC Bulletin: disseminating information about healthy lifestyle habits and well-being for workers along with safe work habits in the Group.
- Development of the international occupational risk prevention campaign, "At my workplace prevention is worth the effort. It surely is."

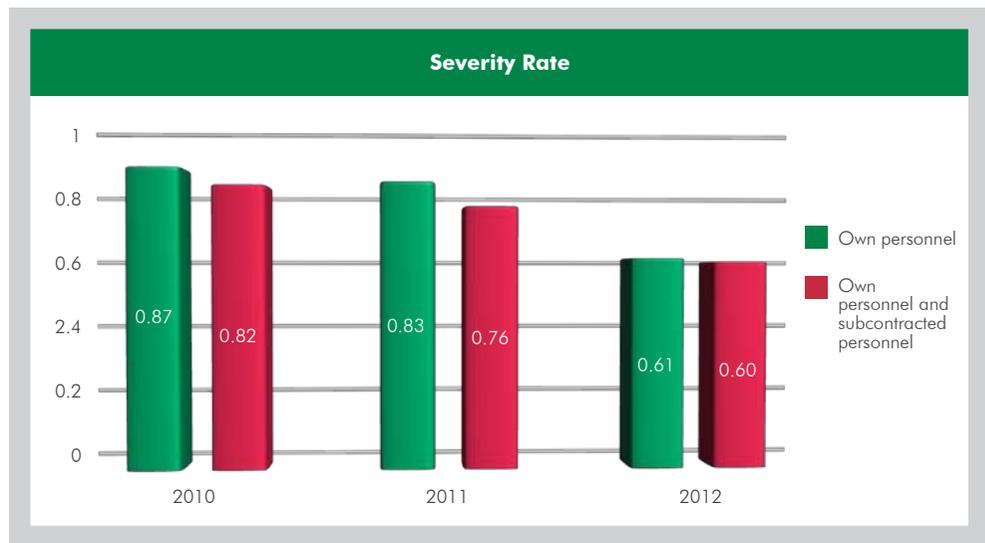
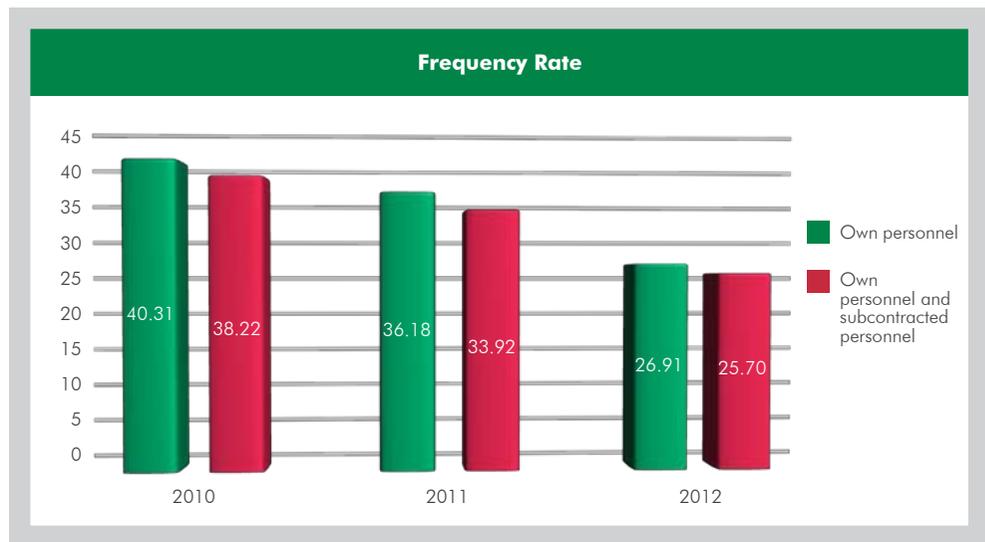


- Training for Occupational Risk Prevention technical personnel (Spain):
  - Road safety management (20 hours).
  - Auditing Course on Risk Prevention Management Systems (20 hours).
  - Information through the Monthly Bulletin on the latest developments, studies, reports, standards and trends in the field of health and safety, etc.
- Consolidation of the Prevention Committee. Development of inter-area corporate meetings to address prevention management. Specific working groups.
- Start-up of the project to obtain a risk prevention management tool (reporting system)
- Design and integration, within the new human resources reporting system, of tools for the statistical processing of occupational accidents

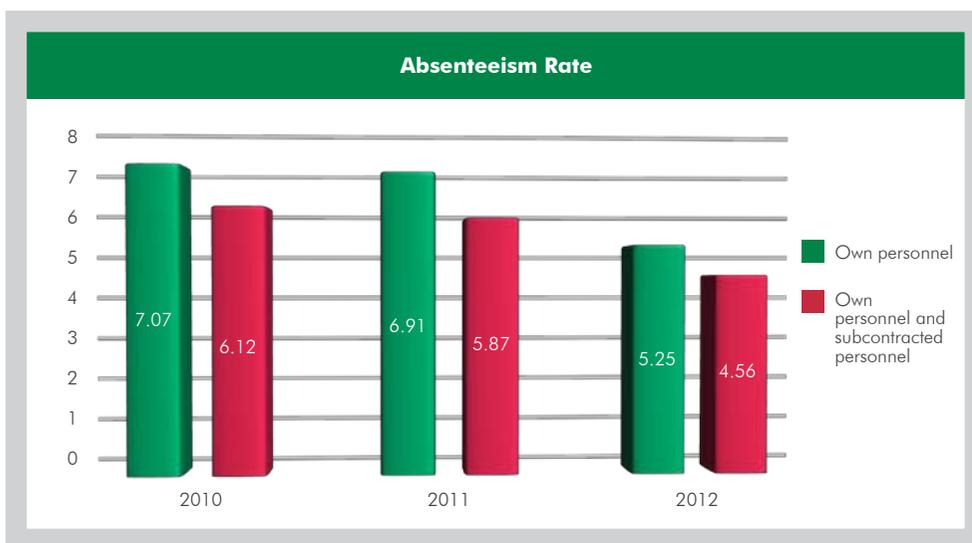
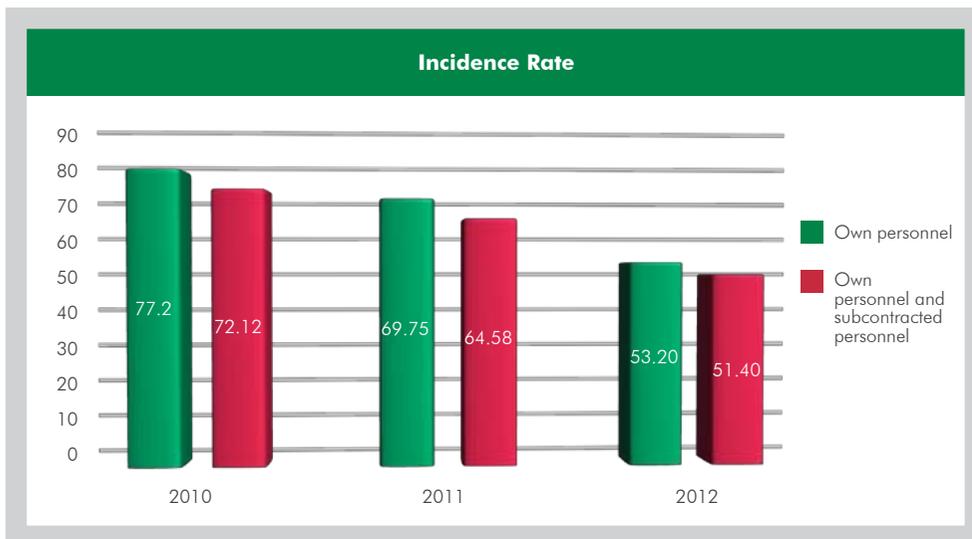
Another important element in global management is the response to possible accidents and incidents. In this regard, procedures have been implemented in the different business areas comprising the design and implementation of specific measures according to types of accidents, that are generally based on:

- The review of work procedures.
- Training activities.
- Direct information for the workers concerned (indications and recommendations: use of PPE (personal protective equipment), handling machinery, specific aspects of the work procedure, etc.).

As far as accidents are concerned, the decrease in numbers compared to previous years has continued and in 2012 the Frequency Rate dropped by 26% and the Severity Rate by 27% compared to 2011 at a domestic and international level. It should be noted that several management units reached the 'Zero Accidents' target during several months last year.



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2.4.2. Road safety at FCC

Road safety has been one of the main concerns in the field of risk prevention at FCC since the development and presentation in 2010 of the Road Safety Strategy Plan for 2010-2015. Throughout 2012 the actions developed within the defined strategy were the following:

- Signing of the FESVIAL (Spanish Road Safety Foundation) agreement: meetings, action plan, training technical personnel and training on efficient driving, participation at seminars (Toledo), "Did you know ...?" messages on the road safety portal; included as members of FESVIAL.
- Road safety was integrated in the FCC General Training Programme on the Prevention of Occupational Risks, in order to include these training activities within the corporate and business areas plans.
- Training on managing road safety for 148 Occupational Risk Prevention technical personnel in Spain, with 20 hours of in person training.
- Efficient and safe driving courses: for the headquarters, business areas and some delegations or zones, at a circuit (organised by RACC).
- Campaigns and participation: summer campaign, on long weekends, in itinere, mobility week, in a variety of media: in the magazine, internet portal, intranet (articles, banners, mailings).
- Participation as speakers at external Dissemination Seminars focusing on good practices (collaboration with FESVIAL in Toledo and Madrid).
- Activities: radio programme (Gestiona Radio-Educación Vial), Road Safety Park in Alcobendas .
- Participation and dissemination of the strategy at area meetings and internal visits:
  - Annual meeting of Occupational Risk Prevention technical personnel from the Environmental Area.
  - Visit to FCC Construcción Panama, Mexico, Canada, UK (Environment etc.).
- Presentation of the Strategic Plan to the Spanish Traffic Administration (DGT).
- Actions within the scope of collaboration with external entities:
  - DGT: seminars, use of campaigns, contests, etc.
  - Fremap: participation in dissemination seminars.
  - European Road Safety Charter: online repair garages; promotions, news and contests on the Road Safety portal.
- Alignment with the Corporate Responsibility Master Plan: exemplary behaviour based on 'Improving Public Attention on Risk'.

- News and information published on the intranet, bulletin and portal:
  - Use of the recording tachometer.
  - Efficient driving.
  - Safety components in vehicles.
  - Tips for driving in winter.
- Various: handling of traffic fines.

**2.4.3. Collaboration and commitment with occupational welfare**

FCC is an active agent in promoting and disseminating the culture of health and safety and good practices. This is why it shares its knowledge in this field in various forums, organisations and associations dedicated to promoting good management practices.

- Active participation in campaigns, sessions, forums and dissemination work as members of AESPLA (Spanish Association of Occupational Risk Prevention Services)
- Participation in the Committee for the Prevention of Occupational Risks and Social Security of the Spanish Employers' Association (CEOE).
- Collaboration with the National Construction Confederation, with the Association of Construction Enterprises in Madrid and with the Regional Occupational Health and Safety Institute
- FCC Construcción collaborates with the European Construction Federation, where it represents the Spanish Federation of Construction Enterprises
- Participation on the Association of Spanish Construction Contractors' (SEOPAN) Committee for the Prevention of Occupational Risks and Social Security and in the Chairmanship of the Safety Commission of the European Construction Federation.
- Other FCC initiatives as a company committed to Occupational Health and Safety (Gestiona Radio, etc.)

With regard to interaction with different stakeholders, the following can be noted:

- The organisation of coordination meetings with contractors and suppliers as the best of its kind to coordinate entrepreneurial activities
- The establishment and development of health and safety committee meetings, and meetings with workers' representatives beyond what is legally required
- Development of information to be given to visitors of different centres
- In relation to official entities, a collaboration agreement has been established via AESPLA with the Self-governing Region of Madrid/IRSST (Regional Occupational Health and Safety Institute).

The commitment with workers' wellbeing and health has been developed based on the following actions:

- Influenza vaccination campaigns by the Medical Service.
- Prevention and treatment of addictions. Information and monitoring of medical check-ups by the medical service.
- Information and advice on healthy habits given by the medical service during medical check-ups.
- Dissemination via FCC's Communication Network internal magazine, in the 'Wellbeing' Section, of campaigns such as 'Healthy and balanced food', 'How to protect yourself from the cold'.
- The 'Look after your heart campaign' (in collaboration with the Mutual Insurance Companies).
- Blood donations at corporate facilities.

Another essential element that is part of the commitment to health is the consolidation and extension of human resources and materials. During the year 2012 the Group has:

- FCC Group medical centres (13 basic units)
- Presence of qualified nurses at two corporate centres
- Installation of portable defibrillators and training on how to use them for the people responsible for emergencies.

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### 3. FCC'S ETHICAL PRINCIPLES RELATED TO THE PROCUREMENT AND SUPPLY CHAIN

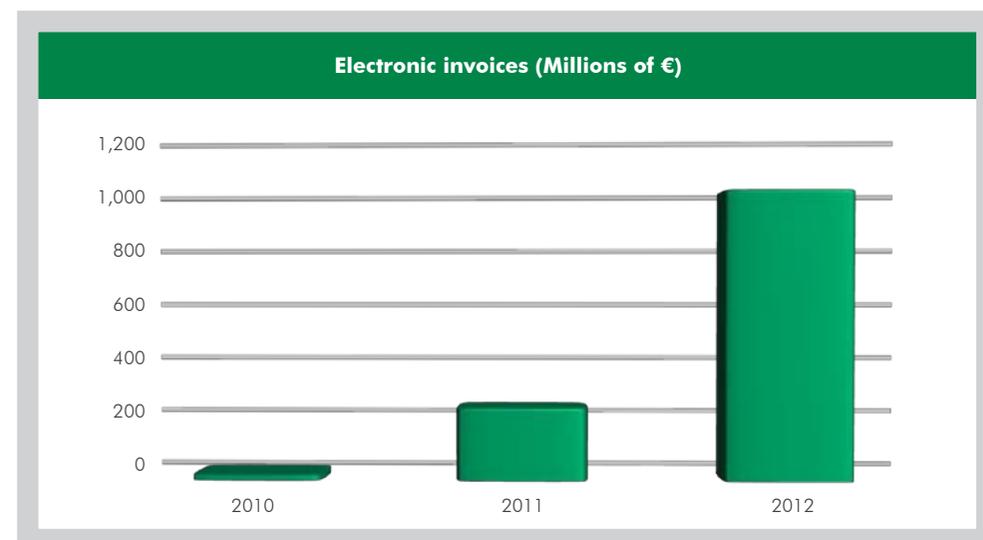
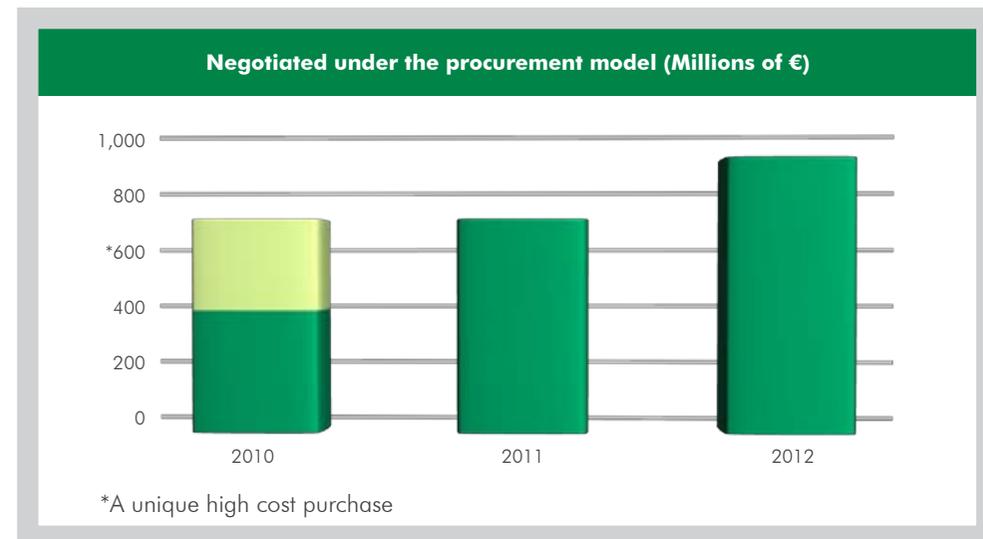
FCC Group's main objective with regard to responsible contracting is to consolidate and extend the principles of integrity and sustainability to the entire FCC value chain as well promoting competition and efficiency within it.

To do so, the Group has a Procurement Management Model for its business units to use. Its purpose is to obtain, under the best possible conditions, the collaboration of the most competitive leading companies in their respective markets as suppliers and subcontractors, while applying responsible principles in the selection process along with an efficient methodology.

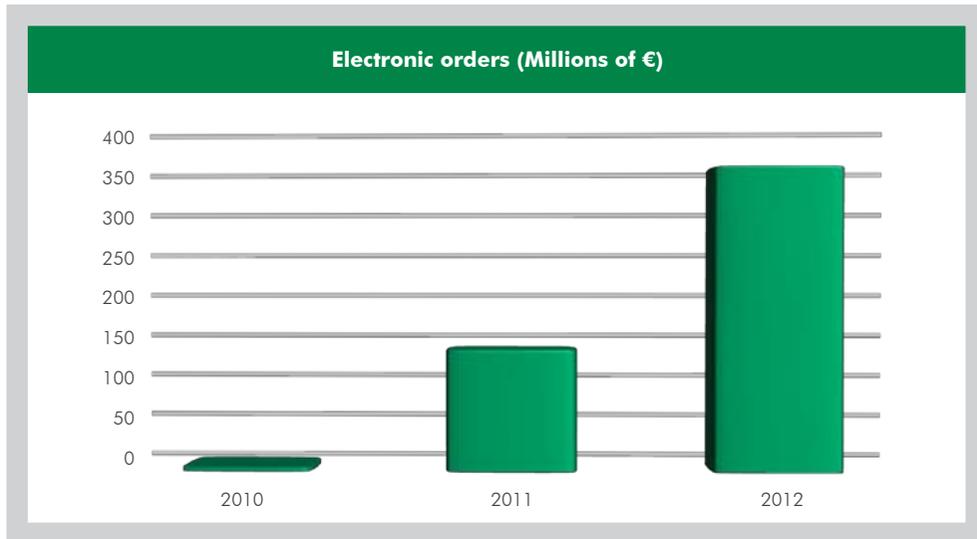
This procurement model for business units is gradually being extended to all Group purchases. In 2012, it was applied in Spain and Central America (Panama, Costa Rica, Guatemala and Nicaragua) for important purchases (those exceeding a financial threshold set for each country and business unit). It is a structural solution for integrity and efficiency in the procurement and supply chain given that, apart from making the most of synergies and stimulating competition among suppliers, it is designed to carry out purchase functions based on responsible principles in line with FCC's ethical precepts. The procurement processes are managed in collaboration with the Procurement Management Department and the business units, and decisions are made jointly, both on rewarding contracts as well as on which suppliers should be invited to participate and the negotiation strategy.

For purchases managed under this model, the entire process is carried out electronically from the request for quotation phase to the final invoicing, which is also in line with FCC's commitment to conserve the environment, as paper is not consumed in these transactions. Furthermore, during 2012, the electronic processing of orders and invoices has been extended beyond purchases managed under the model.

During 2012, 917 million euros were negotiated under the new procurement model with 100% of the tenders for this amount being handled electronically. In addition, purchase orders amounting to 985 million euros were managed on this electronic platform and invoices amounting to 358 million euros were received.



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In 2012, 2,127 suppliers were added to this electronic model. Together with the 1,319 incorporated in two previous years, altogether there were 3,446 suppliers registered as of December 2012. In order to formalise their registration and receive invitations to participate in FCC's calls for tender, all these suppliers have had to specifically confirm that they accept the Ten Principles of the UN Global Compact and that they are familiar with and committed to respecting the Group's Code of Ethics in their relations with FCC. Moreover, when they submit a bid managed under the procurement model, they must confirm both statements.

In addition, in all contracts with suppliers and subcontractors, a similar clause on FCC's Code of Ethics is included that requires all suppliers and subcontractors to know and respect the contents of the Code of Ethics, which is available in all the languages of the countries where FCC operates, as well as another clause referring to the obligation to comply with the 10 Principles of the UN Global Compact. In their contractual relationships with FCC, suppliers and subcontractors agree to accept the ten Global Compact principles promoted by the United Nations, which the Group agreed to in 2007 ([www.pactomundial.org](http://www.pactomundial.org)). Breach of any of these principles may lead to the termination of the contracts.

It should be noted that another criterion for the selection of suppliers is certifications of their quality and environmental management systems. In addition, some lines of business have complementary policies on supplier management that take into account the specificities of the business.

Due to the type of activity carried out by FCC and its commitment to creating value in the communities in which it operates, virtually all purchases are made from local suppliers. In 2012, the percentage of contracts entered into in the country or area where the activity is taking place far exceeded 90%. In this way, FCC also contributes to the economic development of the communities where it operates.

In addition, a Code of Conduct is currently being drafted for personnel in Procurement Management Department that complements the provisions of FCC Group's Code of Ethics. Its objective is a more detailed and specific definition of the principles that should guide their behaviour while performing their duties.

Among the commitments made in FCC's Third Corporate Responsibility Master Plan are the following actions for the 2012-2014 period:

- Dissemination among suppliers of the competitiveness, objectivity and transparency criteria in our contract awarding processes (FCC's Supplier Portal on the FCC website).
- Definition of a Code of Conduct for suppliers in order to reinforce the concept of integrity in our relation with suppliers and subcontractors and, most especially, to ensure their commitment.
- Definition of key sustainability attributes applicable to suppliers.
- Definition of a methodology to assess these attributes in the context of supplier evaluation processes, as well as their consideration in the contract award decisions.

**The objective for 2014 is to assess 100% of suppliers that are critical in terms of sustainability and key in terms of the magnitude of their relations with FCC, in accordance with environmental, social and ethical criteria.**

# INTELLIGENT SERVICES

FCC IS A LEADER IN THE DESIGN OF SUSTAINABLE CITIES OF THE FUTURE.

The concept of "intelligent services" includes the FCC activities that put the Company at the forefront as a Citizen Services company. Its experience within the field of sustainability allows the Group to develop innovative solutions by means of a flexible and efficient management model. Consequently, the Group assumes the challenge that is part of its business activity, to be part of the solution to the problem of greenhouse gas emissions generated by highly concentrated populations in urban areas.

Anticipating trends in the urban communities of the future is possible by identifying and evaluating opportunities. In order to address this challenge, we propose a strategic focus on innovation aimed at mitigating climate change and on capacity-building directed at adapting the company to new scenarios affected by this phenomenon, integrating carbon and efficiency as variables into all its business activities, products and services.

The future of cities poses many challenges, but also huge opportunities for associated businesses. As a citizen services company, FCC Group is trying to respond to these challenges by considering them as opportunities to satisfy the expectations of stakeholders.

Intelligent Services milestones in 2012
<ul style="list-style-type: none"> <li>■ FCC presents the most efficient rubbish collection lorry on the market.</li> <li>■ FCC participated in leading R+D+i forums.</li> <li>■ FCC leads the European Committee CEN/TC 350 "Sustainable Construction" international working group on civil works sustainability.</li> <li>■ FCC repeats its presence on the honour roll of the Dow Jones Sustainability Index.</li> <li>■ FCC awarded the European Environmental Award from the Fundación Entorno.</li> <li>■ FCC received the "2012 Ariba Excellence Award".</li> <li>■ FCC received the Silver Bioenergy Award in recognition of the best innovation from ATEGRUS.</li> <li>■ FCC presents the II Awards for Eco-efficiency.</li> </ul>

Initiatives	2014 objectives
<ul style="list-style-type: none"> <li>■ Anticipating the design of the urban communities of the future – institutional work.</li> <li>■ Leadership in innovation –to fight against climate change.</li> </ul>	<ul style="list-style-type: none"> <li>■ Development of an "Eco-City" reference observatory for intelligent services.</li> <li>■ Development and implementation of the Group's strategy related to climate change.</li> </ul>

## 1. SUSTAINABLE CITIES

In the coming years, the number of the planet's inhabitants will increase considerably and will be concentrated in the cities, especially in emerging or developing countries. Both phenomena will lead to an increasing strain on the infrastructure and basic services urban populations need, such as transport, water supply, sewerage and waste management.

**"In 2008, urban population exceeded rural population. United Nations' predictions indicate that by 2050, three quarters of the world's population, some 6,900 million people, will live in cities. At the same time, cities have become consumption centres and are the origin of 67% of global primary energy demand."**[Source: World Economic Forum: Slim City: Sustainable buildings.]

Currently, FCC Group's business activities are carried out mainly in the areas of water, environmental services and infrastructure construction and management. In the area of water, the Company manages the entire cycle and offers related services; in the area of environmental services, it focuses its main activities on the management of urban and industrial waste; and in the area of infrastructure, it focuses on carrying out large civil engineering projects. The Company groups the previous activities under a single concept that reflects its commitment to serving society: citizen services.

"Citizen services" means focusing on the citizen, the end user of the activities carried out by the Company, and sharing with him/her the desire to help create communities that are socially, economically and environmentally sustainable.

"Citizen services" also entails the Group's commitment to integrating sustainable development and corporate responsibility into its business strategy and its way of doing

business. The Company understands that its responsibility also encompasses helping to raise public awareness about the importance of sustainable development, so that citizens understand that this will be the key factor in the prosperity and development of societies in the coming decades.

## Challenges for the cities of the future

### Waste management, a problem of progressive urbanisation

Legislation actively promotes efficiency in eliminating waste and recycling and recovery are promoted as responses to the growing amount of waste produced in cities.

### Water scarcity and increased demand

Water Resource Group estimates that by 2030, global water needs may grow to levels that exceed current capacity by 40%.

### More efficient buildings, communities and services

Influencing bodies such as the World Economic Forum, state that over 70% of Greenhouse Gas emissions in cities come from buildings. New products, services, technologies, systems and models need to be developed that are able to offer more well-being with lower energy and water consumption, among others.

### Integrated Research on Sustainable Islands (IISIS)

FCC is developing the IISIS (Integrated Research on Sustainable Islands) industrial research project in conjunction with several of the Group's business areas and other, external, partners. The project includes research into the elements, materials, technologies and systems required to develop a structure for potential residential and tertiary use in a marine environment, like islands. This involves reusable prefabricated buildings adapted for industrial use that do not harm the environment, are self-sufficient in all aspects (energy, water, basic food, waste treatment and recycling) and are equipped with all kinds of integrated facilities and advanced transport logistics.

The IISIS project takes on the challenge of devising a "city of the future" that is self-sufficient and sustainable, and able to evolve and respond to environmental stimuli. To this end, and in line with the concept of "intelligent cities", IISIS partners are researching the materials and technologies needed to develop this inhabitable unit equipped with integrated facilities and an intelligent management and control system.



### 1.1. Sustainable infrastructures

FCC believes that not only the proper choice of materials and construction processes, but also the urban environment and its development, is a goal of its business activities. Sustainable construction is based on the proper management and reuse of natural resources, energy conservation, planning and social behaviour, behaviour patterns and changes in the usability of buildings and infrastructure in order to increase their useful life. FCC Group contributes more than 100 years of experience in this field along with innovative projects ranging from infrastructure construction to the development of more sustainable materials.

INICIO **CSR INTELLIGENT SERVICES**

**"Over 70% of GHG emissions from cities come from buildings. If there isn't a radical change, emissions from buildings will have tripled by 2050"**

[Source: World Economic Forum: Slim City: Sustainable buildings.]

The Company applies strict sustainability criteria in urban planning processes, in the architectural design of buildings and in the manufacture or use of building materials, it adopts more efficient and less-polluting technologies, and incorporates environmental criteria in overall project planning.

FCC Construcción and Cementos Portland Valderrivas have specific sustainable construction projects that result in reduced emissions and/or energy consumption or a reduced use of resources. Worthy of mention is Buildsmart, whose objective is the incorporation and demonstration of constructive, innovative and cost-effective techniques and methods in buildings with very low energy consumption in different climatic zones. Also of interest is the Newcrete Project, which is developing a new, more sustainable, concrete material with a performance and qualities that make it stand out from conventional concrete materials.

One of the Group's basic challenges in this area, especially in the current context, is the definition and implementation of sustainable infrastructure. Sustainable construction refers not only to managing environmental impact while the works are being executed, but also to the management of the "product" throughout its useful life. Sustainable construction should be carried out by applying the best available practices, which are constantly evolving, and by considering alternatives at all stages of the useful life cycle in order to ultimately select the alternative that is most profitable from all points of view: environmental, social and economic.

**Leadership and presence in forums**

During 2012, FCC led some of the major working groups where foundations are being laid for the definition and evaluation of sustainability and the environment in infrastructure construction, participating in all the Technical Committees on Sustainable Construction based on the ISO (international arena), CEN (European arena) and AEN (Spanish arena) standards, where FCC Construcción holds the chair of the working groups relating to civil works in all these cases. It is also a member of iisBE and GBCe (based on the LEED standards), and has been a member of the Advisory Council of BREEAM Spain for several years.

Sustainable construction	
Organisation	Participation
International Technical Committee ISO/TC59/SC17 "Building construction/Sustainability in building construction".	<ul style="list-style-type: none"> <li>■ Participation in ISO/TC59/SC17/WG1: "General Principles and Terminology"</li> <li>■ Participation in ISO/TC59/SC17/WG2: "Sustainability Indicators for Buildings"</li> <li>■ Participation in ISO/TC59/SC17/WG3: "Environmental Declarations of Building Products"</li> <li>■ Participation in Participation in ISO/TC59/SC17/WG4: "Framework for Assessment of Environmental Performance of Buildings and Constructed Assets"</li> <li>■ Chairmanship of ISO/TC59/SC17/WG5: "Civil Engineering Works" on sustainability in civil works</li> </ul>
International Technical Committee CEM/TC350 "Sustainability of construction works"	<ul style="list-style-type: none"> <li>■ Participation in the CEN/TC350/Task Group: "Framework for assessment of buildings"</li> <li>■ Participation in the CEN/TC350/WG1: "Environmental performance of buildings"</li> <li>■ Participation in the CEN/TC350/WG2: "Building life cycle description"</li> <li>■ Participation in the CEN/TC350/WG3: "Product level"</li> <li>■ Participation in the CEN/TC350/WG4: "Economic performance assessment of buildings"</li> <li>■ Participation in the CEN/TC350/WG5: "Social performance assessment of buildings"</li> </ul>
Technical Standardisation Committee AEN/CTN198 "Sustainable construction"	<ul style="list-style-type: none"> <li>■ Vice-chairmanship of the Standardisation Technical Committee AEN/CTN198 "Sustainable construction"</li> <li>■ Participation in the AEN/CTN 198/SC 1 "Sustainability in edification"</li> <li>■ Participation in the AEN/CTN 198/SC 2 "Sustainability in civil works"</li> </ul>
International Initiative for a Sustainable Built Environment (iisBE)	<ul style="list-style-type: none"> <li>■ Members</li> </ul>
Green Building Council Spain (GBCe)	<ul style="list-style-type: none"> <li>■ Members of this organisation that consists of the Spanish council of the "World Green Building Council", set up as a channel to offer in Spain all the information on the LEEDS building certification tool</li> </ul>
BREEAM Spain	<ul style="list-style-type: none"> <li>■ Members of the Advisory Council, responsible for outlining BREEAM's development strategy, in representation of interested parties in the construction industry.</li> </ul>

BREEAM Certified Sustainable Construction



FCC has been involved in the first BREEAM España sustainability certification and rated "excellent". FCC Construcción has been commissioned to carry out the construction of the headquarters in L'Hospitalet de Llobregat (Barcelona) of the courier company that obtained this certification. The project includes a number of measures, facilities and construction processes developed by FCC Construcción during the construction phase that are unusual or have different characteristics with respect to similar works. The BREEAM (Building Research Establishment's Environmental Assessment Method) method of assessment and certification of building sustainability, which is intended to measure, assess and weigh-up levels of sustainability in the design phase as well in the execution and maintenance phases, taking into account the particularities of each of the main usage types. The environmental impact of buildings is assessed in 10 categories whose score determines the certification of the Project.

Some of the measures taken in the project in each of the BREEAM certification categories were:

- Automated control of lighting.
- Selection of materials that meet the relevant standards regarding emissions of volatile organic compounds (VOCs).
- Independent energy meters.
- Lighting management system based on the DALI communication protocol.
- General water meters for all water networks, and also partial meters at the entrance of all the plants wet rooms.
- Rainwater collection system and another system to collect and purify grey water from sinks and showers, which will then be reused for irrigating outdoor areas and providing water for the toilets in the building.
- Strict control of the source of 100% of the wood used.
- Oil separator in the building's underground car park and a grease separator in the canteen/kitchen.
- Building and Demolition Waste Management Plan (WMP) with prevention and waste separation measures, with special attention given to those with greater reduction potential, such as excavated soil, prefabricated building systems (concrete) and easily removable screens (glass).
- Recovery of 82.3% of inert waste generated on site.
- Increase in the ecological value of the site, for which native plant species have been used or species with xerophytic tendencies and low water requirements. After constructing the project, the ecological value of the site increased from 0.11 to 3.23 species.

LEED Certified Sustainable Construction

In 2012, at the request of the promoter, FCC Construcción executed the project for the urban development of the shopping and leisure centre in the Puerto Venecia complex (Zaragoza, Spain) based on LEED standards, which resulted in obtaining the LEED Silver Award. Many of the measures taken to achieve the certification have traditionally been applied to the Group's works as a result of the good environmental practices system implemented by FCC Construcción. However, supporting customers in achieving certification of their projects entails a kind of leadership, of becoming visible and being a reference for professionals who believe that the words "building" and "sustainable" should always go hand in hand.



LEED (Leadership in Energy and Environmental Design) is a voluntary sustainable construction standard developed by the United States Green Building Council (USGBC) which measures the level of respect towards environmental and health in buildings. LEED certificates are structured into five categories in which a point-base score is obtained for fulfilling specific objectives. Depending on the score achieved, the project gets one of four levels of certification: Certified, Silver, Gold or Platinum.

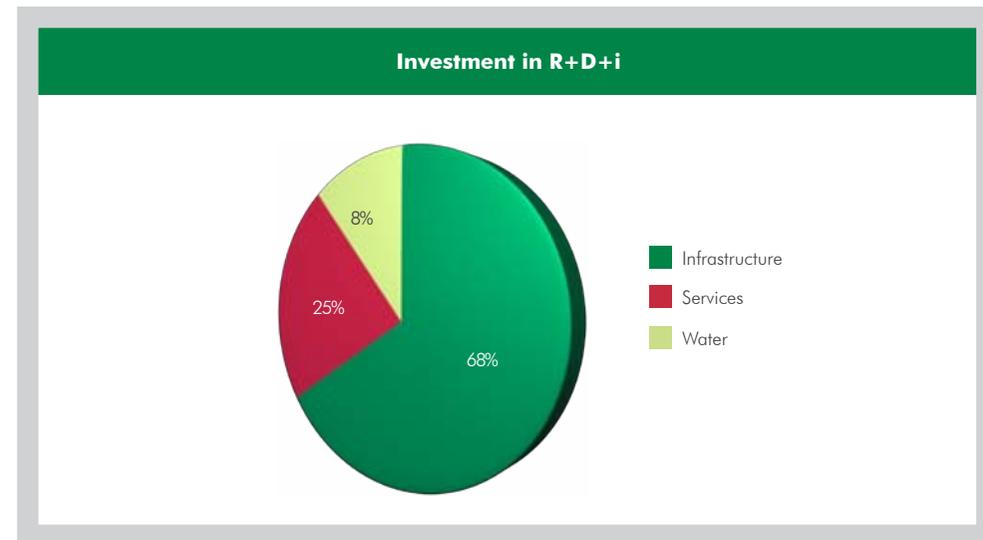
## 2. INNOVATION IN FCC GROUP

The development of new materials, the optimisation of processes and efficiency in the use of materials are matters of vital importance in a context of increasingly scarce resources. FCC Group accepts that the solution to this challenge is to intensify research and technological development programmes that position the Company as a provider of solutions, developing competitive advantages through the offer of sustainable products and services for mitigating and adapting to climate change.

FCC has set up an Innovation Committee that coordinates activities related to this area within the Company. Its primary mission consists of aligning innovation activities with FCC's strategy and establishing the agenda for new lines of research. It defines the guidelines and common objectives held by the Group, seeking to enhance the transformation of innovative ideas into final projects and developments that allow the differentiation of FCC to be perceived.

The Company's lines of research in R+D+i are mainly related to efficiency, excellence and climate change. With more than 50 projects in operation around the world, the primary areas of activity are focused on making methodologies, techniques, systems, equipment and processes more environmentally sustainable. In particular, the actions focus on sustainable urban development, the design of new sustainable products, process optimisation and on improvements in information technology, process control and data management.

The Group's commitment to R+D+i is reflected in the investment effort that the Company allocates to these projects. Specifically, investment in 2012 amounted to 28.5 million euros, double that allocated the previous year.



It should be noted that in this aspect of the research and development of new products, FCC Group seeks to establish synergies between its areas of business with an individual margin that is sufficient to allow for the development of pioneer products and services, improving the quality of the service provided to the client.

### 2.1 Innovation in infrastructure

FCC Construcción and Cementos Portland Valderrivas carry out specific projects that prioritise the reduction of emissions and energy consumption, as well as the efficient use of resources.

In the case of FCC Construcción, the use of more efficient and lower impact technologies is the aspect on which the research and development of new products, services and construction methodologies are being focused. The following are included among the most important projects and actions related to sustainable construction:

- The **RS-Sustainable Rehabilitation of Buildings Project** which consists of developing a comprehensive information system to evaluate and select the measures to take in the rehabilitation of existing buildings so as to ensure the level of energy efficiency required depending on each situation.
- **HERMES Project** - New methodology for cleaning and demolishing buildings that are highly contaminated by heavy metals. The project's main innovations focus on generating new knowledge in the field of chemical cleaning and demolition of buildings.
- **Integrated Research on Sustainable Islands (Spanish acronym IISIS):** FCC Construcción is developing the IISIS industrial research project, in conjunction with other FCC Group companies (Aqualia and Cementos Portland Valderrivas) and other, external, partners.

For its part, the lines of work of the Cement area are focused on the disruptive research of new products and applications. Mitigation and adaptation to climate change in the manufacture of new products, lower energy consumption, obtaining faster setting times, along with greater resistance and mechanical performance are the factors that have enabled access to new market niches and a potential competitive factor. These are the most important projects in which the Group's cement area took part:

- The **Merlin Project**, which involves the development of a new dual-layer rigid pavement using pavers or spreaders with a high power of pre-compaction, able to optimise the requirements for comfort, safety and efficiency in the road surface, offering lasting

solutions for the rehabilitation of existing pavements that are environmentally friendly, quiet and comfortable.

- The **Newcrete Project** is developing a new concrete material capable of acting with a profile of properties that result in obtaining a material with greater sustainability (through the comprehensive utilisation of construction and demolition waste); of greater quality and greater durability, etc.
- The **CEMESMER Project** develops environmentally clean mercury fixation techniques, minimising the use of polluting reactives and, where possible, harmonising the processes that have been set out in a manner that they ensure a satisfactory end result by producing a material that can even be reusable.
- **CEMESFERAS Project.** This project includes feasibility studies based on the recovery of waste from industrial by-products for use as raw material for developing spherical vitreous microparticles with cementitious properties ("cemespheres").

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**2.2. Innovation in environmental services**

The strategy, promoted by the Group's R+D+i Services area, has enabled FCC to obtain recognised progress and references that enable it to design and deliver services capable of ensuring results with speed and efficiency at reasonable prices.

The investments in research and technological innovation made in 2012 have resulted in success in projects such as:

- FCC has presented, as part of the Smart City Expo World Congress, **the most efficient refuse collection vehicle designed to date**. This is a latest-generation hybrid electric side-loading compactor collector which consumes 60% less than a conventional diesel vehicle. Other advantages are less vehicle noise pollution, less maintenance and better performance.
- **"CARBON LAC Ciudades"** tool: Proactive Medio Ambiente launches its tool, acting as a technical expert and going to various cities in Latin America to adopt strategic plans related to climate change.
- **Carbon footprint calculation for services project**: This project is based on the search for indicators that allow FCC Medio Ambiente to be able to express the sustainable management of the services provided, while seeking efficiency in the use of both energy and water resources and minimising greenhouse gas (GHG) emissions. Establishing performance indicators for service efficiency will enable, in the medium term, the measurement, monitoring, and management of "Smart Services" in the city of the future based on a low carbon economy and the fight against climate change.

**2.3. Innovation in integrated water management**

The innovation-related activity carried out by Aqualia in 2012 was focused on the research and evolution of technologies and services that provide efficient and sustainable solutions to everyday problems detected in cities. The Group also continues its commitment and investment in innovation in water technologies.

The most important projects and actions related to innovation in water-related services and technologies include the following:

- **All-Gas Project**: focusing on the treatment of wastewater using anaerobic pre-treatment followed by algal culture aimed at harvesting biomass and producing biofuels. This will revolutionise the current paradigm of water treatment, and what was until now considered a waste will be a resource of great value from now on.
- **ITACA Project**: The project's main objective is the investigation of treatment, reuse and control technologies for the future sustainability of water treatment.
- **REMEMBRANE Project**: A project to extend the life of the membranes used in the reverse osmosis process, reclaiming what is now a waste by reusing it in other applications, such as osmosis processes for wastewater. Its practical utility is in the elimination of waste, the reduction of costs and the overall improvement in the efficiency of the desalination and water reuse process.

Mitigating climate change, Aqualia's innovation goal.

On 5 March 2012, Aqualia, FCC's water management subsidiary, presented in London its All-Gas Project, which will allow biofuels to be produced from wastewater treatment. This project has a budget of 12 million euros and is part of FCC Group's R+D+i. A further six research companies from Germany, the United Kingdom, the Netherlands, Austria and Turkey are participating under Aqualia's leadership.

The All-Gas Project is part of the EU's commitment to research aimed at achieving new sources of clean energy. The EU budget will provide funds for this amounting to more than seven million euros. This funding reflects the efforts Europe is directing towards reducing its energy dependence on fossil fuels. The aim is for 20% of the energy produced in Europe to come from renewable sources by 2020.

In practice, the project is based on the use of wastewater to cultivate microalgae and subsequently converting them into energy products such as biodiesel. Its development over five years will include an initial, two-year phase dedicated to research, and a second phase comprising the remaining three for production itself.

The advantages and innovations of the All-Gas Project include improving efficiency, as it involves a fast-growing crop like microalgae, as well as the simultaneous removal of nutrients from the wastewater and the collection and processing of biomass for oil and other chemical extractions. Furthermore, this is the first time that a project like this has been developed at this scale (10 hectares of crops). It is expected that the biofuels produced in this area would be able to cover the annual consumption of a fleet of 400 vehicles.

Management and R+D+i experience

The choice of Aqualia to lead the All-Gas Project is based on its extensive experience in the management and operation of Wastewater Treatment Plants (WWTP), as it manages more than 300 such facilities worldwide.



**"We are converting into a sustainable bioenergy source, what used to be considered mere waste"**

Frank Rogalla, Director of Innovation and Technology, Aqualia.

For more detailed information on FCC Group's R+D+i projects, please consult the corporate website <http://www.fcc.es/fccweb/responsabilidad-corporativa/innovacion/retos/index.html>

INICIO **CSR INTELLIGENT SERVICES**

### 3. FCC GROUP AND CLIMATE CHANGE

Cities will concentrate a large part of the greenhouse gas emissions that will be generated in the next decade. Being part of the problem or of the solution is not an option. The challenge is of such magnitude that it will require the involvement of all those who live, enjoy, work in or administer the city.

**"Cities are drivers of economic prosperity, but they are also the main centres of emissions: in 2007, the 10 cities with the greatest economic activity generated more GDP than the last 162 countries on the list of countries by GDP, and 70% of global CO<sub>2</sub> emissions were produced in the cities."**

[Source: World Economic Forum: Slim City: Sustainable buildings.]

Evidence of the commitment taken on by FCC Group to fight climate change is the measurement and control of greenhouse gas emissions (GHG) to which all its business areas are subject. In recent years, the Group has intensified its implementation of programmes to improve energy efficiency, it has measured the Group's carbon footprint and has made efforts to reduce the carbon emissions associated with its business, promoting synergies between the different areas that allow for making the most of the capacities existing within the Group. Such is the Company's involvement that the Corporate Responsibility Master Plan 2012-2014 includes among its lines of action specific initiatives that are aimed at guiding the Company's strategies to integrate carbon as a variable throughout its business activities with the goal of assuming a leadership position in innovation in the fight against climate change.

#### 3.1. Strategic focus on mitigating and adapting to climate change

In 2011, the need for a strategic approach at corporate level that would take into account existing alternatives for actions in response to climate change and its risks and opportunities, led to the establishment of the Group's Climate Change Committee as the coordinating body in the fight against climate change. Its objective is to develop the Company's strategy, which is focused on the management of climate change-associated risks, but mainly on the analysis and use of its opportunities.

#### Main functions assigned to the Climate Change Commission

- Monitoring FCC's greenhouse gas inventory.
- Analysis of risks and new opportunities related to climate change.
- Definition of the Company's positioning in relation to mitigating and adapting to climate change.
- Preparation of responses to requests from relevant external stakeholders.
- Establishing main decision-makers within the Group for aspects related to climate change .

#### FCC Group's Climate Change Strategy

##### General objective

To propose a climate change strategy whose primary objective is to address the new emerging opportunities related to environmental, social and economic challenges, in order to position itself as a leading business group in the field of climate change, providing low-carbon services that enable the development of companies that are better adapted to the new conditions.

##### Specific objectives.

- Focus FCC Group's calculation of GHG emissions toward the carbon footprint of the organisation, services and products under prestigious international standards.
- Offer services and products with a lower associated carbon footprint.
- Adapt activities to the new future conditions, positioning itself as a company that provides integrated services to adapt to climate change.
- Improve its positioning as a company with solutions for climate change through effective communication.

This strategy will strengthen the Group's position over the medium term as it aims to offer products and services to cities and their inhabitants that meet their requirements and expectations for an increasingly sustainable urban environment.

### 3.2. Carbon footprint calculation and emission reduction in the Group

Between 2011 and 2012, FCC Group carried out a study to determine the carbon footprint of the entire company and analyse the main sources of emissions for each specific business area. This work helped define the main operational risks, financially and by turnover. Opportunities related to adapting businesses to the new scenarios have also been identified.

The main risks identified are related to regulatory changes, the rising cost of raw materials or to a higher frequency of extreme physical phenomena, while the opportunities found are focused on improving energy efficiency in production processes and on the development of new products and services.

#### FCC CO2 Share Project

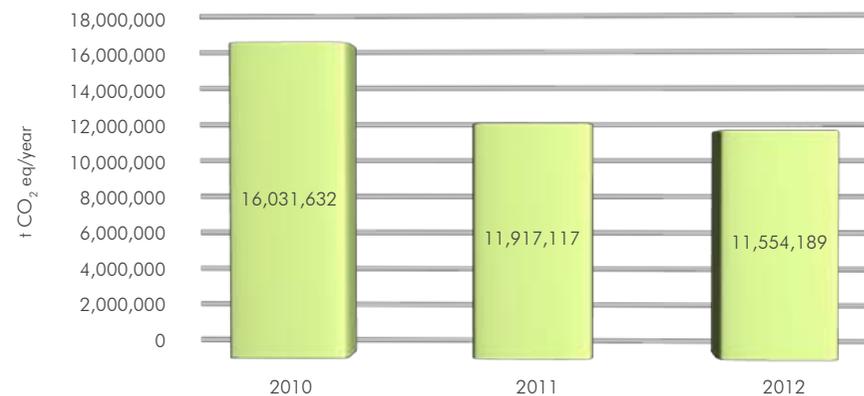
In 2012, FCC Group developed a tool to optimise and environmentally improve the transport habits of FCC workers. The project involves the creation of a space linked to FCC Group's intranet where each user can define his or her transport needs and preferences.

The application provides various tools, including one for carpooling by FCC Group workers and for selecting different types of transport alternatives. Along with the implementation of the application, transport routines will be uploaded to the data base which can be used to, among other things, define Scope 3 in terms of carbon footprint, according to the GHG Protocol.

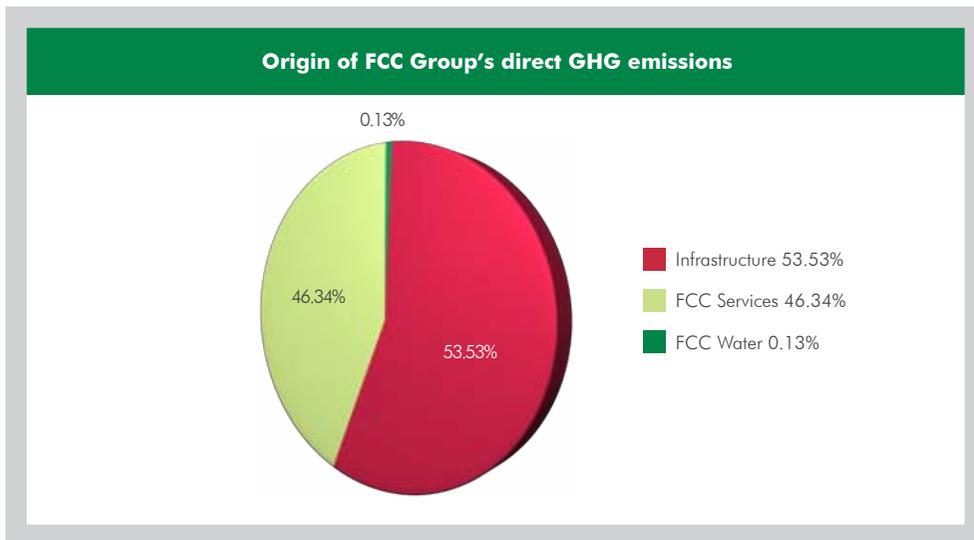
All the activities carried out by FCC in 2012 resulted in **11,554,189 tonnes of CO2 eq of greenhouse gas (GHG) emissions (scope 1 and 2)**, 3% less than the amount produced in the previous year in absolute terms. In 2012, the company managed to avoid the emission of 1.4 million tonnes of CO2 equivalent by implementing the initiatives related to the fight against climate change in different businesses. In addition, the electricity generated in 2012 by FCC Energía's wind, photovoltaic and solar thermal power, would have represented the emission of approximately 347,000 tonnes of CO2 equivalent had it been generated by the gas plants in the Spanish grid.

The two business areas with the greatest intensity of GHG emissions are Cement and Services. Although FCC Construcción is less carbon-intensive, it also has plans to improve energy efficiency that will result in the reduction of annual emissions.

FCC Group's direct and indirect GHG emissions (scope 1 and 2)



INICIO **CSR INTELLIGENT SERVICES**



consumption of fossil-based energy in exchange for cleaner energy sources such as compressed natural gas (CNG), biogenic fuels (biodiesel and bioethanol) and electricity. On-board systems that enable collection and street cleaning services to be optimised are also contributing to this improvement.

Among the most important actions carried out in FCC's Medio Ambiente area are the initiatives in co-generation and in-house consumption of the energy produced, the use of renewable energy or the selection of more efficient technologies to manage the fleet of vehicles (the introduction of hybrid vehicles for urban services, GPS fleet management systems) along with structural improvements in the facilities, especially those aimed at landfill degassing. These enable the uptake of biogas and its potential energy recovery in co-generation engines to be increased.

In addition, it should be noted that FCC Environment, FCC's environmental services British subsidiary, was able to meet its commitment to carbon reduction in 2012 and that, as a re-certification process required by the Carbon Trust Standard, has set itself a target of a 2% reduction by 2013 in this area.

**3.2.1. Services and climate change**

The main sources of GHG emissions in the Group's Environmental Services area are waste treatment and disposal activities along with the fuel used in transport vehicles for urban services. One significant source of emissions is solid waste landfills, since the anaerobic reactions taking place while they decompose result in the emission of methane. The GHG (methane and CO<sub>2</sub>) emissions in landfills, associated to controlled waste deposit practices and biometanization and composting facilities, amounted to 4.4 million tonnes of CO<sub>2</sub> equivalent, approximately 40% of the Group's total direct emissions.

The trend over the years showing the evolution of GHG emissions related to FCC Medio Ambiente's business activities that have been prevented and reduced, is evidence of the Company's commitment to an effective energy policy.

**A sustainable fleet**

One project illustrating this commitment is the technological adaptations made to FCC Medio Ambiente's fleet of vehicles. This has enabled a significant reduction in the

Objective zero emissions at FCC Medio Ambiente

FCC Medio Ambiente area has a fleet of 12,080 vehicles to provide urban services. With the objective of reducing GHG emitted into the atmosphere by its fleet of machinery, for over 20 years the organisation has been implementing numerous actions and initiatives that promote and drive forward a model of "sustainable mobility" from different perspectives, and has been able to anticipate and satisfy the needs and expectations of all its stakeholders.

A GREEN FLEET to mitigate the effects of climate change.

When choosing the technology of the vehicles in its fleet, FCC adds environmental factors to the usual technical and economic criteria: This enables it to contribute to improving the environmental quality of the cities it serves.

For over 20 years, FCC has been replacing the petroleum-derived fuels (petrol and diesel) in its mobile machinery with other alternative fuels (compressed natural gas, biodiesel and electricity) that are environmentally friendly.

There are currently 1257 vehicles powered by compressed natural gas (CNG) that provide services to a population of 6.9 million inhabitants, which is 30% of the total population served by FCC Medio Ambiente in Spain.

Ten years ago, FCC set out in its strategic plans the objective of having electric vehicles and incorporating them into services while maintaining or improving their characteristics and obtaining performances equivalent to those of diesel equipment, developing proprietary technology and getting ahead of the market which is aimed at private or light vehicles.

One of the latest actions taken in this regard was developing collectors using hybrid automotive technology. In 2011, the first KB I type electric-hybrid equipment was incorporated into the pressurised water system for flushing and cleaning streets in hard-to-access historical areas. Currently, FCC has a total of 36 hybrid electric vehicles which, together with pure electric vehicles, make up a fleet of 294 ZEVs (Zero Emission Vehicles) serving in 39 Spanish cities, of which 13 are provincial capitals.



Calculating and verifying the CO<sub>2</sub> footprint

As a step towards achieving the targets set in the Group's climate change strategy, FCC Medio Ambiente has prepared a "Guide for the quantification of GHG emissions to calculate the organisation's carbon footprint", which enables the identification, quantification and establishment of the traceability of specific environmental performance indicators for all business activities. The guide conforms to the international CARS (Corporate Accounting and Reporting Standard) standard in the GHG Protocol. In this regard, in 2012 the

Environment business area calculated and verified its own carbon footprint (with 2011 as the baseline year) in order to define a low-carbon strategy. Its goal is to be able to define by 2014 the scope of activities in which it can establish and implement the initiatives and best practices that are deemed to be the most appropriate.

In this respect, some Group companies that offer environmental services, such as Proactiva Medio Ambiente or FCC Medio Ambiente, offer their services to cities as carbon footprint calculation experts so plants and policies can be developed against climate change.

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Proactiva Medio Ambiente launches its "CARBON LAC Cities" tool

Proactiva Medio Ambiente has acted as the technical expert for the city of Montería (Mexico) to help prepare an inventory of GHG emissions and a Climate Plan.

Proactiva Medio Ambiente has become a crucial ally of Latin American cities in their fight against climate change. An opportunity to guide their low-carbon development and to introduce new technologies into the management of their services and, at the same time, a brand that can compete with other cities and attract entrepreneurs, private investment and public resources aimed at local development.

In this context, Climate Change Plans are a strategic framework for sustainable urban planning and development. Montería is one of the Latin American cities that has adopted its local plan to mitigate and adapt to climate change.

**Proactiva Medio Ambiente: The city's strategic ally**

Proactiva Medio Ambiente has been the technical expert working alongside local authorities, both to calculate the carbon footprint of the entire city (Greenhouse



Gas Inventory) as well as to analyse the challenges and vulnerabilities and defining the actions in the Climate Plan. To do this, Proactiva Medio Ambiente has put into service its "Carbon LAC ciudades" tool, which was launched to calculate GHG emissions in Latin America cities.

The Climate Change Master Plan includes 26 actions related to ongoing projects analysed from the perspective of climate change and to new projects to be developed and implemented within a 10-year horizon.

Urban mobility, the sustainability of the agriculture industry and storm water drainage are the most pressing challenges on which the current municipal government has taken specific action. Similarly, the municipality will prioritise other sectors that are critical to achieve a local model of sustainability that provides for the integrated management of municipal solid waste, energy efficiency, rural sewerage systems and attention to at-risk populations.

The "Montería Ciudad Verde 2019" ("Montería, Green City 2019") Project is an opportunity to introduce clean technologies and technical innovations into the management of urban services and to consolidate urban policies and strengthen the physical infrastructure of the municipality.

FCC Medio Ambiente business area has set a goal of having a tool to assess the energy management of the services during the process of calculating the carbon footprint that will also reflect the continuous improvement applied in terms of energy efficiency and reduce GHG emissions.

**3.2.2. Water and climate change**

Aqualia takes regular readings of the direct CO<sub>2</sub> emissions of all their businesses and activities, both in Spain and internationally. Thus, the Company assumes its responsibility derived from the consumption of the energy it needs to produce water during the supply and treatment processes.

Following the guidelines proposed in the corporate strategy on climate change, in 2012 Aqualia conducted a study to analyse the carbon footprint of its own activity, thus becoming the first company in its sector to carry out an analysis of this type. The next step is to design a future action plan to reduce the emissions generated by its day-to-day activities.

In addition, Aqualia Infraestructuras offers its customers the options that entail the maximum energy efficiency during the development and construction phases of the project.

**3.2.3. Infrastructure and climate change**

**Cement**

The cement manufacturing division is the main source of the Group's GHG emissions. As it is a business activity that falls within the scope of the GHG Emissions Trading Directive, it is regulated and required to order to purchase emission allowances. For the 2008-2012 period, the Company received an allocation of 7,763,269 tonnes of CO<sub>2</sub> per year for its eight cement factories in Spain.

In 2012, the cement business activity managed to reduce its total emissions by 4% over the previous year, reaching 5,690,101 tonnes of CO<sub>2</sub> emissions. This reduction is due to

decreased activity in Spain and, partly, to the use of alternative fuels in clinker kilns.

Worthy of note is the effort being made by Cementos Portland Valderrivas to implement the GHG emissions mitigation plan, in line with the corporate strategy in the fight against climate change, by:

1. Promoting the substitution of natural raw materials by materials that are partly or completely decarbonised (ash, slag, construction and demolition waste, etc.).
2. Encouraging the substitution of fossil fuels by 100% biomass alternative fuels (meat meals, wood waste, treatment plant sludge, etc.). A target has been set along these lines to increase energy recovery by replacing fossil fuels with alternative fuels until they reach 30% by 2013.
3. Improving energy efficiency by optimising the clinker manufacturing facilities in order to reduce the specific consumption per tonne.
4. Increasing the volume of additions in cement manufacture, so as to reduce the clinker factor per tonne of cement produced.
5. Participating in projects to capture and store CO<sub>2</sub> in order to analyse their feasibility in the cement sector.

### Construction

The emission of greenhouse gases by FCC Construcción is mainly due to energy consumption derived from the use of the fuels needed to operate construction machinery, power generation equipment, construction site vehicles, auxiliary plants manufacturing materials on site, boilers, lighting, etc. Given the nature of the business, the initiatives launched have been directed towards the redesign of processes, the replacement, modification or rehabilitation of equipment and influencing workers' behaviour.

FCC Construcción has implemented a Best Practices System® which includes initiatives to reducing emissions in their daily activities. The measures include: the reuse of soil and of leftover clean rubble on the construction site itself, the proper maintenance of machinery, the control of vehicle speeds on site, the use of cleaner fuels, etc. In this regard, in 2012 the Company managed to prevent the emission of 14,130.09 tonnes of CO<sub>2</sub> eq simply by using surplus soil and clean rubble for construction works.

#### FCC Construcción participates in the industry's CO<sub>2</sub> measurement protocol

In June 2012, coinciding with the United Nations Conference on Sustainable Development, a protocol to guide any company in the construction industry on the standardised measurement and reporting of their GHG emissions.

FCC Construcción was an active participant in this protocol, which is the fruit of two years' work by the European Network of Construction Companies for Research and Development (ENCORD). It has become the first industry standard to obtain the accreditation of the GHG Protocol.

Obtaining this logo was the result of a formal review process by the World Resources Institute (WRI), the organisation that manages the GHG Protocol, which is considered the main corporate standard for quantifying and reporting GHG gas emissions. The methodology is also backed by other key environmental organisations such as the World Business Council for Sustainable Development (WBCSD), the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI) and the World Green Building Council (WGBC).

The Protocol is based on the experiences and best practices of the most important construction companies worldwide, among which FCC Construcción has actively participated.

**"The fact that the protocol is one of the first industry initiatives to receive the new logo based on the GHG Protocol brings additional value to the document and reflects the clear commitment of the construction sector."**

ENCORD Chairman, Ger Mass



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Verification process for FCC's Greenhouse Gas Inventory

After having designed the Greenhouse Gases measurement protocol for construction in 2010, and in 2011 having been the first construction company to verify its GHG emissions inventory with AENOR, an independent accredited verification agency, FCC Construcción re-verified its GHG emissions inventory in June 2012.

AENOR's "Verified CO<sub>2</sub> Environment" Carbon Footprint Certificate, that proves the veracity of the calculation of an organisation's carbon footprint and shows that the company has included GHG management in its system and strategy, was received in 2012.

The initiative implemented has been recognised externally, the project received an honourable mention in 2012. in the "Managing for Sustainable Development" category at the European Environmental Awards presented by Fundación Entorno.

**Outcome of the process**

- First construction company to obtain the verification of its GHG emissions report by AENOR.
- Among the nine pioneer Spanish companies.

**2010**

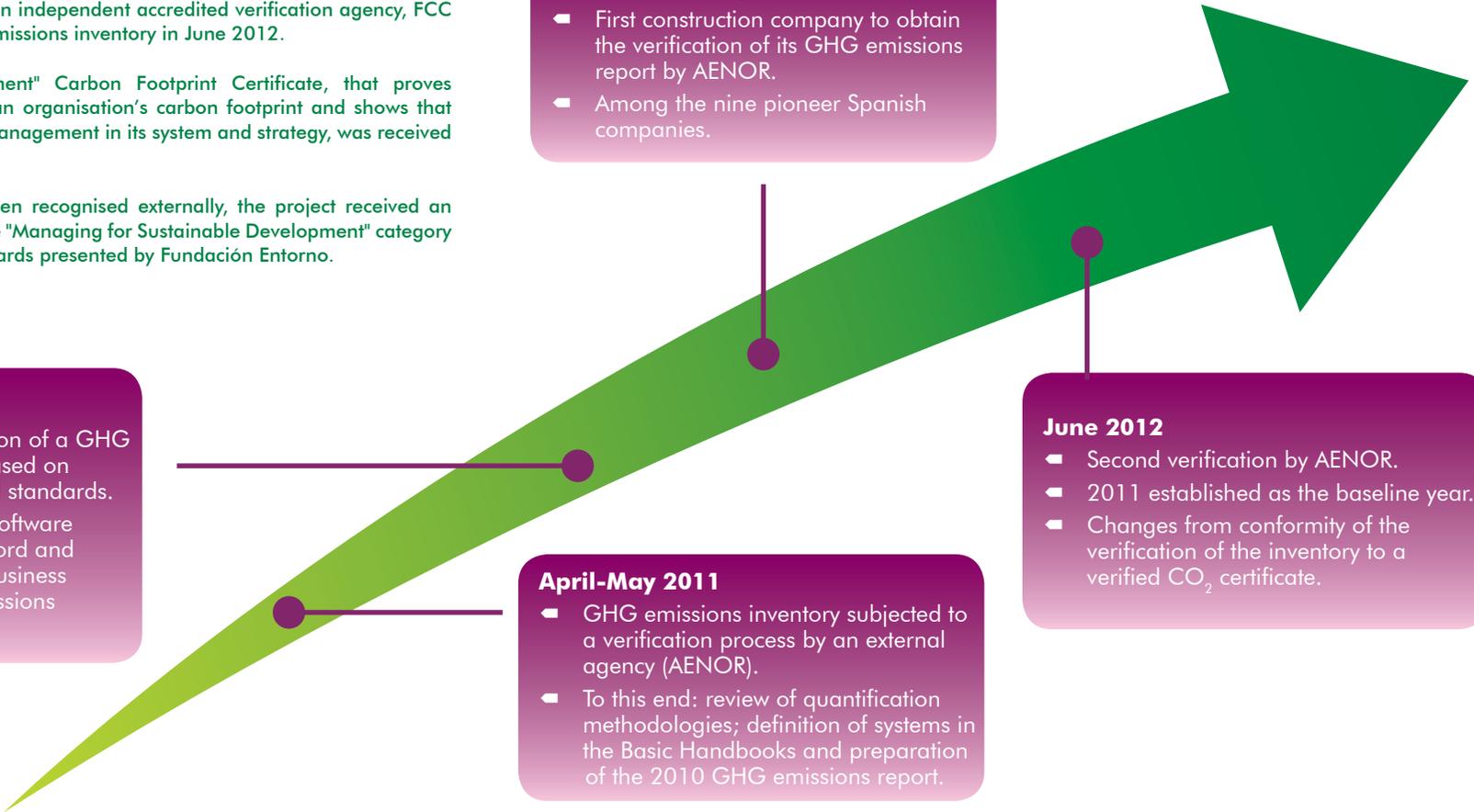
- Design and implementation of a GHG measurement protocol based on internationally recognised standards.
- Adaptation of computer software in order to be able to record and integrate the data from business activity and generate emissions reports.

**April-May 2011**

- GHG emissions inventory subjected to a verification process by an external agency (AENOR).
- To this end: review of quantification methodologies; definition of systems in the Basic Handbooks and preparation of the 2010 GHG emissions report.

**June 2012**

- Second verification by AENOR.
- 2011 established as the baseline year.
- Changes from conformity of the verification of the inventory to a verified CO<sub>2</sub> certificate.



FCC Construcción Commitment regarding Climate Change

**3.3. Alternative energy and energy efficiency as allies against climate change**

Considering the challenges set by Europe with regard to integrated climate and energy policies and the changes occurring in Spain with the entry into force of Royal Decree Law 1/2012, and given the natural tendency of energy consumption to increase in order to meet the needs tied to the development of businesses, FCC’s environment area has sought to promote the generation and use of alternative energy and to optimise the energy efficiency of its services and processes, with the consequent economic and environmental repercussions.

**Promoting alternative energy:**

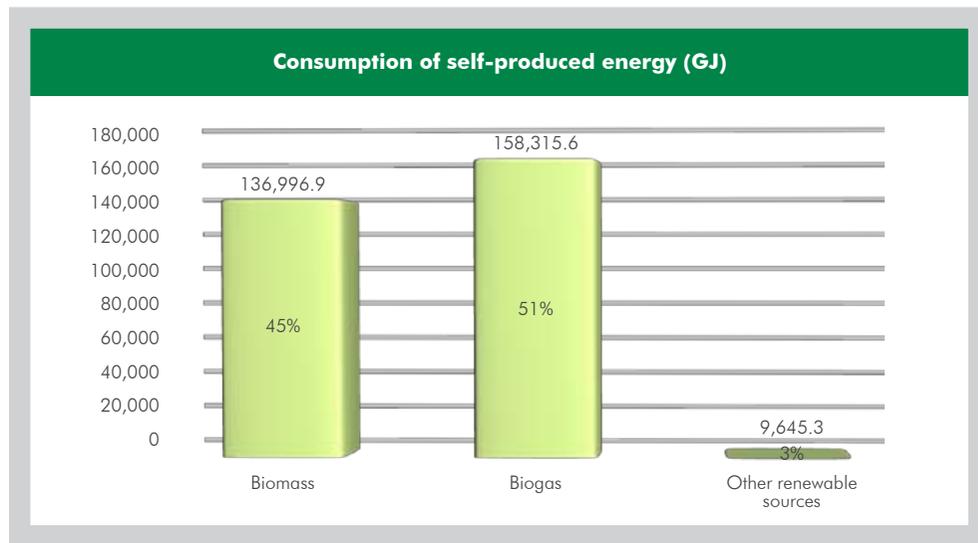
FCC Medio Ambiente has implemented some initiatives and best practices to minimise the effects of the energy impact on the carbon footprint by:

- Increasing power generation from alternative sources such as the use of biogas in waste treatment and disposal plants.
- Promote the use of renewable energy such as biofuels (biodiesel and bioethanol) as a substitute for conventional fossil fuels for the fleet of vehicles.

FCC Group's fuel consumption by business area (GJ)			
Fuels	Infrastructure	Services	Water
Bioethanol	—	1,102	—
Biodiesel	—	103,996	—
Biogas	—	774,614	82,275
Biomass	1,989,472	38,971	—
Natural gas	41,120	1,212,176	26,659
Petrol	42,851	149,269	499
Diesel fuel	957,022	7,313,076	151,806
Fuel oil	254,757	992	5,688
Propane and butane	195	2,276	—
Petroleum coke	20,540,606	—	—
Alternative fossil fuels	2,774,958	—	—

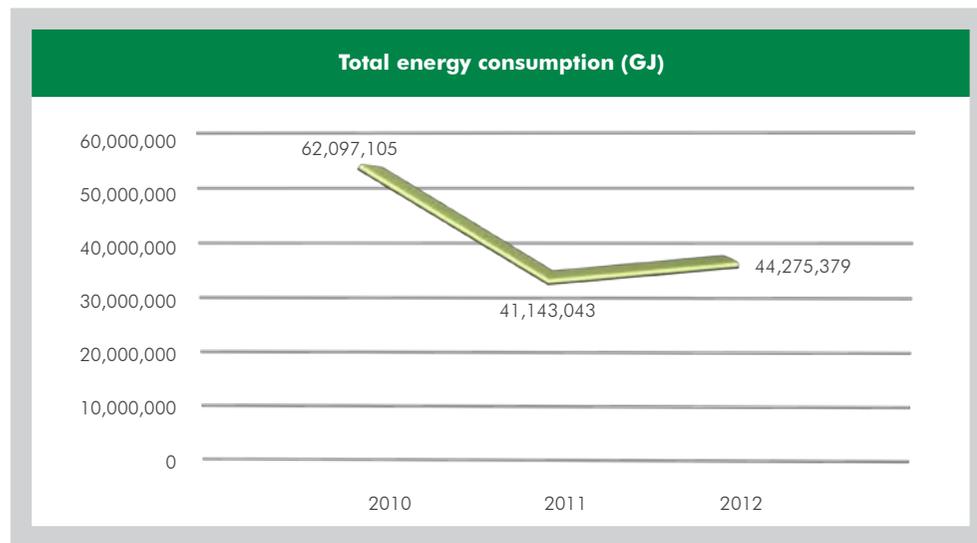
**Optimising energy efficiency of processes and products:**

The policy of continuous improvement in order to attain greater energy efficiency is illustrated through the structural and technological changes introduced in the MSW (Municipal Solid Waste) treatment and recovery plants. After feasibility studies were performed, the appropriate investments were made to attain a double environmental goal: reduce GHG emissions and optimise the performance of electrical cogeneration processes in order to make the most of the energy potential of biogas from municipal waste and use it for in-house consumption. So much so, that in 2012 the consumption of self-produced energy by the Company for its own consumption amounted to **304,958.04 GJ**.



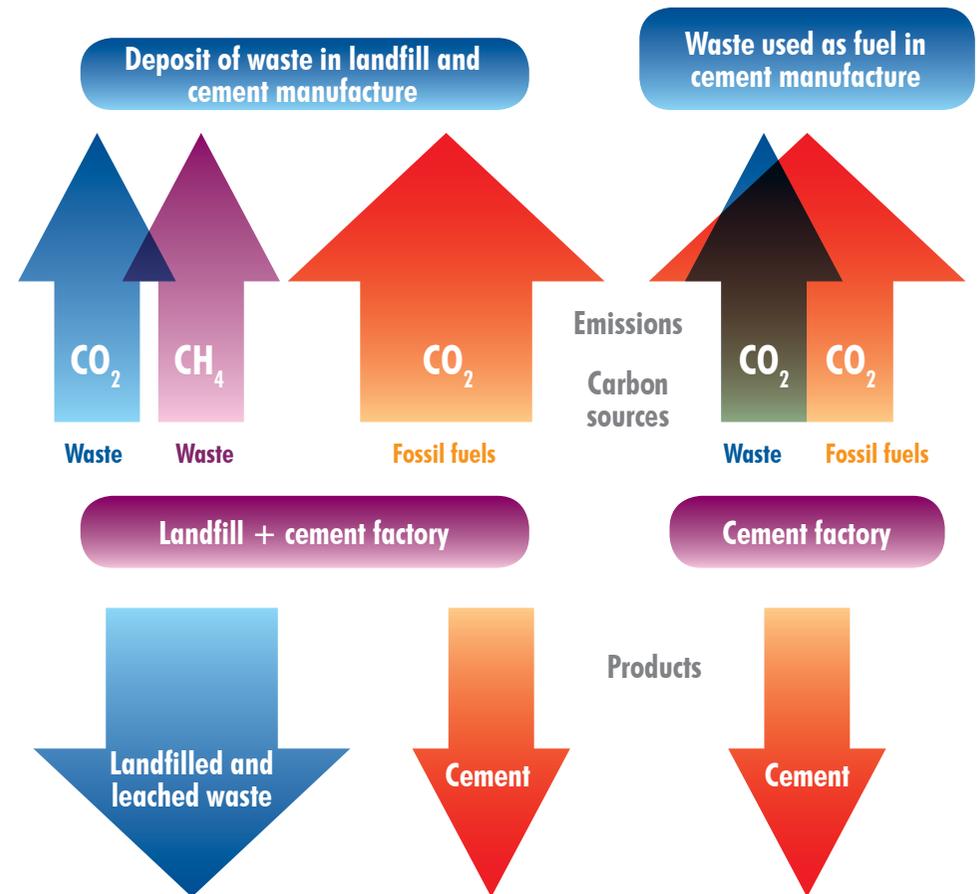
INICIO **CSR INTELLIGENT SERVICES**

The total energy consumption has increased slightly in 2012 compared to the previous year. However, greenhouse gas emissions associated to this consumption have decreased, in line with the Group's commitment to innovation and the development of products and services that are less carbon intensive.



The Cement area, which is the most intensive division in terms of energy consumption in the Group, focused its activities in 2012 on promoting the use of alternative fuels, especially biomass, made from waste destined for landfill.

In this regard, in terms of energy recovery from materials that replace carbon, waste energy recovery is a priority option versus landfill disposal for Cementos Portland Valderrivas, as it is more environmentally friendly and also does not pose a threat to human health. In this sense, this business area continues to offer important potential collaboration for FCC Medio Ambiente in managing "end of line" rejects, due to the possibility of including them in the cement manufacturing process, thus making their recovery possible and avoiding their disposal in landfills. In 2012, thanks to the replacement of fossil fuels with biomass, Cementos Portland Valderrivas prevented the emission of **183.859 tCO<sub>2</sub>eq.**



In addition, Aqualia has implemented an Energy Management System certified in accordance with the UNE-EN 16001:201 standard, and recently updated its certificate through adherence to the ISO 50001:2011 standard and AENOR at several of its centres. Aqualia's objective is to gradually certify all the plants where it operates under these standards.

## 4. FCC GROUP'S ENVIRONMENT MANAGEMENT

The commitment to the protection and conservation of the environment is reflected in the environmental policy that is applied within the organization. Environment management is integrated into the business strategy of the Group and as such, all the business areas take it into account during their daily activities.

In order to mitigate the effects of its activities, especially with regard to the construction of infrastructure and activity in the cement business, the company carries out various studies in order to identify, characterize and assess the impact from its plants, and subsequently establish steps to reduce its negative environmental impact.

### 4.1 Eco-efficiency

Continuous improvement of production systems, so as to require fewer resources and generate less contamination, is one of the pillars of the FCC Group's environment policy. In this way, the Company promotes, among its business areas, the Eco-efficiency concept, doing everything it can to provide better services and generate less impact.



FCC Group uses a sound management system that is implemented as a basic tool to generate and measure eco-efficiency in production processes. In 2012, the company continued to promote the environmental and energy certification of its activities and facilities, and 78.4% of its total activity is certified.

The commitment and effort that the Group has made to protect the environment in which it operates and works has meant that the investment FCC has dedicated to environment management in 2012, amounted to 1,825,209 euros.

#### 4.1.1. System used to measure the environmental impact

The control and measurement of performance indicators, as far as environment management is concerned, is essential in order for the company to be constantly aware of the effectiveness and development of the initiatives implemented. To this end, FCC Group has "Horizonte", a centralized management system that enables the Group's sustainability information to be collected and managed. This information serves as a starting point for the design of specific corrective action plans where improvement opportunities are greater and more effective, since this tool consists of 25 environmental indicators, disaggregated by group, lines of business and country; providing historical data, statistics, comparisons and the ability to generate thematic questionnaires, and analysis.

Additionally, the Construction area also has its own environmental data collection system, designed so that the information related to each project is available in real time, in all work locations, so reports can be generated at different levels: by the project type, geographic location, hierarchical structure or type of customer.

#### 4.1.2. Responsible use of resources

The optimization of the use of resources and the minimizing of consumption reduces the environmental impact and leads to economic returns. The company is firmly committed to the environmental optimization of the production processes, as well as to the recycling and recovery of products or by-products of same.

Each business area has its own initiatives to reduce resource consumption, although in this respect they are particularly noteworthy in Construction and Cement due to the nature of these activities.

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At FCC Construcción, for example, convinced of the return involved, both for the company and for global sustainability, its Management System is designed to encourage the efficient use of natural resources by means of:

- The use of the best available technologies in the area of efficiency and reduced consumption of materials, energy resources, and water resources.
- The recovery of materials to be reintroduced into the process.

In addition, it is reinforced with specific measures with regard to awareness, training and participation of company employees and subcontractors.

The good results obtained from applying these types of measures in recent years have meant that one of the most developed areas of research, that received the most investment for R+D+I, is related to this field.

For its part, Cementos Portland Valderrivas also promotes the responsible consumption of natural resources by means of the recovery of materials obtained from waste and by-products, which replace natural raw materials in order to save non-renewable natural resources and avoid the impact on the environment by its work undertaken in quarries.

The Group promotes the incorporation of waste from other industries and the use of alternative fuels in its cement manufacturing processes, so that some of the materials and energy used for industrial processes is obtained from them.

In this regard, at the urban waste treatment plants, FCC Medio Ambiente recovers all materials possible, which, as well as avoiding its disposal in landfill sites, enables by-products to be introduced into the market that can be used in agronomy (compost) or energy (refuse derived fuel – RDF), as well as other materials for its subsequent recycling (paper, glass, plastics, ferrous metals, aluminium and voluminous recyclable products).

**4.1.2.1. Water consumption management for all activities**

Water continues to be a differentiating factor as far as the social and economic development of various regions of the world is concerned. According to estimates made in Spain, climate change will have a negative impact on water, causing the reduction of water resources and increasing extreme events such as floods and droughts. The extent of this impact will

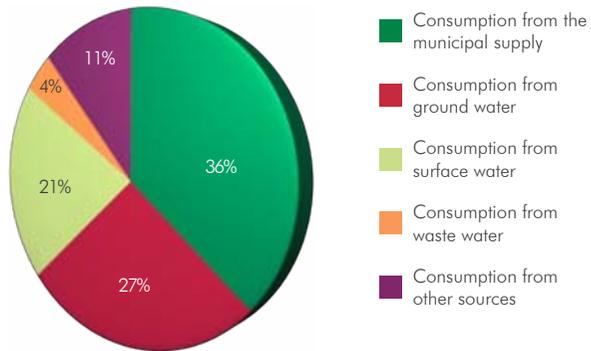
depend largely on how we use water, as a result of water management which is more concerned with increasing the water supply than rationalizing consumption.

Water scarcity, and the need to build and operate new hydraulic infrastructure, involves a great effort by all those involved in this sector. FCC combines its technological capacity and management of new financing requirements, by means of participating in public and private projects. While the economic situation has deteriorated significantly during the current year, the Group has maintained its level of commitment to the integrated management of this most necessary and precious common good.

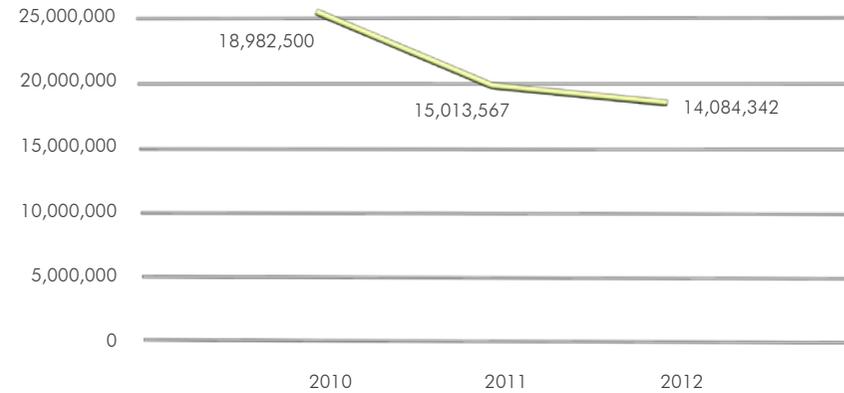
Since water is a key factor to perform some of the Group’s activities, such as environmental services activities (street cleaning and maintenance of gardens), or in the manufacturing process of cement and concrete (the process to obtain steam in power generation plants from waste), FCC encourages the rational and efficient use of this resource and its promotion of the use of water from alternative sources has become a priority for the organization.

In 2012, FCC Group’s water consumption amounted to 14,084,342 m<sup>3</sup>, of which 78% is from municipal supplies.

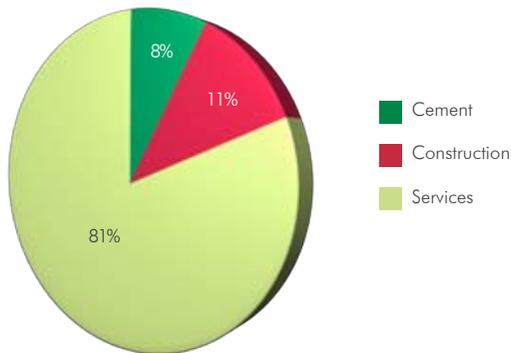
Consumption of water according to source (%)



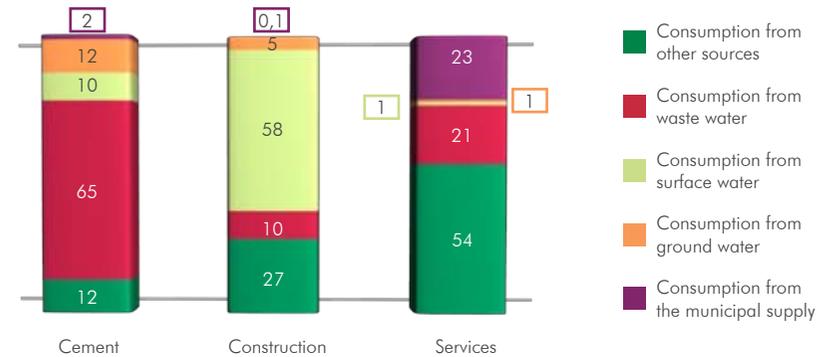
Total consumption of water (m³)



Consumption of water by business area (%)



Source water consumption by business area (%)



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**4.1.2.2. Present in the integrated water cycle**

Aqualia, the parent company of FCC Group companies that operate in the integrated management of the water cycle, offers solutions for all phases of the water cycle, regardless of its use: domestic, agricultural or industrial. Its experience in this area helps improve efficiency in the management of water resources in the Group's other companies and controls all the phases in the water cycle, pursuing the optimization of resources that promote sustainable development.

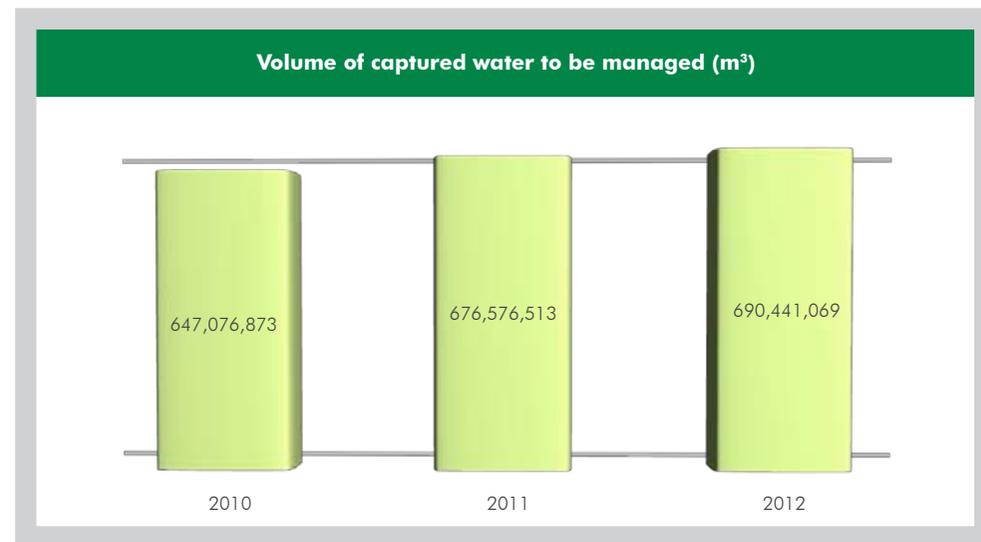
The integrated water cycle starts from capturing, purification and treatment of the water collected from the natural environment, to its distribution and collection of used water for its subsequent purification and return to the environment where it was obtained.

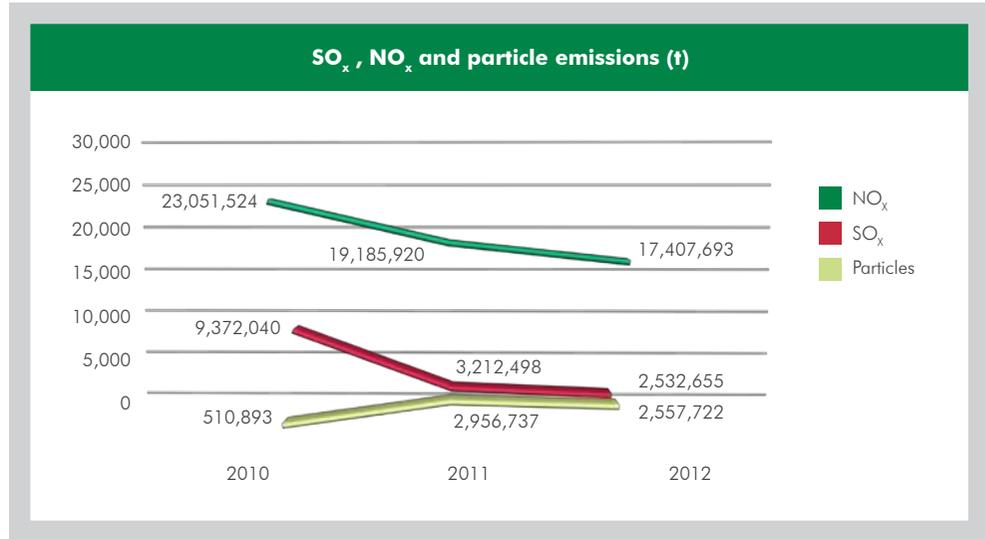
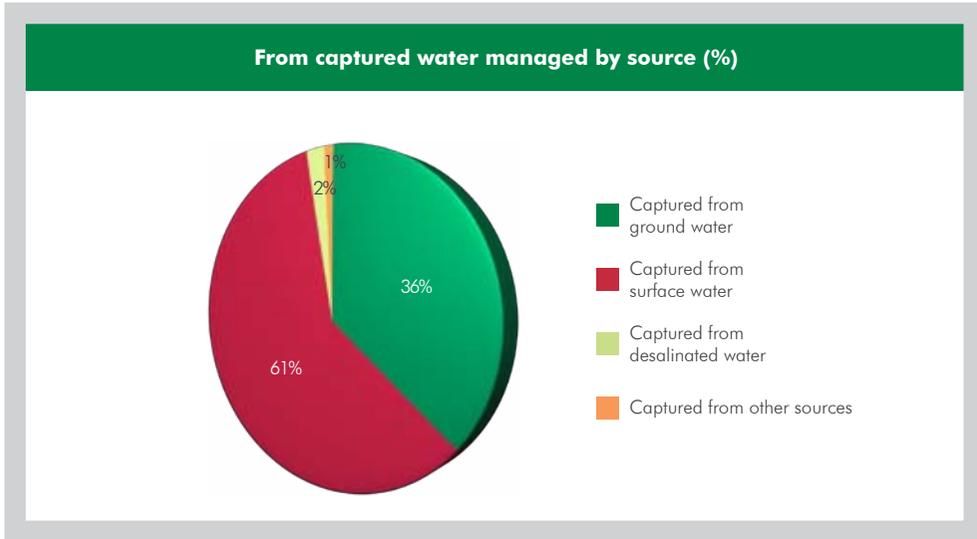
Currently the company is present in over 1,100 municipalities throughout the world, and has the capacity to serve around 28 million people. Aqualia offers a broad range of services and its professionals work to provide a better response to demands, both public and private, by means of all types of solutions. Aqualia is considered an expert in the field of integrated management due to its experience in all phases of the water cycle. Its areas of activity are divided into three different lines:

- Integrated water management, among the most outstanding projects are the public water services, the control of the water quality via AqualiaLab; the management of municipal aquatic sports centres, maintenance and operation of watering infrastructures, and the management of hydraulic infrastructure concessions.
- Design and construction of hydraulic infrastructure, specialising in the design and construction of all types of facilities for water treatment, covering the following areas of activity:
  - Drinking water treatment plants (DWTP).
  - Wastewater treatment plants (WWTP).
  - Wastewater reuse plants (WWRP).
  - Sea water desalination facilities (SWDF).
  - Water channelling infrastructure.

- Full services for the industry, as solutions for process water, purifying industrial wastewater effluents, or compact wastewater treatment plants for small populations, compact drinking water treatment and reuse equipment: sand filters and membranes, sludge treatment equipment, equipment for wastewater treatment: aeration, degreasing, flotation.

The total volume of captured water to be managed by Aqualia in 2012 was **690,441,069 m<sup>3</sup>**.

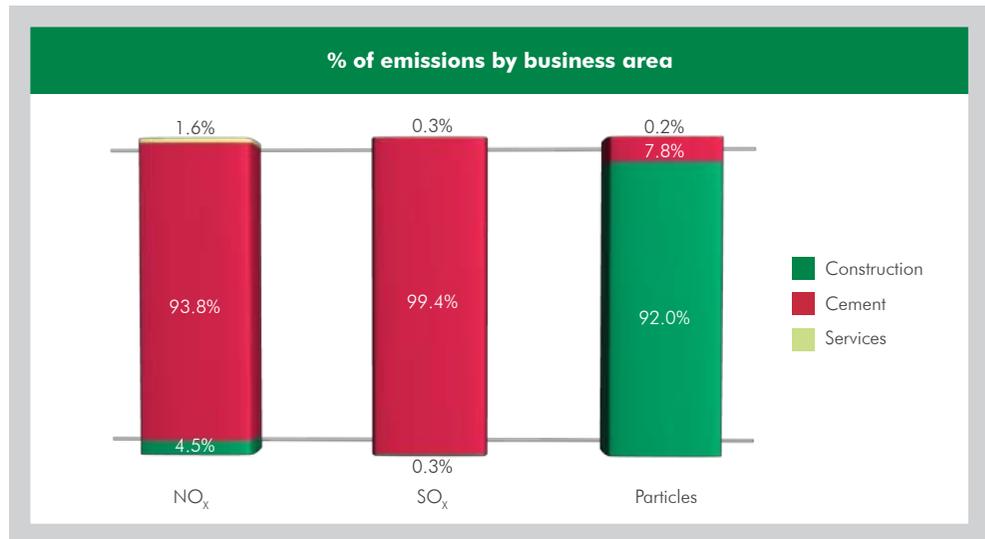




For more information on the activities and management of this company, visit the company website at: [www.aqualia.es](http://www.aqualia.es).

#### 4.1.3. Atmospheric emissions

The Group's main emissions, in addition to carbon dioxide emissions (CO<sub>2</sub>), are nitrogen oxides (NO<sub>x</sub>), sulphur dioxide (SO<sub>2</sub>), and solid particles. The NO<sub>x</sub> and SO<sub>2</sub> emissions are mainly produced in the cement business, in clinker furnaces. Particle emissions are mainly produced by the infrastructure business, with an important contribution from auxiliary construction activities, such as the manufacture of concrete and asphalt aggregate.



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Each of the Group's business areas has initiatives to reduce emissions associated with combustion, which directly lead to the reduction in particle, NO<sub>x</sub> and SO<sub>2</sub> emissions.

The Cement area works actively to reduce its NO<sub>x</sub> emissions, which is why some of its lines of research and development are aimed at reducing these types of gases. Meanwhile, the Construction area prevents its emissions by means of an in-depth control of its machinery and the use of the best technology available.

All of the Group's centres subject to Integrated Environmental Authorisations (in accordance with Law IPPC 16/2002) have established atmospheric emissions' limitations for all their sources of emissions. In general, they all have gas cleaning systems and filtering, using different techniques depending on the characteristics of the process generating the emissions.

Furthermore, FCC Group facilities emitted a total of 2,557.8 tonnes of particles into the atmosphere in 2012.

**4.1.4. Discharge and spillage control**

The environment management systems and the integrated environmental authorisations of FCC Group facilities establish specific and stringent procedures for the prevention and proper management of discharges in order to minimize their possible impact on the environment. At each centre there are procedures to be followed that establish who is responsible in the event of accidental discharges or spillages, and what action is to be taken.

Although some of the Company's facilities have their own wastewater which is treated at wastewater treatment plants before being discharged in compliance with all limitations established by the regulations in force to this regard, FCC Group also manages and treats other waste discharges that do not come from its own activity; these are controlled in accordance with parameters that comply with the requirements authorised by the river basin authorities or other agencies.

The volume of water discharged as a result of all the Group's activities in 2012 amounted to 500,330,167 m<sup>3</sup>, of which 92.6% was treated before being discharged.

Although the Group's environment management systems include numerous preventive measures, during 2012 there were no relevant accidental spillages which could affect

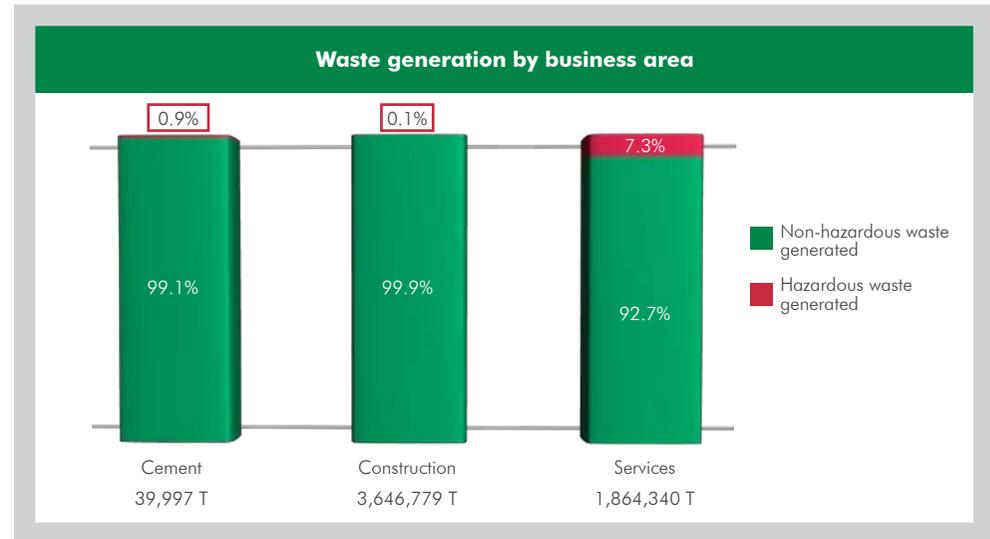
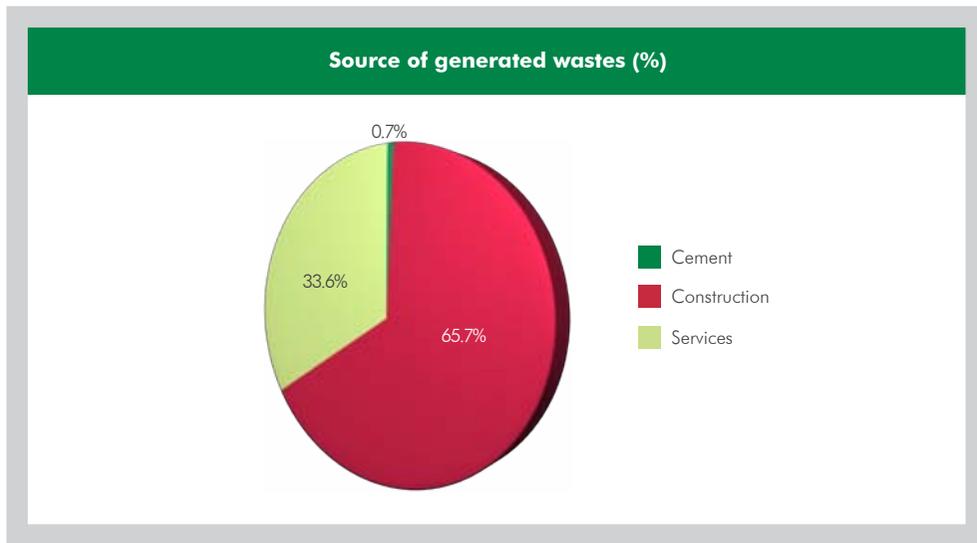
human health, vegetation or bodies of water. There were 55 minor accidents, resulting in a volume of less than 16 m<sup>3</sup> of discharge from the Construction Division's area. These are mainly accidental discharges of hydrocarbons and oils from work machinery and cleaning-water discharges from gutters and tanks, which have a basic pH level after being in contact with the concrete. Meanwhile, in FCC Logística and in the FCC Environment (UK), only one and seven accidents were recorded respectively. In all cases the necessary corrective measures were taken to minimize the impact on the environment.



4.1.5. Efficiency has a place in waste management

4.1.5.1. Generation of wastes

FCC Group, follows the "3 R's rule" (Reduce, Reuse and Recycle) as a strategy for managing waste, giving priority to reducing the volume of waste generated. Year after year, the company has aimed to reduce the generation of waste, and for the waste that is generated, it endeavours to seek the best option for its management, preferring to reuse, recycle or recover waste rather than disposing it in landfill sites. The amount of waste produced in 2012 amounted to 5,551,115 tonnes, of which only 2.5% was hazardous.



Each business area has its own waste management plans, with the common approach being that of responsible consumption of raw material in order to minimize their generation.

Waste generation in Infrastructure

Cementos Portland Valderrivas promotes the responsible consumption of natural resources by means of the recovery of materials obtained from waste and by-products, which replace natural raw materials in order to save non-renewable natural resources and avoid the impact on the environment by its work undertaken in quarries.

For FCC Construcción, the proper segregation of waste carried out at the building sites greatly facilitates its subsequent recovery or disposal, which is the first essential step to achieve more efficient waste management, thus reducing the consumption of natural resources and the saturation of landfills.

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**Waste generation in the Services Division**

FCC Medio Ambiente, by means of its activities directly related to the management of municipal solid waste and other similar wastes, from the time it is collected to its treatment and disposal, strives to promote selection at source, by introducing better technologies at its facilities and developing good practices in order to increase the proportion of waste that can be reused, recycled and recovered.

At Aqualia, constant work is carried out in the field of innovation with the purpose of discovering new methods to reduce waste from the integrated management of the water cycle. Thus, the company devotes a great deal of effort to the implementation of new technologies through investment in R+D+i in two ways in particular:

- The production of biogas to be used as a fuel for boilers and for electrical energy from organic waste from bacteria in digesters.
- Reuse and recovery of sludge derived from water purification processes at the WWTP for its subsequent use as compost in agricultural applications. In addition, Aqualia infrastructures reduces and reuses waste from construction work and demolition plants, such as earth and rubble, thanks to its own waste management systems.

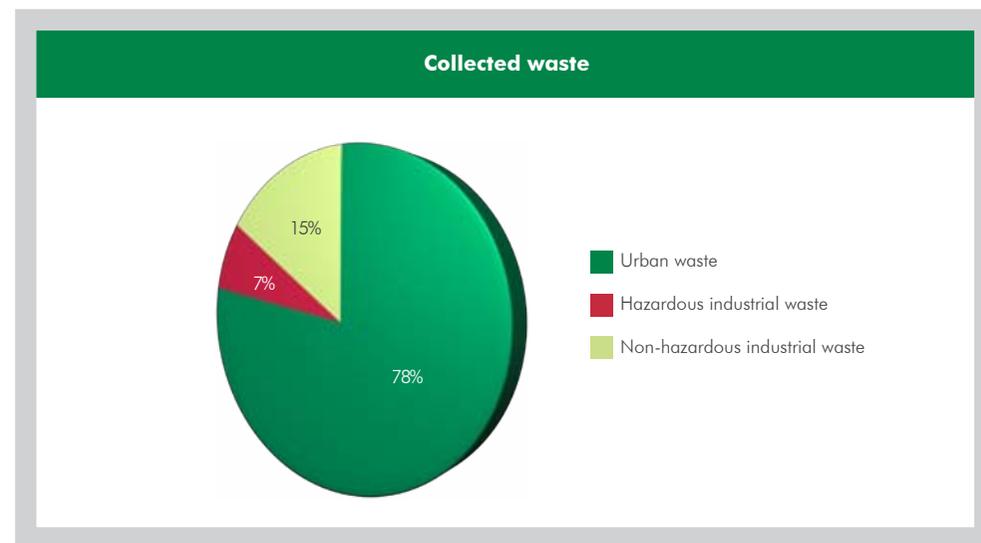
**4.1.5.2. Waste management**

FCC Group has a specific business area specialising in the integral management of all types of wastes: industrial and urban, hazardous and non-hazardous. Among the companies specialising in waste management in 2012 are FCC Medio Ambiente, FCC Environment (UK), ASA, FCC Ámbito, and Proactiva Medio Ambiente (50% owned).

FCC Medio Ambiente, FCC Environment (UK) and A.S.A. are subsidiaries of the group that provide urban water treatment services, among which the most noteworthy are waste collection, street cleaning, the transport and treatment of urban wastes and the maintenance and upkeep of parks and gardens. FCC Group is a leader in this sector in Spain and is one of the largest operators in Latin America, the United Kingdom, Austria, Portugal, Egypt, the Czech Republic and the following eastern European countries: Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services to over 72 million citizens.

On the other hand, FCC Ámbito provides services in the field of integrated management of industrial waste, industrial cleaning, decontamination of soil and external intervention in case of accidents, spillages, discharges, etc.

This diversity, related to the wide range of waste managed, and the number of countries where it offers solutions, makes FCC Group one of the world's leading companies in integrated waste management. So much so, that throughout 2012, the Group collected more than 10 million tonnes of waste, of a varying nature, with the major source being non-hazardous industrial waste.



With regard to waste treatment, FCC Group has facilities to treat all types of waste. In 2012 the company treated 16.7 million tonnes of waste at its facilities. The company carries out recovery processes, elimination in controlled landfill, deposits in slag tips and stabilization.

Treatment	% Waste
Recovery in selection and classification plants	6.4%
Recovery by biological treatment	9.4%
Recovery by heat treatment	4.1%
Recovery in construction and demolition-waste plants	0.1%
Elimination in controlled landfill	84.6%
Deposits in slag tips	0.5%
Recovery by recycling	0.5%
Energy recovery	9.6%
Recovery by physical-chemical treatment	4.8%
Stabilisation	6.8%
Transfer to a final manager	5.1%

\*The sum of the percentages is above 100%, as the material from one waste treatment process can pass through another process.

Recovery of black slag from steel mills

The northern part of Spain has a high concentration of steel mills with electric arc furnaces. The main raw material used for the manufacturing of steel in these electric arc furnaces is scrap iron. As auxiliary elements small amounts of pig iron, iron ore and ferro-alloys can also be loaded. After the smelting process in the furnace, black slag is obtained as waste material, which can be reused as a by-product, thus avoiding being sent to a landfill site.

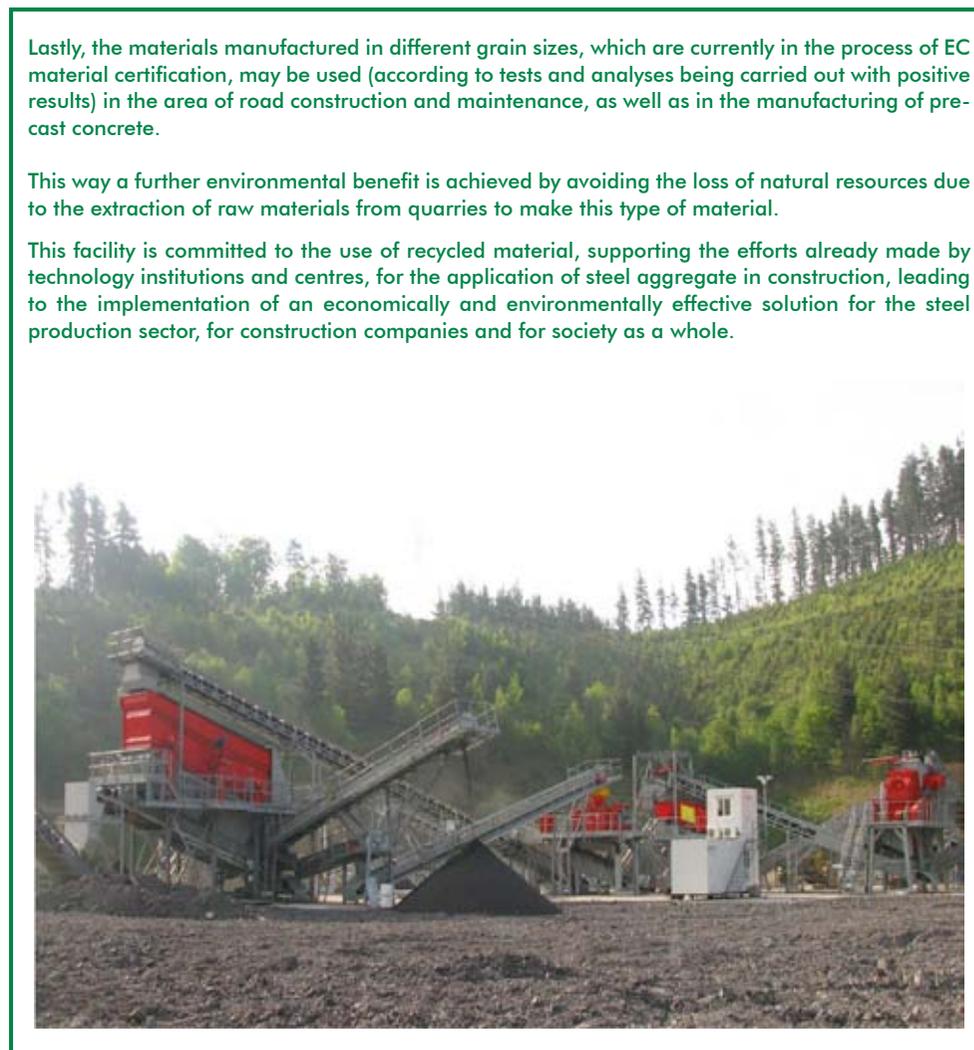
The composition of this slag varies depending on the scrap used as a raw material, but it typically has a high content of lime (almost 50%) and significant amounts of other elements such as magnesium, manganese, phosphorus, sulphur, molybdenum, boron, etc.

Due to the presence of these compounds the slag may be used either in agriculture, as an acidity regulator of soil, or as a quality aggregate in the manufacturing of asphalt and bituminous mixtures (for pavements and road surfaces offering a higher degree of anti-skid quality for vehicles, a quality which is not provided by the majority of aggregates usually used), thanks to its high resistance to abrasion.

Ekostone (owned by FCC Ámbito together with Cloos, S.A.) has designed, built, and has in operation, a slag recovery plant. Its objective is to promote the use of recycled material, presenting benefits in both economic and environmental terms.

The plant has been installed on a former steelworks slag dump, previously closed and sealed-off, thus preventing new landfill.

The plant is designed for a maximum capacity of 400,000 t/year of slag waste. This plant avoids the slag waste having to be managed at a landfill site, furthermore a recovery of 8,000 t/year of ferrous material is estimated, which will be reintroduced into the steel production process, encouraging recycling and a subsequent financial saving.



Lastly, the materials manufactured in different grain sizes, which are currently in the process of EC material certification, may be used (according to tests and analyses being carried out with positive results) in the area of road construction and maintenance, as well as in the manufacturing of pre-cast concrete.

This way a further environmental benefit is achieved by avoiding the loss of natural resources due to the extraction of raw materials from quarries to make this type of material.

This facility is committed to the use of recycled material, supporting the efforts already made by technology institutions and centres, for the application of steel aggregate in construction, leading to the implementation of an economically and environmentally effective solution for the steel production sector, for construction companies and for society as a whole.

#### 4.2. Protecting our biodiversity

FCC Group's concern for the conservation of biodiversity is reflected in all the initiatives which it has carried out throughout its history in order to develop its activities in the most environmentally friendly way. Therefore, with the intention of continuing to preserve our planet's natural assets, and the physical condition of the environments where the Group works to ensure their indigenous biodiversity, the management of the natural environment, in order to improve the conditions of biotopes and the control and eradication of invasive species of high ecological impact, are the guidelines on which all such initiatives, of all areas of the Group, are based.



While in 2012 the Company has progressed in the development of its environment management, it has also continued working on the optimization of its process to gather the information supplied by different departments and the quality of such information, all thanks to its data consolidation tool "Horizonte".

Although the activities of FCC Group are associated with a certain level of environmental impact, which on occasions is unavoidable, the company is committed to continue to make further progress in the restoration and renovation of the spaces where it operates. The main effects on the environment take place in the Cement and Construction areas. To mitigate the average effect on these divisions, the Group is developing integrated management approaches to restore the affected spaces and it is encouraging biodiversity. The estimated surface area of protected zones or areas of high value for biodiversity, contained within, or adjacent to, the FCC's business activities is almost 2,453 hectares.

At Cementos Portland Valderrivas the main impact on biodiversity is that produced by work undertaken in quarries, due to the occupation of spaces and operational activities, which involve blasting or ripping, shredding and transportation, which alter habitats and ecosystems. In order to lessen the environmental impact of the quarries, restoration plans are being implemented that allow these areas to be rehabilitated or restored, as far as possible, to the original state of the exploited areas, including any improvements where possible.

The majority of the Group's quarries and gravel pits in Spain, complete their restoration with re-planting activities, using native species, and carrying out restoration maintenance work, as well as in some cases performing tasks which involve removing evasive vegetation.

As well as said restoration measures for spaces affected by operations, corrective measures are also carried out that minimize the impact during operations, such as measures against erosion and the impact on the landscape, including the control of discharges, waste and the prevention of atmospheric contamination.

The total area affected by the quarries and gravel pits exploited by Cementos Portland in Spain, from the start of its activity until 2012, is 18,434,274 m<sup>2</sup>. Of this surface area, 8,307,802 m<sup>2</sup> is completely restored (to the final restoration phase) and 10,126,472 m<sup>2</sup> is either already restored or will be restored in the future.

The activities of FCC Construcción, albeit temporarily and in a way that is not particularly dangerous, interact with different elements of the environment, air, water, soil, atmosphere, etc. The company has an internal guide called "Basic Guide for actions in protected natural areas," which provides guidance to implement good practices related to minimizing the effect on biodiversity, in order to protect animal and plant species that could be affected. During 2012, FCC Group's entire construction area carried out protection and/or restoration measures on a total susceptible surface area of 440,877 m<sup>2</sup>.

Many of the restoration initiatives performed are the result of the Environmental Impact Declaration (or similar) of the project, or of the legislative obligations of each country. However, as well as compulsory legal initiatives, upon completing the work, restoration measures are carried out in order to return the functionality to the ecosystem affected and to integrate the work into the landscape.

All measures carried out by the Group for the protection of biodiversity vary in their definition and degree of application, according to the type of project and the environment in which it is located, but they are always designed to condition the surface of the land, avoid its possible erosion and to protect the landscape, allowing the natural development of its ecosystems.



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The Protection of Biodiversity at the el Zapotillo Dam

Dams are controversial projects within society, since they affect the landscape and the surrounding ecosystems, and can lead to the resettlement of nearby towns. However, they involve necessary infrastructure to meet water demand and to produce electricity, by means of one of the most economic and environmentally friendly alternatives, controlling floods, and facilitating agricultural production in downstream areas.

Due to the environmental complexity and the potential impact from the execution of the work, FCC Construcción placed great emphasis on the correct identification of the possible biotopes affected by such work.

The characterization of the fauna and flora in the project's area of influence was carried out by applying direct and indirect collection methods during several on-site visits to the project area, as well as an extensive review of the bibliography and scientific collections registers. During the on-site visits, areas were selected that represented different types of vegetation or habitats that existed in the project area. In total four locations were selected to take samples of the fauna, corresponding to a tropical deciduous forest, a gallery forest, subtropical thicket and Juniperus forest. At each site random samples were taken, whose distances and duration times were variable; all species observed were recorded.

Thanks to this study and knowledge of habitats with a potential risk of being affected by the construction and operation of the dam, FCC Construcción has been able to develop a good environmental-practices plan in order to mitigate and reduce possible environmental impacts caused to Zapotillo's local fauna and flora.

In this regard, all efforts of the plan to mitigate impacts on biodiversity in the affected area have been focused on the development of necessary measures to protect the most sensitive native fauna, by capturing and moving individual protected species, repopulating affected areas, transplanting valuable specimens, cataloguing and creating an inventory for areas of natural heritage and public interest, protecting soil, treating water, managing waste, optimizing its generation and minimizing possible impacts.



For more information and further details on the quantitative data on these activities please visit the FCC Construcción website: <http://www.fcco.es/>

# CONNECTING CITIZENS

## FCC IS AN EXAMPLE OF AUTHENTICITY IN ITS COMMITMENT.

FCC Group wants to promote sustainable habits and maximize the positive impacts of its activities in the cities where it operates, by relying on the commitment of the people who are part of the company, by remaining in contact with interest groups involved and in constant consultation with the prescribers in strategic markets.

The objective of the third pillar of the Sustainability Master Plan, known as "Connecting Citizens", is to link the management of FCC Group to the trends and needs of the communities of the future. The joint involvement of FCC Group and the public in addressing the urban challenges of this century, based on the capacities developed by the company and the commitment of its employees, will be the starting point for the promotion of sustainable habits.

To this end, the company involves citizens in implementing solutions for the development of sustainable cities. FCC's social initiative strategy therefore involves the development of elements of "active sustainability" in which citizens are the main source for improving sustainable and responsible habits and behaviour. In this respect, the company works within the scope of education, and in the promotion of projects involving the citizens' participation in locations where FCC is present.

Another strategic line that guides FCC Group's social commitment and its businesses is focused on encouraging employee participation in company projects, through volunteer schemes, based on the conviction that the involvement of FCC Group employees in its social commitment is essential to its success. Thus, people in FCC Group are able to collaborate in creating a more sustainable, equitable and diverse city.

2012 Highlights
FTSE4 Good includes FCC in its socially responsible investment index for the fifth year.
Cemusa, recognised for its social commitment by FEDER (Spanish Foundation of Rare Diseases). FCC contributes to the employment of people with disabilities.
New York recognises the social work developed by Cemusa, within the scope of combating truancy.
The United Nations Global Compact distinguishes FCC Construcción for its commitment to the Ten Principles.
Infoaqualia was created, a new communication channel that provides a service which is transparent and that reaches out to citizens.
FCC employees take a leading role in the Second Reforestation Day with WWF-Spain.
FCC Construcción has signed an agreement with the University of Cantabria for the certification of the Master's Programme in Construction Sciences.

Programed initiatives	Objectives for 2014
<ul style="list-style-type: none"> <li>Continuous learning - sustainable radar.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct consultation groups with prescribers in strategic markets and develop pilot projects at a national and international level to promote sustainable habitats.</li> </ul>
<ul style="list-style-type: none"> <li>Connecting with citizens - active sustainability.</li> <li>Corporate Volunteering.</li> <li>Local responsibility commitment</li> <li>Pursue the maximization of sustainable value - positive impact action.</li> </ul>	<ul style="list-style-type: none"> <li>Quantify the dedication of FCC employees in local commitment programs. Strengthen corporate volunteering in collaboration with the Esther Koplowitz Foundation.</li> <li>All public tenders have metrics regarding the impact of our services.</li> </ul>

INICIO **CSR CONNECTING CITIZENS**

## 1. PLATFORM FOR DIALOGUES WITH CITIES

As part of the Corporate Responsibility Master Plan, FCC has envisaged cooperation with cities and communities to set up platforms for dialogues on the municipalities' eco-efficient challenges.

Along these lines, FCC has contacted representatives from the cities of Almería, Mahón (Menorca) and El Campello (Alicante) to design these platforms or round-table discussions that enable both the identification of the challenges related to sustainability, as well as the choice of opinion leaders to get them started.

In the El Campello case, where FCC manages a transfer plant, they are studying an environmental educational project, together with the school 'Colegio Salesiano'.

## 2. SOCIAL COMMITMENT AS A FCC GROUP STRATEGY

Within the framework of the Corporate Responsibility Master Plan, major social commitment initiatives of the company are monitored and approved by senior management and form part of FCC Group's "Connecting Citizens" strategy. Among these are the initiatives of the volunteer programme, agreements with universities and other technical centres, and donations and support for public/private associations and institutions.

FCC Group and its business areas encourage the participation of their own employees in achieving their objectives. That is why the Group has a corporate volunteer programme which allows employees to participate in social engagement projects driven by the company.

In 2012, the total investment in projects of a social nature, focusing on education, helping people with special needs, heritage conservation and the promotion of art and culture, amounted to 4.5 million euros.

As a Group, FCC has signed collaboration agreements with well-known Third Sector entities such as Caritas and Fundación Plan España, in order to address situations of social emergency as a matter of priority as well as primary care projects that these non-profit making organisations undertake.

Collaboration agreement with Plan España, strategic in the "Connecting Citizens" plan

In 2012, FCC Group and the international humanitarian development organisation, Plan International España, which focuses on children, signed a collaboration agreement which involved several lines of initiatives: including launching communication and awareness campaigns to respond to emergency situations; participation in educational projects such as "I can't vote but I have a voice" in which FCC train people (volunteers or otherwise) to become part of the school network in the "Environment Classroom" programme, and it will include the Citizens' Behaviour Manual to be taught at these schools. FCC has also committed itself to assigning advertising space for campaigns, and to integrate FCC social action plans into the Plan España organisation.

### Transparency of the initiatives

The collaboration agreement includes an explicit commitment to justifying all actions undertaken by Plan, which includes transparency regarding fund management and all annual audits, as well as the technical and financial justification of the executed projects will be available to FCC.

### The CEU School in Murcia: "I can't vote but I do have a voice"

Plan España and FCC came to an agreement with the CEU School in Murcia to give this training module to students at the educational centre that the CEU institution has been running for over 25 years in the capital of Murcia.

### 2.1. Education, the pillar of the Group's social commitment

For FCC education is a crucial factor in the economic and social development of communities. Therefore it is something that has a special place in the Group's social commitment initiatives.

The company's main asset is the experience and knowledge of its employees; it therefore makes use of this value by carrying out teaching projects, within the sphere of primary, secondary and university education, through conferences, seminars and professional courses driven by educational institutions in the countries where it operates.

The Environment area, by means of initiatives involving educational tasks, has benefitted 1,750 students by collaborating with different entities and institutions. FCC's participation has materialised with the presence of several prestigious Group professionals in different congresses and forums, with the fundamental objective of sharing their knowledge on matters such as waste management, the fight against climate change, improvement in air quality, maintenance of parks and gardens, and social corporate responsibility.

It is important to highlight the educational work carried out through guided tours of the main treatment plants belonging to FCC Medio Ambiente, which are visited each year by school children, groups from courses run on environmental techniques, technical personnel and professionals from the industry. In addition to its technical nature, these types of initiatives also drive and encourage social awareness in the selective collection of waste and citizen responsibility. Likewise, with the purpose of encouraging internships in the company, this department has signed several educational collaboration agreements with Spanish universities and other educational centres.

During 2012, Aqualia signed agreements with universities and business schools to teach different training courses, approved in the area's 2012 Training Plan. Among these the presence of Aqualia on the Advisory Board of the Master's Programme in Quality and Excellence at the School of Industrial Organisation (EOI), the participation in the Sustainable City Workshop on "Water in Urban Environments" at the IE Business School, and in the Iberian Expo-conference on "Intelligent Urban Spaces" at the ITAE Business School.

With respect to universities, Aqualia supports courses together with the Technological Institute of Water (ITA), part of the Polytechnic University of Valencia, to train its workers in technical areas, the ITA has professors and lecturers from specialist universities.

Of note in 2012 is the preparation of a manual on civility, good citizen behaviours and practices by FCC employees themselves.

A Wiki environment and a debate forum were set up on the Corporate Intranet so that any Group employee can participate and contribute their ideas.

The aim of this manual is to recover and promote activities and behaviours that facilitate co-existence in our surroundings, and it also aims to become a citizens' point of reference and commitment to generate changes in our attitudes.

Aqualia presents its vision of intelligent services to university campuses and business schools

Aqualia was one of the companies that participated in the second edition of the seminar entitled "Smart Cities and Innovation in Services", which took place at the "Palacio de La Magdalena" in Santander, as part of the summer courses run by the International University of Menéndez Pelayo (UIMP).

The seminar provided a practical vision of smart cities through the presentation of specific cases of implementations in different city councils involved in smart cities, at both national and international levels.

The speech offered by Aqualia was given by Enrique Hernandez, Director of Services Management, and was focused on the "Intelligent Water Management".

Aqualia has also participated in summer courses at the University of La Laguna in Tenerife, presenting two innovative communications, which go beyond Smart Cities, and are linked to the concept of FCC Smart Services, focusing on information and communication technologies (ICT) applied by companies in the sector, with the dual objective of improving the quality of life of citizens and contributing to greater environmental sustainability.



The Manager of Entemansar and Director of Aqualia in Tenerife, gave the speech "Smart Water: an intelligent service in integrated water management"; and the Head of the Marketing and Communication department of Aqualia, offered his vision with a presentation entitled "Communication to citizens, key to the development of Smart Cities". This course culminated with a visit by all participants to the seawater desalination plant in the municipality of Tinerfeño in Adeje, an environmental point of reference in the archipelago due to its construction characteristics and energy efficiency.

Also during the month of July, the Extremadura Business School, ITAE, held the First Iberian Expo-Conference on Smart Urban Spaces in small and medium-sized populations, in which the Marketing and Communication Department participated, presenting FCC's view of this sustainable city model, as well as Aqualia's capacity and experience, shown mainly in the case of Extremadura, and more specifically in the capital Badajoz.

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Furthermore, the Group's cement area participated in the ANEFA Business Lecture on Aggregate Technology. This came about by an agreement signed by the Chairman of the UPM and the President of the National Association of Spanish Aggregate Manufacturers (ANEFA). Since its foundation it has run training courses for students in their final years in Mining Engineering, Geological Engineering and Technical Mining Engineering degrees, with the participation of teachers from companies in the industry, as well as the Mining School itself.

FCC Construcción upholds agreements with several universities, study centres, post-graduate and technological centres, offering scholarships to their students and supporting different lines of research. As an example, in 2012 the company signed an agreement with the University of Cantabria for the certification and teaching of the Master's Programme in Construction Sciences, taught by the Company's own specialists in the field.

It is also important to highlight the organisation of the International Site Manager course, in conjunction with the Civil Engineers' College of Madrid, as well as large construction companies. This collaboration agreement has encouraged collegiate jobseekers to work abroad.

The Madrid Civil Engineers Association participates, with FCC, in the second edition of Internationalisation scholarships

On 13 February 2012, the International Site Manager course began, which was organised by the Madrid Civil Engineers' Association, in collaboration with FCC and several construction companies, which is part of the agreement to provide job opportunities in other countries for collegiate jobseekers from university courses that have ended recently.

The opening was conducted by the Principle of the College, Miguel Ángel Carrillo Suárez, and the Vice-Principle Carlos Gasca, with Alfonso Iglesias, representing the company Cuatrecasas.

Through this agreement, some thirty young engineers, selected from some of the best applications, were incorporated into the main Spanish construction companies with activities overseas.

FCC has been closely involved in the development of the forty-hour academic programme, carrying out work in academic leadership. Different managers from FCC have participated from the areas of occupational health and safety, quality control, training, and planning. Moreover managers from some public bodies such as ICEX and AECID have participated.

The course is structured in two parts: The duties of Site Manager and international project management. By way of these sessions, a global view is provided of the requirements when performing contracts overseas, and they provide this young group with the legal, financial and technical tools necessary to manage international projects within the construction sector.



**2.2. FCC Group's projects and the evaluation of their social impact**

While most of the social impacts derived from FCC Group's activities are positive, since they are a source of wealth and employment for the communities in it operates, the company is constantly aware that some of its activities may cause certain negative impacts.

In this regard the operations that have the highest risk of negative socio-environmental impact are operations involving the extraction of materials, carried out by the Cement area, and the activities of the divisions involved in waste management. This risk is due to the inherent implications of operations carried out in these activities. Precisely to avoid those impacts that could directly or indirectly have an impact on communities, FCC Group conducted the relevant environmental impact studies, choosing the most environmentally friendly option, from the possible alternatives, before beginning the projects. Furthermore, some Group companies have conversations with local communities in order to get their opinion and better adapt to their needs and requirements.

With regard to social projects, FCC Group ensures its commitment to transparency and participation in all social projects developed by its lines of business, conducting a prior assessment of the organizations which it supports. In this sense, the group analyses the entities with which it wishes to cooperate in order to ensure that their commitments and principles are in line with the values of the company, allowing the entities that are awarded aid to assess and evaluate their contribution to the social communities in which they operate.

**3. CORPORATE VOLUNTEERING**

**3.1. The corporate volunteer programme "FCC Volunteers"**

The programme set out on its course in 2008 in line with the objectives of the Esther Koplowitz Foundation, which carries out outstanding work caring for some of the most underprivileged in society, noting especially the homes created for the elderly or mentally handicapped.

The Group's volunteer projects have contributed year after year to the development of several initiatives within the sphere of environmental education and cooperation, as well as attending to humanitarian emergencies, and especially homes for the elderly or handicapped, carried out in collaboration with the Esther Koplowitz Foundation. This collaboration is highlighted in three cities:

- "Nuestra Casa" Residential home for the elderly, Collado Villalba, Madrid.
- "Nostra Casa" Residential home for the elderly, Fort Pienc, Barcelona.
- Residential home for the physically and mentally handicapped in La Nostra Casa, Valencia.

Within this same initiative it is worth mentioning, for their originality, the series of conferences that, under the title "Fridays at a Residential home", were held at the homes in Madrid and Barcelona, where the voluntary FCC speakers selected the subject and shared their professional experiences with at the residential homes. Over 130 activities have been performed in this series.

**3.2. Responsible commitment of FCC personnel**

This second line of work in the field of volunteering, aims to facilitate access to participation in voluntary activities for the highest number of Group employees possible, in order to promote the commitment of people to corporate responsibility and strengthen the sense of belonging within the company.

**FCC Group  
Corporate  
Volunteer  
Plan**

- Facilitates voluntary access to social action projects for the highest number of employees possible.
- Share information on CSR within the company, its significance, its implications and its benefits.
- Increase the sense of belonging within the Company.

This model of responsible commitment aims to encourage employee participation in social projects directed at reducing inequality, poverty and the risk of social exclusion, as a way for the company to respond to certain needs identified in the places where it operates.

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FCC has set up an internet portal dedicated to volunteering, which can be found on the Group's website, and where the activities of the programme can be published. This online platform fosters a climate of association and of leisure activities among the volunteers.

In 2012, 447 people were helped by "FCC Volunteers", which involved the participation of 110 company employees.

It is important to remember that each of the Group's business areas develop their own programmes for promoting social development, culture, sport, and healthcare, in accordance with the specific demands of the communities where it operates.

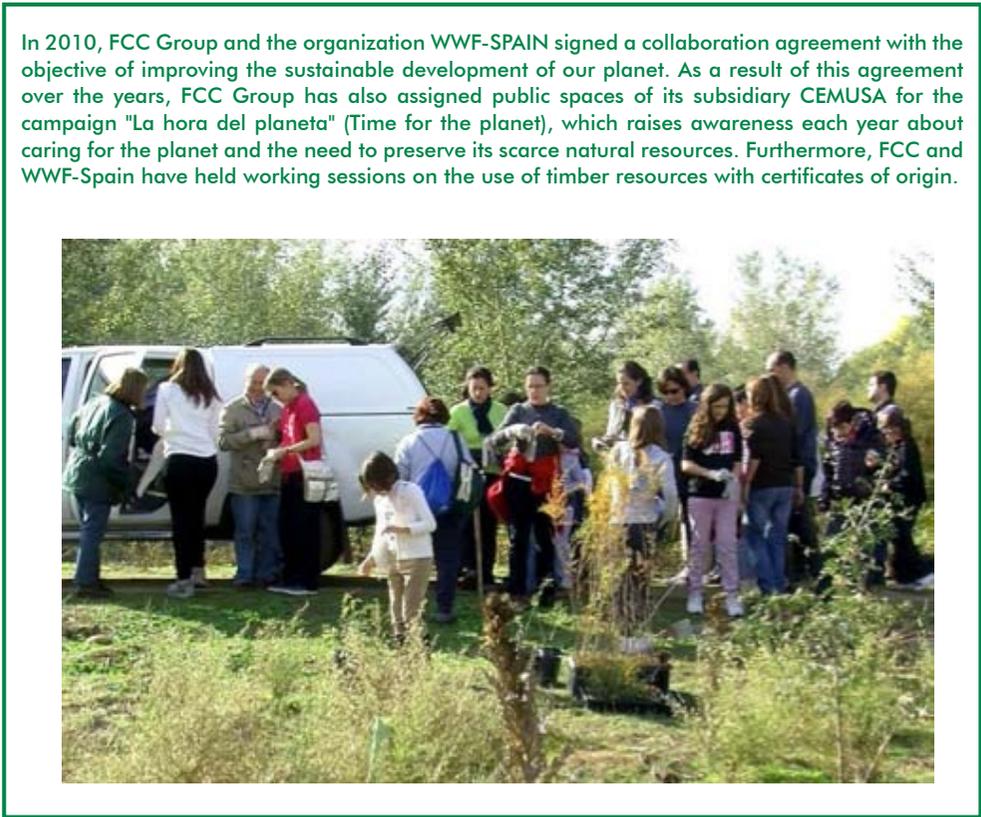
Employees of FCC take a leading role in the Second Reforestation Day with WWF-Spain.

A considerable contingent of FCC workers and families, which included many children, collaborated with WWF-Spain in the Second Reforestation Day that the Group held as part of the framework agreement with this remarkable ecological international organization, which achieved its objective of planting almost three hundred new trees in the Regional Park in South-East Madrid. Located around the lower courses of the rivers Henares, Manzanares, Tajuña and Jarama, this natural park comprises a surface area of 31,550 hectares and its territory spreads across 16 municipal districts of the Self-governing region of Madrid.

The park's situation is very special due to the fact that it is surrounded by large city centres and industrial estates, and is very close to central Madrid. Also, due to its terrain, it is home to steppe birds such as royal owls and peregrine falcons.

FCC Group transported more than forty-three volunteers to the area known as "Soto de las Juntas", among them friends, family and workers of the citizens' services group. This area supported an old mining operation for 30 years, and in 1990 it was acquired by the Self-governing region of Madrid with the intention of undertaking restoration and recovery measures for ecological processes and functions, including preventing loss of plant mass and soils of great productive value.

During the event, activities were carried out such as renewing dry specimens, clearing scrubland, reconstructing tree sheaths and repositioning protectors. Thanks to the collaboration of these forty-three volunteers, 260 trees of the following species were planted: Ash (44 specimens), White Poplar (32), Black Poplar (27), Almond Tree (32), Gall Oak (40), Wild Rose (31), Blackberry (12) and European Taray (42).



In 2010, FCC Group and the organization WWF-SPAIN signed a collaboration agreement with the objective of improving the sustainable development of our planet. As a result of this agreement over the years, FCC Group has also assigned public spaces of its subsidiary CEMUSA for the campaign "La hora del planeta" (Time for the planet), which raises awareness each year about caring for the planet and the need to preserve its scarce natural resources. Furthermore, FCC and WWF-Spain have held working sessions on the use of timber resources with certificates of origin.

A.S.A. employees in the "Big Clean-up of Serbia" programme

As in previous years A.S.A. and its employees have participated in the "Big Clean-up of Serbia" programme in the regions of Northern Banato, Branicevo, Sumadija and Pomoravlje, where the company carries out collection and waste-disposal services. In total 34 tonnes of waste were collected.

In Kikinda, the company took nine tonnes of urban settlement and periphery waste to the landfill. In the Vrbak landfill, fifteen tonnes of waste were disposed of, four from Despotovac, seven from Lapovo, and five from Batocina. In Branicevo ten tonnes were collected from municipalities of Zagubica, Malo Crnice, Zabari and Kucevo. In Zabari 1,200 bags of recyclable waste was recovered, mainly consisting of plastic bottles (PET) and paper. As well as the 42 assigned employees, nine trucks and heavy-duty machinery which was made available to the municipalities for the campaign, a further 39 employees of A.S.A participated voluntarily in all the Serbian cities involved in the campaign.

This action confirmed the level of commitment and the willingness of the company to participate in actions to help the environment, and also serves as a good example, set by the personnel of A.S.A, to promote the development of individual philanthropy.



For more information on FCC Group's social commitments please visit our company website: <http://www.fcc.es/fccweb/responsabilidad-corporativa/ciudadania-corporativa/accion-social/index.html>

## 4. INTERACTION WITH STAKEHOLDERS

FCC Group maintains a close relationship with its stakeholders, which is sustained thanks to a solid dialog and cooperation strategy which develops different communication platforms. For this reason the company actively takes part in initiatives that improve the visibility and awareness of stakeholders regarding the Group's activities and results.

While each business line has instituted its own specific dialogue strategy with its stakeholders, the Group also uses feedback to identify and resolve their main concerns with respect to the company. To this end, the organization has several channels of communication that allow proposals, listening, and the undertaking of initiatives in order to respond to demands made by third parties; but in recent years the corporate website has been the most used channel to disseminate information to different stakeholders.

Along with the website, the Group's divisions maintain continuous dialogues with stakeholders throughout the course of the year, by means of consultation sessions, e-mails, newsletters and magazines, trade publications, and end-of-project surveys, among others.

It is worth mentioning the work carried out by Cementos Portland Valderrivas which gives its stakeholders the chance to participate in decision making processes by means of the Bitácora Project. The project consists of coordinating meetings and dialogue sessions which are held in those locations where the Group carries out its activities, with employees on the one hand, and representatives of civil society on the other; allowing them to express their interests and demands with respect to the Group. The sessions are dynamic by the use of a methodology that identifies the expectations and priorities of the participants, and detects both potential risks and opportunities for the future, as well as helping to note any suggestions to aid their progress. Finally, it allows the level of trust of the different stakeholders to be measured. After the sessions held in the cement factories are finished, a meeting with the factory's management is held in order to establish Local Action Plans, which detail actions to be carried out, establish a schedule, and identify those responsible for carrying out said actions.

From the beginning of the Bitácora Project in 2007, it has reached participation levels of more than 700 representatives from stakeholders in 11 different locations. Some novelties can be highlighted from this fifth round of consultations held between 2011 and 2012, such as the sessions held with financial analysts, with clients from the North Area, with

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employees of Canteras Alaiz, and with workers and representatives of civil society in the Mataporquera factory (Cantabria).

Meanwhile, FCC Environment (United Kingdom) has set up a series of processes by which external stakeholders can understand the activities carried out by the organization, and establish a dialogue with the management of the Company.

In the majority of facilities where FCC Environment operates, the idea is to include local communities by organizing meeting points. These are semi-formal committees comprising people that represent local organizations (residents, companies, local councils, etc.), with the objective of encouraging discussions about subjects related to the daily operations of each facility. Although a quarterly period has been pre-established for setting up these committees, there is also the possibility of adjusting and adapting them to meet the needs of the local stakeholders.

**4.1. Shareholders and investors**

In 2012, the Stock Market and Investor Relations department organised 257 meetings, of which 226 were with investors, 16 with stock market analysts, 12 with financial entities, and 3 with sales departments from different companies.

Also, on the company website there is an exclusive section for shareholders and investors with relevant information about the economic performance of the company, stock market and financial information, and an investor's agenda that provides notifications of relevant events. Of particular interest on the web is the shareholders' services section which details the steps to follow and the means by which to contact the Investors' Relations Department of the Company directly.



**4.2. Employees**

Although some lines of business make their own internal communications systems available, the main tool for communication with employees, which brings together all of the Group's professionals, is the company intranet, FCCnet. However, more specifically, and in order to meet the needs of the company's main asset, employees have an employees' portal available, which is an internal communications tool with content specifically for them.

With regard to the Group's intranet, it is important to note that in 2012 an average 9,422 visits per day were recorded from the internal network, and 247 from the internet. Furthermore it should also be mentioned that the company holds periodic meetings with its employees to inform them in person about different matters. In turn, an internal communications channel is also available, which is another communications tool that facilitates dialogue and brings together positions between employees and the company.

The Group also has an online magazine called "Communication Network", published every two months, which has a monthly average of 54,250 visits a year, and is available

in twelve languages. In the same vain, and to ensure that employees who don't have PC access can receive information, the company has strengthened its means of communication by placing information points around its work centres. These information stands include a global distribution of more than 2,000 posters in Spanish, which include the most noteworthy headings that appear in the "Communication Network" magazine.

**Aqualia launches its third drawing competition for young artists**

Under the slogan "Full marks for you, full marks for the planet", Aqualia launches its third edition of the drawing competition for young artists, aimed at employees' children and grandchildren. This incentive aims to get Aqualia's youngest people to express the ways in which water plays a role in their lives. There are two categories: infants, for ages 5 to 7; and juniors, for ages up to 11.

The success of the initiative over the three years in which it has been held shows the commitment of those who work at Aqualia in conveying, even to their children, the work that goes on behind the scenes in order to supply homes with water and to return it to the natural environment after use, in optimum condition.

On this occasion the children will not only be eligible to win prizes (two digital underwater cameras, one for the winner of each category; and ten magnetic puzzles for the five runners up in each group), but also, by participating, they will be working towards a worthy cause. The equivalent of 10% in Euros of all drawings received will be donated to the Theodora Foundation, which works on making sure that children in hospital never forget how to smile, thanks to visits from "Smile Doctors".

**Collaborating on a worthy cause**

The drawing sheets are distributed among employees who request them from their offices or their Marketing and Communications Managers. In addition, the posters designed for internal communication will serve to announce the competition to all employees; they are placed at Aqualia facilities and on bulletin boards or other locations provided for this purpose. Last year almost 300 drawings were received, which consolidates this initiative as a great communication tool and promotes internal cohesion among employees. All information about the competition can be found on the Aqualia website.



In addition, relations with trade union representatives should be emphasised as each year, the CSR report is presented to them to be analysed and discussed. Between May and June 2012, the Corporate Responsibility department gave three presentations to different FCC works councils in Madrid and Barcelona.

**4.3. Suppliers and contractors**

Cultivating the relationship that the company has with its suppliers and contractors is vital to ensure the fulfilment of the commitments made by FCC Group in several respects. That is why the organization continually seeks to align their behaviour with that of its own. In this sense, and in order to ensure the idea of sharing between the two parties, FCC develops training actions and awareness campaigns, for its suppliers and subcontractors, with the intention of conveying the importance of complying with FCC Group's policies and standards.

**4.4. Public administrations bodies and regulators**

Due to the impact of FCC's activities within the areas in which the company performs its activities, regular participation of business in self-regulating actions within the sector, and in the development of new legislation relating to areas of initiatives, is common. The Group has always been at the service of public administration bodies and legislators in order to collaborate and made the use of its almost 100 years of experience, in the implementation and adaptation of regulations, both nationally and internationally. All the Group's business areas have implemented voluntary measures to maintain production and service standards in the different areas of activity, as well as in the area of sustainability.

**4.5. Customers**

Although the end customers of products and services provided by FCC Group are the citizens themselves, which is why the organization strives day-by-day to make improvements, the direct customers of the company are public administration bodies, and private and public institutions. The Group's objective is simply to achieve satisfaction, on-time, on-budget, and in accordance with the rigorous standards of quality, with regard to the requirements and demands of the end users of the executed projects.

The quality management systems implemented by all areas of FCC Group conform to the most prestigious standards in the field, UNE Standard EN ISO 9001; they also incorporate customer management among their criteria by which they are measured. Each business area has its own action plans with a view to increasing the percentage of certified activities

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under this Standard. In 2012, 81% of the FCC Group's total activities were certified in accordance with ISO 9001.

**4.5.1. Communication with customers**

The traditional communication channels established for customers (telephone, email, fax, internet, letters, invoices, visits or in person meetings with sales departments) serve to identify possible areas of improvement and to attain a higher level of reliability and quality in the products and services provided by the Group.

As a guarantee of quality and transparency, each company has its own means of communication with customers, because each customer has its own characteristics. For example, FCC Construcción has a customer interlocutor responsible for raising points of collaboration and addressing any suggestions received, as well as discussing the information gathered in meetings with customers, and will subsequently provide information on the actions taken as a result of their suggestions and contributions.

In this regard, the FCC environment business area, with the purpose of ensuring the reliability of the systems employed to convey, qualitatively and quantitatively, the significant values of the environmental and social performance of the organization's sustainability policy, which it communicates to its customers, has developed a series of specific procedures for reporting information. All of which contributes to strengthening the monitoring and control plan for the reliability and quality of published information.

For its part, Aqualia works in terms of mutual responsibility with its customers, in order to consolidate trust and ensure access to water without any drawbacks, while promoting its sensible and responsible use. Aqualia is aware of the role it plays in the management of a basic and extremely valuable resource such as water, which is why it strives every day to deliver on commitments made with its customers. In order to achieve this connection, Aqualia has two basic tools:

- Aqualia online: Available to any user through Aqualia's 20 local webs, this on-line service allows access to a virtual office, 24 hours a day, 365 days a year.
- Aqualia contact: This is a telephone customer services centre which employs specialist managers who have an extensive knowledge of the water sector, which means they are able to respond to both matters relating to customer services, and incidents/ breakdowns and provide support on self-reading consumption meters. On this point

it is worth noting that the reading and metering systems for the self-management of consumption have been highlighted in recent years due to the important innovations applied to them, since they allow consumption to easily and accurately be read, without the need to access the property.

Finally it should be mentioned that the "Aqualia contact" and "Aqualia online" services, were awarded certification in information security by AENOR, with which the company can strengthen its strategy in seeking excellency in customer management. The SI-0065/2011 certificate represents another step in the company's information security strategy, and includes risk assessment and protection of information assets.

**4.5.2. Customer satisfaction**

The satisfaction of the customers and users of the services provided is a maximum priority for FCC Group, which is why the company considers it fundamental to establish permanent communication with these groups, guaranteeing the necessary trust, stability and durability for an optimum relationship with all of them. To this end, the Group carries out satisfaction surveys in different business areas with the objective of becoming aware of the opinion and degree of satisfaction of customers with regard to projects performed, as well as to identify the most important areas of improvement for future projects.

The experience and professionalism demonstrated by FCC Group in all sectors where it carries out its activities is reflected in the trust placed in it by its customers. The diversity of activity and types of customer of FCC Group means that measuring satisfaction has to be carried out in a decentralised way, so that each business area has its own measuring methodology. The results obtained in the majority of the Group's business areas that have performed this analysis in 2012 have achieved a score of between "good" and "excellent". Depending on the Group's subsidiaries, satisfaction surveys are conducted at least every two years.

INFOAQUALIA starts up, a new communication channel for customers

A transparent service that reaches out to citizens.

The more than fourteen million invoices that Aqualia issues annually now include on their reverse side InfoAqualia, the new communication channel for customers, which contains information of interest for citizens, and which is specific to the service itself. Miguel Perea, Aqualia's National Customer Director, and José Arce, Head of Communication and Marketing at Aqualia, agree that, with this initiative, a step further has been taken in providing a transparent service that reaches out to citizens.

They highlight the advantages that, from a design point of view, InfoAqualia provides to invoices. The new reverse side is in colour in order to highlight the information that we want to convey to our customers. This is where the difference lies "The change from printing in black to printing in colour".

"This is the reason that we have been working on the design of a new invoice, in order to make use of the advantages that printing in full-colour provides, as well as representing a change of image, one that is more modern and that reaches out to people", Perea adds.

With regard to the lay out of the information, José Arce points out that it has been organized into three columns. "On one side -he explains- we explain the invoice as well as advice and clarifications; in the middle we put InfoAqualia, which is the space that we reserve for the information that, until now, we have always sent out in the inserts; and, in the third column, we put information on telephone numbers and legal texts". This way the information is offered to citizens in a clearer manner. InfoAqualia includes varied information, with a clear structure: the left-hand side is for contents that relate directly to the invoice, such as the main concepts and basis of the invoice. The central column is reserved for corporate and current affairs messages, and will vary with every new invoice. Finally, the right-hand side is reserved for specific information about communication channels and the Personal Data Protection Act. InfoAqualia has been designed in colour, with the purpose of giving greater relevance to the information. Another of the advantages of this channel is the permanence of the information, since it is attached to the invoice, a document that the recipient will keep.

**explicación de la factura**

- TITULAR DEL CONTRATO**  
Datos del titular: Código de cliente. Para cualquier información relacionada con esta factura indique su número de cliente.
- DATOS DE SU INTERÉS**
- PUBLICACIÓN DE TARIFAS**  
Fecha de publicación y número de boletín de tarifas aplicadas.
- DATOS DE LA FACTURACIÓN**
- DESGLOSE DE BLOQUES**  
Descripción de los bloques de consumo y precios.
- CONCEPTOS FACTURADOS**  
Detalle de los conceptos facturados y su importe.
- HISTOGRAMA DE CONSUMOS**
- DATOS PARA EL CONTROL DE COBRO**
- FECHA LIMITE DE PAGO**  
Último día para el pago en periodo voluntario.
- TOTAL A PAGAR**

**info aqualia**

**Estamos más cerca para atenderte mejor**

aqualia abre la Oficina de Atención al Cliente en Almansa

c/ Violeta Parra, 1 - Bajo  
02640 Almansa  
Teléfono de atención al cliente: 902 23 60 23  
Horario de atención al cliente: de lunes a viernes de 9:00 a 13:00 horas

Tienes toda nuestra atención

En **aqualia** trabajamos para darte siempre el mejor servicio. Por eso, abrimos una oficina de atención al cliente en Almansa. Un espacio amplio, cómodo y moderno con un único objetivo: mejorar la atención a todos nuestros clientes.

- Situada en pleno centro Almansa, junto a la oficina de correos, muy cerca del castillo y del ayuntamiento.
- Una oficina funcional y sin barreras, donde te resultará muy fácil realizar todas tus gestiones.
- Con expertos que te atenderán personalmente para resolver cualquier duda o informarte de las novedades en nuestros servicios.

Siempre cerca de ti

La oficina de atención al cliente es solo un paso más. En **aqualia** ponemos a tu disposición cinco canales de atención al cliente diferentes para darte respuesta de la forma más eficiente y profesional.

- Teléfono de atención al cliente
- Teléfono de información y gestión de averías
- Servicio de autocolecturas
- Oficina virtual
- Oficina **aqualia**

**OFICINA aqualia LA MEJOR ATENCIÓN PERSONALIZADA**  
c/ Violeta Parra, 1

**902 23 60 23 ATENCIÓN AL CLIENTE**  
De lunes a viernes de 9:00 a 13:00 h.  
interinterruptivamente

**902 13 60 13 TEL. DE INFORMACIÓN Y GESTIÓN DE AVERÍAS**  
24 h., 7 días a la semana

**902 26 60 26 SERVICIO DE AUTOCOLECTURAS**  
24 h., 7 días a la semana

**OFICINA VIRTUAL aqualiaOnline**  
www.aqualia.es

**aqualia**

En cumplimiento con la Ley Orgánica de Protección de Datos, le informamos que sus datos personales forman parte de un fichero propiedad del Ayuntamiento en el cual Vd. reside, siendo tratados por la entidad concesionaria del servicio, que aparece en el anverso de esta factura. La finalidad del tratamiento es la gestión de la relación contractual con Vd. (mantenimiento (suministro de agua, cobro de facturas y cumplimiento de los demás aspectos contemplados en las normas reguladoras de la prestación del servicio aprobadas por el Ayuntamiento donde Vd. reside), así como atender sus consultas y poderle remitir, en su caso, información sobre novedades, actividades o servicios del Ayuntamiento de la concesionaria, que puedan resultar de su interés, a través de diferentes medios, incluyendo electrónicos. Vd. podrá negarse al tratamiento con finalidad comercial contactando con el servicio de atención al cliente de la concesionaria, así como ejercer los derechos de acceso, rectificación, cancelación y oposición, dirigiendo una solicitud por escrito, con la ref. "Protección Datos" y fotocopia de su DNI al Departamento de Seguridad de la Información en la dirección: C/ Federico Salvoán 13 - 28015 - Madrid

A channel with useful information for citizens  
"In those services in which InfoAqualia is already implemented", Arce notes that, "information has been included in the invoices corresponding to the third quarter regarding e-invoices and the social campaign that Aqualia is carrying out together with the NGO Action Against Hunger".

Miguel Perea states that InfoAqualia is an example of how the invoice can be used to open up a channel with useful information for citizens. It can be used, he says, "to provide information on the electronic invoice, new tariffs, direct debit campaigns, promotional inserts, handling and mailing, packaging costs, etc. which were incurred until now, and above all, a reduction in the environmental impact.

"With respect to the front of the invoice, from now on the bottom part will include a new Smart Services logo, to draw attention to the promotion of better, careful habits, for the Environment", adds José Arce. "The new design will be personalised to the recipient, with specific information regarding the invoice, and it will also be adapted to the company the invoice corresponds to (mixed capital, joint venture, etc.) and to the official language of each territory". "The information on InfoAqualia will be personalised according to the municipality of the customer", Perea remarks.

The front of the invoice contains a histogram so that customers can monitor their consumption, as well as information on where to access the updated information on current rates and those of the last billing.

InfoAqualia appears on almost 14 million invoices that Aqualia issues every year, including 360,000 e-invoices that are processed electronically, and which represent one of the Company's commitments to promoting a more flexible, quicker, and more convenient service for the customer, which at the same time is environmentally-friendly, since it uses a clean, sustainable and non-contaminating medium.

INICIO **CSR CONNECTING CITIZENS**

**4.5.3. Life cycle of the products and services**

The great diversity of the different products and services offered by FCC Group means that the life cycle of each one varies considerably according to the activity developed. However one can approximately conclude that in general the life cycle of each of the products and/or services that the company offers will be subject to one or all of the following phases:

- Developing the product’s concept: R+D+i.
- Certification, manufacturing and production.
- Marketing and promotion.
- Storage, distribution and supply.
- Use and service.
- Elimination, reuse and recycling.

Depending on the type of activity developed, the services are evaluated in order to test possible effects regarding employees’ health and safety. However, due to the nature of the products developed, they are not susceptible to causing a significant impact on the health and safety of customers, therefore these projects do not undergo these types of evaluations.

By means of the systems used to collect information by FCC during 2012, no incidents were recorded in relation to non-compliance with legal regulations or voluntary codes relating to the impact of products and services on health and safety.

**4.6. Presence in CSR associations and forums**

In 2012, FCC Group continued to participate and being involved in industry associations and CSR forums such as ASEPAM (Spanish Network for the United Nations Global Compact), Club of Excellence in Sustainability (Board of Directors and the coordination of the Corporate Governance Committee), Forética, (Board of Directors) ISMS Forum Spain, SEOPAN, CSR Commission of the CEOE (Spanish Confederation of Employers’ Organisations), State Council of Company Social Responsibility (CERSE), Pro-Clima Forum Madrid, Fundación Carolina Cámara de Comercio, etc.

Furthermore the CSR 2011 Report was analysed and studied in the programme on Corporate Responsibility Management at the IE Business School in Madrid.

**The United Nations Global Compact distinguishes FCC Construcción**

The United Nations Global Compact recognises FCC Construcción Progress Report with the award of Advanced Level, the maximum classification granted.

FCC Construcción has submitted the 2012 Progress Report, Communication on Progress, in accordance with its commitment to the Global Compact, describing its initiatives, results and objectives with regard to each one of the Ten Principles of the Global Compact. This year a self-evaluation has been added.

The report has been recognised by Global Compact with the advanced level award. By means of awarding this level, the Global Compact Office of the United Nations has recognised the effort made by the companies as they are the best, as well as the adoption and information, by these companies, of good practices within the area of good governance and sustainability management.

The advanced-level companies according to Global Compact are recognised publicly on the Global Compact website, which explains the results and detailed statistics of the self-evaluation and best practices of the company on the page dedicated to Communication of Progress of the participant.

As well as publishing the annual report, FCC Construcción has ratified its commitment to voluntarily adhere to the Global Compact. The company joined the United Nations Global Compact in 2004. As a founding member of ASEPAM, the company has participated in its activities from the beginning, with the purpose of sharing good practices which encourage the implementation of the Ten Principles.



## FCC GROUP'S PERFORMANCE INDICATORS

Economic indicators	Units	2012	2011	2010
Revenue	Millions of Euros	11,152.2	11,896.7	11,908.0
Profit (loss) EBITDA	Millions of Euros	753.4	1,256.4	1,366.0
Profit (loss) EBIT	Millions of Euros	(402.9)	393.2	778.8
Cash flow from operating activities	Millions of Euros	701.9	995.1	967.8
Cash flow from investing activities	Millions of Euros	(448.6)	7.7	(507.3)
Project portfolio	Millions of Euros	33,576	35,238.0	35,309.0
Generated economic value	Thousands of Euros	10,802,226	12,128,878	12,349,508
Economic value distributed by FCC Group	Thousands of Euros	11,334,312	11,703,268	11,645,796
Procurements (suppliers of materials and services)	Thousands of Euros	5,203,681	5,483,597	5,576,595
Staff costs	Thousands of Euros	3,191,332	3,331,103	3,258,153
Income tax	Thousands of Euros	(164,234)	20,210	97,761
Interest and exchange rates differences	Thousands of Euros	591,341	489,164	401,100
Dividends paid to shareholders	Thousands of Euros	0	173,191	201,236
Economic contribution to corporate citizenship.	Thousands of Euros	4,500	6,180	6,200
Significant financial assistance received from governments (subsidies)	Thousands of Euros	220,200	159,721	104,693
Activity certified by ISO 9001	%	81.1	84.5	86.6
Purchases from suppliers	Thousands of Euros	916,550	881,779	2,186,770
Total purchases from local suppliers managed directly	%	90.0	93.5	68.3
Ethics and integrity	Units	2012	2011	2010
Communications received through the Code of Ethics channel	n°.	23	14	3
<b>Environmental indicators</b>				
Efficiency and technology	Units	2012	2011	2010
Investment in R+D+i	Thousands of euros	28,474	16,326	11,400
Activities with environmental certification (e.g.: ISO 14001)	%	78	79	74
SO <sub>2</sub> emissions*	kg	2,532,655	3,212,498	9,372,040
NO <sub>x</sub> emissions*	kg	17,407,693	19,185,920	23,051,524
Particulate emissions	kg	2,557,722	2,956,737	510,893
Consumption of materials	tonnes	66,743,492	82,410,991	124,873,723
Materials of renewable origin	tonnes	8,815,606	10,580,427	ND
Materials of recycling origin	tonnes	9,679,289	10,615,176	ND
Certified materials	tonnes	701,601	1,963,658	ND
<b>Water consumption</b>	m <sup>3</sup>	14,084,342	15,013,567	18,741,763
Consumption of recycled water	m <sup>3</sup>	610,373	3,289,728	2,253,057
Consumption pertaining to surface water	m <sup>3</sup>	2,987,563	2,658,021	4,268,260

## CSR FCC GROUP'S PERFORMANCE INDICATORS

Economic indicators	Units	2012	2011	2010
Consumption pertaining to groundwater	m <sup>3</sup>	3,828,606	1,110,799	1,030,034
Consumption pertaining to municipal supply	m <sup>3</sup>	5,081,542	5,206,906	5,610,195
Consumption pertaining to other sources	m <sup>3</sup>	1,576,258	2,748,112	5,580,217
Discharged waste water	m <sup>3</sup>	500,330,167	496,474,025	2,612,830
Purified waste water	%	92.6	94.2	99.3
Water captured to be managed	m <sup>3</sup>	690.441.069	676.576.513	647.076.873
Percentage of groundwater captured	%	35.8%	28.7%	26.8%
Percentage of surface water captured	%	60.8%	66.7%	69.1%
Percentage of desalinated water captured	%	1.4%	1.8%	1.2%
Percentage of other captured elements	%	1.9%	2.8%	2.9%
<b>Total waste generated*</b>	<b>tonnes</b>	<b>5,551,115</b>	<b>4,830,697</b>	<b>10,277,579</b>
Hazardous waste generated*	tonnes	139,800	277,441,08	176,162
Non-hazardous waste generated*	tonnes	5,411,315	4,553,255,92	10,101,417
<b>Waste collected</b>	<b>tonnes</b>	<b>10,384,776</b>	<b>10,771,438</b>	<b>22,639,951</b>
Urban waste	tonnes	8,105,721	8,445,372	ND
Hazardous industrial waste	tonnes	694,569	499,217	ND
Non-hazardous industrial waste	tonnes	1,584,486	1,826,850	ND
<b>Waste admitted in FCC centres</b>	<b>tonnes</b>	<b>16,710,490</b>	<b>15,542,788</b>	<b>ND</b>
Urban waste	tonnes	10,983,933	13,452,376	ND
Hazardous industrial waste	tonnes	172,637	268,745	ND
Non-hazardous industrial waste	tonnes	5,553,920	1,821,667	ND
<b>Treatment given to hazardous wastes</b>				
Recovery	%	27	5	5
Elimination in controlled landfill	%	28	14	14
Transferred to an end manager	%	45	82	82
<b>Tratamiento dado a residuos no peligrosos</b>				
Recovery	%	26	18	ND
Eliminación en vertedero controlado	%	66	76	ND
Transferidos a un gestor final / otros destinos	%	7	6	ND
<b>Energy and climate change</b>	<b>Units</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Total GHG emissions</b>	<b>t CO<sub>2</sub>eq</b>	<b>11,554,189</b>	<b>11,917,117</b>	<b>16,031,631</b>
Direct GHG emission	t CO <sub>2</sub> eq	10,808,177	11,342,481	14,702,036
Indirect GHG** emissions**	t CO <sub>2</sub> eq	746,012	574,636	1,329,595
<b>Direct consumption of energy</b>	<b>GJ</b>	<b>36,464,378</b>	<b>34,798,033</b>	<b>51,316,981</b>
Renewable energy consumed	GJ	2,990,430	2,430,702	2,270,967
Non-renewable energy consumed	GJ	33,473,948	32,367,332	49,046,014
<b>Indirect consumption of energy</b>	<b>GJ</b>	<b>7,811,002</b>	<b>6,190,452</b>	<b>10,780,124</b>

# FCC GROUP'S PERFORMANCE INDICATORS CSR

Environmental indicators	Units	2012	2011	2010
Electrical energy consumed	GJ	7,792,273	6,176,025	10,765,955
Energy in the form of steam consumed	GJ	18,729	14,427	14,169
<b>Total consumption of energy</b>	<b>GJ</b>	<b>44,275,379</b>	<b>40,988,485</b>	<b>62,097,105</b>
<b>Generation of renewable energy</b>	<b>GJ</b>	<b>4,295,192</b>	<b>2,855,421</b>	<b>1,001,613</b>
Wind energy produced	GJ	3,064,680	2,667,344	887,065
Photovoltaic and thermo-solar energy produced	GJ	187,795	121,464	114,548
Energy produced from waste (biomass fraction)	GJ	633,482	13,608	ND
Energy produced from biogas	GJ	352,524	ND	ND
Hydraulic energy produced	GJ	56,712	53,005	ND
<b>Social indicators</b>				
<b>Community</b>	<b>Units</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Investment in social actions /corporate citizenship	Millions of Euros	4.5	6.2	5.1
<b>People</b>	<b>Units</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total personnel	No.	80,549	90,749	90,013
Total women	No.	15,931	19,196	19,197
Total men	No.	64,618	71,554	70,816
Percentage of women executives in relation to total executives	%	16.6	13.6	12.3
Number of employees with permanent contract	No.	29,565	32,637	31,807
Number of employees with a temporary contract	No.	9,732	11,444	10,697
Number of contract employees	No.	41,252	46,668	47,509
Total voluntary rotation	%	6.46	5.42	ND
Total voluntary rotation of men	%	5.40	5.69	ND
Total voluntary rotation of women	%	1.06	4.40	ND
Number of disabled employees	No.	963	1,019	1,042
People hired within the geographical proximity	%	14,655	67***	ND
Number of training hours per employee	No.	12.11	10.21	9.53
No. workers covered by collective agreements (Spain)	No.	100%	100%	100%
Amount of time off due to occupational accidents, employees + subcontractors (except while travelling or for cardiovascular reasons)	No.	5,045	7,589	—
<b>FCC Group accident rates (own personnel, national and international)</b>				
Frequency rate	—	26.91	36.18	40.31
Severity rate	—	0.61	0.83	0.87
Incidence rate of occupational accidents	—	53.2	69.75	77.20
Absenteeism rate	—	5.25	6.91	7.07
<b>Accident rates FCC Group (own personnel + subcontracted personnel)</b>				
Frequency rate	—	25.7	33.92	38.22
Severity rate	—	0.6	0.76	0.82

## CSR FCC GROUP'S PERFORMANCE INDICATORS

Social indicators	Units	2012	2011	2010
Incidence rate of occupational accidents		51.4	64.58	72.12
Absenteeism rate		4.56	5.87	6.12
<b>Deaths caused by occupational accidents</b>				
FCC Group Total (own personnel + subcontracted personnel)	no.	10	13	18
Own personnel	no.	6	9	11
Subcontracted personnel	no.	4	4	7

\*Cement, infrastructure and services activities.

\*\* Infrastructure activities

\*\*\*FCC Corporate and Services Activity

## HOW THE REPORT WAS PREPARED

FCC Group's sixth corporate responsibility report, provides information on what has taken place in the company and its businesses during 2012; including progress, activities and indicators of compliance with the strategic axes set out in the 2012-2014 Master Plan. In order to follow the evolution of FCC's corporate responsibility strategy along the years, we recommend that the reader visits FCC's website, which contains in-depth information about the management of Corporate Responsibility in the Group and its subsidiaries.

The report contains an introduction to the business and its key figures, as well as information regarding milestones and objectives in each of the Group's three lines of business: Infrastructure, Services and Water; and the information about the corporate responsibility strategy, and programmed initiatives, in accordance with the three strategic lines of the Master Plan (exemplary behaviour, connection with citizens, and smart services). Each of the three chapters contains a summary of the main policies and initiatives in force.

Since this report contains information on the Company's global focus on sustainability issues, at times some information has been omitted that might be useful. In these cases, the reader who requires further information is invited to visit the corporate website or to look at the corresponding sustainability reports published by FCC Group's business divisions, which expand on specific details of each activity.

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) sustainable reporting guidelines, as amended on March 2011 (entitled G3.1), in the highest application level (A +) as well as in accordance with the AA 1000 APS Accountability Standard (version 2008). It also responds to the sectorial supplement of the GRI for the construction industry.

In recent years investment has been made in improvements to the data collection systems and the tool through which divisions and businesses produced reports was enhanced. This IT tool, called Horizonte, created to facilitate the collection and consolidation of qualitative and quantitative information, is strengthened year-on-year with the development of protocols to support those who prepare the reports in business areas and divisions, ensuring reliability, quality, consistency and the origin of the information. Moreover a materiality matrix has been carried out which gives assurance that each business reports its performance based on the material indicators in accordance with the impact of its activities and the expectations of its stakeholders.

The Communications and Corporate Responsibility Department is responsible for coordinating accountability regarding the economic, social and environmental performance of the company, as well as the promotion of the Corporate Responsibility Master Plan.

### Application of the AA 1000 Standard in the preparation of this report:

**Inclusiveness.** FCC Group and each one of its businesses regularly conduct consultations with its stakeholders. In the preparation of this report, the structure of the 2012-2014 Master Plan has been taken into consideration, for the development of which both internal consultations were conducted, through interviews with managers responsible for areas and businesses, as well as external meetings, with energy experts, cities, the media and representatives of NGOs and public administration bodies. In this respect, the information contained in this corporate responsibility report intends to respond to the expectations of stakeholders identified.

**Relevance.** During the update of the Master Plan, which is the structure of the present report, an analysis was carried out of sustainable trends that should be met by FCC Group as a citizens services company. This trend analysis, was based on reports from sources of reference such as World Economic Forum, Slim cities: sustainable buildings; Smart Energy; Water Resources Group; and the IPCC 2011 Special Report on Renewable Energy Sources and Climate Change Mitigation. Subsequently, in a round of internal interviews and with a panel of experts, the relevance of these trends was consulted as well as the material aspects that the company should take into account according to its activity, in order to add value to said Plan.

**Response capability.** In the Master Plan, FCC Group designed a series of initiatives to respond to the challenges that had been identified as key issues for the company. That is why the Group's response to the challenge of combining its activities with developing sustainable cities of the future aims to better serve its citizens, putting people from the Group at the heart of the strategy and placing greater emphasis on the sustainability of the suppliers chain.

### Materiality and participation of stakeholders

This is the sixth Corporate Responsibility Report aimed at FCC Group's stakeholders. These stakeholders contribute to the knowledge and understanding of issues of interest and concern to the company and therefore are a key aspect in the social management and trust in the Group. In 2010, a materiality study was undertaken in order to address

## CSR HOW THE REPORT WAS PREPARED

these issues and in 2011 consultation work continued for the drafting of the new 2012-2014 Master Plan. In 2012, it has been the business areas that have maintained greater communication with direct stakeholders.

The communication channels provided by FCC facilitate fluid communication with stakeholders. The "dialogue and participation" section of this report analyses these channels in detail, through which the Group collects valuable information.

### Scope of the 2012 corporate responsibility report

The information perimeter of this report coincides with the Group's scope of financial consolidation, and reflects the activities of the company in 2012. Specifically, the extent of the information provided in this report, both regarding the sections on Citizens Connection and Exemplary Behaviour, corresponds to the scope of integration which is used for financial consolidation, according to which, data is considered from 100% of the subsidiaries over which FCC has management control, regardless of their holding. In the case of joint ventures, the value of those in which FCC controls the operations is included, applying its percentage of ownership as appropriate. In both the Smart Services and the Exemplary Behaviour sections, following the materiality principle and the availability of information by business area, the scope of the quantitative data excludes the Proactiva subsidiary.

FCC Group, characterised for its diverse geography and activities, is working to extend the scope of information to all companies making up the group. The relationship of FCC Group companies as of 31 December 2012, and a description of each, appears in the exhibits of the financial statements.

### Quality and reliability of the information disclosed

This report intends to provide public awareness regarding issues and indicators that have been identified as tangible, enabling the expectations of the stakeholders of the Group to be met, with information being duly provided on decision making.

The drafting process has been guided by the principles established by the Global Reporting Initiative (GRI) in its G3.1 Guidelines in order to reflect quality information, and it includes the additional information required by the supplement "Construction and Real Estate", which contains specific indicators for companies in the construction and real estate sector, which must be followed by all companies that want to achieve an A + rating, awarded by

GRI to those reports that follow its recommendations. This Corporate Responsibility Report for the year 2012 offers a balanced, comparable, accurate, reliable, regular (annual) and clear perspective on the economic, social and environmental performance of the Group.

The content of the Global Reporting Initiative index (GRI Index) is available in the FCC corporate website [www.fcc.es](http://www.fcc.es).

The Corporate Responsibility Report 2012 of FCC has been verified by KPMG in accordance with the ISAE 3000 international standard. The scope, description of the work, and conclusions of said verification can be found in the section entitled Letter of Verification.

SELF-CLASSIFICATION OF THE REPORT IN THE G3 SCALE



	C	C+	B	B+	A	A+
Self-declaration	—————▶					✓
External verification	—————▶					✓
GRI review	—————▶					✓

**United Nations Global Compact**

In 2012, FCC Group continued to strongly support the Ten Principles of the Global Compact, principles relating to human rights, labour rights, environmental protection and corruption. The Group has been associated with the Spanish Global Compact Association (ASEPAM) since 2007, whose main objective is to support, promote and disseminate the incorporation of the Ten Principles in the strategic view of companies.

To show its strong support for the Ten Principles of the Global Compact, FCC Group includes a clause in all contracts with suppliers, approved by the Management Committee, which requires all suppliers and contractors to know the FCC Group's Code of Ethics and comply with the Ten Principles of the Global Compact. This clause is a guarantee for the Group that its suppliers are adhering to these principles in their own activities.

INICIO CSR INFORME DE VERIFICACIÓN



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

**Informe de Revisión Independiente para la Dirección de Fomento de Construcciones y Contratas, S.A.**

Hemos realizado una revisión de la información no financiera contenida en el Informe de Responsabilidad Social Corporativa de Fomento de Construcciones y Contratas, S.A. (en adelante FCC) del ejercicio cerrado a 31 de diciembre de 2012 (en adelante, "el Informe"). La información revisada se circunscribe al contenido referenciado en las secciones denominadas Dimensión Económica, Dimensión Ambiental y Dimensión Social del Índice GRI referenciado en el capítulo del Informe titulado "Cómo se ha elaborado el Informe".

La Dirección de FCC es responsable de la preparación y presentación del Informe de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 (G3.1) según lo detallado en el capítulo titulado "Cómo se ha elaborado el Informe". En dicho capítulo se detalla el nivel de aplicación autodeclarado, el cual ha recibido la confirmación de Global Reporting Initiative. La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo; de la implantación de procesos y procedimientos que cumplan los principios establecidos en la Norma de Principios de AccountAbility AA1000 2008 (AA1000 APS); de la determinación de los objetivos de FCC en lo referente a la selección y presentación de información sobre el desempeño en materia de desarrollo sostenible; y del establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información.

Nuestra responsabilidad es llevar a cabo una revisión limitada y, basado en el trabajo realizado emitir un informe. Nuestro trabajo ha sido realizado de acuerdo con la Norma ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, emitida por el International Auditing and Assurance Standard Board (IAASB) de la International Federation of Accountants (IFAC) y con la Guía de Actuación sobre trabajos de revisión de Informes de Responsabilidad Corporativa emitida por el Instituto de Censores Jurados de Cuentas de España (ICJCE). Estas normas exigen que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el Informe está exento de errores materiales y que cumplamos las exigencias éticas, incluyendo las de independencia incluidas en el Código Ético del International Ethics Standards Board for Accountants. Además, hemos realizado nuestro trabajo de acuerdo a la Norma de Aseguramiento de Sostenibilidad AA1000 AS 2008 de AccountAbility (Tipo 2) que abarca no sólo la naturaleza y el alcance del cumplimiento, por parte de la organización, de la norma AA1000 APS, sino que además evalúa la fiabilidad de la información referente al desempeño tal y como se indica en el alcance.

El alcance de los procedimientos de recopilación de evidencias realizados en un trabajo de revisión limitada es inferior al de un trabajo de seguridad razonable y por ello también el nivel de seguridad que se proporciona. El presente informe en ningún caso puede entenderse como un informe de auditoría.

Nuestro trabajo de revisión limitada ha consistido en la formulación de preguntas a la Dirección, principalmente a las personas encargadas de la preparación de la información incluida en el Informe, y en aplicar los siguientes procedimientos analíticos y otros dirigidos a recopilar evidencias:

- Entrevistas con la Dirección para entender los procesos de los que dispone FCC para determinar cuáles son los asuntos principales de sus principales grupos de interés.
- Entrevistas con el personal pertinente de FCC, sobre la aplicación de las políticas y la estrategia en materia de sostenibilidad.
- Entrevistas con el personal pertinente de FCC responsables de proporcionar la información contenida en el Informe.
- Análisis de los procesos de recopilación y de control interno de los datos cuantitativos reflejados en el Informe, en cuanto a la fiabilidad de la información, utilizando procedimientos analíticos y pruebas de revisión en base a muestreos.
- Lectura de la información incluida en el Informe para determinar si está en línea con nuestro conocimiento general y experiencia, en relación con el desempeño en sostenibilidad de FCC.

KPMG Asesores S.L., sociedad española de responsabilidad limitada, es una filial de KPMG Europe LLP y forma parte de la red KPMG de firmas independientes afiliadas a KPMG International Cooperative ("KPMG" International), sociedad suiza.

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- Verificación de que la información financiera reflejada en el Informe ha sido extraída de las cuentas anuales de FCC, auditadas por terceros independientes.

Nuestro equipo multidisciplinar ha incluido especialistas en AA1000 APS, en diálogo con grupos de interés y en el desempeño social, ambiental y económico de la empresa.

En base a los procedimientos realizados, descritos anteriormente, no se ha puesto de manifiesto ningún aspecto que nos haga creer que los datos recogidos en el Informe de Responsabilidad Social Corporativa de Fomento de Construcciones y Contratas, S.A. del ejercicio cerrado a 31 de diciembre de 2012 no hayan sido obtenidos de manera fiable, que la información no esté presentada de manera adecuada, ni que existan desviaciones ni omisiones significativas, ni que el Informe no haya sido preparado, en todos los aspectos significativos, de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 según lo detallado en el capítulo del Informe titulado "Cómo se ha elaborado el Informe". Adicionalmente, y también basándonos en los procedimientos realizados, anteriormente descritos, no se ha puesto de manifiesto ningún aspecto que nos indique que Fomento de Construcciones y Contratas, S.A. no ha aplicado los principios de inclusividad, relevancia y capacidad de respuesta de la Norma de Principios de AccountAbility AA1000 APS 2008 según lo detallado en el informe en el subcapítulo "Aplicación de la norma AA1000 en la elaboración de este informe".

En otro documento, proporcionaremos a la Dirección de FCC un informe interno que contiene todos nuestros hallazgos y áreas de mejora. Sin perjuicio de las conclusiones presentadas anteriormente, detallamos a continuación las observaciones principales:

**En cuanto al principio de INCLUSIVIDAD**

Para la elaboración del Informe de Responsabilidad Social Corporativa 2012, se han llevado a cabo una serie de consultas con organizaciones sectoriales de relevancia con el objetivo de analizar las tendencias actuales en materia de sostenibilidad. Adicionalmente, se han llevado a cabo mesas de expertos y entrevistas internas para completar este análisis previo. Se recomienda a FCC trabajar en la ampliación y formalización de este proceso de consulta interna y externa a las diferentes áreas de actividad del Grupo, así como en la actualización de la identificación de los grupos de interés relevantes para la compañía.

**En cuanto al principio de RELEVANCIA**

Durante el año 2012, el Grupo FCC ha continuado con la definición de las líneas de actuación contenidas en el Plan Director 2012-2014 para la consecución de los objetivos estratégicos de la compañía. Como parte de este proceso, ha seguido llevando a cabo consultas con grupos de interés externos con el fin de determinar qué asuntos son importantes para la compañía. Para disponer de una visión lo más global y estratégica posible, se recomienda a FCC continuar trabajando en el establecimiento de canales de comunicación formales con cada uno de sus grupos de interés, de una manera periódica y común a todas las líneas de negocio, con el objetivo de tener un mecanismo formal de identificación de aspectos relevantes.

**En cuanto al principio de RESPUESTA**

FCC, en su Informe de Responsabilidad Social Corporativa, da respuesta a las necesidades que ha identificado que tienen sus grupos de interés. Además, dentro del Plan Director 2012-2014 se han establecido mecanismos de comunicación adicionales. En este sentido, FCC debería seguir avanzando en el establecimiento y la formalización de canales de diálogo bidireccionales con sus grupos de interés que permitan integrar sus necesidades, así como las respuestas aportadas, en los procesos de gestión de la compañía.

KPMG Asesores, S.L.

José Luis Blasco Vázquez

10 de mayo de 2013

