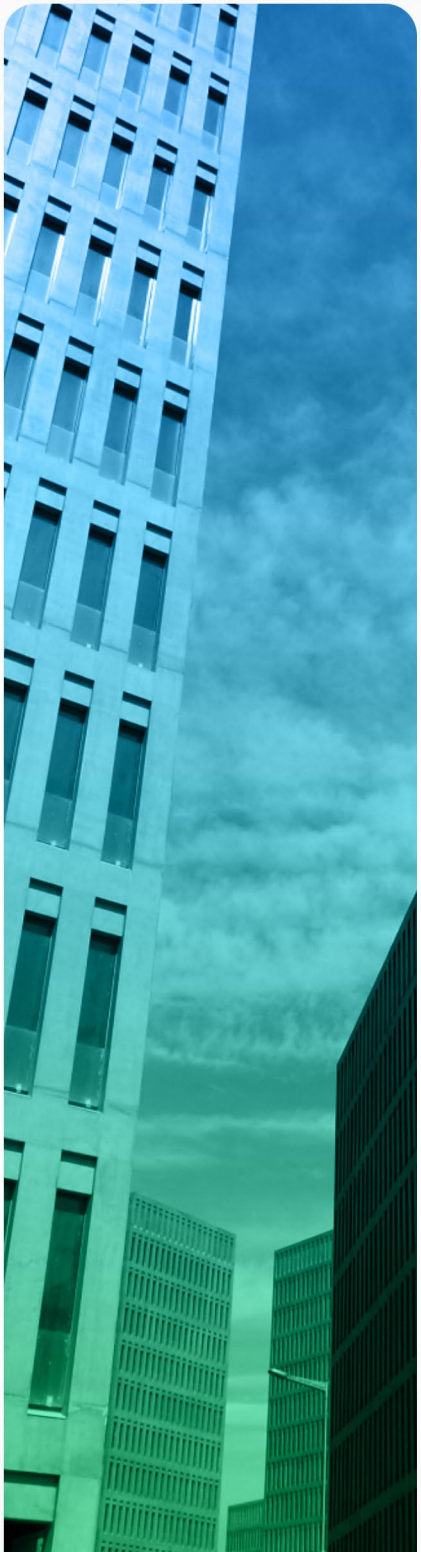
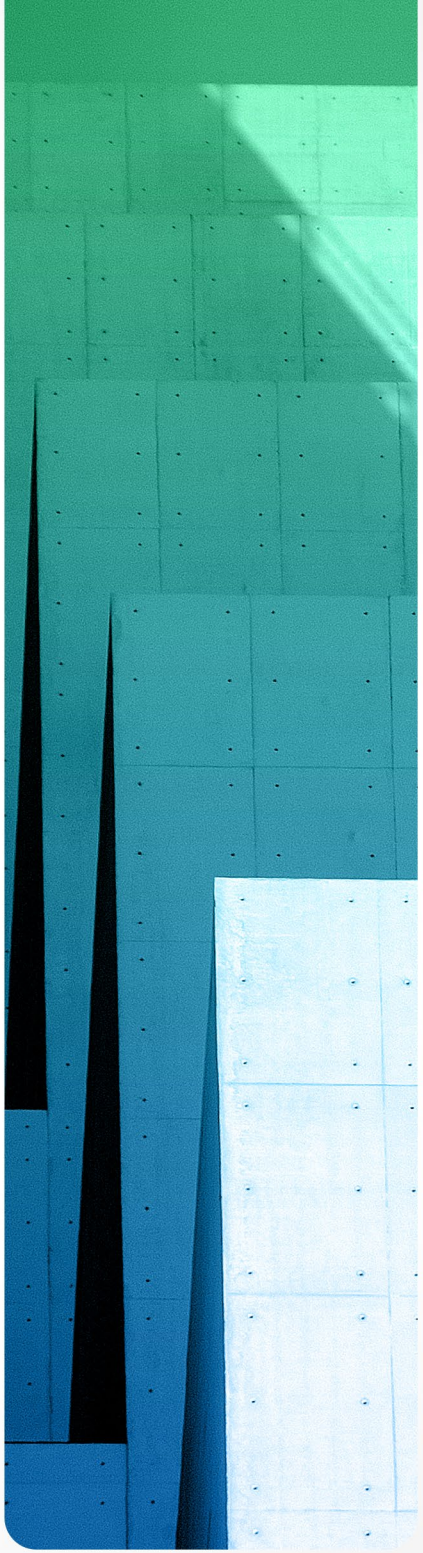








FCC

Annual Report

2020

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The strength of a large company

Dear shareholders,

This letter, accompanying our Group's 2020 Report, could not begin without first remembering all the people who have fought against COVID-19 over these months and have been able to overcome the disease and especially those who have directly suffered the loss of loved ones as a result of the pandemic. To them all, I offer solidarity, hope and encouragement.

We can all agree that 2020 was a demanding year and a very complex one to manage. It has been a tough, strange and difficult year that has reconfirmed that FCC´s true strength and best capital are its people, their work and their dedication.

Despite adverse moments, we have all been able to take bold decisions and work together.

Together we have overcome the present challenges and together we will take on those to come. Our clear goal is to continue to satisfy the needs of our customers, workers, suppliers, the companies in which we work and the shareholders.

> Despite adverse moments, we have all been able to take **bold decisions and work together**

Esther A. Koplowitz

Chairwoman of the FCC Group



The **good results** recorded –that surpass all forecasts– accurately **reflect the company's response to the pandemic**

Once again THANK YOU for your hard work, and for having known how to deal with the different waves of uncertainty we have faced and for doing what you do best: applying the methods and values that make up our business plan in your work each day, giving your very best to offer an excellent service. Once again our teams have more than demonstrated their ability, their commitment and the determination that drives them. Thank you.

Despite what has happened, FCC kept going throughout this difficult year and with an exceptional effort we have continued to push forward our Group's activity and growth, as shown by the results which exceeded all forecasts. The details can be found in this annual report, which are an accurate reflection of the company's extraordinary response to the pandemic´s negative circumstances.

Indeed in 2020 the company made a gross operating profit of 1.047 million euros, 2.1% higher than the previous year and an attributable net profit of 262.2 million euros, practically the same as 2019.

This is a great performance that was mainly supported by sustained income from Environment and Water activities. In light of their being essential services they suffered less impact than other activities with restrictions in place to combat the health crisis.

The higher contribution of income in Concessions has also helped, with an increase of 73.7 million euros, and in Construction, which has managed to maintain its activity levels, notably with an increase of 6% in Spain and 9.4% in other European countries.

All this activity has been accompanied by a very significant effort to reduce the Group's financial debt what has amounted to 21.8% compared to 2019, mainly owing to actions carried out in Environment, Cement and Concessions.

Finally, I would like to highlight the 17.9% increase in equity, as a result of the stability in net income as well as the high percentage of shareholders who opted to reinvest the annual flexible dividend in new company shares, demonstrating their complete confidence in our Group.

Without doubt another difficult year lies ahead. However, according to the latest 2021 IMF and OECD macroeconomic forecasts, a gradual recovery of the global economy is expected, which should be positive for us.

Therefore, despite a high degree of continued uncertainty, we fully trust our business model, strategy and team leadership to allow us to continue growing and creating value for our shareholders.

I end this letter by thanking our shareholders for their support and our board of directors, as well as the undisputed leadership of Carlos Slim and Grupo Carso, whose support and trust of the company's management committee has once again been decisive in successfully managing this difficult year.

Esther A. Koplowitz
Chairwoman of the FCC Group

Thank-you
to all our professionals

Letter from the CEO



Pablo Colio Abril

CEO of the FCC Group

Dear shareholders,

I would like to begin by thanking and recognising our almost 60,000 professionals, particularly our front-line workers providing essential services, a job that they have performed extraordinarily well in this difficult year framed by the pandemic. We have ensured the provision of our excellent services, with perhaps, the most important aim in our recent history: guaranteeing the health and well-being of citizens in a health and socio-economic environment that demanded teamwork and solutions all working towards a common goal. Services such as the collection and treatment of waste and street cleaning, managing the end-to-end water cycle or the management and maintenance of transport infrastructures all acquired vital importance as they are in the first line of defence against the pandemic.

Together we have again shown that we can successfully face any global challenge, offering our human capital and our experience to the needs of the cities of which we are part. This has only been possible with our dedicated teams, who have always distinguished themselves with their commitment and high level of professionalism. Throughout this year, we maintained and reinforced essential citizen services in the communities in which we operate at a time that has been critical for human welfare and for the viability of the cities themselves.

For all this, to all of you, my sincere thanks.

We also have a duty to the society of which we are part. The current social and health crisis in which we find ourselves has brought to light the vulnerability of the market, companies, institutions and, above all, of the disadvantaged. With the aim of making its greatest possible contribution, our Group has actively collaborated on numerous initiatives in this very difficult year towards the social reconstruction of the country, while trying to alleviate the terrible effects of the pandemic as much as possible. These initiatives have been and are an exercise of solidarity and responsibility by the company and our professionals with society, of which FCC wants to be an essential part and at the forefront.

It should also be emphasised that it has been a priority to incorporate the best practices into our services to ensure the health and safety of our teams, which are fundamental pillars of our business culture. In addition, our Group has fully committed itself and offered its support to its customers, helping them manage one of the most complex situations that all citizens have faced.

The pandemic has coincided with our company's 120th anniversary, again demonstrating our capacity for resilience and adaptation to all contingencies, thanks to the human and technological experience we have accumulated over more than a century. We have once again proven that we are capable of recovering from the greatest adversities and making every difficulty an opportunity; working together and serving society. This has been part of FCC's DNA since 1900.

Solid foundations on which to build the future

The various measures carried out at operational, structural and financial levels driven by the FCC's new shareholding structure since 2015 – with the Carso Group as its reference – have provided the Group with a competent resiliency that has been demonstrated in this tough pandemic year.

During these years, I have to emphasise that it has been possible to recover FCC's position as a Group specialised in environmental services management in the operational area; managing the end-to-end water management cycle and the development and management of infrastructure. In addition, it has been possible to improve risk management systems; increase ethical commitment; encourage synergies between different business areas and promote corporate brand equity with the aim of increasing profitability on operations and customer satisfaction.

In the structural area, the Group has reinforced its profitability and operating cash flow by implementing strict expense containment and reducing structural and corporate costs to be more agile and competitive in the markets in which the FCC Group operates.

Finally, I would like to comment that in the financial area, the Carso Group leadership proved to be essential in carrying out a combined consolidation process of the capital structure, through two capital increases: one in December 2014 and the other in March 2016. These two capital increases totalling 1.709 billion euros, served as a base for a thorough restructuring and subsequent reduction of the company's debt.

> The **measures carried out** at operational, structural and financial levels driven by the FCC's new shareholding structure since 2015 – with the Carso Group as its reference – have provided the Group with a **competent resiliency** that has been demonstrated in this tough pandemic

Thanks to these actions, FCC has a solid structure, so we can say that our Group is prepared to manage the challenges and difficulties that the future may bring with guarantees of success.

Our balanced and diversified business model, supported by a committed and consolidated shareholder support, has placed us on the path towards profitable and sustainable growth and has allowed us to fulfil our commitment to offer citizens a global service, on par with our cooperation in consolidating socially integrated cities.

Despite the impact of the pandemic, our turnover has remained stable in 2020 and we therefore continue to be a world benchmark in environmental services, end-to-end water management, construction and management of infrastructures, as well as the production of associated materials.

The FCC Group is present in more than 30 countries, in whose markets we have obtained 40.37% of the revenues in the last year, guaranteeing the global expansion that we have seen as group that is over one hundred years old, but also the confidence in the possibilities of our domestic market.

Our journey as a Group places us in an ideal position for the future: a strategy, a business model and a culture that reaffirm our purpose and a broad journey in innovation to respond to global challenges.

Sustainability placed at the centre of our development

Providing added value has always been at the centre of our business strategy. Sustainability has been a turning point for the company to continue its socially responsible and sustainable transition contribution to present and future cities.

From the outset, FCC has always been characterised by the responsibility to improve people's well-being and respond successfully and effectively to urban challenges: demographic, economic, environmental and social changes, in search of greater daily sustainability.

We are living at a time when it is crucial that we review the growth models of the past to embark on a new phase of more sustainable and inclusive prosperity, which allows us to act with greater coordination and effectiveness to face these global challenges.

> Our journey as a Group places us in an **ideal position for the future**

We have a decade ahead of us for the 2030 Agenda to materialise by achieving the Sustainable Development Goals (SDGs), which guide the efforts of public and private sectors to respond to the main global challenges. We ensure that, as a citizen services benchmark company, we will continue to maintain and consolidate the sustainable development of the societies in which we operate, promoting the contribution to the SDGs through our strategy and responsible management. To this end, we have renewed our commitment to the United Nations Global Compact and its ten principles, an initiative of which we have been a part of for more than 10 years.

I would like to remind you that this year we are celebrating the 15th anniversary of the FCC Group's first social responsibility report, demonstrating our Group's commitment to transparency and communicating our performance in social, environmental and good governance matters. So as to not miss the date, in 2020 the Board of Directors prepared and approved our Sustainability Report, corresponding to 2020 financial year, detailing the company's social, environmental and good governance performance. This report will allow us to understand how we integrate care for the environment, respect for people and impeccable behaviours into our business model, with the latter through our Compliance Model, the apex of which is our Code of Ethics and Conduct that was updated in 2019 by the FCC Group's Board of Directors.

Gross operating profit increases 2.1%

As mentioned previously, in a year as complicated as the one just passed, the Group has demonstrated its resilience and made a profit that exceeded the most pessimistic forecasts on the impact of the pandemic, showing positive results in key indicators.

In 2020, the company made a gross operating profit of 1.047 billion euros, 2.1% higher than the previous year.

Net attributable profit reached 262.2 million euros, practically stable but with a slight contraction of 1.7% compared to 2019. Net turnover in 2020 was 6.158 billion euros, 1.9% lower. This exceptional performance, given the circumstances of 2020, was mainly backed by sustained income from Environment and Water activities, thanks to their nature as essential services, which saw a somewhat lower impact than that suffered by other activities due to restrictions since March 2020 to combat the health crisis. Also noteworthy is the higher contribution of income in Concessions, which meant a 73.7 million euro increase in income. In Construction, activity levels were maintained in practically all geographies where the company operates, despite the extraordinary difficulties experienced in many of them as a result of the health crisis. Geographically, despite the situation, the 6% increase in Spain and 9.4% in other European countries stand out. These geographies contribute approximately 72.6% of the Group's turnover.

On the other hand, it is worth highlighting the reduction in the Group's financial debt of 21.8% compared to 2019, mainly due to actions carried out in the Environment, Cement and Concessions areas. Finally, equity increased by 17.9%, as a result of the stability in net income and the high percentage of shareholders who opted to reinvest the annual flexible dividend in new shares of the entity.

Throughout the year, each FCC business area has starred in key events.

Noteworthy, in the **Environment area** is the agreement reached in 2020 with an investment group for the purchase of 49% of the capital – for 198 million pounds sterling – in the subsidiary Green Recovery Projects Limited, which owns five energy recovery plants in the United Kingdom. On the other hand, it is worth mentioning the growth in the United States as it was the first year of activity for the solid waste collection service in Volusia (Florida) and Omaha (Nebraska); and highlights, in turn, the award obtained last October as the best valued company in terms of technical criteria for the Barcelona cleaning and collection contract.

The **Water area** has consolidated its leadership in Spain, with several end-to-end water management cycle contracts renewed in 2020, among which the contract in Vigo stands out as this received a five-year extension worth about 260 million euros. On the other hand, the renewals obtained in 2020 having a loyalty rate of close to 100% is also of note. The business's stability ensured the ratings agency Fitch to grant a positive in its last credit rating review.

The **Construction area** was awarded the contract to design and construct a new hospital in Jersey. The value of the contract is 26.5 million euros in the design phase and 550 million euros in its execution. On the other hand, the 239 million euro award for the E6 motorway in Norway and the construction and maintenance project of a section of the Mayan Train, in Mexico for close to 800 million euros are particularly relevant. In Concessions, I would like to highlight the award – with other partners – for the extension of the A465 motorway in Wales (United Kingdom), a project that will improve the connectivity and development of the region and that has a planned investment of more than 600 million euros, an infrastructure that in turn will be built by the Construction area.

In the **Cement area**, the activity accounted for approximately 81% of the Group's total revenues in 2020, with 38% coming from international markets, mainly Tunisia and the United Kingdom. It is worth highlighting the 58.9 million euro contribution from the sale of CO_2 rights, compared to 5.8 million euros in the previous year, which allowed – together with a notable decrease in energy costs – a sizeable increase of 61.9% in EBITDA for the period.

Finally, be certain that we will continue working every day to offer global, innovative and social impact solutions that allow the efficient management of resources and improvement of infrastructure, contributing to increasing the quality of life of citizens, and reinforcing the sustainable progress of society.

We face the upcoming years with great optimism, confident in our solid experience, our culture that is oriented towards results and austerity and our unbeatable human capital, all with the desire to build a business future based on the amazing socially responsible record we have and that, with total security, we will overcome this hard time we have had to live through.

We face the upcoming years with great optimism, confident in our **solid experience**, our culture that is oriented towards **results and austerity** and our unbeatable **human capital**

I am in no doubt that our culture of constant innovation and our commitment to integrity and rigour with social well-being will allow us to consolidate ourselves at the forefront of developing the communities of tomorrow and continue to be an international benchmark group in the provision of citizen services.

I am convinced that, with our work and our strength as a Group, we will continue to build the future of FCC together, day after day.

Pablo Colio Abril
CEO of the FCC Group



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Corporate Governance and ethics

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Good Governance

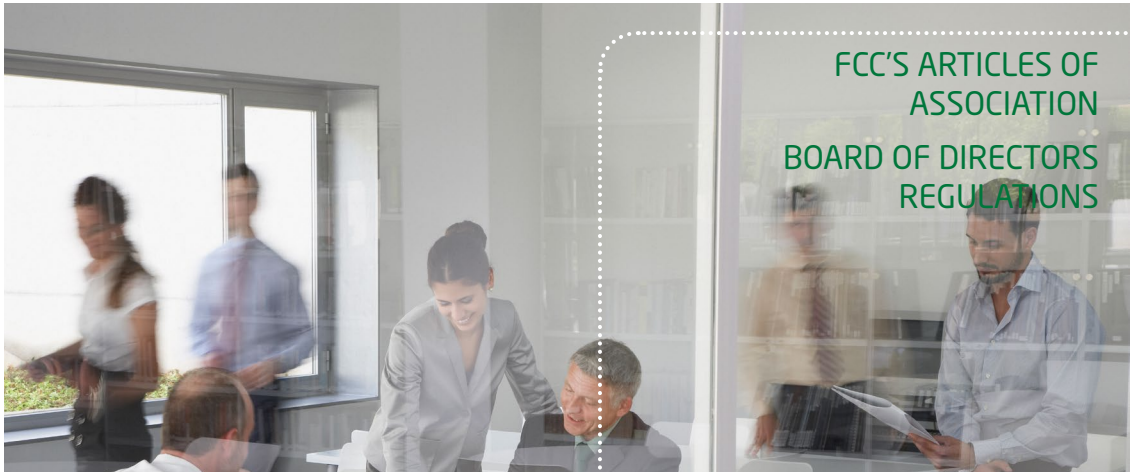
In its commitment to Good Governance, the FCC Group aligns its Corporate Governance guidelines with the recommendations of the Code of Good Governance for listed companies from the Spanish National Securities Market Commission (CNMV) that apply to it, and particularly with those recommendations that include Corporate Social Responsibility amongst the competencies of the Board of Directors. Aware of the enormous roll that corporate governance plays in the organisation's performance, the FCC Group complies, in whole or in part, with 86.44% of the recommendations that applied to it in 2020.

In addition, to provide a greater definition of the company's Corporate Governance practices, the FCC Group prepares an "Annual Corporate Governance Report" and the "Annual Remuneration Report", following the guidelines of CNMV report. Both reports are available on the FCC Group's corporate website.

Additionally, the FCC Group – in line with its commitment to continuous improvement and to be at the forefront in ethics and good governance matters – pays particular attention to international good practices such as those issued by the International Corporate Governance Network (ICGN) and other prescriber organisations in Corporate Governance.

FCC complies with **86.44%** of the recommendations of the **Code of Good Governance** for companies listed with the CNMV

In a formal manner, through its Articles of Association and the Board of Directors Regulations, the Group defines the responsibilities of the governing body.



FCC'S ARTICLES OF ASSOCIATION

BOARD OF DIRECTORS REGULATIONS

They formally include:

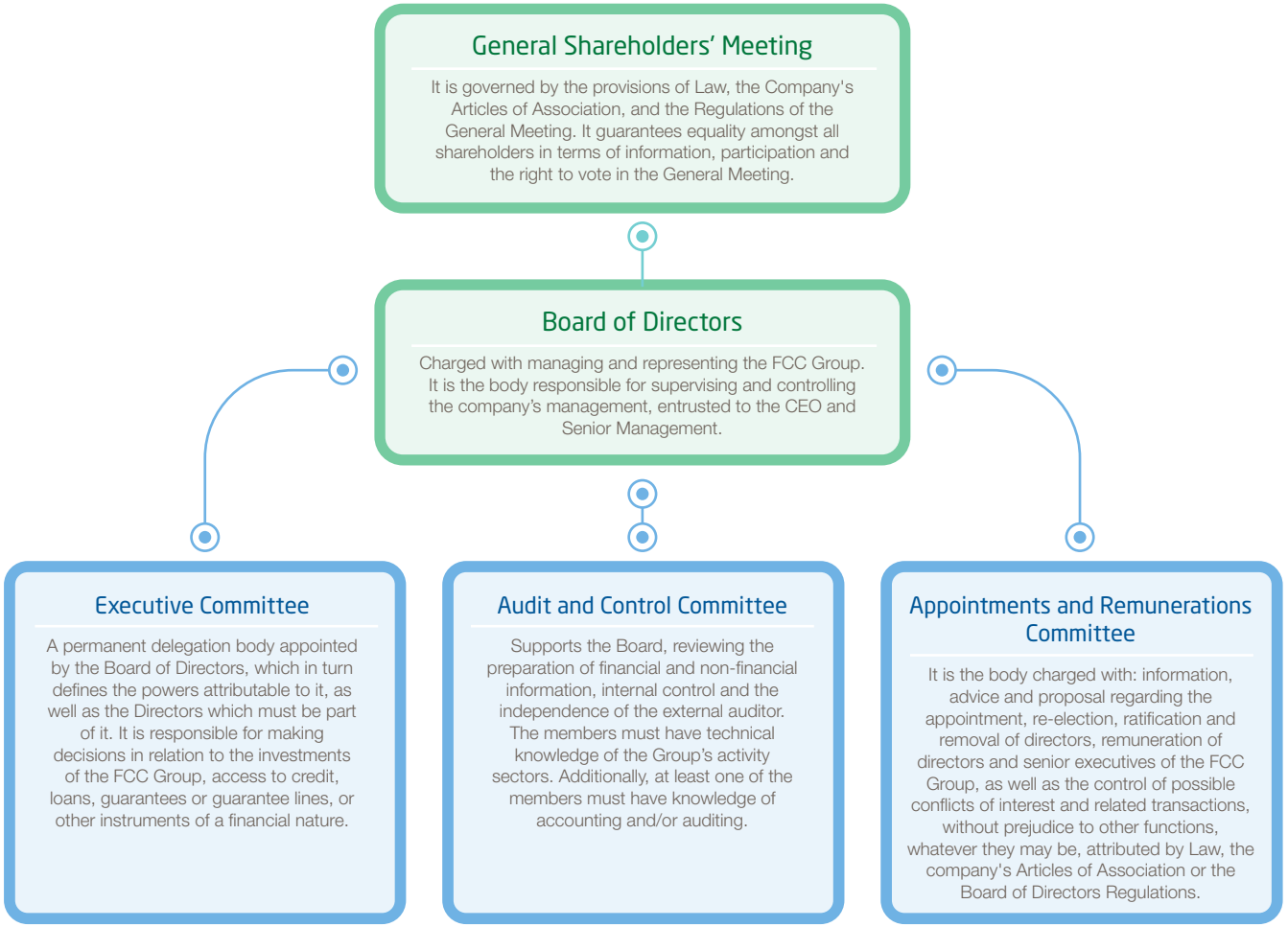
- The responsibilities of the company's governing body.
- The identification of any kind of risk that may affect the business.
- Supervision of proper operational functioning.
- Decision making which ensures the interests of the company are protected in the long term.

The Group's Governing Bodies

The FCC Group's Governance is based on five essential bodies that allow the company to work with the greatest efficiency, performing each of the functions and powers assigned to it.

In this regard, the General Shareholders' Meeting is the company's highest decision-making body, establishing its competencies in the Regulations of the FCC General Shareholders' Meeting.

For matters not attributed to the General Shareholders' Meeting, the Board of Directors has the highest powers and faculties to manage, direct, administer and represent the company. This, in turn, has set up three committees for more effective management and supervision: the Executive Committee, the Audit and Control Committee and the Appointments and Remunerations Committee.



Composition of the Board of Directors and its Committees

	Executive Committee	Audit Committee	Appointments and Remunerations Committee
Esther Alcocer Koplowitz[1] Chairwoman (Proprietary)	☐		☐
Esther Koplowitz Romero de Juseu[2] Deputy Chairwoman (Proprietary)			
Pablo Colio Abril CEO	☐		
Alicia Alcocer Koplowitz[3] Proprietary	☐		
Carmen Alcocer Koplowitz[4] Proprietary			
Gerardo Kuri Kaufmann Executive	☐		
Álvaro Vázquez de Lapuerta Independent		☐	P
Carlos Slim Helú[5] Proprietary			
Alejandro Aboumrad González Proprietary	P		
Alfonso Salem Slim Proprietary			
Juan Rodríguez Torres Proprietary	☐	☐	☐
Antonio Gómez García Proprietary			
Manuel Gil Madrigal Independent		P	☐
Henri Proglio Independent		☐	

C: Committee chair

(1) Representing Dominum Desga, S.A.
(2) Representing Samede Inversiones 2010, S.L.U.
(3) Representing EAC Inversiones Corporativas, S.L.
(4) Representing Dominum Dirección y Gestión, S.A.
(5) Representing Inmobiliaria AEG, S.A. de CV.

Diversity on FCC Group's Board of Directors

In addition to socially responsible inclusion, diversity is considered an essential principle for all FCC Group employees, including the governing bodies. For this reason, the Appointments and Remunerations Committee is tasked with ensuring that selection processes favour diversity of gender, experience and knowledge, and that they do not have any implicit biases that may result in discrimination.

On the Board of Directors, with regard to other diversity indicators in FCC's governing bodies, 50% of the members are Spanish, the other 50% are other nationalities (Mexican and French). The composition of the Board is shown graphically below:

14 directors

71% men





29% women

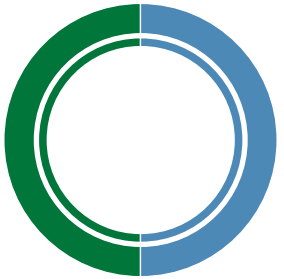
The **percentage of female directors** on the FCC Board of Directors, at 31 December 2020, was **28.57%**

FCC's Board of Directors



- **64%** Proprietary
- **22%** Independent
- **14%** Executive

Nationalities of the Board of Directors



- **50%** Spanish
- **50%** Foreign



Operation of the Board and its Committees

In 2020, the Board of Directors met a total of nine times, with an average attendance of 90.48%, complying therefore with the requirements of Article 34.1 of the Board of Directors Regulations and Article 31.2 of the Articles of Association. They stipulate that the Board of Directors will meet as often as necessary to effectively carry out its functions, with a minimum of at least once each quarter.

Additionally, each of the Board's committees also held a high number of meetings to ensure the Group's proper management.

Conversely, pursuant to article 34.4 of the Board of Directors Regulations, the necessary information is made available to the directors so that they can form their opinion and cast their vote in relation to the matters submitted for consideration in order to improve the efficiency of the meetings.

During 2020, the Board met **nine times**, with an average attendance of **90.48%**

Remunerations policy

Pursuant to the Company Articles of Association, the directors' remuneration system must be aimed towards the company's long-term profitability and sustainability, incorporating the necessary precautions to avoid excessive risk taking and rewarding unfavourable results.

The directors' remuneration must therefore be in line with the importance of the company, the economic situation and the market standards of comparable companies.

The General Shareholders' Meeting is responsible for agreeing said remuneration considering the roles and responsibilities of each member. Other than fixed remuneration, there are allowances for personal attendance at Board meetings and internal committees that are convened during the year, as well as another variable amount for executive directors, based on the meeting of corporate targets.

More information on FCC's Remunerations Policy, as well as the remuneration accrued by each director, is available in the Annual Remunerations Policy, available on the FCC Group's corporate website.

Principles and criteria for setting remuneration



The FCC Group's due diligence

Compliance Model, Code of Ethics and Conduct, policies and procedures

In line with the principles established in its Code of Ethics and Conduct, the FCC Group has a Compliance Model – reinforced by an i nternal control system – that guarantees its compliance and not incurring any criminal offences.

The system has a set of regulations, with policies and procedures; of a Crime Prevention Manual; and a map of crimes, risks and controls, designed to prevent and detect risks and minimise their impacts.



- Code of Ethics and Conduct
- Crime Prevention Manual
- Anti-corruption Model
- Partners Relationship Policy
- Investigation and Response Procedure
- Ethics Channel Procedure
- Human Resources Policy
- Regulation of the Compliance Committee
- Agents Policy
- Gifts Policy
- Tenders Policy
- Protocol to Prevent and Eradicate Harassment

For the Model to operate correctly, the Group's Criminal Prevention body – the Compliance Committee – was set up, with self-governing powers on initiative and control, made up of: the corporate *Compliance Officer* (chair), General Legal Counsel and Human Resources management.

In 2020, the Group's Compliance Committee met eighteen times (eleven ordinary and seven extraordinary meetings).

The Group's Compliance Model also has a series of instruments to supervise and continuously improve its design and effectiveness. Among others, and in accordance with the Prevention Manual, those responsible for controls and processes review and certify around 3,000 controls in the Compliance Tool every six months.

In 2020, the most significant due diligence actions on the Group's Compliance Model were:

Throughout 2020, **two certifications of the Compliance Model** were performed, reviewing around **3,000 controls**



MOST SIGNIFICANT ACTIONS

- The review and update of the **criminal risk map**, focused on risk assessment after the impact of COVID-19.
- The approval of new regulatory developments, such as **sponsorship and donation procedures**, and update of the **Protocol to Prevent and Eradicate Harassment**.
- Reviewing the design of controls related to **international anti-corruption**.
- Rolling out the **International Compliance Model at Cementos Portland Valderrivas**, and progressing its implementation in the international subsidiaries of the **Environmental Services and Aqualia**.
- Internal Audit's **supervision of the** Compliance Model.
- Carrying out **two self-assessments** and certifications on the compliance tool.
- Designing and launching **new online** training related to the **Code of Ethics and Conduct**, and on **Crime Prevention**.
- Defining the supplier approval procedure in terms of Compliance **– jointly with the FCC Group's Purchasing Department**.
- Conducting **195 due diligence** evaluations **on third parties**.



Ethics Channel

The FCC Group has a complaints channel that allows workers and other stakeholders to report situations that may lead to potential legal breaches of the Code of Ethics and Conduct and its set of regulations.

A total of 117 notifications were received via the FCC Group's Ethical Channel in 2020, 34 more than in 2019, mostly of a labour nature.

Training on and disseminating the Compliance Model

Continuing with the commitment to disseminate and provide training on the Compliance Model, both in Spain and internationally, FCC has implemented various communications, information and training programmes extended to the entire workforce.

In 2020, in line with the aim of expanding training's international scope, the online course on the Code of Ethics and Conduct was translated and adapted into six new languages.

Since the launch of this training in 2019, 7,998 employees have completed done it, with a completion rate of 88%. In addition, 1,229 new employees have done so successfully as part of the company's *Welcome pack*.

In 2020, five online training courses on Compliance were also given through Campus FCC, the Group's training platform, with 18,321 participants and a total of 11,633 hours of training.

The set of regulations on the Compliance Model and their associated policies are available on the corporate intranet and on the Group's website, except for confidential procedures, which are only available on the corporate intranet.

Since its launch, **7,998 employees and 1,229 new employees** have taken the online course on the Code of Ethics and Conduct

In 2020, five online training courses on Compliance were given, with 18,321 participants and a total of **11,633 hours of training**

Respect for Human Rights in the FCC Group

Within its sphere of influence and pursuant to the legal framework of each country, the FCC Group promotes, ensures and protects respect for human rights and public freedoms among its staff wherever it operates.

FCC has its own Human Rights Policy – approved by the Board of Directors – that includes the company's express commitment to guarantee freedom of association and collective bargaining; decent and paid employment; the rights of ethnic minorities and indigenous peoples; health and safety; data privacy; and respect for communities, and also demonstrating the complete rejection of child labour, forced labour and work carried out in harsh, extreme, subhuman or degrading conditions.

To reinforce its commitment and ability to act, the company adheres to the main international frameworks, such as the United Nations Global Compact; the Universal Declaration of Human Rights Framework; the Declaration on the Rights of the Child; the different conventions of the International Labour Organization (ILO); and other agreements of Building and Wood Workers' International (BWINT).

In 2020, with the aim of strengthening its commitment to the principles set out in the Code of Ethics and Conduct and its Compliance Model, the Group's Board of Directors approved an update to the Protocol to Prevent and Eradicate Harassment.

The Protocol seeks to promote a fair and diverse working environment. Among other aspects, some measures that stand out are: not tolerating any conduct that involves discrimination; promoting a culture of respect and awareness campaigns against harassment; offering specific training in this regard; ensuring complaint mechanisms are streamlined; adopting disciplinary measures and guaranteeing the labour and social protection rights of victims.

In 2020, in addition to Human Rights, the FCC Group's End-to-End Water Management Company – Aqualia– jointly promoted a Declaration with other organisations representing the entire water supply and sanitation value chain aimed at European Union institutions to consider water and sanitation as a Human Right within the European legislative system, thus guaranteeing these services for all citizens.

Accountability and tax transparency

In matters of tax, the company adheres to the Ministry of Finance's Code of Good Tax Practices, which establishes the principles of transparency and mutual trust, as well as good faith and loyalty between parties, guaranteeing a more effective relationship without legal uncertainty.

Additionally, and to minimise the risks of tax breaches, FCC has its own Tax Code of Conduct, which is mandatory for all persons linked to any Group company. In line with the values established in the Code of Ethics and Conduct, this document sets out the FCC Group's basic principles in tax matters, including compliance with applicable tax regulations, respect for the "Tax Area Regulatory Framework Control", and ensures that senior management review relevant decisions in tax matters and promote transparency.

The Group's Sustainability Report, attached to this document, details the profits after taxes and the taxes on profits paid in each country where FCC is present in 2020, together with the public subsidies received.

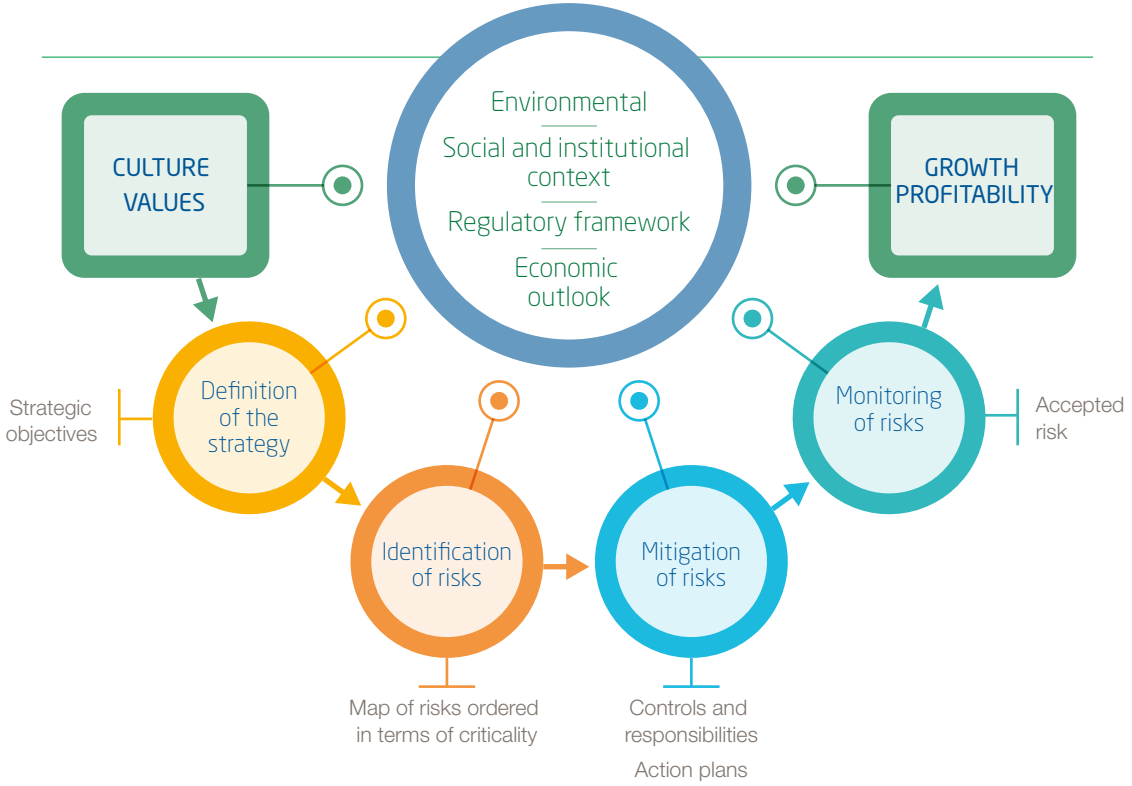
The FCC Group's Risk Management Model

The FCC Group operates in a wide range of countries and in different sectors, so its activities are subject to diverse environmental, socio-economic and regulatory frameworks. The FCC Group is therefore exposed to the risks inherent to its activities and to risks related to environmental, economic, social and geopolitical developments at local and global levels.

To generate sustained value in this environment, the FCC Group has a Risk Management Model designed to analysis the internal and external context and to identify and assess the potential risks that could affect the Group's various units, as well as establishing mechanisms integrated into the organisation's processes that allow the risks to be managed within the accepted levels, providing the Board of Directors and Senior Management with a reasonable assurance regarding achievement of the main defined objectives.

Activities included in the FCC Group's Risk Management Model are the assessment of risks, in terms of impact and probability of occurrence, giving rise to risk maps, and subsequently establishing activities to anticipate, prevent and control the effect of identified risks to mitigate them. The Model also includes the establishment of reporting flows and communications mechanisms at different levels, which allow both decision-making and their review and continuous improvement.

The analysis of the environmental, economic, social and institutional context, and the alignment of the FCC Group culture with the strategy and accepted risk as key for sustainable growth

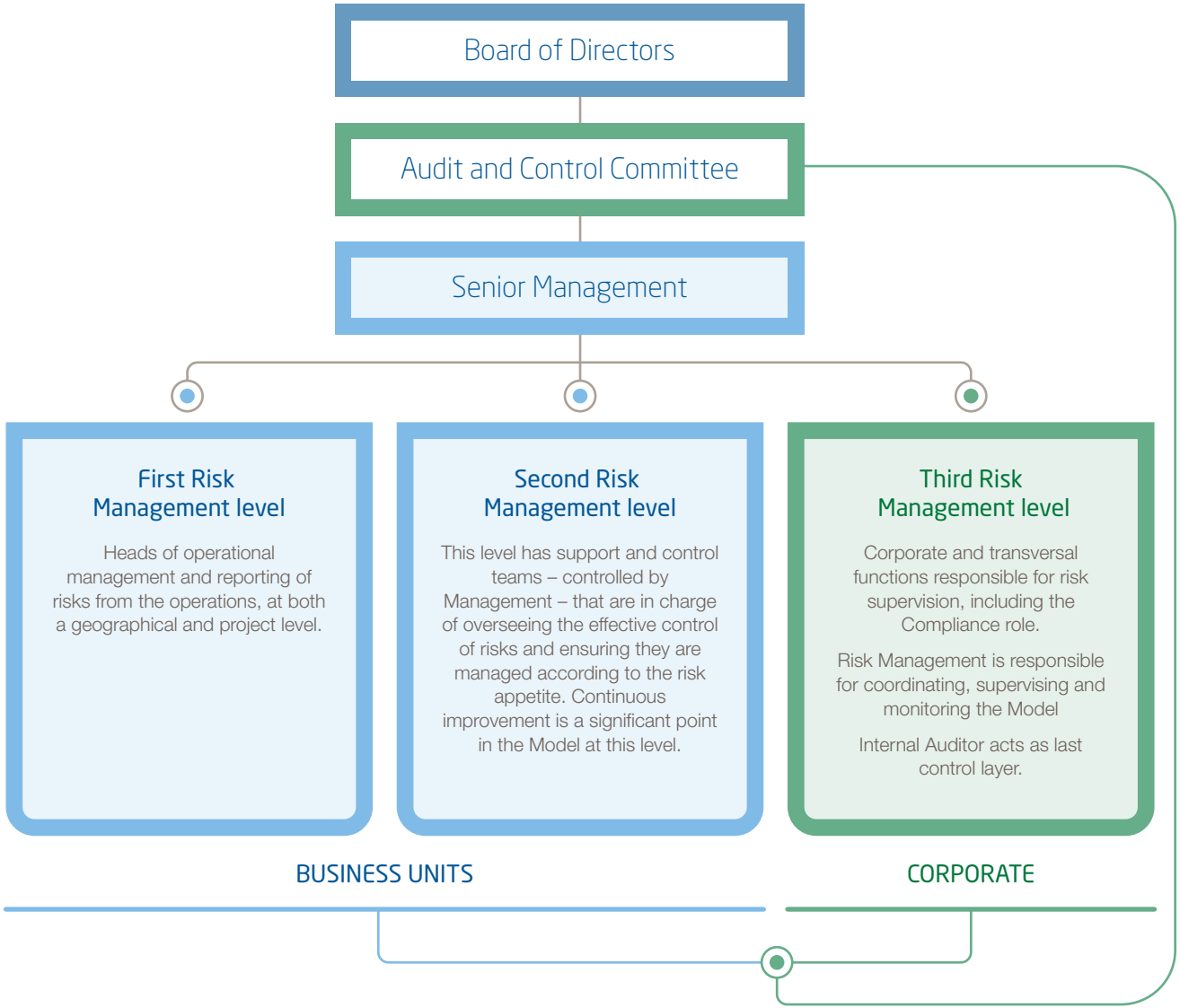


Organisational structure for risk management

The risk management process works across the entire organisation, establishing different coordinated levels to maximise its efficiency and enhance its effectiveness.

The Board of Directors is responsible for approving the FCC Group's risk control and management policy, identifying those risks the company considers key and implementing and monitoring the appropriate internal control and information systems.

The Audit and Control Committee is responsible for supervising and analysing the effectiveness of internal control and the risk control and management policy.



Significant risk scenarios

STRATEGIC

- Natural disasters, climate or global health crises.
- Cuts in forecasts for investment and demand.
- Political and socio-economic instability in countries and/or regions.
- Loss of market share.
- Regulatory changes.
- Impairment of reputational image.

RESPONSE PLANS

- Consolidation of the international position as a provider of services classified as essential: waste management, water and infrastructure.
- Retaining market share in mature markets, with stable demand and predictable cash flows.
- Search for new public-private collaboration formulas to develop the end-to-end water cycle, environmental services and infrastructure.
- Internal strategy for adaptation to climate change in Horizon 2050.
- Integrating the businesses into the circular and low-carbon economy and alignment with the SDGs (Sustainable Development Goals).
- Investment in technology, innovation and process control.

FINANCIAL

- Credit risk.
- Liquidity risk.
- Exchange rate fluctuation.
- Interest rate fluctuation.
- Limitations on access to financial markets.
- Recoverability of deferred tax assets.
- Impairment of goodwill.

RESPONSE PLANS

- Continuously monitoring the credit quality of clients, liquidity lines and financing.
- Strengthening the financial and equity structure to improve the balance between own and third-party funds.
- Optimisation of floating-rate debt exposure and analysis of hedging instruments on interest rate fluctuations.
- Control of asset risk management and updating and monitoring goodwill values and deferred tax assets.

Significant risk scenarios (continued)

COMPLIANCE

- Potential breach of the Code of Ethics and Conduct.
- Regulatory breaches.
- Contractual breaches.

RESPONSE PLANS

- Structured and formalised Compliance Model.
- Organisational structure of Compliance at different levels and for the different businesses, coordinated by the Compliance Committee.
- Training programmes on ethics in the Compliance and Values schools of Campus FCC.
- Regulated systems with detailed procedures.
- Monitoring of contractual and regulatory requirements in project management plans.

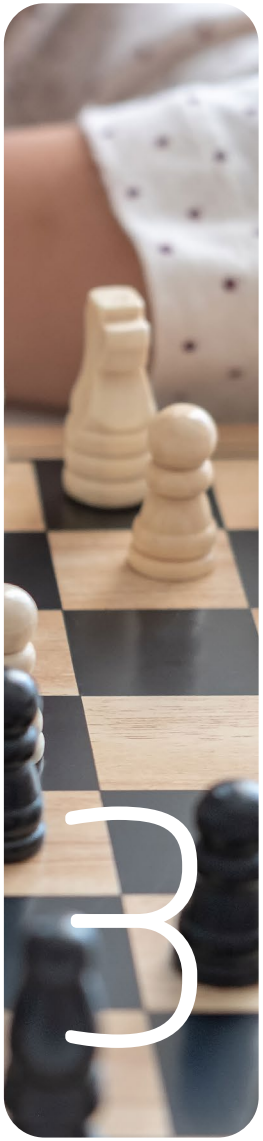
OPERATIONAL

- Unilateral termination or modification of the contract, contractual controversies and litigation.
- Rescheduling of projects.
- Risks arising from relations with third parties.
- Uncertainty in the evolution of raw material prices and supply chains.
- Risks associated with digitisation.
- Cyberattacks.
- Risks for the safety and health of people.
- Environmental damage.
- Loss of human capital.
- Labour conflicts.

RESPONSE PLANS

- Formal economic and technical, and contractual management planning systems with clients and third parties, applying an active negotiation policy.
- Training, coordination and development of the Group's human resources.
- Monitoring of key suppliers and periodic analysis of deviations.
- Quality management systems, environmental management and occupational risk prevention in accordance with international standards.
- Operational unit and information security management system also according to international standards.
- Monitoring plans for specific project risks.
- Appropriate insurance coverage.





3

Strategy and value creation

FCC Group's mission, vision and values _ 25
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CSR Policy. Social value creation _ 31
Response to future challenges _ 60



FCC Group's mission, vision and values

FCC's vision defines the future sought by the company and gives a purpose to its action. Therefore, all its components share the same culture and are part of the same project: a single FCC.

To achieve its vision, FCC develops and manages environmental services, end-to-end water cycle management and large infrastructure services while maintaining the highest standards of operating excellence and applying the strictest ethical principles set out in the FCC Group's Code of Ethics and Conduct in all its areas and activities.

For the company's staff the Code of Ethics and Conduct represent the highest standards in the FCC's Group's range of policies and procedures that allows a strengthened culture of compliance that supports the creation of long-term value in its project.

MISSION
What we do

Design, carry out and efficiently and sustainably manage environmental services, end-to-end water cycle management and the construction of large infrastructure works to improve the lives of citizens.

VISION
What we want to be

For the group to be an international leader in Citizen Services, offering global and innovative solutions for the efficient management of resources and improvement of infrastructure, contributing to improving the quality of life of citizens, and the sustainable progress of society.

Beyond the leadership position in the different businesses – key in the communities of the future and as a result of its technical and professional capacities – FCC has established certain inalienable conduct guidelines, which are essential for the Group to operate successfully in a sustainable and responsible manner. It's about values.

These values are part of the new Code of Ethics and Conduct of the FCC Group and are intended to transmit and instil the principles in all company employees.

WE ARE more than **59,000 professionals** operating in **more than 30 countries**.

WE SHARE a common challenge: improve the quality of life of citizens and contribute to sustainable progress.

WE FOLLOW the same path guided by the principles of the FCC's New Code of Ethics and Conduct.





FCC Group's principles of action

Honesty and Respect

1. We respect legality and ethical values.
2. Zero tolerance towards bribery and corruption practices
3. We act against money laundering and the financing of terrorist activities.
4. We protect free competition and good market practices.
5. We behave ethically on the stock market.
6. We avoid conflicts of interest.

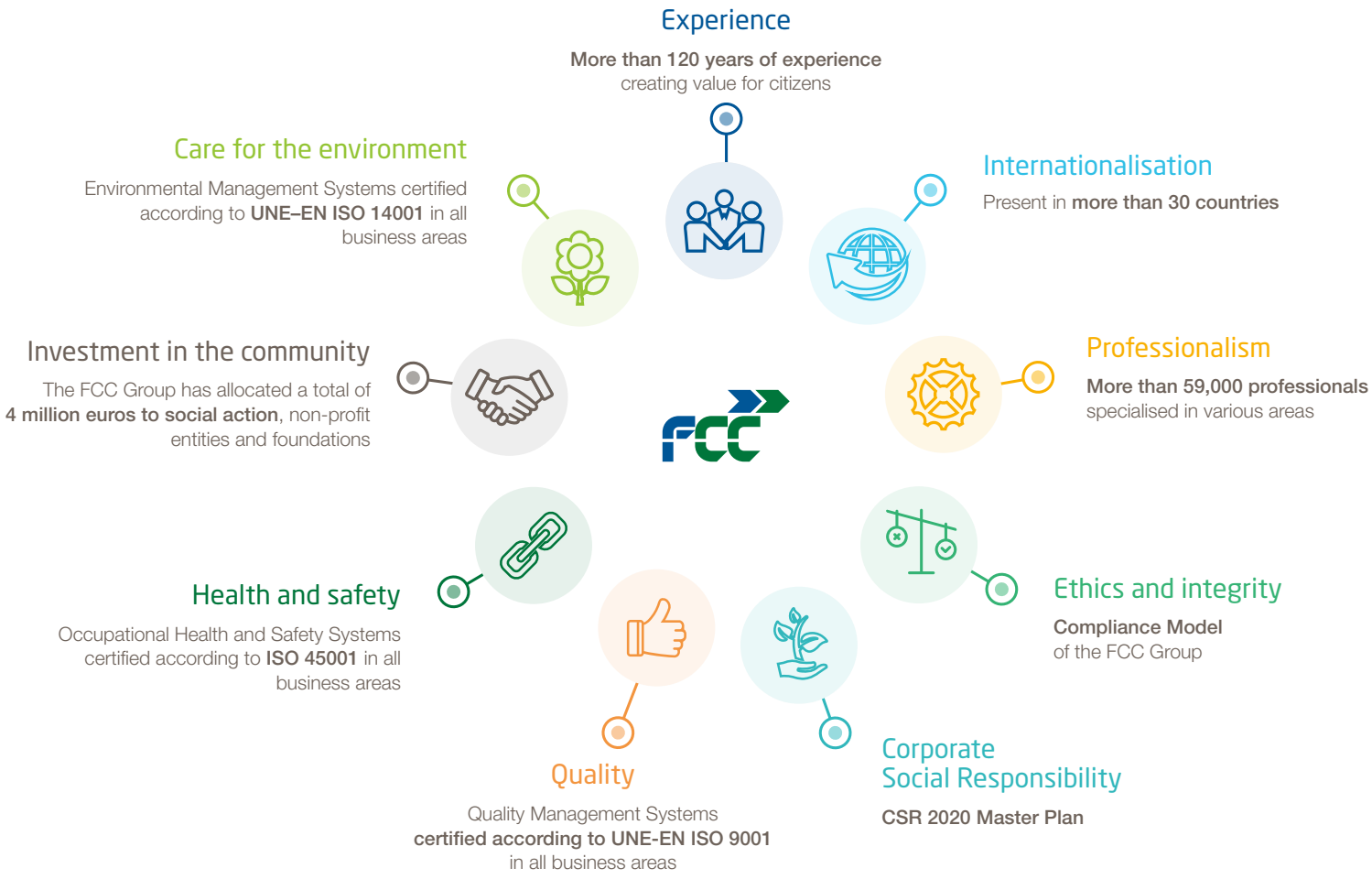
Rigour and Professionalism

7. Rigour in control, reliability and transparency.
8. We protect the reputation and image of the Group.
9. We use the company's resources and assets efficiently and safely.
10. We monitor the ownership and confidentiality of data and information.

Loyalty and Commitment

11. Our customers are at the centre.
12. The health and safety of people are paramount.
13. We promote diversity and fair treatment.
14. We are committed to our environment.
15. We interact with the community transparently.
16. We extend the commitment to our partners in the business.

Strengths of the business

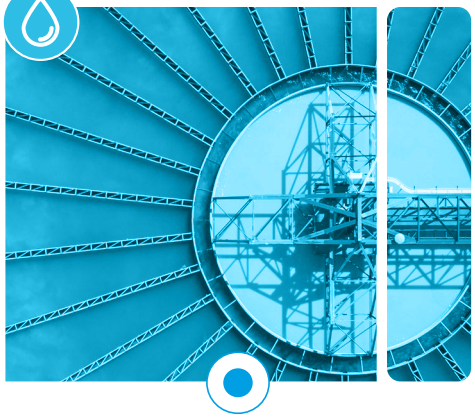


Keys to a diversified business



Environment

- Waste collection.
- Street cleaning.
- Urban solid waste treatment and recycling.
- Ground maintenance.
- Maintenance of sewerage networks.
- Industrial waste treatment and recycling.
- Recovery of contaminated soils.
- Facility Management.



End-to-end water management cycle

- Comprehensive management of public services.
- Operation, maintenance and technical assistance services.
- Design, construction and financing of water infrastructure.



Infrastructure

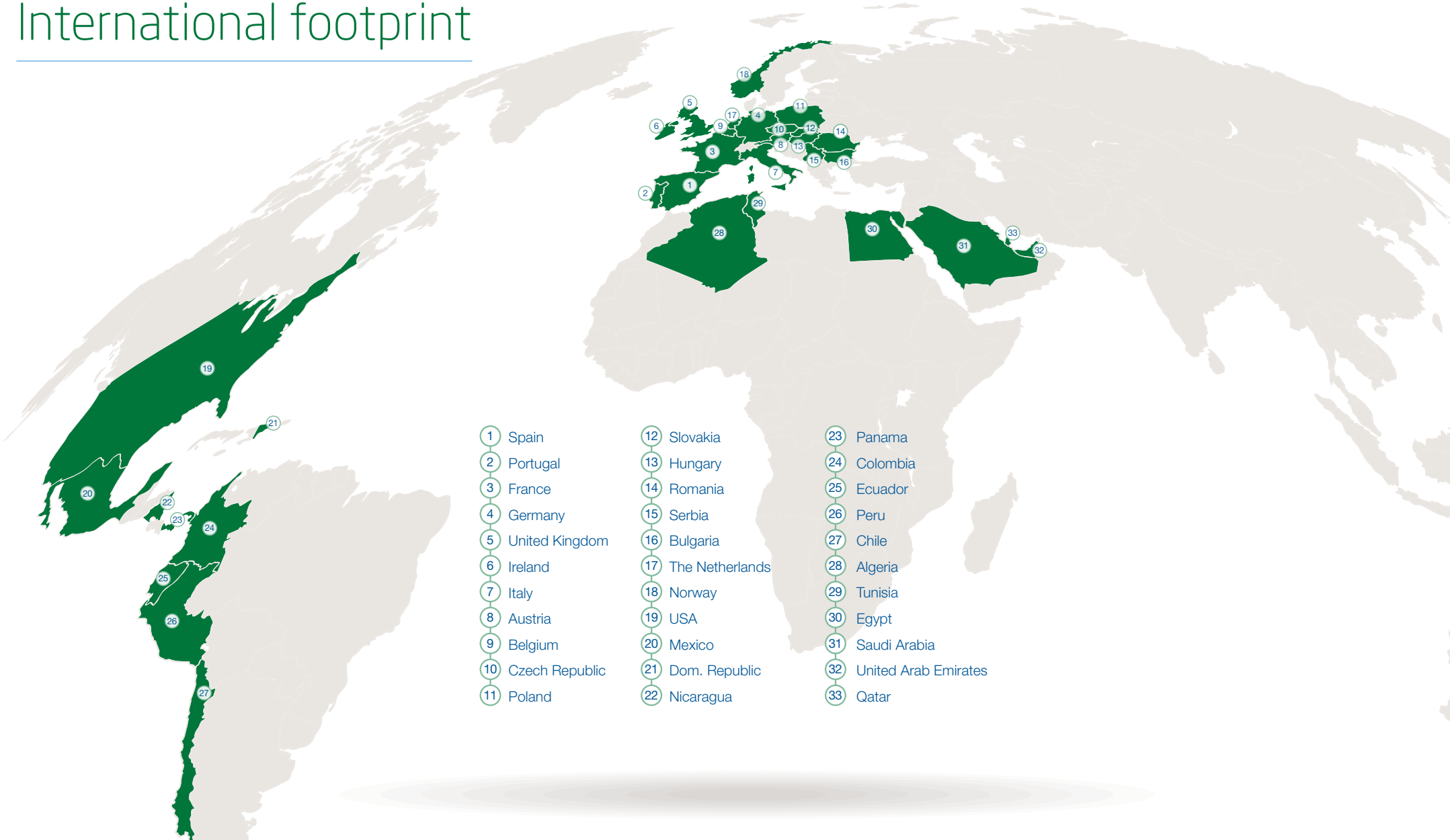
- Civil works.
- Construction.
- Industrial.
- Concessions.
- Infrastructure maintenance.
- Prefabricated construction.
- Brand image.



Cement

- Cement.
- Trading.
- Other businesses (concrete, aggregates and mortars).

International footprint



CSR Policy. Social value creation

Sustainability in FCC's business model



In 2020, the FCC Group's commitment to sustainability in social, environmental and good governance matters meant celebrating a history of more than **120 years of activity and 15 years of communicating and publishing, through the Social Responsibility Reports**, the business's contribution to sustainable development. Additionally this year, in a global context marked by the health and socio-economic crisis from **COVID-19**, the FCC Group has responded with experience, resilience and professionalism to the new challenges, never neglecting its commitment to guarantee the well-being of people, respect for human rights and caring for and preserving the environment.

The diversified business model that characterises the company is backed by a committed and consolidated global service to citizens. Our cooperation is fundamental in the development and transformation of sustainable cities and communities. This is why FCC is involved in responding successfully, effectively – and from an integrity and business ethics standpoint – to **urban challenges and daily sustainability**. This contribution to development is aimed at promoting *sustainable urbanisation*, affected by demographic changes and the expansion of cities; *responsible economic development*, taking care of consumption and the production of natural resources; the *fight against climate change*, with its own strategy and betting on energy efficiency and emissions control; and progress in *equality, inclusion and social development.*

For the FCC Group, its own sustainability challenges contribute to promoting solutions and detecting opportunities linked to its own business model. To respond to the challenges, and identify factors and trends that may lead to changes in the company's evolution, FCC relies for its sustainable performance with a solid strategy, a consolidated structure, management tools and an outstanding network of support and contact with stakeholders.

The **FCC Group's Code of Ethics and Conduct**, approved in 2012 and revised in 2019, is the central element to responsibly manage FCC's activity. The commitments acquired and the framework for action are included in the **Corporate Social Responsibility Policy** (hereinafter CSR Policy), approved in 2016 by the Group's Board of Directors, and which is monitored by the Executive Committee, in accordance with recommendations 53 and 54 of the Code of Good Governance from the CNMV (National Securities Market Commission).

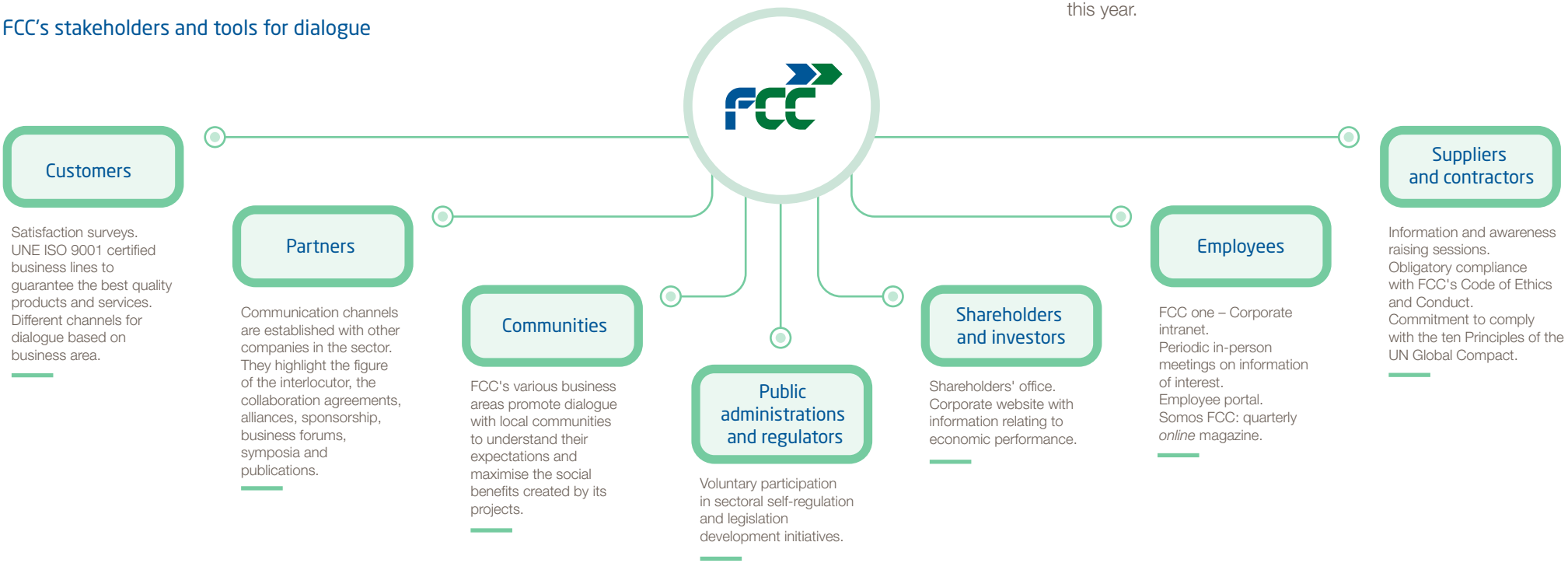
The CSR Policy establishes the company's main strategic lines for sustainable development, which are developed through its Corporate Responsibility committees. To implement the Policy effectively, FCC has a Group Corporate Responsibility Committee and other committees in the different businesses that favour compliance and promote progress aligned with our own activities. All management and strategy revolves around the **CSR Master Plan**, which concluded its fourth edition in 2020, to make way for the next ESG 2025 Plan.

In addition to the Code of Ethics and Code Conduct, the CSR Policy and the Master Plan, the company has other policies and action plans with the aim of addressing the different challenges of the Group in social, labour and environmental matters. In this structure and model, we support each other to work on the **2030 Agenda** by achieving the Sustainable Development Goals (SDGs). In 2020, we renewed our commitment to the **United Nations Global Compact** for another year, to maintain and consolidate the sustainable development of the societies in which we operate.

Likewise, it is essential for the Group to know and respond to environmental, social and good governance demands and expectations through communication and dialogue with **stakeholders**. From these, and from the **materiality study** that identifies the most relevant and significant issues to the company, the priorities and lines of action with the greatest impact on each of the businesses are established.

The **2020 materiality study** revealed certain relevant issues that are cut across all businesses such as ethics, compliance and good governance; safety, health and well-being, the circular economy and waste. In addition, some environmental issues such as energy and climate change become more significant this year.

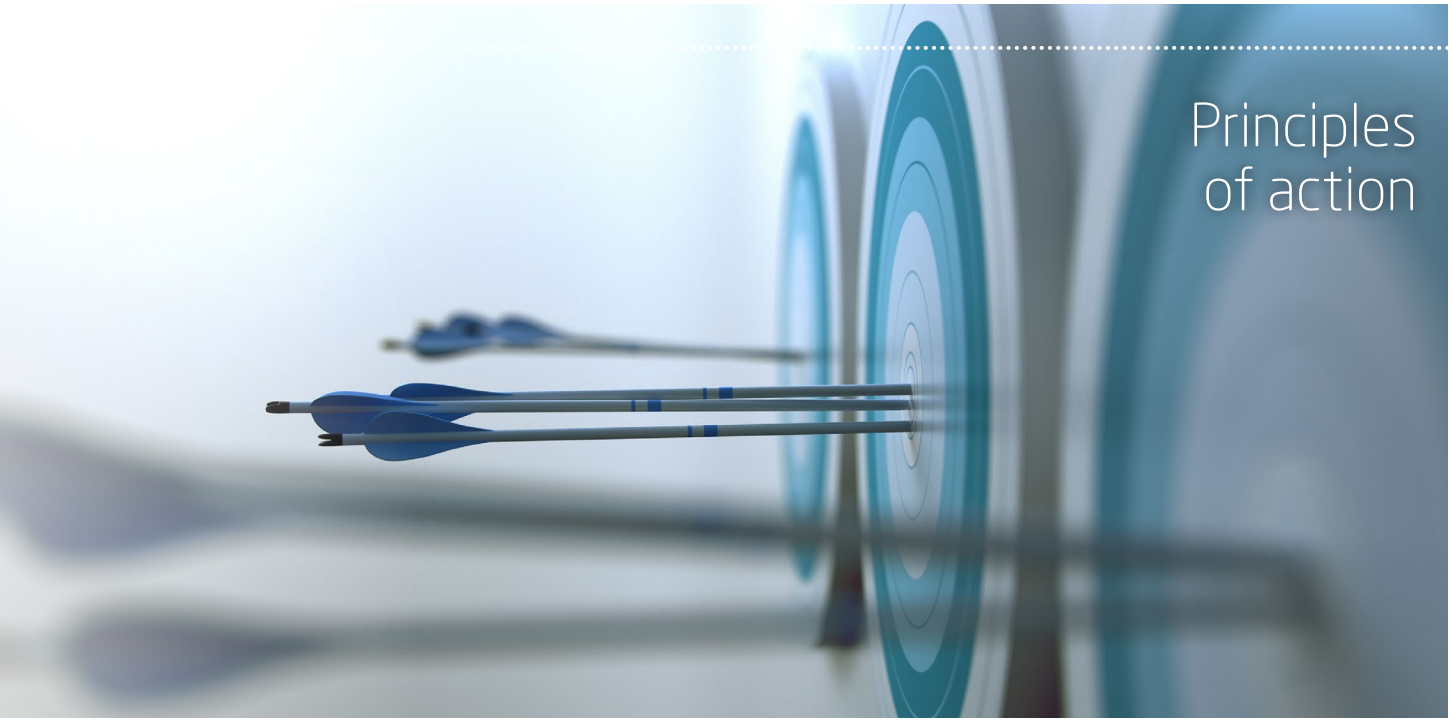
FCC's stakeholders and tools for dialogue



FCC Group's CSR Policy

The FCC Group's Corporate Social Responsibility Policy includes commitments on business integrity and ethics, respect for the environment and contributing value to society.

To develop, implement and comply with of the CSR Policy, master plans with specific programmes and objectives are developed, with fulfilment and monitoring of them coordinated through the Group's Corporate Responsibility committees and its areas.



In accordance with the CSR Policy, the principles of action that guide the FCC Group's behaviour are:

- **Quality and innovation:** based on continuous improvement to meet and satisfy the needs of our customers and stakeholders.
- **Integrity in actions:** with behavioural guidelines that respond to the highest level of demand of our values.
- **Management efficiency:** meeting objectives, protecting and optimising resources.
- **Proximity and commitment:** creating value and smart, inclusive and respectful environments.

CSR Master Plan 2020

In November 2017, the FCC Group's Board of Directors approved its fourth CSR 2020 Master Plan, establishing its response to social, economic and environmental challenges in different action plans grouped into three strategic pillars: citizen connection, smart services and exemplary behaviour.

In 2020, work was done on different programmes to round off the 2020 CSR Master Plan, starting the path towards a new ESG 2025 strategy, which will be designed in 2021.



Strategic pillars and action programmes of the 2020 Master Plan

Axis 1: FCC citizen connection

Its approach is based on considering citizens as the stars of sustainable cities, with FCC responding to the challenges and expectations of the communities, through different action plans, promoting social dialogue with administrations and stakeholders.

Several programmes and initiatives have been developed to achieve this:

1. **FCC + Acción:** focusing efforts on developing social action projects through solidarity initiatives and collaboration agreements with non-profit organisations. FCC has launched solidarity communications campaigns, community outreach and volunteer programmes and projects to guarantee access to water and humanitarian aid initiatives for people at risk of social exclusion.

   FCC has worked with its own means and resources to achieve these programmes, but has also had its workforce and been supported by foundations and non-profit organisations such as UNHCR, Cáritas, Red Cross, La Caixa Foundation and ONCE Foundation, among others.

2. **FCC + Educa:** a programme that takes advantage of the technical knowledge and skills that FCC's professionals have to promote environmental training and awareness programmes in society.

   The programme has been developed from *online* educational channels, taking part in training and information sessions in schools and academic centres, the organisation of open days for students in our work centres as well as participation in various dissemination and awareness activities.

   During the term of the Plan, campaigns have been designed to inform and offer training on the SDGs, the environmental and sustainable management of water and waste, the responsible use and consumption of natural and energy resources or on social issues, such as raising awareness about the harsh living conditions of refugees.

   FCC has also established numerous agreements with Spanish universities and has participated in different working groups related to sustainability, innovation and the environment.

Axis 2: Smart services

FCC participates in designing sustainable cities of the future, betting on the continuous improvement of its internal processes and its services offering, developing innovative and sustainable initiatives, projects and procedures.

The company works to create new skills to address the action programmes that respond to the main environmental challenges. These programmes are:

1 **FCC plan for a Circular Economy** the FCC Group – mainly through the end-to-end water management cycle and waste processing – contributes to transitioning towards the circular production model, developing improvement actions and objectives to reduce, reuse and recover outflows.

Since the Master Plan was implemented, the various business lines have led European projects transitioning towards a circular production model, participating in workshops and working groups, optimising the consumption of resources through innovative processes or certifying their waste management systems.

Projects within the Group have mainly consisted of the recovering waste and turning it into resources that can be used, as well as in the efficient use of natural and water resources, promoting the reuse of waste and wastewater and promoting the use of industrial by-products and alternative fuels such as biomass.

2 **Climate change and eco-efficiency:** the FCC Group has approved its own Climate Change Strategy 2050 that identifies the risks in dealing with this global challenge and defined the climate objectives and measurement indicators to allow adaptation to new business opportunities associated with climate change and emissions reduction.

This programme promotes actions to implement processes with lower greenhouse gas emissions, promote energy efficiency and renewable energies, prevent pollution and protect the natural environment through responsible management and consumption of natural resources as well as minimising the impact of emissions, discharges and waste generated and managed by our activities.

Businesses are betting on the use of sustainable materials, on electric mobility, on the control and management of emissions of dusty materials in infrastructure activities, on reducing emissions in their plants, with the installation of filters, as well as the implementation of measures to prevent and contain spills and to minimise noise and light pollution.

3 **City 2025:** this programme places FCC as a facilitator of dialogue between various stakeholders to collaboratively build sustainable, inclusive and humane cities, participating in roundtables where the main urban challenges are addressed.

FCC has taken part in diverse forums, roundtables, plans and studies, with public and private institutions and other stakeholders, providing business experience and promoting sustainable challenges for cities of the future: sustainability, innovation, technology, social and economic recovery or the humanisation of cities.

4 **Measurement of socio-economic impact:** the company sees knowing and measuring the scope of the social, economic and environmental impact of its activity as essential, improving two-way communication with stakeholders and adapting the message to each of them.

Related to this, FCC has been involved in studies to assess sustainable development, established indicators in its businesses based on internationally recognised criteria, and has various tools to assess and measure risks, impacts and material issues.



3 **Response to water stress:** the company is an agent that contributes to reducing water stress, mainly through the efficient provision of its end-to-end water management service, as well as through defining a water footprint perimeter that allows areas for improvement and savings to be identified.

FCC has worked to ensure responsible and efficient water management in each of its activities, taking into account the infrastructure and availability of water in the areas where it operates.

The businesses have launched initiatives to raise awareness among employees on the sustainable, responsible and rational use and consumption of water; resource optimisation and use programmes have been established, and the networks and phases that make up the end-to-end water cycle have been improved to generate a greater amount of water resources, better use and maximum guarantees for their use and consumption.

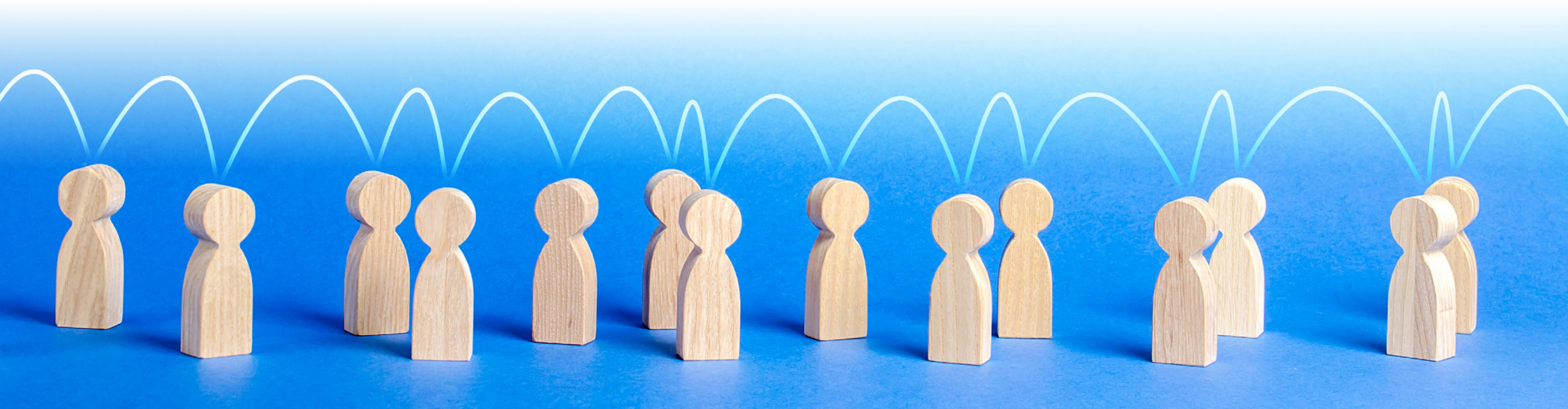
4 **Protecting biodiversity:** to mitigate the impact of its activity on the natural environment –and promote its conservation– FCC publicly commits to ensuring the care for, preservation and repair of biodiversity in areas where the company operates.

In its commitment to biodiversity, the company has alliances with nature protection groups to maintain and control of biodiversity; it has developed projects to protect and recover ecosystems; it has promoted the mapping of areas of interest for biodiversity and protected areas; it has restored various areas dealing with the morphological repair and revegetation; and has transplanted plant species, transferred animal species or physical protected specimens.

5 **FCC Innova^{CSR}:** FCC develops innovative projects to generate a competitive advantage, increase efficiency in its processes and search for new solutions to face global challenges, such as the fight against climate change or the transition to an circular economy model, and that minimise the impact of its activities on the environment.

FCC has R&D projects, betting on technological innovation, smart management, eco-efficiency and automation of processes, modernisation of operations and machinery, as well as research and development of new products and more eco-efficient materials to extend the useful life of infrastructures.

The company also uses integrated management and control tools and promotes knowledge management, participating in studies, roundtables and innovative projects.



Axis 3: Exemplary behaviour

An axis for the ethical and integrity commitment with the highest standards of behaviour throughout the value chain, with collaborators, stakeholders and the community, in which environmental, social and good governance commitments are included.

Based on the FCC Group's Code of Ethics and Conduct and the Compliance Model, various programmes have been developed that promote and strengthen the company's principles and values, as well as their compliance.

1 **FCC culture:** the company works to consolidate and promote a solid and transversal corporate culture, to turn employees into brand ambassadors, increase their sense of belonging and promote a culture of respect and exemplary performance.

To consolidate and guarantee this culture of ethics and integrity, the company has worked to provide an appropriate and up-to-date regulatory framework, promoted by its Compliance Committee, and has established the necessary means, channels and tools for communication and connection with the workforce, in addition to a strong training programme.

2 **Responsible procurement:** a programme to apply environmental, social and good governance criteria in the supply chain, with FCC's firm commitment to introducing sustainability in the processes of contracting goods and services, and responsible purchasing.

In this sense, the 2020 update of the Purchasing Manual and the drafting of procedures to manage the approval of suppliers, which include financial and non-financial aspects, as well as reformulating the ethical clauses for contracting, have been key.

3 **XHumanRights:** respect for human rights in all the communities in which FCC operates requires a quality, respectful and dignified work environment to be respected.

To promote, oversee, guarantee and protect the respect for human rights, the company adheres to the main international frameworks; it has established prevention and control mechanisms, as well as reporting channels, and has implemented internal and external dissemination, training and awareness-raising actions. In 2019, the Group's Board of Directors approved FCC's Human Rights Policy.

4 **Talent2: competencies + leadership:** professional development at FCC, with a focus on talent management, and increasing productivity and efficiency.

The Group has focused its efforts on developing skills that allow improved performance at all levels of the organisation. The commitment incorporates an ambitious educational and training programme, adapted to the workforce's needs, and with advanced management tools.

FCC has also participated in a number of meetings, programmes and projects with institutions, entities and schools to promote leadership, talent and professional development.

5 **Equality and diversity:** a programme designed to increase employment, promotion and remuneration opportunities – in terms of equality and diversity – across all the Group's activities.

To advance and strengthen equality and diversity in the company, FCC has developed different plans and programmes aimed at managing generational, gender and disability issues, in numerous processes such as selection and hiring, promotion, inclusion, accessibility and non-discrimination, and with particular attention paid to the prevention of harassment and the fight against gender violence.

Specific training programmes and information and awareness campaigns have been developed for this. Likewise, alliances have been established with specialised entities to promote and consolidate the company's commitment to equality and diversity.

6 **Health and safety comes first:** a programme that promotes a preventative culture on occupational risks, health, safety and well-being of the workforce, developing improvement plans and consolidating itself as a safe and healthy company.

The main lines of action relate to the **FCC Group's Health, Safety and Well-being Policy** and to the certification of Health and Safety management systems. Specific health and wellness programmes have been developed; informative and participatory channels, platforms and campaigns; and collaborations with organisations, associations and entities specialised in caring for and promoting occupational health and safety.



FCC's contribution to the 2030 Agenda

The Group's Sustainability programmes and the 2020 CSR Master Plan have been aligned with the 17 Sustainable Development Goals (SDGs) since their approval by the UN in 2015.

The FCC Group's track record in CSR matters highlights the link between the company's strategy and the SDGs, internalising the commitments of the 2030 Agenda and integrating them into its business model.

Through its various activities, the FCC Group contributes directly to different Sustainable Development Goals. Each of the Group's business lines defines the SDGs that they consider a priority based on their direct contribution:

FCC's Environmental Services activity is an area that contributes to the employment for thousands of people and that promotes the integration of people with disabilities into the workforce. It is also committed to technological innovations to optimise the management, recovery and use of waste, through initiatives for a more efficient use of natural resources. This business impacts on SDGs: 8, 9, 10 and 12.

Aqualia, for its part, has a particular responsibility with its contribution on preventing infections and the spread of diseases in water and sanitation management services; promotes access and efficiency of water resources; applies technologies that improve the efficiency and reliability of processes, promoting the reuse of waste water and encourages collaboration with universities and research centres, thus impacting on SDGs: 3, 6, 9, 11, 12 and 17.

FCC Construcción contributes to the SDGs through the construction of infrastructures for the sustainable development of cities and communities, with energy efficient facilities, investing in research and promoting the responsible management of resources and waste and the reduction of emissions, therefore impacting on SDGs: 6, 7, 11, 12 and 13.

Cementos Portland Valderrivas encourages digital transformation and the application of technologies that allow it to manufacture resilient and sustainable products; researches solutions to reduce the consumption of water, raw materials and energy in its facilities; promotes the efficient use of natural resources; and works to reduce CO_2 emissions that result from its activity, contributing therefore to SDGs: 9, 11, 12 and 13.

Likewise, the FCC Group contributes indirectly to SDGs: 5, 15 and 16.



FCC Group transversal SDG contribution



The FCC Group's people

The FCC Group considers its human team a strategic asset, maintaining firm respect for human and labour rights recognised in national and international legislation, diversity, equal opportunities and non-discrimination. People management also responds to the commitment to talent and professional development, to social dialogue and communication, to digital transformation and to a safe and healthy working environment.

People are a priority for FCC. For this reason, you_ was born in 2020, the FCC Group's human resource management brand.

you_ summarises **the essence of who we are**, it is our new way of being, of doing, of evolving, of innovating, of feeling and of projecting our future

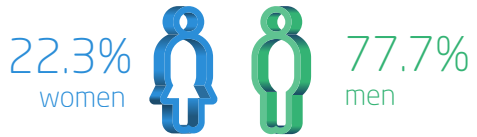


Human capital profile

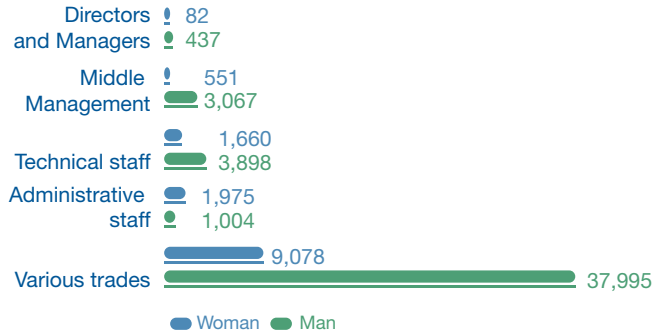
FCC operates in over 30 countries around the world, which means more than 120 nationalities among the nearly 60 thousand professionals that make up the workforce.

FCC is a company that is noteworthy for its job stability, with 72% of its staff on permanent contracts. Even those with a temporary contract enjoy great job stability, as they are assigned to a contract, which has recognised mandatory subrogation by collective agreement.

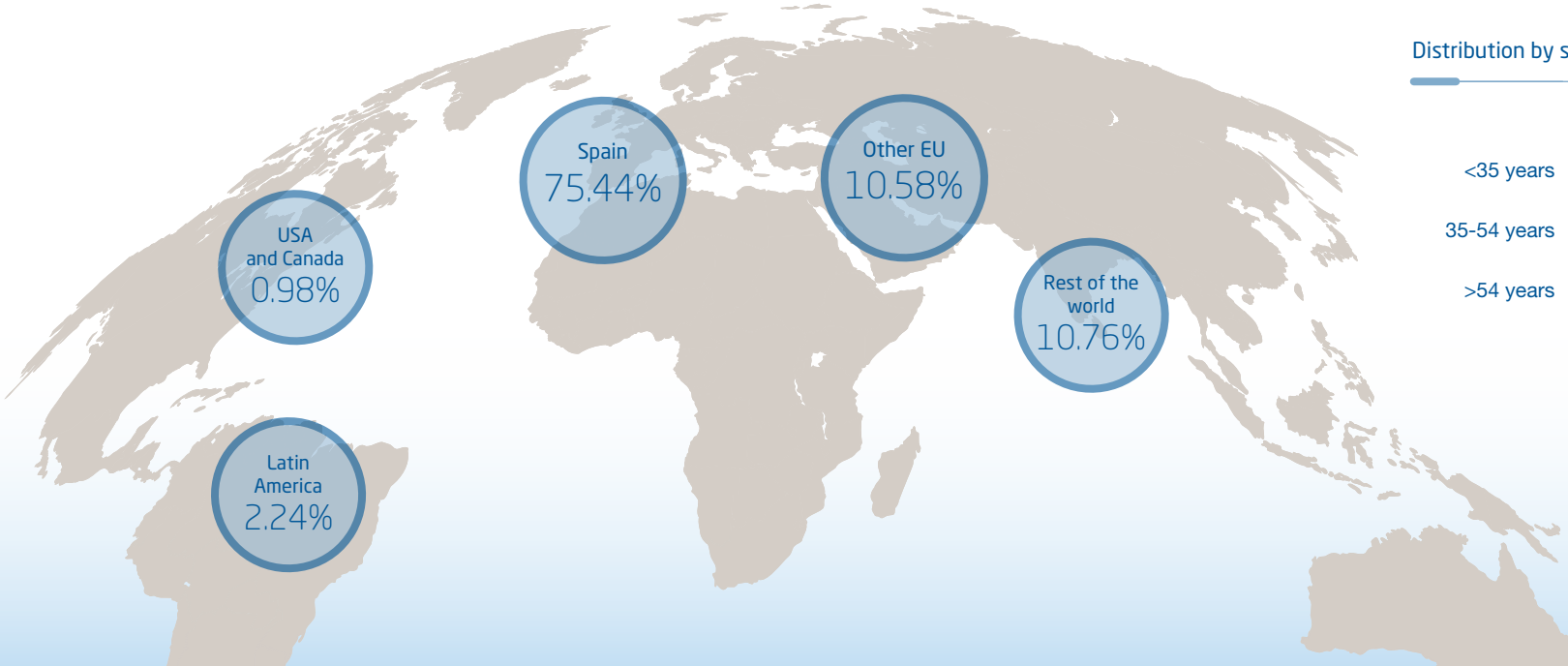
Distribution of the workforce by sex



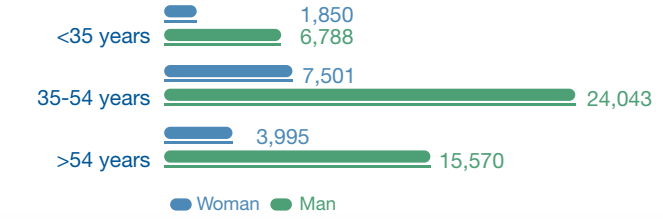
Distribution by sex and functional level



Distribution of the workforce by geographic area



Distribution by sex and age range



Betting on talent

The FCC Group has opted for skills-based management, promoting talent and the continuous development of professionals. The six cross-cutting skills that apply throughout the FCC Group are:

Focused on Results | Customer orientation | Flexibility | Working in Teams | Communication | Alignment



In **2020, 693 internal mobility processes** were published

In 2020, FCC participated in SONDERSLAND, the largest **meeting of young talent** in the world

The long-term success of the Group depends on our ability to attract, motivate and develop people, and therefore, the following commitments are assumed in this regard:

- To prioritise internal promotion to fill vacancies. In 2020, 693 internal mobility processes were published.
- To develop a welcome programme that favours rapid integration into the position and the company (on boarding on Campus).
- To promoting young people's access to their first job through programmes and other agreements.

  In 2020, FCC participated in SONDERSLAND, the largest meeting of young talent in the world.

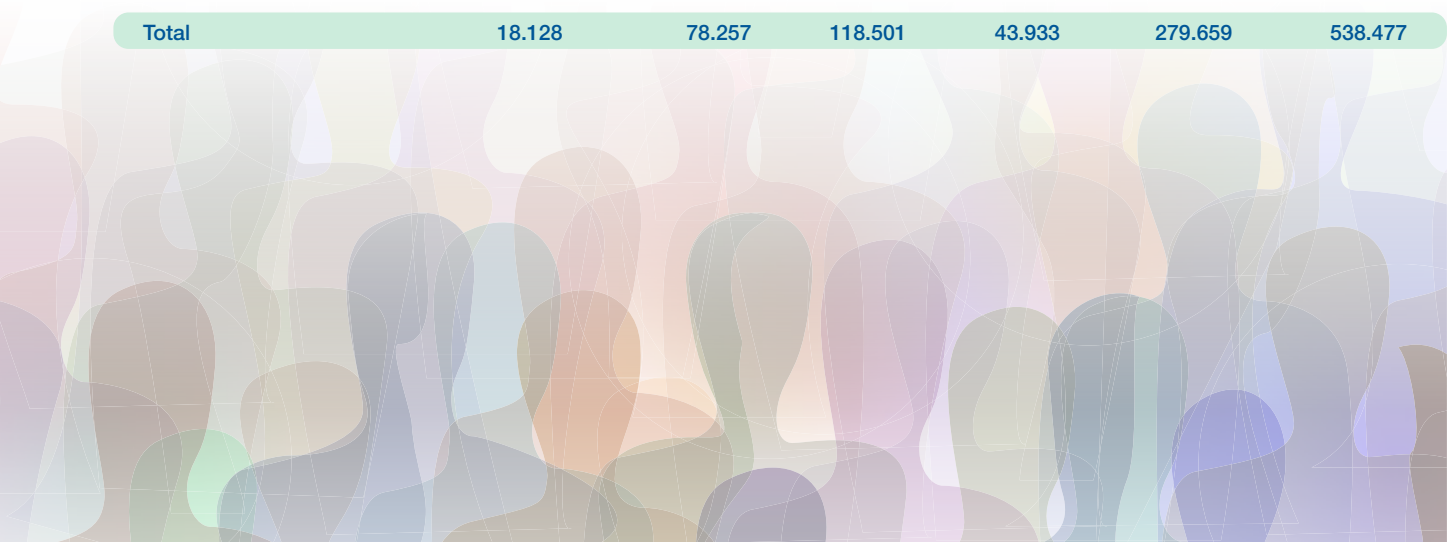
In addition, one of the fundamental aspects of global talent management is training and skilling the workforce. During 2020, various schools have been developed within its own training platform, Campus FCC, and more than 500,000 hours of training have been given to a large number of people from all functional levels.

FCC Campus Schools



Training hours by functional level and business area

	Directors and Managers	Middle Management	Technical staff	Administrative staff	Various trades	Total
Domestic						
Environmental Services	5.686	32.828	33.064	18.364	132.096	**222.038**
Water Management	4.890	17.035	9.750	6.386	9.890	**47.951**
Construction	1.944	11.588	36.004	4.016	26.522	**80.074**
Cement	339	833	1.943	674	2.264	**6.054**
Central Services	2.077	1.284	6.439	2.516	53	**12.369**
National Subtotal	**14.936**	**63.568**	**87.200**	**31.955**	**170.826**	**368.485**
International						
Environmental Services	946	11.216	12.399	7.788	106.222	**138.571**
Water Management	2.246		16.734	3.237	1.639	**23.856**
Construction		2.949	1.521	741	937	**6.147**
Cement		524	646	212	36	**1.418**
International Subtotal	**3.192**	**14.689**	**31.301**	**11.978**	**108.833**	**169.992**
Total	**18.128**	**78.257**	**118.501**	**43.933**	**279.659**	**538.477**



Diversity and equality

FCC projects itself as a Group that is committed to equality and diversity regarding its ethical principles and equal opportunities values, working on three fundamental pillars:

- **Gender:** for balance and professional development between genders, guaranteeing equal opportunities between men and women and being committed to female leadership.
- **People with disabilities:** for labour integration and inclusion of talent.
- **Generational:** for cooperation between the different generations that work together at FCC, consolidating the incorporation of young talent.

Gender equality

The principle of equal opportunities for FCC is an inalienable commitment to act, set out in its Code of Ethics and Conduct and in each of its Company Equality Plans that cover almost 100% of the workforce in Spain, regardless of whether there is a legal obligation or not. On the other hand, the Equality Plan in force in the United Kingdom should be noted.

As a result of the FCC Group's conviction to promoting women, the percentage of women holding management positions at the end of 2020 was 15.80% of all these types of positions.

The FCC Group develops and takes part in training programmes aimed at creating an enriching work environment, free from discrimination and which favours diversity, with two training and development initiatives for women in leadership positions worth highlighting: the Promociona Project and the EOI Development Programme.



In 2020, through Campus, a total of **6,013 workers in Spain** were trained on this matter

Against harassment and gender violence

To complement the complaints channel included in the Code of Ethics and Code Conduct, the Group has the Protocol to Prevent and Eradicate Harassment that was reviewed and approved in 2020 and that aims to prevent, resolve and punish workplace, sexual or gender-based harassment, thus reflecting the FCC Group's commitment that it does not tolerate abuse of authority or any type of harassment.

The protocol, which is mandatory, includes a declaration of principles, the definition of harassment, the procedure for action against harassment, the guarantee of confidentiality of the process and the prohibition of retaliation.

In 2020, through Campus, a total of 6,013 workers in Spain were trained on this matter.

The FCC Group is particularly committed to the fight against gender violence in all its facets, based on two fundamental principles of action: zero tolerance for gender violence and support for the social and professional integration of victims. For this, the company maintains close collaboration with the network of "Enterprises for a Society Free of Gender Violence" in its work, spreading and raising awareness, as well as supporting the job placement of the women who are subject to this. In addition, it partners with different foundations and entities to promote the labour insertion and integration of victims, such as the Incorpora Foundation (La Caixa), the Adecco Foundation, the ONCE Foundation and the Red Cross.

Disability

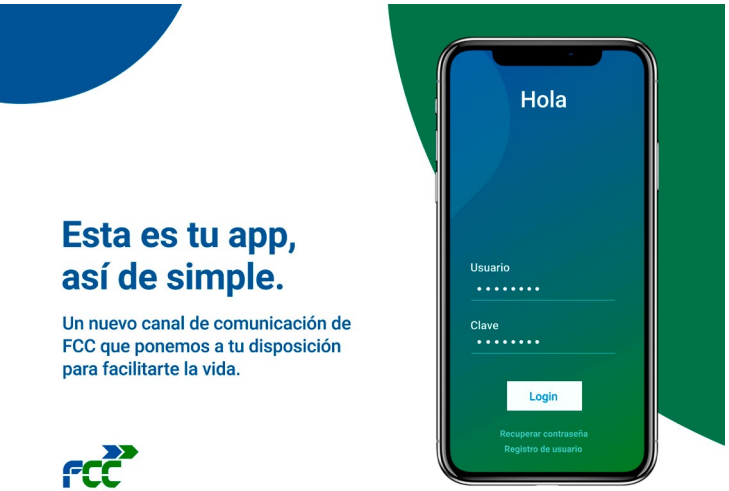
FCC continues to move forwards in its commitment to diversity and labour inclusion, and promotes actions and projects that encourage the employment of people with disabilities, contracting products and services from special employment centres (CEE), support for education and entrepreneurship in addition to working towards universal accessibility in our buildings. In terms of awareness, and to celebrate International Day of People with Disabilities, FCC launched the "Diversity and disability" training action through one of the Campus schools.

The company actively collaborates in programmes and with organisations who are specialised in integrating people with disabilities into the workforce, such as the INSERT Programme of the ONCE Foundation, the Entrepreneurship Classroom of the Prevent Foundation and the Incorpora Foundation of La Caixa, among others. Specifically in 2020, and to deal with the new social and economic challenges derived from COVID-19, FCC is part of the Inclusive Reconstruction Pact, promoted by the Inserta Forum, head of the ONCE Foundation, for a sustainable and inclusive reconstruction *"without leaving anyone behind"*.

FCC employs **1,440 people** in Spain who have a recognised disability equal to or greater than 33%

In terms of accessibility, FCC continues to design solutions that favour a working environment that is free of obstacles and barriers. During 2020, new accessibility improvements were made to several of the company's buildings, and the training action "Universal accessibility and design for all" was given.

FCC employs **1,440 people** in Spain who have a recognised disability equal to or greater than 33%.



In Spain, **100% of FCC's personnel** are covered by the Collective Agreement, and more than 900 agreements are applied

Social relationships and work organisation

For FCC, social dialogue and discussion with teams, legal representatives, trade unions and other social agents is essential in promoting and facilitating agreements through negotiation and other collective processes. FCC actively participates in the collective bargaining of agreements or conventions, both at a workplace level and sectoral, state, regional or provincial levels.

In Spain, 100% of FCC's personnel are covered by the Collective Agreement, and more than 900 agreements are applied.

The organisation of work in the FCC Group's various companies responds to the productive needs of each activity pursuant to the standards and regulations applicable in each sector and location.

At FCC, correct management of the organisation and working time is deemed essential, with various initiatives considered to achieve this, focusing on matters of conciliation, flexibility, joint responsibility and digital disconnection, which are adapted to the different realities and organisational or productive needs of each centre, function, sector or activity.

In 2020, FCC launched the FCC 360 App, which allows common management processes (mainly payroll and personal income tax certificates) to be optimised and keeps the entire workforce informed and connected, allowing two-way, streamlined and efficient communications.

In 2020, and in line with the Technological Media Usage Policy, training was given on the responsible use rules of technological media (8,781 people) and technological tools (1,430 people), focusing on digital disconnection.

In 2020, and in line with the Technological Media Usage Policy, FCC gave training on the **responsible use rules of technological media to 8,781 people** and **technological tools to 1,430 people**, focusing on digital disconnection

In 2020, due to the pandemic caused by COVID-19, countless organisational and production measures were designed and implemented to safety, quickly and efficiently respond to the crisis. Along with the goal of protecting the health and safety of its workforce, the aim and the need to guarantee the continuity of the business and social action were addressed, because they provide a wide range of essential services for the community at all times that are and were critical and essential during the pandemic.

Health and safety

FCC consolidates its preventive and health promotion culture, based on its policy on occupational health, safety and well-being, whose strategic fundamentals of preventing occupational risks, the participation of the workforce and stakeholders and maintaining the most demanding certification standards. In addition, the company remains committed to the health and well-being of people and work spaces, which translates into multiple initiatives, procedures and processes.

Thanks to FCC's track record and experience in prioritising health and safety across all its activities, and to the management of the company's Medical Services, FCC was able to maintain services to citizens during the COVID-19 crisis with total professionalism and guarantees.

Pursuant to international standards such as ISO 45001, 95% of the workforce is covered by a certified health and safety management system.

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vive saludable

FCC Live Healthy

The FCC Live Healthy Portal is the platform available to the workforce that includes part of the preventive management in terms of health, safety and well-being as well as information and healthy challenges.

FCC participated in the fourth Edition of the #eHealthChallenge2020, the largest Inter-company Online Olympiad in the world.

FCC participated in the **fourth Edition of the #eHealthChallenge2020,** the largest Inter-company Online Olympiad in the world

In 2020, many of the actions focused on supporting and counteracting the effects of the pandemic, with protocols, campaigns, workshops and specific activities, taking advantage of technological resources to reach the workforce and continue to encourage their participation in the healthy activity the company promotes in areas such as food, physical activity, stress management, emotional well-being, etc.

Evolution of the accident and absenteeism rate

17.07 Frequency rate
Reduced by 28% compared to 2019

0.67 Severity rate
Reduced by 26% compared to 2019

0.44 Absenteeism rate due to work accident
Reduced by 38% compared to 2019

FCC's respect for the environment

In its commitment and responsibility to the environment, the FCC Grou promotes solutions to encourage urban resilience, improve people's quality of life and control the effects that the activity may have on protecting and caring for the environment.

In 2020, FCC's **environmentally certified activity is 83%**

Environmental policy and the management of environmental aspects

The application of the precautionary principle in the FCC Group materialises through the design and execution of its corporate Environmental Risk Management Model, as well as the risk prevention activities of each business.

Each business line monitors each processes, identifying, assessing and managing the impacts produced, with the aim of adopting the necessary practices to minimise them.

Throughout 2020, the FCC Group allocated a total of 43.7 million euros to the prevention of environmental risks.

The FCC Group has an Environmental Policy applicable to all companies, which is an integral part of the Environmental Management System. It establishes the principles on conserving the environment, the use of natural resources and FCC's main commitments on this issue: protecting the environment, complying with legal requirements and promoting the continuous improvement of environmental performance, and can establish additional commitments in each business.

FCC also includes the maintenance of a certified Environmental Management System in accordance with international regulations among its priority aims. All FCC Group businesses currently have Environmental Management Systems certified in accordance with ISO 14001, guaranteeing the correct management of significant environmental aspects, compliance with legislation and the establishment of a commitment to continuous improvement.

In 2020, FCC's environmentally certified activity is 83%.



Throughout 2020, the FCC Group allocated a total of **43.7 million euros to the prevention of environmental risks**

FCC's contribution to the circular economy and reducing its wastes

The FCC Group promotes reducing its own waste, developing its activity at the same time as promoting sustainability and being inspired by the principles of the circular economy – its maxim being *"to close the life cycle"* of resources – ensuring their subsequent incorporation into the productive process.

To formalise its commitment to the circular economy, as a means of moving forwards with sustainable development, the FCC Group adheres to the Pact for a Circular Economy, promoted by the Government of Spain's Ministry of Agriculture, Fisheries and Food and Ministry of Economy, Industry and Competitiveness. Through this initiative, all the signatories are involved in the transition towards a new, more sustainable and environmentally friendly economic model.

Through the development of master plans, or business sustainability plans, the lines of work and the roadmap in waste reduction, reuse and recovery have been formulated, leading to a reduction in its environmental impact.

The FCC Group's Environmental Services activity is clearly committed to a circular economy model through the conversion of waste into resources, optimising its use.

Some of the business's projects are:

Life Infusion Project

To convert leachate treatment plants in factories to produce and recover biomethane and bio-based fertilizers.

Life4Film Project

Whose objective is to avoid incineration and dumping of plastic film waste.

Plasmix Project

Optimising the recovery of plastics that may be used in new products, including the packaging of foodstuffs.

Aqualia incorporating the reuse and reinsertion of water in the natural cycle into its services. The company leads the MIDES project for the purification of wastewater and the supply of drinking water from salt water, exploiting the synergies between both processes.

With the coordination of Aqualia, and in collaboration with FCC's Environmental Services area, it participates in the *Deep Purple* project, investigating innovative techniques in the management of effluents for the recovery of by-products.

FCC Construcción focuses its contribution on its commitment to innovation, promoting the use of new sustainable and reusable materials. The business develops a strategy within the ReSOLVE framework to reuse inert materials from construction sites, effluents and wastewater from processes or removed topsoil. It also promotes digitisation to reduce the consumption of resources by applying *Building Information Modelling* (BIM) research.

The Cement business applies strategies to recovery energy and waste materials in order to improve production efficiency and the activity's sustainability, for example substituting fossil fuels for biomass energy.

Other projects led by FCC are also committed to sustainable mobility, such as UMBRELLA whose objective is to use organic waste from water treatment to generate biogas; METHAGRO, a prototype for obtaining biogas from organic waste from an agri-food plant; and LIFE Landfill Biofuel, to obtain and produce biomethane suitable for use in vehicles from the enrichment of landfill biogas.

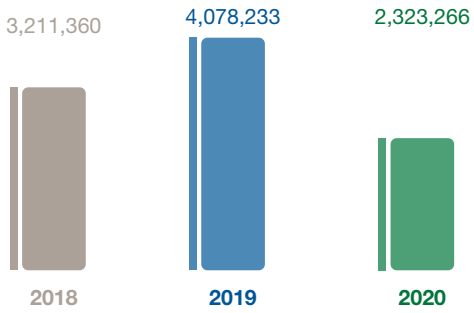
In 2020, nearly **2.3 million tonnes of waste** was generated, a **43% decrease** compared to the previous year.

The following shows the evolution of the total waste generated by the FCC Group, as well as its distribution by business area.

In 2020, nearly
2.3 million tonnes of waste
was generated,
a **43% decrease** compared
to the previous year



Evolution of total waste generated (T)



Distribution of total waste generated (%)



- **51.1%** Construction area
- **25.1%** Environment area
- **23.4%** Aqualia
- **0.3%** Cementos Portland Valderrivas

The responsible use of resources at FCC

The possible scenario of natural resources being depleted and the environment being degraded prompts the FCC Group to implement increasingly efficient management models, compatible with sustainable development and that reflect its commitment to preserving the environment.

Responsible water management

The FCC Group works to ensure responsible and efficient water management in each of its activities, taking into account the infrastructure and availability of water in the area.

FCC's Environmental Services area is committed to using technologies and equipment that allow for the rational use of this resource, raising awareness among its operational personnel and promoting the use of water from alternative sources. As an example, the rainwater harvesting project in the Harborough contract in the UK captured 11,000 litres of water in 2020.

Aqualia, based on its own activity, efficiently manages each phase that makes up the end-to-end water cycle, to ensure optimal use of resources in all of them (purification, desalination, wastewater treatment and treatment plants of treated water for reuse).

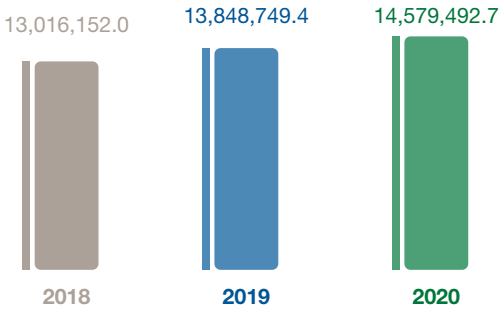
FCC Construcción is committed to rational consumption and raising awareness among its employees about the sustainable use of water.

Cementos Portland Valderrivas works to optimise consumption and improve water networks by reducing losses caused by old or deteriorated pipelines.

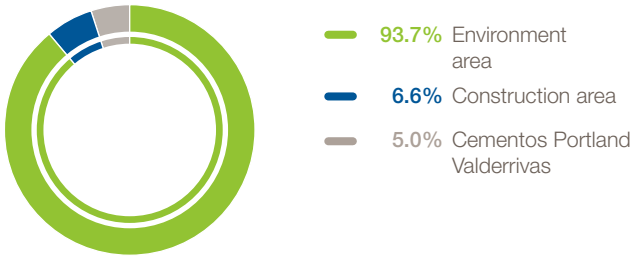
The following figure shows the evolution in total water extraction in the last three years for the FCC Group:

Aqualia leads the European LIFE Phoenix project that addresses the problem derived from the reuse of wastewater, as well as the threat posed by emerging pollutants and microplastics; and the RUN4LIFE project, a wastewater treatment system without a connection to the sewerage network, reusing 100% of the so-called "grey water".

Water extraction (m^3)



Distribution of water consumption (%)(1)



(1) Aqualia's consumption is not considered, as the water monitored is the water managed at its facilities. There are no systems to measure consumption of rainwater or from desalination plants in the Infrastructure area.

Consumption of raw materials

The responsible management and optimisation of raw materials is another key issue for the **FCC Group** in each of its business units. Some of the initiatives implemented are:

The FCC Group's **Environmental Services** area reusing the materials contained in the waste of the production cycle as secondary raw materials and using recycled materials to replace raw materials in several of its facilities.

Aqualia ensuring a minimum and necessary consumption of the reagents used in the water management purification process.

FCC Construcción reducing the consumption of land, using the material extracted in the clearing of cuttings and embankments as backfill in the work itself.

Cementos Portland Valderrivas promoting the sustainability of natural resources, encouraging the use of raw materials and alternative fuels.

In addition to raw materials, other types of materials associated with activities are consumed, such as process materials, lubricants and reagents, semi-finished products and packaging materials.

The consumption figures for 2020 are:

Materials used (T)	2020
Raw materials (metals, minerals, wood, etc.)	41,396,446
Process materials, lubricants and reagents	96,849
Semi-manufactured products	3,726,276
Packing and packaging material (paper, cardboard, plastics)	8,671
TOTAL	**45,228.,241**

FCC Construcción incorporates Blockchain technology through the BIMCheck project, a platform to improve productivity through the automation of quality control and management processes, improving the traceability of materials and document control, and is the first globally to combine both applications in one project.





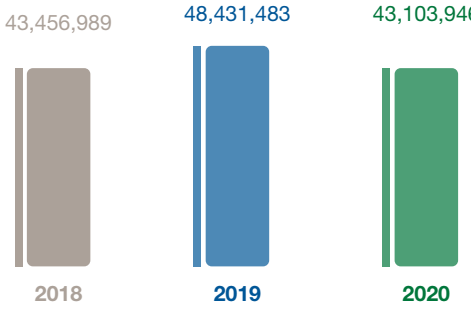
Energy consumption

The FCC Group carries out various measures to increase energy efficiency, trying to use an increasing amount of energy from alternative sources in its processes and remaining committed to renewable energies.

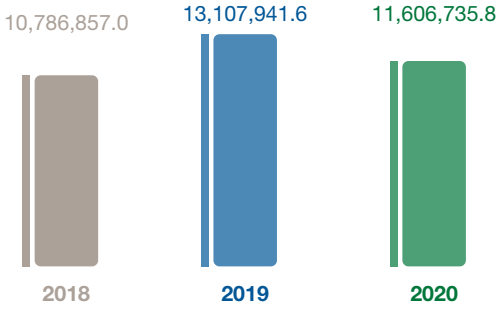
FCC's businesses work on improving energy efficiency in its facilities and processes through different projects, such as replacing lights with LEDs, renewing equipment, training in efficient driving, installing presence detectors, installing photovoltaic solar energy at water consumption points, or replacing fossil fuels with alternative fuels in high energy consumption processes, such as the manufacture of cement.

The Group's energy consumpti on in the last three years is shown below, reflecting the company's efforts in this area:

Direct and indirect consumption of energy(GJ)



Renewable energy consumption



The FCC Group's Environment area and Aqualia have an Energy Management System certified in accordance with ISO 50001.

At the 2019/2020 edition of the European Business Awards for the Environment (EBAE Awards), FCC Environment won an award for a project aimed at implementing affordable electric mobility in urban services.

Cementos Portland Valderrivas is committed to using renewable energy for the production of cement and renews its EMAS Environmental Management and Audit System.

FCC facing climate change and reducing emissions

In line with its commitment to climate change management, the FCC Group has given consideration to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). These recommendations are structured in: governance model, strategy, risk management and metrics and objectives to inform investors and other stakeholders about the management and integration of risks and opportunities derived from climate change in their business model.

FCC has a Climate Change Strategy, which establishes the strategic lines and the roadmap until 2050, basing its management for the adaptation and mitigation of climate change on five fundamental pillars: Communication, Reduction, Innovation, Supervision and Adaptation.

Climate-related risks and opportunities are included within the FCC Group's Risk Management Model, which guarantees their periodic evaluation and the establishment of controls to prevent and detect them.

The main risks related to climate change include exposure to extreme meteorological events, water scarcity, new limits on GHG emissions, new regulations regarding the energy recovery of waste or the energy certification of buildings, among others.

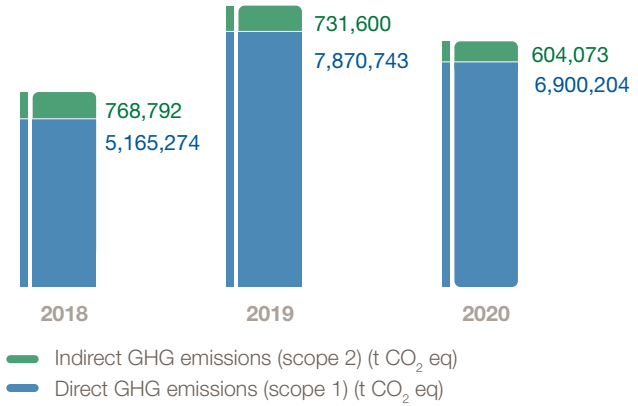
> In 2020, the FCC Group saw its direct (scope 1) and indirect (scope 2) emissions decrease by 12.76% compared to the previous year

Adapting to new opportunities associated with climate change and reducing emissions are used by businesses to develop and promote programmes such as:

- **The ie-Urban Project** from FCC Environment, a new 100% electric collector vehicle designed to improve safety, reduce emissions and increase its useful life.
- **The ABAD Bioenergy technology**, patented by Aqualia, is a comprehensive biogas cleaning, improvement and purification system that allows a higher quality biomethane to be obtained at a lower price.
- **The Bici Sendas R&D project**, by FCC Construcción, establishing modular and self-sufficient bicycle lanes with sustainable materials.
- **The European BioReco2Ver project**, by Cementos Portland Valderrivas, to obtain alternative processes in the production of chemical products from the capture of industrial CO_2 emissions.

Regarding the measurement of impacts, this affects the annual calculation of the carbon footprint of each business line. The FCC Group's greenhouse gas (GHG) emissions are detailed below, including scopes 1 and 2. Different methodologies have been used in the calculations for each of the Group's activity sector, all of them in line with the GHG Protocol.

The FCC Group's direct and indirect GHG emissions (tCO2e)



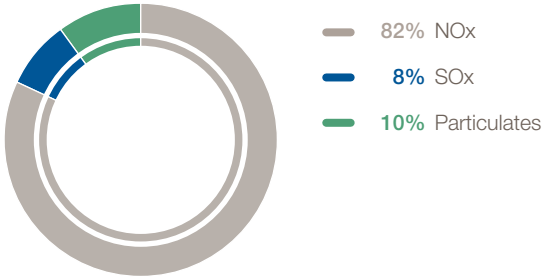
In addition, the FCC Group aims to reduce polluting atmospheric emissions (mainly NOx, SOx and particulates) associated with its businesses, although these emissions are not considered contributors to climate change as with as GHG emissions.

The main atmospheric emissions by type of pollutant are detailed below:

	Aqualia	Cementos Portland Valderrivas	Construction area	Environment area	Total
NOx	72	5,988	437	5,303	**11,801**
SOx	0	717	6	495	**1,218**
Persistent organic pollutants (POPs)	–	0	–	0	**0**
Volatile Organic Pollutants (VOCs)	–	144	21	142	**306**
Particulates (MP)	–	125	1,264	53	**1,443**
HCL	–	8	–	54	**62**
HF	–	1	–	1	**2**
Emissions of ozone-depleting substances (ODS)	1	–	–	–	**1**

With regard to NOx, SOx and particulates – the main emissions resulting from the activities – the proportion of each of them is detailed below:

Emissions of NOx, SOx and Particulates (T)





FCC Construcción obtains the "calculate and reduce" stamp from the Carbon Footprint Registry, for its offsetting and CO_2 absorption projects

The specific measures adopted in each of the Group's businesses with regard to **atmospheric emissions** vary significantly depending on the activity carried out:

- The FCC Group's Environmental Services area is committed to favouring the active degassing of landfill with measures to control diffuse emissions of powdery materials. To minimise these emissions inside the facilities and during transport, the necessary cleaning is carried out, accumulations of dust are removed and it is ensured that the particulates deposited on roads do not disperse.

- FCC Construcción has preventive measures such as covering the trucks that transport powdery materials, using tubes to transport rubble from heights, dampening down roads and stockpiles or using machinery with humidifiers to reduce the emissions derived from drilling.
- Cementos Portland Valderrivas, which produces significant emissions into the atmosphere from clinker furnaces, ensures compliance with emission limits by installing sleeve and electrostatic filters to reduce concentrations in channelled sources. In addition, to avoid diffuse emissions, it installs filters for transports and transfers of powdery materials; it installs closed storage and windscreens; dampens down tracks and sweepers and vacuum trucks.

In relation to **discharges**, preventive measures taken include the installation of water purification systems; the neutralisation of effluents with basic pH, or placing containment elements near water bodies.

In relation to **noise pollution**, FCC ensures that local regulations on noise are respected and installs acoustic screens, carrying out tasks that minimise the impact and using more modern and quieter machinery.

To minimise the impacts derived from **light pollution**, measures are taken such as the installation of timers and presence detection systems, or the use of directional light, which only illuminates only the area necessary without impacting the environment.

Protecting biodiversity

The FCC Group various businesses must ensure they care for, preserve and restore the biodiversity in the areas where the company carries out its activity and where they may affect the ecosystems and the species that live in them.

Last year, FCC managed to protected 1,142 hectares of sensitive areas and restored 700 hectares of affected areas.

To mitigate the impact of activities on the natural environment and to promote the conservation of biodiversity, the company establishes alliances; develops projects to protect and recover ecosystems; maps areas of interest for biodiversity and restores areas with the transplantation of plant species and the transfer of animal species or the physical protection of specimens.

Some specific projects include:

- The Chamaeleo Project to recover the common chameleon population present in the Coto de la Isleta pine forest, in Puerto de Santa María, in Cádiz, Spain.
- Collaboration in projects with the non-profit organisation SEO Birdlife – Spanish Ornithology Society – by FCC Medio Ambiente Iberia.
- Aqualia's involvement in recovering the Alcázar de San Juan lagoons, in Ciudad Real, Spain, with treated water.
- The adaptation of building façades, by FCC Construcción, to allow swifts to nest during their migratory passage.
- The restoration in the quarries by the Cement business, with the morphological repair and revegetation of the exploited surface using native species.



FCC Environment UK in the relocation of voles from the Greengairs landfill designed a bespoke habitat with 425 metres of water banks, affording these rodents with enough ground to dig, shelter and breed. The transfer will take place once there is enough vegetation in the area, and it will be used to carry out a review of their health, evaluating their weight, sex and probability of reproduction.

The sensitive protected areas and spaces where the different business areas are located, with some kind of official biodiversity protection are:

- Natural areas that are protected or have high biodiversity value.
- Areas where the landscape is catalogued as relevant.
- Areas with high biodiversity value.
- Watercourses that are highly valuable or important to local communities and indigenous populations.
- Impact on catalogued or protected vegetation.
- Impact on catalogued or protected animal species.

FCC and its commitment to society

To be a key actor in sustainable progress, the FCC Group incorporates social action into its business strategy, thus contributing to the creation of employment and wealth in the communities in which it operates, in a joint effort to promote their well-being and development.

To maximise positive social impact, FCC promotes smart and inclusive progress in cities, launching various actions and encouraging social dialogue with administrations and stakeholders at all times.



FCC's social and solidarity initiatives

FCC and its staff are truly committed to social equality through initiatives with various NGOs and other collaborating entities, through participation in various social projects; promoting educational and training plans; promoting access to the labour market of different groups; and fostering community development and social inclusion.

FCC also reflects the company's commitment – and that of its staff – through initiatives that foster the spirit of solidarity and commitment to the most vulnerable groups.

Some of the solidarity campaigns in which the company and FCC staff have participated – in collaboration with foundations and entities that understand and respond to social needs – have been:

- The collection of books and school supplies for the Melior Foundation, part of its "Not without my textbooks" initiative.
- The collection of food and personal hygiene products, "Donate kindness kilos", together with the Pan y Peces Foundation.
- The #gaszynchallenge campaign, promoting donations to contribute to the well-being of hospitalised children in Poland.

The FCC Group has contributed to the social reconstruction of the country after the effects of COVID-19, carrying out a solidarity campaign in support of food banks under the "No home without food" initiative, in collaboration with the La Caixa Foundation and CaixaBank, with the aim of helping the most vulnerable families affected by the crisis.

The solidarity of the workforce came about in the form of donations, together with the financial contribution from the company, which added a total of 131,000 euros to this campaign.

The FCC Group's social initiatives in the community

The FCC Group demonstrates its commitment to local communities through projects based on four social axes that extend across the company.



ACTIONS IN THE COMMUNITY

- Integration of vulnerable groups, social inclusion and access to basic services
- Creating value in communities
- Assessment of the social and environmental impact of operations
- Cooperation in educating and raising awareness

The FCC Group, through its business model and activities carried out, favours access to basic services, such as electricity, drinking water and sanitation, enabling the economic and social development of the communities in which it operates.

In addition, due to the social and economic impact generated by COVID-19 in 2020, FCC continued to provide the services required to minimise any impact on the well-being of citizens, contributed to promoting greater hygiene in public spaces, assisted in the early detection of the virus in wastewater and has participated in different social and economic reconstruction projects, with a particular focus on more vulnerable groups.

The FCC Group's socio-economic contribution to sustainable development

The company promotes sustainable social development through its own activities and by through monetary contributions to social entities to meet the socio-economic needs of the most disadvantaged communities and groups.

In the last year, and considering the implications of the pandemic at a social level, the FCC Group has allocated a total of 4 million euros through contributions and donations to non-profit organisations, foundations and associations.

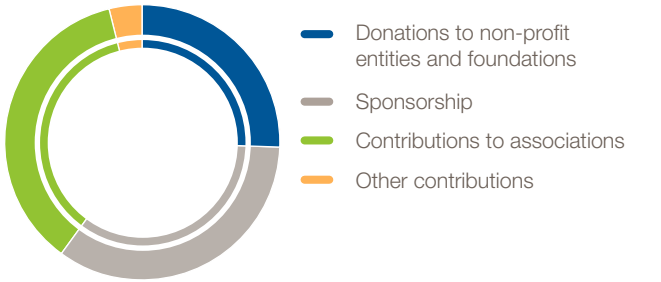
The FCC Group has allocated a total of **4 million euros to social action, non-profit entities and foundations**

In addition, through the FCC Communities Foundation the United Kingdom, more than 6.1 million pounds was donated in 2020.

FCC Communities Foundation, in the United Kingdom **donated more than 6.1 million pounds** in 2020

- Due to the COVID-19 pandemic, the FCC Group's **Environmental Services** area launched the #EstoNOtienequePARAR initiative, carried out selflessly clean hospitals and collect waste in hotels. In addition, FCC Medio Ambiente Iberia collaborated with a total of 2.7 million euros to the development and implementation of social and environmental initiatives in 2020.
- **FCC Environment UK**, through its FCC Communities Foundation, contributes and channels its funds to two programmes: FCC Community Action Fund and FCC Scottish Action Plan, which work on projects that contribute to developing communities in areas such as biodiversity or heritage protection.
- **Aqualia** launched a great educational project through aqualiaeduca.com and participated in the "Brave Blue World" documentary on Netflix – through All-Gas – about the production of biofuels from algae. In addition, the company carried out more than one hundred cultural, sporting and environmental collaborations.
- The main contribution of **FCC Construcción** to progressing communities is the creation of direct and indirect employment, and prioritising local suppliers, who account for more than 90% of the total. In addition, the company launched a volunteer programme in Panama to plant trees and to promote recycling in schools.
- **Cementos Portland Valderrivas** focuses on the supplier selection processes, based on objective competition and transparency in the process, and collaborations included the donation of cement blocks to various city councils in Madrid and to the NGO Remar.

Contribution of the FCC Group in 2020



These contributions reinforce the Group's commitment to the 2030 Agenda and allow the company to actively contribute to the SDGs related to economic progress, the reduction of inequalities and the present and future social development of communities.

FCC's commitment to its customers and suppliers

FCC's commitment to its customers

The FCC Group aims to achieve excellence in service, seeking to offer the highest quality and providing differential value. Each business strives to get to know its customers, offering products and services according to their needs, with their satisfaction being a priority. Consequently, the Group works towards lasting relationships, based on mutual trust, honesty, professional responsibility and the contribution of value.

Both FCC and all its collaborators strive to identify, satisfy and anticipate the needs of customers (internal and external), also committing on innovation and continuous improvement within the different business lines.



Due to the wide range of goods and services offered by the FCC Group, the type of customer is also wide (public and private entities; direct users; etc.), however, in all of them, there is the concern and response to:

- Ensure the health and safety of both customer and user – beyond the established legal requirements – with specific management systems that allow the impacts and risks of their activity on customers, users and in communities where they operate to be assessed, controlled and minimised.
- Complaints management, for which each Group business has specific tools and procedures to deal with communications received from customers and users.
  - At FCC Medio Ambiente Iberia, around 1,700 customer complaints have been received, of which more than 90% have been resolved.
  - Nationally and internationally, Aqualia has received 16,180 complaints from customers and users.
  - FCC Construcción has received 105 complaints, 80% of which were resolved at the end of the year.
  - In Cement, 15 complaints have been received and 60% of them have been resolved.
- Assess and improve customer service and satisfaction, for which each business has different communications and measurement tools, suitable for their services' customers and users.
  - More than 4,000 satisfaction surveys have been sent out by Environmental Services area and FCC Environment CEE, in which customers rated the company's work as satisfactory or very satisfactory.
  - Aqualia seeks to offer a close and personalised customer service that allows it to offer solutions in an streamlined, fast, simple and efficient manner. It has several channels for this, such as the telephone service, the virtual office, mobile apps or social networks. In addition, almost 10,000 customer and institutional satisfaction surveys were sent out, with positive, good and excellent assessment results.
  - The Construction area has a customer contact person who is responsible for addressing any suggestions, dealing with the information, managing the collaboration and communicating the actions to be taken. A total of 350 surveys were sent out in 2020, of which 88.6% gave an "excellent" rating.
  - Cementos Portland Valderrivas uses various communication channels, such as the Digital Channel for customers and direct contact with the commercial team. In 2020, a total of 1,008 quality surveys were sent to end users, resulting in an average rating of 4.11 out of 5.



FCC's commitment to the value chain and its suppliers

The FCC Group's Code of Ethics and Code Conduct is the company's starting point in terms of integrity to work to the highest standards of behaviour with stakeholders and society as a whole. Internally, efforts are being made to strengthen control and supervision systems, and environmental, social and good governance commitments and criteria are integrated into the supply chain and the value chain.

The basic principles that partners, collaborators and suppliers must comply with are:

- Expressing rejection of corruption, bribery and fraud, accrediting ethical behaviours in all business relationships.
- Defending and protecting fundamental human and labour rights, as recognised internationally in the Universal Declaration of Human Rights and in the Declaration of the International Labour Organization (ILO).
- Accrediting compliance with occupational health and safety standards.
- Establishing sustainable environmental management in all its activities that respects the environment.

In terms of procurement, the company introduces sustainability in the processes of contracting goods and services through its commitment to responsible purchasing. Suppliers and contractors are a significant stakeholder group given their size: in Spain alone, the Group has established business relationships with more than 32,500 suppliers.

The FCC Group updated the Purchasing Manual in 2020, working on the analysis and updating the environmental, social and governance risks map for suppliers and contractors.

The FCC Purchasing Manual is based on three key principles: transparency, competitiveness and objectivity.

Throughout 2020, a total of 382 suppliers completed the approvals process.

Response to future challenges

Our evolving environment

A business model which responds to the challenges of cities of the future

FCC is one of the international benchmark groups in providing citizen services, operating in over 30 countries, providing extensive experience in environmental services, in end-to-end water cycle management, as well as the development and management of infrastructures and the production of associated materials.

The FCC Group's vision *"To contribute to the development and progress of cities, creating value for all citizens and for its customers, shareholders and collaborators"* gives a purpose for the entire company, guiding the Group's actions and allowing a shared goal to be established by all those who are part of the organisation and its stakeholders. In this way, a cross-cutting culture is reinforced that is applied to its activities irrespective of the different business lines, contributing to the economic, social and environmental development of society as a whole.

Through its ongoing work and business strategy, the FCC Group has positioned itself as one of the most important citizen services groups worldwide. About 40.3% of the company's turnover comes from international markets, mainly in Europe (28.5%), the Middle East (4.7%), Latin America (2.8%), North Africa (2.8%) and the United States (1.3%).

Since the Group was founded, social and economic development of cities has allowed the business to progress. Sustainability is essential for cities of the future to face the main global challenges, such as climate change, population growth, poverty and equal opportunities.

In 2020, the health crisis posed a new challenge for the operations of cities. New needs to prevent the spread of COVID-19 arose, such as greater hygiene measures in public spaces, while maintaining basic services. Citizens underwent an event that has had the greatest health, economic and social impact on a global scale in recent decades. COVID-19 affected cities and inhabitants, transforming the way of interacting, consumption habits and mobility patterns, among other factors.



GLOBAL TRENDS

Population pressure and concentration of the population in cities

Approximately 56.2% of the world's population currently lives in cities and this percentage is expected to continue to increase in upcoming decades. By 2050, cities are expected to have 68% of the world's population, which means that 1.2 million kilometres will be urbanised in the next three decades[1].

The population increase and settlement in urban centres means that towns become cities, which will expand geographically and increase their population density. This means new challenges for the FCC Group regarding the management of land and natural resources so that cities continue to be functional, which requires resources and infrastructures to be optimised in the short, medium and long term.

Despite the impact of pandemic on demographic changes not yet being known, long-term estimates indicate that the world will continue to urbanise in upcoming decades, albeit at a lower rate in those highly urbanised areas. The first indications about COVID-19 pointed to urban density being correlated with the spread of the disease, however, the relative success of managing the virus in very densely populated areas such as Seoul, Singapore or Tokyo has made the scientific community think that conurbation, and not density, is the main culprit. In urban areas, addressing overcrowding and maintaining acceptable levels of hygiene in homes, shopping areas, offices and on public transportation are crucial in overcoming the pandemic[2].

The expansion of cities will require huge investment in infrastructure in upcoming decades, which should allow large urban centres to be maintained. In this context, social demands for this urbanisation to be sustainable are increasing.

To deal with this expansive trend in cities, the FCC Group it committed to the development of Smart Cities and sustainable urban accessibility, minimising the environmental impact of its processes and services.

(1) Source: World Bank.

(2) Source: Cities in the World, OECD Urban Studies.

- Approximately, **56.2% of the world's population** lives in cities. By **2030**, there are expected to be **43 megacities**, most of them in developing countries.
- In **Latin America and the Caribbean**, 81.2% of the population lives in urban areas, up from 41.3% in 1950. While fewer than 20% of Africans and Asians lived in cities in 1950, that number has risen to 43% and 51%, respectively.
- **Seventy-five per cent of global GDP** comes from **urban areas** and 60% relate to fewer than 1,000 cities and metropolitan areas with more than 500,000 inhabitants.
- Around **75% of global energy use** is concentrated in **cities**, compared to just 45% in 1990.
- **Household water** demand has grown **600%** since 1960.
- **Cities** in 2030 will account for between **60% and 80% of energy consumption**, 70% of GHG emissions and 70% of GDP.



FCC's response to the challenges and opportunities posed

Challenges	Opportunities
1 Creation of sustainable cities, guaranteeing mobility, connectivity and inter-urban connection, which will require the development of more complex urban infrastructures.	**FCC Construcción** contributes more than 120 years of experience in executing large transport infrastructure projects, demonstrating a great capacity for managing public and private interest projects that are unique and with a high degree of specialisation. The company develops its projects under the highest standards of quality and sustainability through innovative actions and supported by the company's research, so as to make the infrastructures resilient, efficient and sustainable. It is a pioneer in the development of good practices and actions to protect the environment as well as in the execution of urban transport infrastructures (metro, airports, high speed trains, roads, bridges, tunnels, etc.), as well as health, sports and cultural infrastructures.
2 Manage waste generated in cities and provide municipal services, protecting the value of urban ecosystems and committing to sustainability requires in-depth knowledge of the sector and innovative solutions to address an increasing population.	**FCC Environment** is a leading global player in the collection, storage and treatment of urban and industrial waste **and in the provision of services in cities**. The company serves **more than 66 million** people in almost 5,000 municipalities, managing **almost 24.5** million tonnes of waste annually. These capacities afford FCC Environment a privileged position to manage the **increase in recycling needs** in cities **that follow the EU objectives for 2035.** The company is also committed to innovation, offering solutions (SHES or Smart Human & Environmental Services) to make cities more sustainable, efficient and socially responsible places, **and working with them in achieving the SDGs of the UN 2030 Agenda**. E-mobility technology will be decisive in this transformation and a differential element in competitiveness in the coming years.



Challenges	Opportunities
3 Invest in quality and sustainable materials that meet new infrastructure needs, providing greater durability and resilience and making them more sustainable.	For the **FCC Group**, constant innovation in the use of primary and recycled materials implies increased efficiency and reduced costs. The Life Cycle Analysis (LCA) of civil engineering elements is a fundamental factor to bear in mind, both when building new infrastructures and when adapting existing infrastructures[3]. Sustainability for **FCC Construcción**, both for buildings and infrastructures, has a key impact on the technological scope and on the choice of materials used on site. A more suitable design for adverse and extreme weather events, more efficient construction processes and a less intensive carbon emissions activity are the axes of the company's innovation policy and a capital resource in its development. **Cementos Portland Valderrivas** is a leading producer of high-quality products adapted to the needs of its customers and each construction project. It also innovates to improve the quality and increase the range of its products' qualities.
4 Creation of infrastructures that guarantee quality management of the end-to-end water cycle (purification, distribution, sanitation and treatment) in large cities.	**Aqualia**, the fourth largest water management company in Europe and the ninth in the world by population served, serves nearly 30 million people in 17 countries. Likewise, the company annually purifies and treats more than 600 million m^3 of water and analyses over one million samples to guarantee the quality of the water distributed. The company's extensive experience in the design, construction, financing and operation of treatment plants, as well as its commitment to developing innovative technologies, position Aqualia as a company that can provide solutions that ensure access to water and its quality in the cities of the future.

(3) Source: World Cities Report 2020, UN Habitat.



Climate change and water stress on the global agenda

The UN climate summit, COP 26, will be held in November 2021 in Glasgow (Scotland). Experts hope that the Glasgow meeting will be the most important in curbing the rise in global temperatures since the countries reached the Paris Accord in 2015.

The fight against climate change is one of the greatest global challenges. It must be borne in mind that the proportion of CO_2 in the atmosphere reached a record 417 ppm in 2020. The last time this figure was reached was four million years ago, when global temperatures were between two and four times higher and the sea level between 10 and 25 metres higher than today. If this trend continues, the concentration of CO_2 would be 800 ppm at the end of the 21st century, reaching a temperature 12 degrees higher, on an uninhabitable planet.

The impacts derived from this phenomenon include changes in weather patterns, as well as a greater probability of extreme events, such as floods or droughts in different regions of the world. A quarter of the world's population is facing water scarcity due to population growth, economic development and climate change. The United Nations projects that the global demand for fresh water will exceed supply by 56% by 2030. Conversely, 2020 was the hottest year in Europe on record. In June 2020, eastern Siberia reached 38°C, the highest ever recorded in the Arctic Circle.

In a year marked by the pandemic, global CO_2 emissions fell by around 6% globally, the steepest decline since World War II. However, global energy-related CO_2 emissions are projected to recover in 2021 and grow by 4.8% as demand for coal, oil and gas pick up with the economy.

The transition to a low-carbon economy is high on the public sector agenda, a transition in which the private sector plays a key role in setting emission reduction targets. In this sense, FCC works on numerous innovation projects related to replacing fossil fuels and promoting alternative energies. Some projects are of particular importance, such as the introduction of collection vehicles with hybrid technology (electric-fuel cell) or the production of hydrogen from biogas generated in waste treatment (FCC Environment); the transformation of biogas into biomethane for the automotive industry (Aqualia); the construction of infrastructure to promote the hydrogen industry (FCC Construcción); or the use of activated clays to replace clinker (Cementos Portland Valderrivas).

- The proportion of **CO_2 in the atmosphere** reached a record 417 ppm in 2020.
- **2020** was the **hottest year** on record in Europe.
- The **Arctic** is **warming twice as fast** as the rest of the world. In June 2020, eastern Siberia (Russia) reached 38°C, the highest ever recorded in the Arctic Circle.
- Between 1979 and 2018, the proportion of **Arctic sea ice**, which is at least five years old, **decreased from 30%** to 2% according to the IPCC.
- In 2020, **global Co2emissions$_2$emissions fell by around 6%** globally, the steepest decline since World War II.
- In 2021, **global energy-related CO_2 emissions are projected to recover and grow by 4.8%** as demand for coal, oil and gas pick up with the economy.
- A quarter of the world's population is facing up to water scarcity due to population growth, economic development and climate change.
- **The United Nations** projects that the global demand for fresh water **will exceed** supply by **56% by 2030.**



FCC's response to the challenges and opportunities posed

Challenges	Opportunities
1 To guarantee access to water, in quantity and quality, for a growing population, taking measures that protect the resource.	**Aqualia**, as an international leader in the end-to-end water management cycle, develops solutions to minimising the impact that climate change can have on the availability of water resources. Likewise, aware of how key such a scarce resource is, it continuously invests in improving the distribution network to minimise losses throughout the end-to-end water cycle and implements awareness-raising measures to promote responsible consumption.
2 Facilitate access to water in developing countries, as well as develop desalination, treatment and purification technologies that respond to the needs of population.	In countries where the availability of fresh water is limited and is increasingly threatened by climate change, **Aqualia** develops desalination solutions that meet the needs of local populations, as well as projects with very different water needs, so technological innovation is key to improving efficiency in the use of water.
3 Improve architecture and urban design in light of climate change and the risks of disasters.	**FCC Construcción** develops resilient infrastructures and promotes urban design adapted to the consequences of climate change and gives due consideration to the possible physical risks of adverse meteorological phenomena. Urban and architectural solutions must meet the dual function of minimising the adverse effects that they may produce and of resist those that will occur as a result of global warming, and provide resilient solutions that allow development to progress, but a sustainable development, with better qualities, better benefits and quality of life for people, while being more respectful to the environment.



Challenges	Opportunities
4 Mitigate the FCC Group's contribution to climate change.	The **FCC Group** works to mitigate its contribution to climate change. For this reason, the company has launched various initiatives on its path to sustainability such as approving the Group's Climate Change Strategy for 2050, the implementation of energy efficiency measures, reduction of energy consumption, fuel replacement, promotion of renewable energies, equipment renewal, energy use of waste or carbon footprint registration, among others. Likewise, all the Group's business areas develop different R&D projects and give training sessions to raise awareness, encouraging participation in working groups on innovation and climate change.

The **FCC Group** has launched initiatives to **mitigate its contribution to climate change**

FCC Environment works to minimise its contribution to climate change and offer a competitive advantage in the provision of smart and sustainable services. It is worth highlighting the promotion of alternative energies in the provision of urban services, the use of biogas from landfill, its energy use such as electricity or biomethane, or the installation of photovoltaic panels in centres, among others.

Aqualia focuses its efforts on increasing energy efficiency in the end-to-end water cycle through hydroelectric generation, photovoltaic solar self-consumption, electricity generation from biogas or its transformation into biomethane for the automotive industry.

FCC Construcción works to reduce the energy consumption of its operations, as well as to use and promote the use of renewable energies whenever possible, with the aim of mitigating its contribution to climate change. It studies more efficient construction processes with lower emissions and, as far as possible, selects the materials with lower emission intensities and promotes more efficient construction solutions during their useful life. On the other hand, FCC Construcción calculates its carbon footprint in all the countries in which it operates and has become the only construction company in the world that has third parties verify the emissions reports after calculations, which it publishes annually, raising awareness among its own staff, as well as interested parties, and providing confidence in its activity and in the measures it adopts, with a view to mitigating its emissions.

Cementos Portland Valderrivas focuses its efforts to reduce GHG emissions on replacing conventional fuels in clinker kilns (such as biomass or waste); optimisation of the hydrogen injection process in the furnace; the promotion of photovoltaic self-consumption in the factory or the replacement of clinker with activated clays, whose emissions are lower per tonne of cement produced. The work of the Cement area in replacing raw materials and recovering implied more than 270,000 tonnes of CO_2 emissions being avoided in 2019 (latest data available).

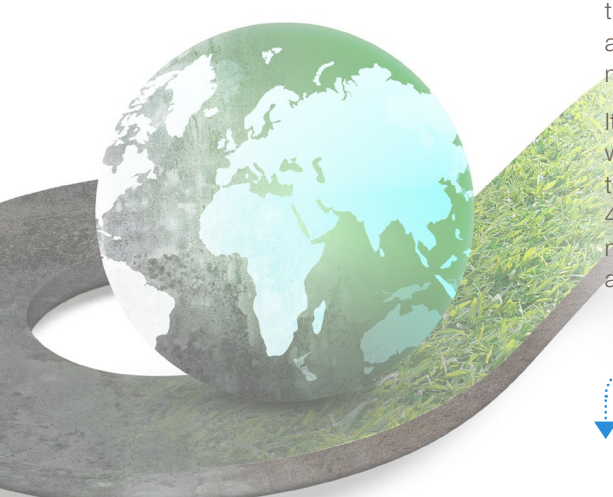


Challenges	Opportunities
5 Mitigate the impact that physical and transition risks related to climate change may have on the company.	**The FCC Group** is aware that its business lines are exposed to risks derived from climate change and develops different action plans within the organisation based on the activity carried out by each of them. Taking into account the possible climatic impacts derived from global warming on the company's operations, the FCC Group focuses its efforts on being part of the solution, maintaining its leadership in the end-to-end water management cycle, environmental services and development and infrastructure management, as well as promoting synergies between different business lines with the aim of enhancing profitability, transversally mitigating climatic events and promoting the Group's sustainable development. For **FCC Construcción**, the risks associated with climate change are seen as an opportunity that, far from negatively affecting the company, differentiates it due to its ability to provide solutions for the greater well-being of the societies in which it operates. The role of construction in adapting the planet to global warming is a lever for inspiration and actions in the company, and physical and business risks are approached from a growth perspective and contribution to greater sustainability of the planet.



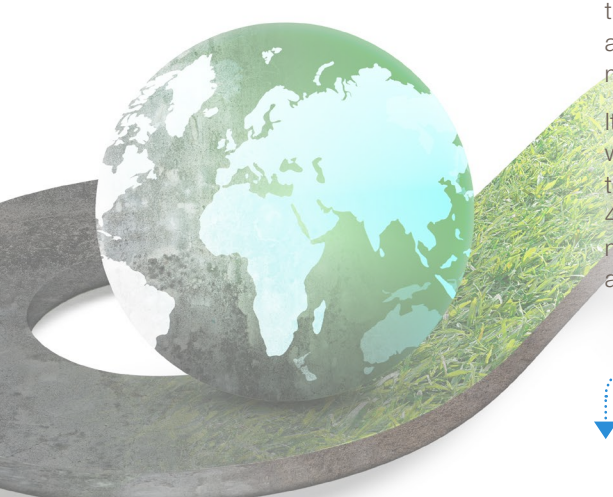
FCC's response to the challenges and opportunities posed

Challenges	Opportunities
1 ntegrate circularity by reducing the use of raw materials and preparing them for reuse.	**FCC Construcción** has a circular economy strategy around six areas of action defined under the ReSOLVE framework. This framework encourages the identification of business opportunities linked to the transition towards a circular economy as a production model. Some of the company's measures are the reuse of inert gasses from other projects, effluents and wastewater from processes, or removed topsoil, or maximising the use of recoverable elements, such as removable walls or the use of portable treatment plants for use in different projects, as well as the use of recycled materials. Within the Construction area, FCC Industrial has become the first construction company to obtain the "Zero Waste" certificate from AENOR. **Cementos Portland Valderrivas** applies circular economy techniques by implementing energy and waste material recovery strategies to improve production efficiency and the sustainability of its activity. To avoid the extraction of mineral resources, the company uses secondary raw materials during the different phases of the production process, thus reusing resources from other industries. The effort to recycle materials and energy recovery avoided sending 482,000 tonnes of waste to landfill in 2020. It should be noted that, between 2014 and 2019, the Group in Spain used more than 1.6 million tonnes of alternative raw materials and recovered 631,000 tonnes of waste.
2 Minimise the production of waste and promote circularity in their collection and treatment.	**FCC Environment** is committed to the circular economy; trying to convert waste into resources, optimising its use. In this sense, this business encourages a research and technological approach by implementing various innovative projects. Some of these projects are Life METHAmorphosis, for the use of biomethane production from waste treatment plants; Life4Film, whose objective is to avoid incineration and dumping of plastic film waste; o Deep Purple, a pilot project to manage the effluents generated in the organic waste treatment facility. It is also worth highlighting the participation of FCC Environment in a wind blade recycling project, the first industrial-scale project in Europe, to be located in Spain. This project, which could generate more than 400 direct jobs in Spain, will seek to recover its main components, mostly glass and carbon fibre and resins, and their use in sectors such as energy, aerospace, automotive, chemical or construction. For **FCC Construcción**, circularity goes far beyond the correct management of waste. We are aware that waste and resources can be the same thing and that it is necessary to work from the standpoint that waste generated is a resource that will allow us to not consume others. The economy and suitable minimisation of waste generated, together with the reuse of it in places where, otherwise, it would be necessary to consume resources, has, in addition to the obvious benefit for the sustainability and well-being of the planet, the economic effect of cost savings in the segregation, storage, transport and management of waste that will not be eliminated and the savings implied by the non-consumption of raw materials that, otherwise, would need to be acquired.



FCC's response to the challenges and opportunities posed

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Challenges	Opportunities
3 Integrate circularity into water management.	**Aqualia** incorporates the concept of circular economy into itself by providing catchment, treatment, storage, distribution, sanitation and purification services, including the reuse and reintroduction of water into the natural cycle. Additionally, and to reduce negative impacts on the environment, the water resources used in operations are purified, eliminating waste and guaranteeing the best conditions when returning the resources to the environment.
4 Commitment to transferring society to a circular economy model and achieving the European Union recycling objectives.	To formalise its commitment to circularity, as a means of moving forwards with sustainable development and mitigating the effects derived from climate change, in 2017, the **FCC Group** adhered to the Pact for a Circular Economy, promoted by the Government of Spain's Ministry of Agriculture, Fisheries, Food and Environment and Ministry of Economy, Industry and Competitiveness. Through this initiative, all the signatories are involved in the transition towards a new, more sustainable and environmentally friendly economic model. **FCC Construcción** is committed to changing society in this regard, and itself, and participates in the European circular economy strategy. This is a strategy that establishes ambitious targets to reduce the generation of waste but goes further, as seen in the recently published Spanish circular economy strategy in which, aware of the holistic nature of this approach, it also sets quantified targets for the use of renewable energies, quality employment, reuse of process water and many other measures integrated not only in FCC Construcción's strategy, but particularly in specific objectives and goals that are regularly monitored and declared periodically through Environmental Communications and the Sustainability Report.



The disruption of new technologies

Technological revolution is observed in the day-to-day life of cities. Big Data, Internet of Things (IoT) or Blockchain systems are able to service cities to completely modify the existing infrastructure. By 2030, the number of devices connected to the internet could reach 125 billion, compared to seven billion in 2017. These technologies could be a potential market of 23 trillion dollars by then. In this year marked by lockdowns, connectivity saw very significant growth. For example, the number of active users of social networks increased by 13% and the number of internet users by 7.3%.

The digitisation of cities implies a structural amendment to how citizens relate to their environment, from their consumption patterns to the way they do business. This transformation reaffirms citizen empowerment and contributes to a greater role for individuals in making decisions that affect how the cities in which they live develop. Investment in Smart Cities is estimated to reach 203 billion dollars by 2024. Included in this, 5G will play a key role, whose connections total around 600 million worldwide in 2021 and will reach three billion by 2025.

Citizens increasingly want more, demanding quality information about the various products and services offered, taking advantage of interconnectivity and easy access to smart devices.

Aware of the importance of being at the forefront, the FCC Group annually invests resources in R&D projects with the aim of being a benchmark in new technologies and therefore offering continuous improvements to citizens that have an impact on their quality of life.

- By **2030**, the number of **devices connected to the internet** will reach **125 billion**, compared to seven billion in 2017.
- Key **digital technologies** could be a **23 trillion dollar** market by 2030.
- Between January 2020 and January 2021, the number of **social media users increased by 13%**, mainly driven by the pandemic.
- **5G connections** will be 600 million worldwide in 2021 and **three billion in 2025**.
- Investment in **Smart Cities** will increase to **203 billion dollars by 2024**.



FCC's response to the challenges and opportunities posed

Challenges	Opportunities
1 Digitise the provision of services within each FCC area.	**Aqualia** uses its Aqualia Water Analytics (AWA) platform to intelligently and more efficiently manage the end-to-end water cycle, transforming the way it operates. AWA is an analytical tool that offers the company a cross-sectional analysis of the end-to-end water cycle, covering the complete data cycle from its collection. **FCC Environment CEE** has developed a new application in Slovakia to notify users when the different types of waste will be collected. This practical tool modernises the waste collection system in Slovakian municipalities, which was previously managed by printed schedules that citizens had to check and review the times they took out their waste for collection. **FCC Construcción** develops multiple innovation projects related to digitisation and in Construction 4.0 in general, among which include the creation of BIMCheck, a platform that works with Blockchain technology over BIM (*Building Information Modelling*), whose main objective is to improve the company's productivity and ensure excellence in processes and results by automating on-site quality control and management methods. FCC Construcción was the first global construction company to use the combination of BIM and Blockchain in one of its projects. The **FCC Group** launched its new FCC360 App in 2020, which is another step towards the company's commitment to investing in innovation and new technologies to improve the competitiveness of its teams, to promote corporate culture and company values. The ease of developing applications and the wide mobility in society has allowed one of the company's old desires to come true; to integrate the entire community of FCC employees. It is the first time that the company has reached all workers online, so this channel will allow it to reinforce internal communications.



Challenges	Opportunities	
2 Develop business models that respond to the future needs of its customers and of society in general.	**FCC Environment** is committed to technological innovation through its promotion of smart, sustainable and connected cities to improve the well-being of citizens and focuses its R&D projects in five main areas: e-mobility, machinery, the economy circular, sustainable development and the "VISION", and Information Technologies (IT). **Aqualia** participates in European, national and regional R&D programmes related to water management and is co-financed by the Spanish Administration or the European Union (FP7, LIFE, H2020, Eco-Innovation, etc.). The application of big data, smart services, platforms and tools bring about a change in the company's business model, which is necessary to respond to the needs and challenges of the future.	**FCC Construcción** actively promotes innovation through its main activities, as it is aware of its importance to the company as a differentiating factor in a highly competitive market. The innovation projects in the FCC Group's construction area are aligned with its R&D policy, focusing its efforts on providing added value in terms of sustainability. Every year, the **Cement** business is committed to applying R&D processes through the research and development of new products, as is acutely aware of social demands in environmental matters.
3 Sustainably construct and manage infrastructure, adapting it to the new needs and applying new technologies.	**FCC Construcción** actively promotes innovation through its main activities, as it is aware of its importance to the company as a differentiating factor in a highly competitive market. The innovation projects in the FCC Group's construction area are aligned with its R&D policy, focusing its efforts on providing added value in terms of sustainability. It is firmly committed to new digital technologies with long paths in the sector, such as BIM (*Building Information Modelling*), Blockchain, Artificial Intelligence and *Big Data, drones or sensors*, among others, to generate data that improves business intelligence and strategic decision making.	To adapt to the changing context and ensure the competitiveness of its activities in the market, **Cementos Portland Valderrivas** works on technological innovation in products and materials to extend the useful life of infrastructures. On the other hand, the Cement area applies innovative techniques through alternative manufacturing processes and eco-efficient materials to move forwards with the sustainable construction of cities.



The increase of public-private collaboration

According to the World Bank, public-private partnerships are a solution in infrastructure development, as they can provide more efficient procurement, focus on customer satisfaction and life cycle maintenance, and provide new sources of investment. This is particularly evident in emerging markets and developing economies, since these countries face greater infrastructure growth needs and, in turn, have debt levels at record highs. It is estimated that the infrastructure investment needs of emerging countries amounts to 4.3% of GDP and close to 1 trillion dollars per year.

Experts assure that the model is effective for high-cost and high-visibility projects that involve social and technical complexities, with the potential to build synergies, develop competencies and create an effective framework for alliances and cooperation, especially when the community, stakeholders and experts are involved from the outset.

Likewise, PPPs have been fundamental elements in responding to the coronavirus pandemic, demonstrating that by working together, the public and private sectors can provide solutions that benefit all of society. Linked to recovery and public-private partnership, in July 2020, the European Commission agreed to create the so-called "NextGenerationEU", a temporary recovery fund in addition to the multi-annual budget of the European Union (EU) for 2021-2027 . Up to 750 billion euros can be issued between 2021 and 2026 and the funds will be used to tackle the consequences of the COVID-19 crisis and to accelerate the digital, green and ecological transitions of the European economy.

In this context, the FCC Group has identified the various high-impact projects in Spain that could fit into the resilience and recovery mechanism, aligned with the pillars of the Funds and the "Spain Can" Plan and in which PPPs can have significant synergies. These projects are related to the replacing conventional fuels and the production of renewable energies (for example, fuel cell, biomethane, solar, hydrogen, biomass), promoting of energy efficiency, treatment and purification projects, 5G cybersecurity or replacement of raw materials, among others. Projects identified by the FCC Group could mobilise more than 2.5 billion euros throughout Spain with a substantial impact in terms of employment, emissions reduction, circular economy and competitiveness. Likewise, FCC actively collaborates with other companies in the sector and associations on investment initiatives that total approximately 120 billion euros.

> The **high-impact projects** identified by the FCC Group could **mobilise more than 2.5 billion euros** throughout **Spain**

- In 2020, the **added value of PPP transactions** in the European market reached a financial close of **7.9 billion euros**.
- The added value of the **public-private associations** in Europe **decreased 27%** compared to 2019.
- In 2020, the **transport** sector continued to be the **most important** in terms of value, with transactions worth **4.9 billion euros**.
- It is estimated that the **infrastructure investment** needs of **emerging countries** amount to **4.3% of GDP** and are close to 1 trillion dollars a year.



La respuesta de FCC a los retos y oportunidades planteados

Challenges	Opportunities	
1 To take full advantage of innovation in the private sector, combining public and private capital.	**FCC Construcción**, with more than 120 years of experience, continues to be a leader in carrying out civil engineering and residential and non-residential construction projects, and has wide ranging experience in developing projects under the concession system. Numerous future opportunities have been identified for infrastructure concession contracts in the US, Europe, the Middle East and Latin America.	There are a multitude of opportunities for public-private partnership at **FCC Environment** resulting from the capital investments that will be necessary to meet the recycling and landfill targets set by the EU. As an example, it is worth highlighting FCC Environment's involvement in a wind turbine blade recycling project, an example public private partnership project.
2 Incorporate best practices and efficiency by using the specialised private management model.	**Aqualia's** activity focuses on concessions and services, covering concessions for distribution networks, BOT ("Build Operate Transfer"), O&M and irrigation services, as well as technology and network tasks covering EPC ("Engineering Procurement Construction") contracts and industrial water-treatment activities. These skills mean the company is a clear option for this type of opportunity Income in the Water area grew in 2021 due to the greater contribution of the new concessions contracts abroad.	**FCC Construcción** is the usual solution for the design and execution of different technically complex urban and transport infrastructures. Various international investment funds collaborate with FCC Construcción in responding to different infrastructure needs; an example is the project to design and construct, operate and maintain the A-9 motorway in Amsterdam (Netherlands).
3 Stimulate investment and strengthen growth in infrastructure and provision of services.	In 2020, **FCC Concessions** was selected to extend the A465 main road in Wales (United Kingdom) under a PPP model. The project will improve connectivity and development in the region and has a planned investment of more than 600 million euros.	
4 Financing projects in an environment of highly indebted public administrations.	It is worth highlighting the 21.8% reduction in the **FCC Group's** financial debt compared to 2019, which gives it an outstanding capacity to be involved in various public projects.	



FCC's strategy: focus on growth with profitability



The FCC Group faces the future with confidence and has shown that it has sufficient resilience to overcome times of crisis such as those we are experiencing now and those it has overcome in its 120 year-history. This resilience is based on solid foundations, a leading-edge risk management framework, a commitment to good governance and sustainability, and the importance of keeping an eye on future challenges.

With the aim of promoting the sustainable evolution of cities, and positioning itself at the forefront of their competitive environment, the FCC Group has developed its cross-cutting value creation model. This model, which is shared by all the Group's businesses, is based on the following **value creation levers:**

- **Quality and innovation:** FCC is an operator that has significant experience in these businesses, with a differentiated technical specialisation, able to lead large consortia in complex projects. Likewise, it has a highly specialised and committed human team, which prioritises protecting its health and safety and who are capable of providing innovative solutions and taking care of improving people's lives on a daily basis.
- **Integrity in its actions**, the Group's Code of Ethics and Conduct establish everyone's commitment to the environment and people, respect for rights and dignity, and demonstrating zero tolerance against discrimination for reasons of race, religion or gender. Likewise, the Compliance Model ensures that all the Group's companies and employees are governed in accordance with the principles established in the Code of Ethics and Conduct, while strengthening internal control so as not to incur in any criminal breach.
- **Financial discipline and management efficiency**, with the aim of preserving long-term profitability and sustainable growth. The FCC Group's strategy is embodied in a set of actions that seek to improve the capital structure and use of external resources, the generation of cash and the optimisation of financial costs.
- **Proximity and commitment**, having local roots in the places where its operations are carried out, allowing it to develop relationships of trust. FCC seeks to create value in the communities where it is present, favouring transforming societies into healthy, inclusive and cutting-edge environments.

These value creation levers serve to guide the FCC Group's Sustainability strategy.

Strategic vectors of the FCC Group

The FCC Group focuses its strategy on strengthening its competitive position in key markets where it is already present, as well as selective growth in new markets that are attractive and aligned with the company's corporate and risk culture. Likewise, promoting sustainable development has been and will continue to be one of the Group's strategic vectors, promoting the construction and management of sustainable and resilient infrastructures, promoting the circular economy and mitigating the Group's contribution to climate change.

Maintain leadership in key markets

To maintain its leadership position in the countries where it operates, FCC focuses its efforts on guaranteeing the quality and continuity of its services, which allows it to retain a competitive position in each market. Given the diversity and how they complement each other, the synergies between them help to correctly assess the risks and potential of each project, which translates into a sustained increase in the Group's international portfolio.

Likewise, FCC intends to be a facilitating company for its customers, establishing long-term relationships, providing guarantees and the reliability of a big leading company, while also remaining local and focused on each of the regions where it operates.

In the **Environment area**, for example, the strategy in Spain focuses on maintaining its competitiveness and leadership position, combining technical knowledge and developing innovative technologies, offering respectful, inclusive and sustainable services.

Despite leaving the European Union, the UK remains committed to the EU's circular economy goals and is pushing for new measures to support plastics recycling by introducing a tax on packaging and supporting measures to reduce CO_2 emissions.

In Portugal opportunities related to soil decontamination and new urban sanitation contracts stand out, while moderate growth is expected in Central and Eastern Europe, weighed down by the effect of the pandemic.

The **FCC Group** focuses its strategy on **strengthening its competitive position** in key markets in which it currently operates



The **Water area** seeks to maintain its competitive position in end-to-end water management cycle markets in which it has a consolidated presence (such as in Spain, with renewal rates above 90%) and to take advantage of opportunities that arise in this activity.

In Europe, countries are expected to restart public tenders to renew water infrastructures (as with Portugal) or by terminating the contractual term of any existing contract (as with France).

The **Construction area's** strategy focuses on maintaining its presence in countries and markets with a certain stability and through demanding risk management that should provide access to a selective portfolio of projects that ensure profitability and cash flow generation for the company. It is worth highlighting the key position of the company in foreign markets, which accounts for 47% of income, with large projects underway in Riyadh, Lima, Dublin, the Netherlands and Romania, among others.

Finally, the **Cement area** seeks to maintain its competitive position in both operational efficiency and sustainability to remain a benchmark for the sector in the countries where it operates. Given the macroeconomic forecasts and the uncertainty of the epidemiological situation, it is expected that the consumption of the cement market in Spain in 2021 will be between -3% and 3% compared to Tunisia, where consumption will grow by 5%, reducing the impact suffered in 2020.

The **strategic planning** by the Group means it can establish**objectives** to be achieved by each **area of activity**



Selective growth in new markets

Each FCC Group business detects opportunities of interest in the markets in which it operates, as well as in new markets. The Group's strategic planning means it can establish objectives to be achieved by each area of activity. These objectives consider market opportunities and the risk appetite deemed acceptable in each country where these opportunities arise.

In **FCC Medio Ambiente**, the inclusion of new technologies will enable us to further consolidate our strength in the markets for waste recycling and valuation in Europe and position ourselves as key players in the circular economy. New European demands with regard to climate change will encourage new services aimed at energy efficiency, urban mobility and smart cities.

Internationally, the United States is a market with a high development potential for FCC, supported by its know-how, experience and the use of the most advanced and efficient technologies in the provision of environmental services. The company is working towards consolidating its presence by growing residential contracts and boosting the commercial collections activity. 2020 was the first year of collections service of Volusia County (Florida) and the largest contract in the country in in the Omaha Country (Nebraska), which will act as a regional base to expand the market in the Midwest.

Jointly with the end-to-end water management cycle, **Aqualia** plans to promote growth via BOT (Build, Operate and Transfer) and O&M (Operation and Maintenance) in desalination and treatment in North Africa, Latin America and the Middle East, and will continue to explore possibilities in other countries such as the United States. In this sense, Aqualia will always make full use of its broad experience in the end-to-end water management cycle in business opportunities that may arise in countries with a stable political and social climate.

Internationalisation arrived in 2020 for **FCC Construcción** after winning contracts in Mexico, Wales, Norway and Chile. In this sense, the development of large infrastructure projects obtained between 2018 and 2020 is expected in the coming years as well as the contribution of consolidated markets in America (Canada, USA, Mexico, Chile, Peru, Colombia) and Europe (Netherlands, United Kingdom, Ireland, Norway and Romania). Also noteworthy is the company's stable presence in recent years in the Middle East.

Despite the **Cementos Portland Valderrivas Group** being aware of possible growth opportunities in new markets, the strategy focuses on consolidating the markets in which it is present. The Group will continue developing its policies to seek efficient and optimal investments, as well as adapting all organisational structures to the situations in the countries where it operates.



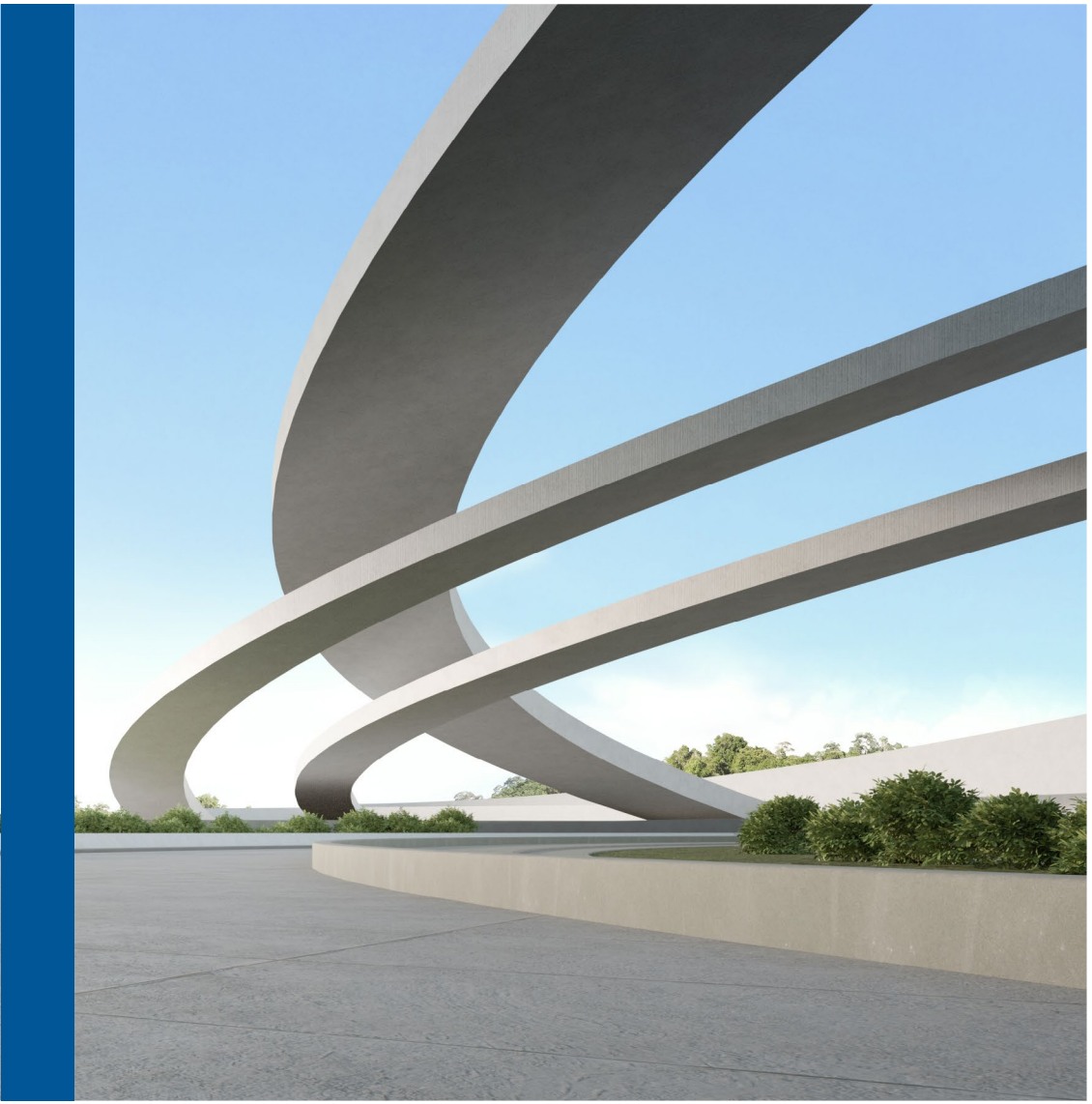
Contribution to sustainable development

Throughout its more than 120-years history, the FCC Group has developed its activity based on fostering long-lasting, transparent and mutually beneficial relationships with the stakeholders with whom it interacts. The Group's strategy will always be aligned with these commitments, ensuring that the progress of cities guarantees the well-being of citizens and the preservation of the environment.

For the FCC Group, the progress of cities must guarantee the well-being of their citizens, respect for human rights and the preservation of the environment. All these years, FCC has been hand-in-hand with the constant evolution and transformation of cities, providing sustainable solutions and launching corporate social responsibility projects and initiatives.

As fundamental pillars of its sustainability strategy, the FCC Group has the **Corporate Social Responsibility Policy**, approved in 2016 by the Board of Directors, and the **Fourth CSR Master Plan**, that, aligned with the Sustainable Development Goals, has positioned the company as a significant player in social, economic and environmental challenges, focusing its responsible management on 15 action programmes that are structured around three strategic pillars: **citizen connection, smart services and exemplary behaviour.**

Looking towards the new Master Plan, the Group has worked on a materiality study, which has allowed it to identify the most relevant environmental, social and governance issues for FCC, its businesses and its stakeholders. This study will be used as an input into the new strategy, wich will be in effect until 2025 and will allow the main axes on which to work in the short, medium and long term to be established, to continue offering the best services to citizens and to contribute to socio-economic development.



4

FCC in 2020

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Highlights of the year

January

- FCC reaffirms its commitment to the social and economic progress of cities with CSR projects and initiatives and making the sustainability of its business model tangible by supporting SDG 11.
- FCC Medio Ambiente and the City Council of El Puerto de Santa María, have presented the Chamaeleo Biodiversity Conservation Project, financed by FCC (Cádiz, Spain).
- FCC Medio Ambiente delivers its 2019 Avanza Awards (Madrid, Spain).
- The University of Almería (Spain) and Aqualia join forces to research and publish information about the water cycle.
- Aqualia joins the International Federation of Private Water Operators (Aquafed).
- FCC Construcción wins the contract for designing and constructing the E6 motorway between Ulsberg and Vindasliene (Norway).
- FCC Industrial becomes the first "Zero Residue" construction firm (Spain).

February

- The FCC Group is the first in Spain to adopt a project with Liferay DXP Cloud technology.
- FCC Medio Ambiente renews the contract with Servicios de Txingudi for the cities of Hondarribia and Irún (Guipúzcoa, Spain).
- New contracts in Aragon (Spain) to provide treatment services to more than 130,000 residents in Aragon.
- The Aqualia team receives further information about ethics and integrity.
- The concession holder for the Lima metro in Peru receives the Structured Financing of the Year Award from LatinFinance magazine.
- The "Refurbishment of Plaza España" project becomes the main municipal construction site on account of its specific nature and urban impact (Madrid, Spain).
- The occupational insertion project "Expansion and refurbishment of the hospital in Soria" by FCC Construcción, is selected as an example of best practice by the European Commission (Soria, Spain).
- GCPV continues contributing to the Madrid Skyline, allowing the construction of two very unique and exclusive skyscrapers that will be used for homes (Madrid, Spain).

Group
End-to-end water management cycle
Environment
Infrastructures
Cement

March

- The FCC Group is at the forefront of the country's social reconstruction after the effects of the COVID-19 pandemic.
- FCC Medio Ambiente continues to work to ensure essential services during the COVID-19 pandemic (Spain).
- FCC Medio Ambiente's staff at the University of Zaragoza collaborates in the fight against COVID-19 by making face masks (Zaragoza, Spain).
- New contract to manage the cleaning and maintenance services for the sewerage network in Zaragoza (Spain).
- Solidarity, adaptation and service in response to COVID-19.
- FCC Construcción wins, in cooperation with Carso Infraestructuras y Construcción (CICSA), the contract for the design, construction and maintenance of section 2 Tren Maya (Mexico).
- The Primary Health Care Authority in Mallorca chooses a health centre, run by FCC Construcción (UBS El Molinar) for its COVID-19 Response Centre (Balearic Islands, Spain).
- The Life Impacto Cero project, by FCC Construcción, a success story (Spain).

April

- The FCC Group and its various business areas carry out various actions to fight against COVID-19.
- Madrid's selective collection workers and FCC Medio Ambiente make a donation to Médecins Sans Frontières (MSF) in the fight against the coronavirus (Madrid, Spain).
- FCC Environmental Services begins operations for Volusia County (Florida, USA).
- Aqualia named "Best Company in 2019" by readers of iAgua, the leading industry publication in Spain and Latin America.
- A one-of-a-kind bio-health protocol to combat COVID-19 allows work to resume at the Salitre WWTP in Bogotá (Colombia).
- FCC Construcción becomes the first construction firm in the world to join the UN's "Sustainable Investments and Finance" group.
- FCC Construcción makes progress with the construction of hospitals in Soria, Salamanca and San Juan de Dios (Seville, Spain).
- GCPV supplies the cement to construct the new bridge connecting the M-40 and the M-607, providing the residents of Colmenar Viejo with the necessary infrastructure to connect with the capital (Madrid, Spain).
- GCPV continues to bring people together, contributing it cement to the construction of the most innovative and durable bridges in the country.

May

- The FCC Group launches its new app, FCC360.
- FCC Environment wins the prestigious 2020 International Safety Award from the British Safety Council (United Kingdom).
- FCC Environment installs two new electric charging stations in Himberg (Austria).
- The Badajoz Water Service achieves the maximum rating from the European Benchmarking Cooperation (EBC).
- Five more years managing the municipal water service in Mula, Murcia (Spain).
- The Association of Communication Executives (DIRCOM) chooses Aqualia's CSR Report as one of the three best of the year.
- FCC Construcción rolls out a series of social and corporate actions to face the health crisis caused by SARS-CoV-2 (COVID-19).

June

- Inversora CARSO increases its shareholding in FCC by 15.4%.
- The FCC Group Competencies are presented, the DNA that binds us.
- FCC Medio Ambiente winner of the OHS 'Bonus Prevention' awarded by Mutua Universal (Spain).
- FCC Medio Ambiente renews the contracts for the waste collection and street cleansing service, and the vehicle-towing service in Oviedo (Spain).
- Aqualia participates in the presentation of the StepbyWater alliance, an initiative supported by the Spanish government.
- ACUAES renews its trust in Aqualia to manage its wholesale supply in Zaragoza (Spain).
- FCC Construcción wins the "Best Global Projects" award from ENR international magazine for its projects: Panama Metro line 2 (Panama); Improving access to the city of Iquique (Chile); and the El Alamein desalination plant (Egypt).
- FCC Construcción participates at the event to celebrate the 30th anniversary of the construction of the KIO towers (Madrid, Spain).
- GCPV donates nappies and baby food to the Alcalá de Guadaíra City Council (Seville, Spain) to meet the needs of the youngest.

Play

July

- The FCC Group celebrates its 120-year history.
- FCC Medio Ambiente grows in the municipal services market in northwestern Spain with the award of the A Coruña street cleansing contract (Spain).
- FCC Environment awarded the waste collection and street cleansing contract in Vale de Sousa (Portugal).
- Aqualia completes the integrated cycle with the acquisition of EMSA (Ecosistemas de Morelos) and thus consolidates its presence in Mexico.
- The new edition of the "Pásate a la e-factura" campaign sees more than 450,000 users signed up to Aqualia's digital billing service.
- FCC Construcción wins the contract for designing and constructing the new hospital in Jersey.

September

- The FCC Group launches you_, a new way of being, learning, evolving, innovating, projecting our future.
- FCC Medio Ambiente pioneer in obtaining the SIGOS certification as a healthy organisation from AENOR in all its branches (Spain).
- FCC Medio Ambiente renews the waste collection and street cleansing contract in Segovia (Spain)
- FCC Environmental Services's Material Recycling Facility at Houston (Texas) honoree by the NWRA as the Best Recycling Facility 2020 of the United States (Texas, USA).
- The El Alamein plant (Egypt), chosen as one of the three desalination plants of the year at the Global Water Awards.
- The IFM fund selects two projects submitted by Aqualia for its international environmental and social internship programme.
- FCC Construcción commissions Line 5 of the Bucharest metro, the first major transport infrastructure opened in Europe following the outbreak of COVID-19 (Romania).
- FCC Construcciónes starts work to drill the Ergos tunnel, as part of the "Anillo Insular de Tenerife" project (Tenerife, Spain).
- FCC Construcción secures various contracts: Nudo Norte (Madrid); improvements to Dic de Recer (seawall) at the Olympic Port in Barcelona; and the construction and maintenance of different rail lines owned by Rodalies de Barcelona (Spain).
- Through its donations, GCPV supports the purchase of study furniture for the Los Molinos Special Education Centre in Alcalá de Guadaíra (Seville, Spain).

November

- Exemplary intervention of FCC Medical Services during the pandemic.
- FCC Medio Ambiente recognised for second time with the 'Calculo- Reduzco' seal from the Spanish Office for Climate Change for its commitment to reduce the carbon footprint of its activity in 2019 (Spain).
- FCC Environment renewed the national contract of complex waste management and recycling for 3 years with Hyundai Motors Manufacturing facilities (Czech Republic).
- The Advisor project, included in the 101 most innovative initiatives in 2020 for combating climate change.
- Lleida city council (Catalonia, Spain) and Aqualia create a social solidarity fund to guarantee access to water for families at risk of exclusion.
- FCC Construcción registers its carbon footprint for the eighth time in the Carbon Footprint Registry, offset and absorption projects held by the Ministry for the Ecological Transition and the Demographic Challenge (Spain).
- FCC Construcción completes work on the first cable-stayed bridge built in California (Los Angeles, USA).
- RRC receives acknowledgement from the Portuguese Association for Business Ethics (Portugal).
- From its quarry in Vallcarca (Barcelona, Spain), GCPV sends more than 600,000 tonnes of aggregate to the Port of Tarragona by sea, making the extension of the Balearic Wharf a reality that will serve to generate our trading operations.
- Collaboration with the Adecco Foundation, donating more than 40,000 euros, to help children of GCPV employees who have some type of disability become integrated into the labour market.

7 8 9 10 11 12

August

- The entry of investment group iCON in the FCC Group's Environmental Services area enhances its leadership position in the United Kingdom.
- New reverse osmosis leachate treatment plant at Gyal landfill site (Hungary).
- The MIDES project, led by Aqualia, operates the first two desalination plants that are wholly energy self-sufficient in the world, in Dénia (Alicante) and Guía de Isora (Santa Cruz de Tenerife).
- FCC Construcción becomes the first Spanish construction firm to have a third party verify del the carbon footprint of more than 70% of its domestic and foreign activities.

October

- FCC improves energy performance at its Corporate Head Office in Madrid (Spain).
- FCC Medio Ambiente winner of the Spanish edition of the 2019/2020 EBAE Awards in the Product/Service category for its 100%-electric, industrial chassis-platform for heavy-duty urban service vehicles (Spain).
- FCC Environment is awarded the waste collection and treatment, and selective collection contract in Bytom (Poland).
- Recognition of the best preventive culture practices included in Aqualia's contracts.
- The documentary, Brave Blue World, which features Aqualia's All-gas project, is available in 191 countries via Netflix.
- FCC Construcción secures the funding for the project to expand sections 5 and 6 of the A465 dual carriageway in Wales.
- FCC Construcción receives the 2019 Best Infrastructure Award for the "Variante de Vallirana (B-24)" project (Catalonia, Spain).
- GCPV manufactures the cement that supports the most demanding architectural works. From its manufacturing plant in El Alto, in Madrid (Spain), it supplies many of its most resistant cements to build Torre Caleid

December

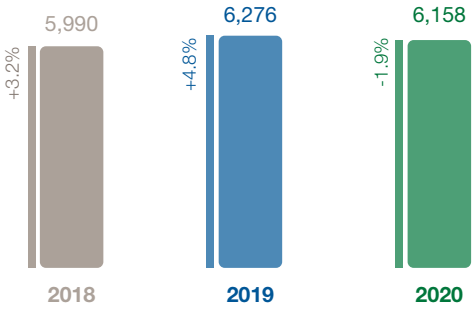
- It's not magic, it's you. Launch of the FCC Group corporate video.
- FCC publishes a book that summarises its 120-year history.
- FCC Medio Ambiente is awarded the certificate of protocols against COVID-19 from AENOR for its corporate headquarters in Las Tablas (Madrid) and for the Exhibition Centre of Granada (Spain).
- FCC Environmental Services started operations in Omaha contract (Nebraska, USA).
- The "Who is behind the water we use at home?" campaign, organised by Aqualia as part of the COVID-19 crisis, is named a winner at the European Excellence Awards (EEA).
- Aqualia becomes a full member of the UN Global Compact.
- FCC Costruction, over 12 years committed to equality.
- We meet with the commitment to reduce CO_2 emissions, implementing a new biomass facility at our manufacturing plant in Alcalá de Guadaíra (Seville, Spain).
- GCPV cements are always present in works with the greatest social impact that improve the development of large cities.

Group
End-to-end water managenment cycle
Environment
Infrastructures
Cement

Key figures

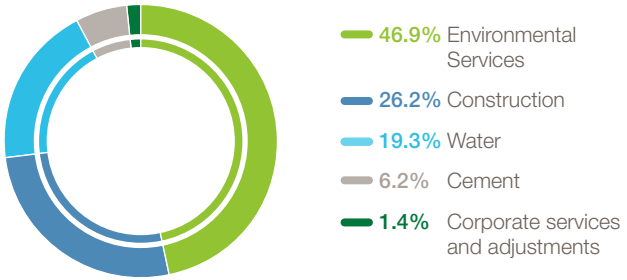
Turnover

Millions of euros



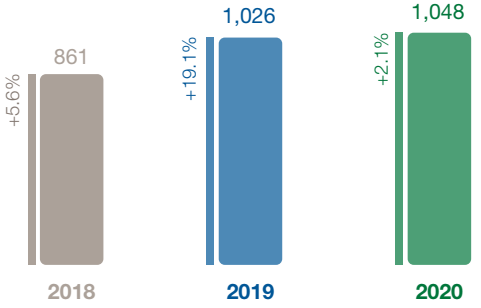
2020 turnover by activity

%



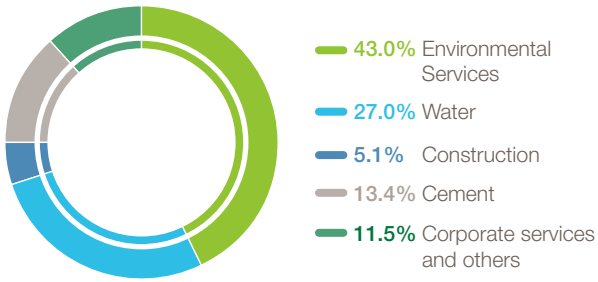
Gross operating profit (EBITDA)

Millions of euros



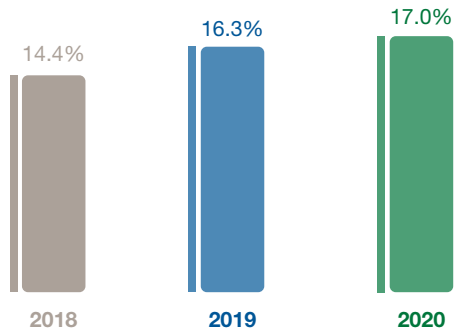
EBITDA 2020 by activity

%



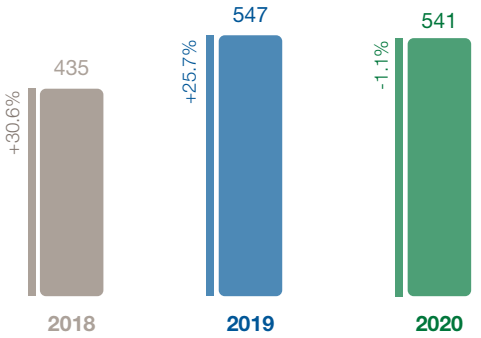
EBITDA margin

%



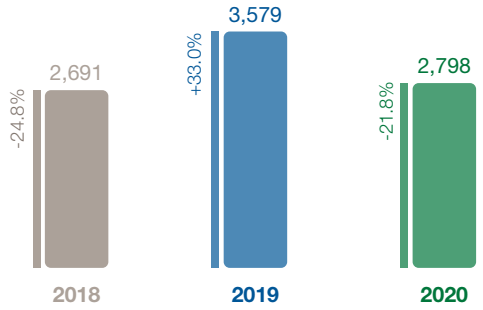
Investments

Millions of euros



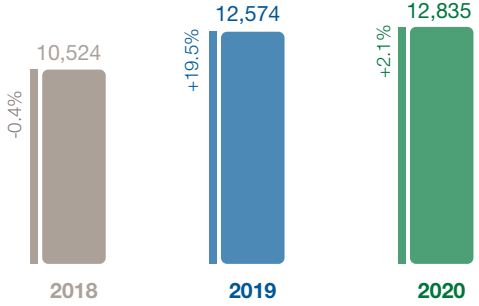
Net financial debt

Millions of euros



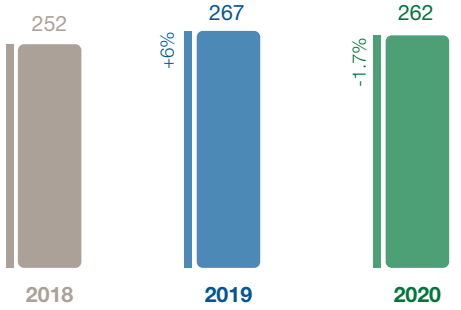
Total assets

Millions of euros



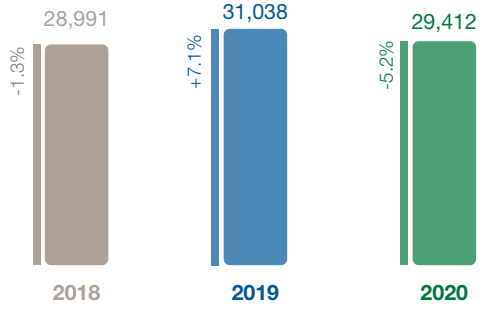
Earnings attributable to the Parent

Millions of euros



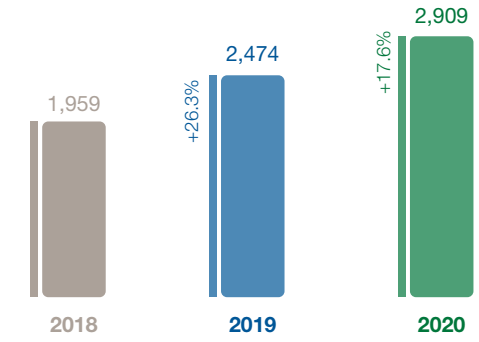
Backlog

Millions of euros



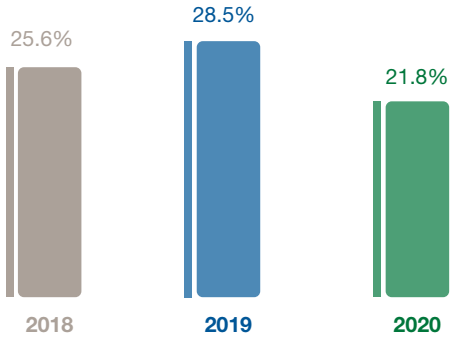
Equity

Millions of euros



Financial leverage. Net debt / Total assets

%



Stock Market Performance 2020

Evolution of the stock market and share price

In a year framed by the COVID-19 pandemic, with considerable uncertainty and doubts for investors, it was a year that particularly hit the Spanish economy, as it is more dependent than the average on our environment, on activities related to the mobility of people.

The arrival of vaccines in the final quarter, and the progress made prior to their arrival, supported a partial but incomplete recovery from the second half of the year with the main world stock market indices performing very differently.

At the beginning of the year, on 30 January, the World Health Organization (WHO) declared an international public health emergency. With the markets tumbling in March, with the pandemic spreading across Europe, the situation recovered to a certain extent throughout the year as progress was found on its possible solution and the impact on the different sectors of the European economy, together with a significant financial aid programme and enhanced liquidity arranged by the ECB (European Central Bank) along with other main central banks in the world.

In the US, Wall Street reached a record level driven by technology companies with the Nasdaq Index, leading the advances with more than 43%, followed by the generalist S&P500 with 16.26%. The good performance of technology and pharmaceutical companies, which benefited from the measures taken to mitigate the effects of the coronavirus, was key to this. This effect was also witnessed in Asia, where the Chinese and Japanese markets added 27.2% and 16.0% respectively.

In Europe, where the weight of technology and biotechnology is less, the indices lagged behind, with the exception of the Swedish OMX and the German Dax (+5.81% and 3.55% respectively), and the Eurostoxx, which fell by 5.14% in the year.

In Spain, the IBEX35 finished at the bottom of the major international indices, with a fall of 15.45%. The was marked by the biggest drop in 60 years on 12 March 2020 when it plummeted 14.4%, and also by the best month in its history, in November, after seeing a 25.2% revaluation, but to a great extent it suffered from the impact that measures taken to combat the pandemic globally had on its tourism and associated services activity.

For 2021, the International Monetary Fund (IMF) forecasts that global growth will reach 5.5% (in its January 2021 report), down from 5.2% in its October 2020 update, given that the slowdown and impact in 2020 was more tempered than initially expected and is consistent with the expectations of social distancing remaining even for some months of this year. Given this, and after the slowdown of 2020, the recovery in 2021 would mean the level of world GDP (Gross Domestic Product) closing almost 2% above that of 2019.

Furthermore, it is noteworthy that growth forecasts imply wide gaps in output and unemployment rates this year and next, in both advanced and emerging market economies. For the latter, the IMF has forecast a 3.3% fall in 2020 and a growth of 6.0%

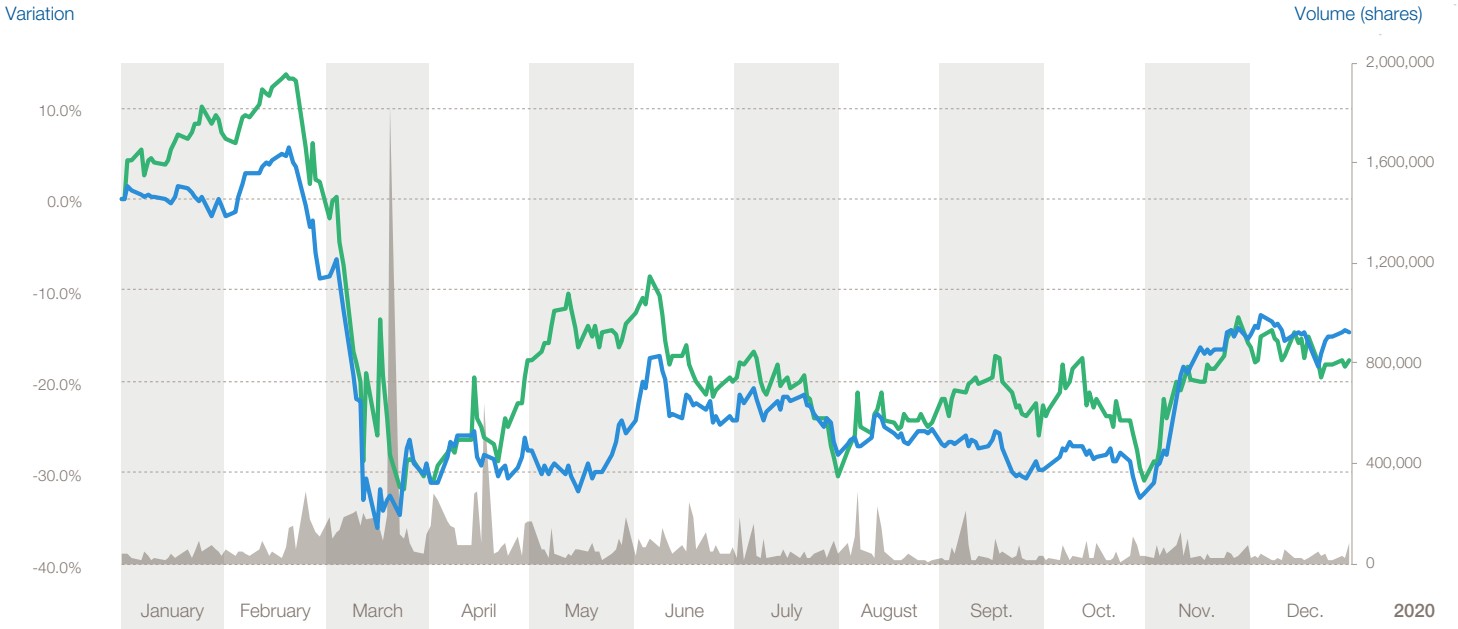
Share price

In this context, FCC's share performed similarly to that of the domestic market as a whole. The price fell by 16.3%, with a year-end closing price of €8.80/share.

The maximum price was €11.96/share on 18 February – before the outbreak of the pandemic – and the minimum was €7.17 on 24 March. FCC ended the year with a market capitalisation of 3,600 million euros.

Trading

Total trading volume this year was over 19.5 million shares, with a daily average of 76,136 shares; 61% more than in the previous year. However, the brokered volume is conditioned by the 13% free float and by the type of long-term investors, reflecting the profile of the majority shareholder and, therefore, having a low turnover ratio.



	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	2020
% Chg. FCC	6.7%	-4.5%	-30.8%	16.8%	4.7%	-7.4%	-13.1%	12.2%	-0.9%	-10.7%	21.9%	-0.6%	-16.3%
% Chg. Ibex35	-1.9%	-6.9%	-22.2%	2.0%	2.5%	1.9%	-4.9%	1.3%	-3.6%	-3.9%	25.2%	0.0%	-15.5%

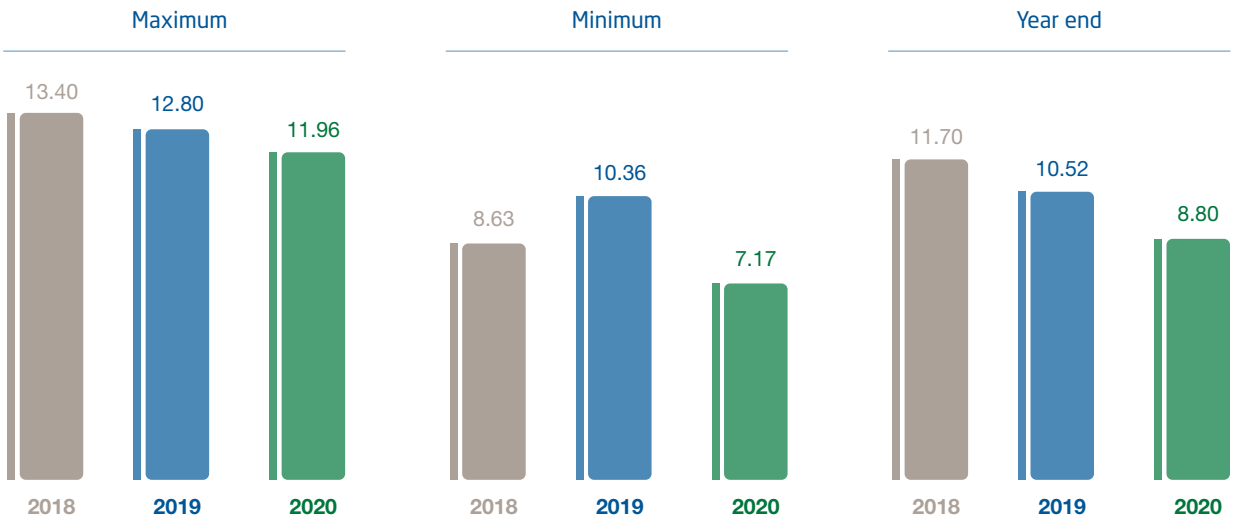
Shareholders

FCC, S.A.'s shares use the book entry system and are listed on the four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the information on file in Spanish National Securities Market Commission (CNMV) records, on the closing date of the year the main shareholders in the company were:

Main Shareholders	% of Share Capita
Control Empresarial de Capitales, S.A. de C.V.	69.61%
Finver Inversiones 2020, S.L.U.	7.00%
William H. Gates III	5.73%
Koplowitz Romero de Juseu, Esther	4.57%

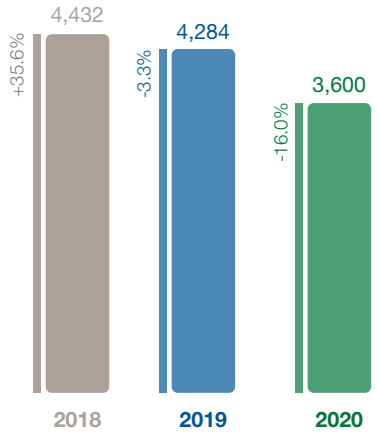
Price of shares: maximum, minimum and year end

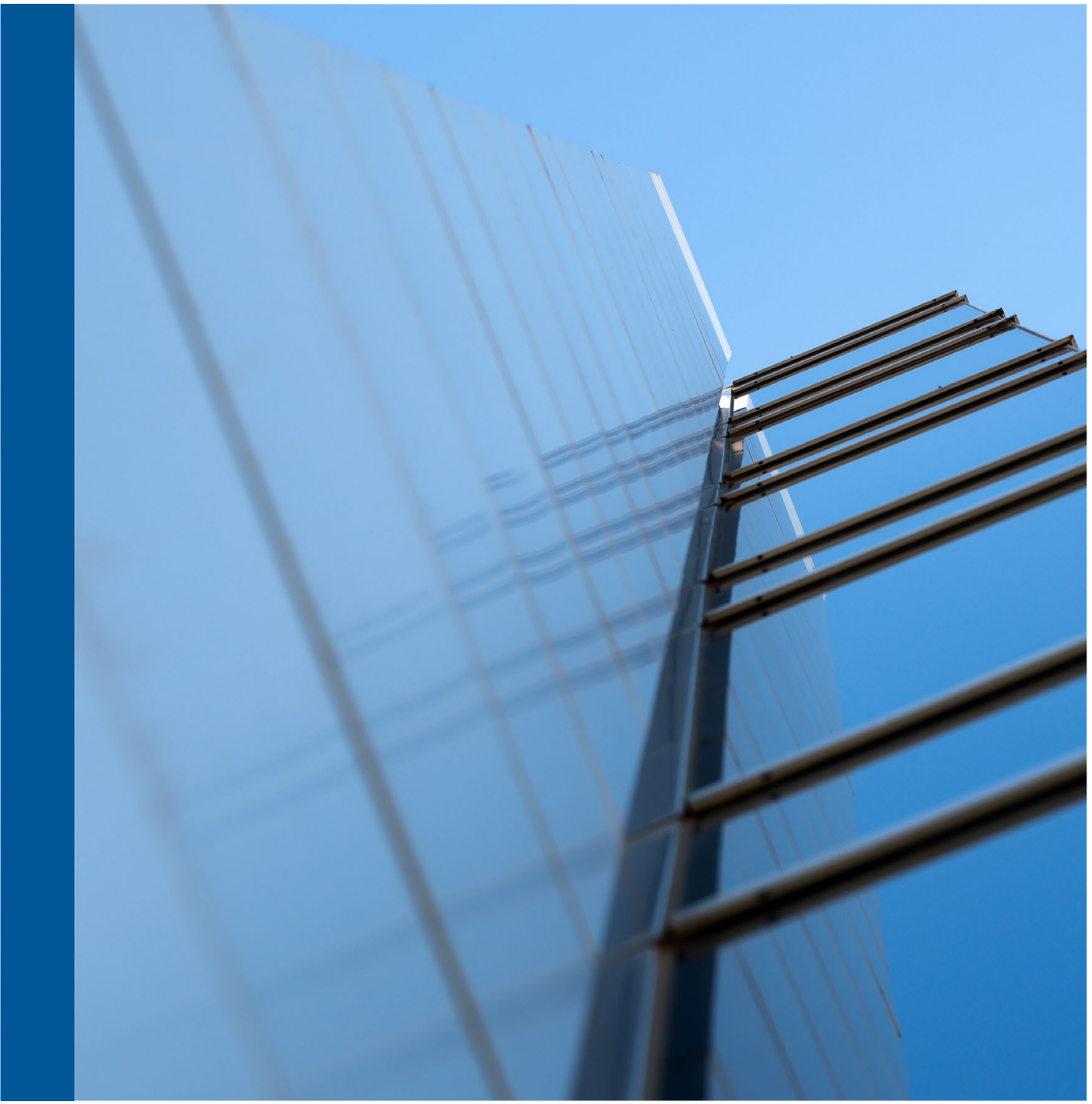
Euros/share



Market capitalisation

Millions of euros





5

Business lines

Environment _ 89
End-to-end water management _ 130
Infrastructure _ 161
Cement _ 186





Environment

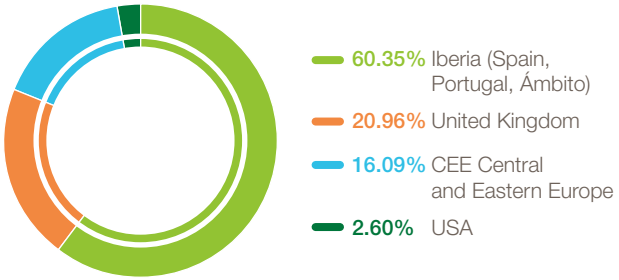
Geographical divisions and sector analysis. Strategy _ 90
Activity map _ 99
Highlights Environment _ 100
Other highlights _ 101
Excellence and sustainability _ 112
Innovation and technology _ 118

Geographical divisions and sector analysis. Strategy

For 110 years the Environmental Services area of the FCC Group has provided municipal services and end-to-end waste management, serving in excess of 66 million people in more than 5,000 municipalities.

Turnover 2020. Divisions

FCC Servicios Medio Ambiente



In 2020 the company operated in a total of 12 countries, providing a range of services which demonstrates its varied experience in the sector: collection, treatment, recycling, energy recovery and disposal of urban solid waste, public street cleaning, maintenance of sewage systems, ground maintenance, treatment and disposal of industrial waste, and the recovery of contaminated soil.

FCC Servicios Medio Ambiente Holding S.A.U., which is the backbone of the Environmental Services activities **is structured into four geographical divisions:**

- **Iberia**: FCC Medio Ambiente (Spain), FCC Environment Portugal and FCC Ámbito (Industrial Waste)
- **United Kingdom**: FCC Environment UK
- **Central and Eastern Europe**: FCC Environment CEE
- **USA**: FCC Environmental Services

During the financial year 2020, the area's turnover amounted to €2.89 billion, a slight decrease (-0.93%) on the previous year, the gross operating profit amounted to €450.9 million and the profit before tax €155.2 million, 15.61% and 5.37% on turnover respectively. This performance is most remarkable under the very unfavourable socioeconomic circumstances that have been brought about by the **worldwide pandemic of COVID-19**. This event has affected the development of all economic activities and has highlighted the importance of the services provided by this entity, services that have been graded as **essential** for citizens, since they must continue to be provided even in the most adverse circumstances and contribute fundamentally to the **resilience** of a society.

Even in adverse conditions, FCC Servicios Medio Ambiente managed 23.6 million tonnes of waste in 2020 and produced nearly 3.3 million tonnes of secondary raw materials (SPM) and refuse-derived fuel (RDF). The company has more than 750 operational waste management facilities, of which more than 200 are environmental complexes dedicated to the treatment and recycling of waste, including 11 waste-to-energy projects with a capacity of 3.2 million tonnes per year and 360 MW of non-fossil electricity.

A significant milestone was the entry of the investment group iCON as a minority shareholder in the group of energy recovery companies in the United Kingdom, which strengthens FCC Servicios Medio Ambiente's leading position in that country.

FCC Medio Ambiente Iberia (Spain, Portugal and Ámbito)

FCC Medio Ambiente provides environmental services in over 3,600 municipalities in Spain and Portugal (FCC Environment), serving a population of more than 31 million inhabitants through activities including street cleansing, the collection and transport, treatment and disposal of waste, ground maintenance, maintenance of sewage systems, beach cleaning, and energy efficiency services, among others. During the 2020 financial year, FCC Medio Ambiente Iberia managed 11.2 million tonnes of urban solid waste

Turnover 2020. Geographic location

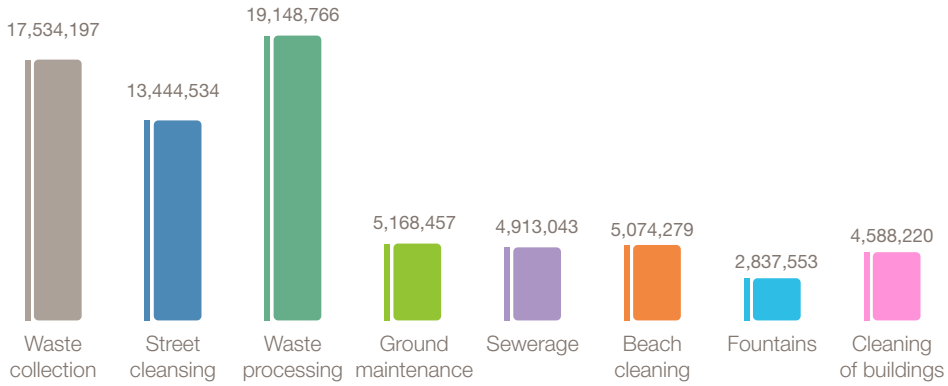
Medio Ambiente Spain and Portugal + Ámbito (Industrial Waste)



22.5%	Catalonia	2.7%	Galicia
19.0%	Madrid	2.0%	Navarre
11.2%	Valencian Community	1.9%	Asturias
9.5%	Andalusia	1.6%	Balearic Islands
7.2%	Basque Country	1.6%	Portugal
6.1%	Aragon	1.4%	Extremadura
4.4%	Canary Islands	0.8%	La Rioja
4.0%	Castilla y León	0.8%	Castilla-La Mancha
2.8%	Murcia	0.7%	Cantabria

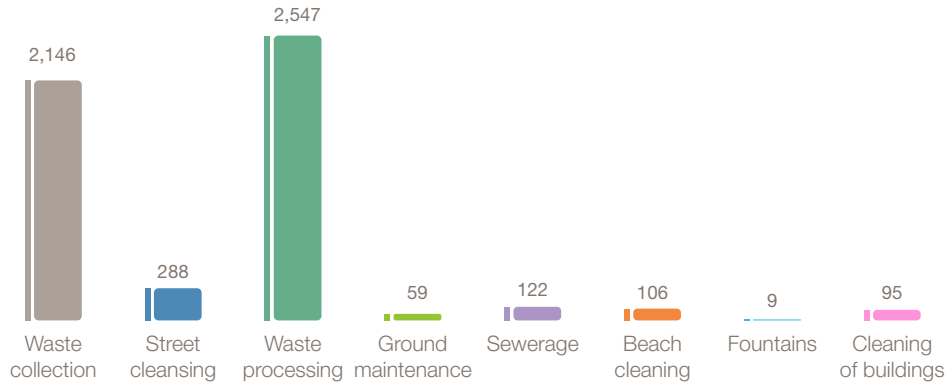
Inhabitants served 2020

FCC Medio Ambiente Iberia



Municipalities served 2020

FCC Medio Ambiente Iberia





The COVID-19 pandemic has been a worldwide health emergency that had a special impact in Spain and Portugal. This extraordinary situation has highlighted the importance of the essential services provided by FCC Medio Ambiente and the commitment of its staff, whose professionalism and dedication have made it possible to maintain excellence and a high level of service.

To alleviate the unfavourable socioeconomic situation, the **Economic and Social Recovery Funds or Next Generation** promoted by the European Union will provide an opportunity for development for many of FCC Medio Ambiente's client municipalities, to which the firm will bring value and know-how with the mission of addressing a future approach based on ground-breaking and innovative changes that will set the path for growth in the coming years.

FCC Medio Ambiente has developed the **2050 Sustainability Strategy**, aligned with its business strategy and which represents an ambitious 30-year project, reflecting the company's commitment to achieving the Sustainable Development Goals (SDG) and facing economic, social and environmental challenges on a global scale. The new strategy is a roadmap that integrates environmental, social, excellence and good governance commitments that are very demanding and of high added value for the company and the society as a whole. FCC promotes a comprehensive service management model to promote economically, socially and environmentally sustainable cities, in which **policies** of **equality** and social and employment **integration** of **disadvantaged groups** are fundamental pillars, as well as **innovation** projects in **Clean Energy** Technologies and **transformation** to the **Circular Economy** social model.

On this line, the prize-winning 1**00%-electric, industrial chassis-platform for Urban Service vehicles**, developed by FCC Medio Ambiente, has continued to achieve important awards in 2020, such as the European Business Awards for the Environment (EBAE) in the category of Best Product or Service, managed in Spain by The Biodiversity Foundation, from the Ministry for Ecological Transition and the Demographic Challenge.

> The **annual turnover** of FCC Medio Ambiente Iberia reached **€1.74 billion**, an increase of **1.08%**. The gross operating profit stood at **€265.9 million**, with a pre-tax profit of **€148.7 million**, a very noteworthy performance under the circumstanes of the health emergency

Within this framework, the annual turnover of FCC Medio Ambiente Iberia reached €1.74 billion, an increase of 1.08% compared to 2019. The gross operating profit stood at €265.9 million, with a pre-tax profit of €148.7 million, equivalent to 15.26% and 8.53% of the turnover respectively, a very noteworthy performance under the circumstances of the health emergency.



FCC Ámbito (Industrial Waste)

FCC Ámbito specialises in the integrated management of industrial and commercial waste, recovery of by-products and decontamination of soil. Through innovative solutions for making the most of the resources contained in the different types of waste, Ámbito has become a strategic partner of industries and businesses which, in line with the circular economy, develop their activities ensuring environmental, social and economic sustainability. Overall, it has a total of 39 processing centres across Spain and Portugal, with more than 67 treatment lines that guarantee the performance of the facilities. Internationally, FCC Ámbito has a significant presence in Portugal, where it operates through its subsidiary ECODEAL.

Within the Spanish market, throughout 2020, and despite the impact of the pandemic on production and consumption, an increase of industrial and commercial waste management has continued to be observed. This rise has been driven by increased activity in certain industrial sectors which have managed to compensate for the decline in others more related to consumption. As a result, FCC Ámbito's activity shows a slight increase of 6% in tonnes managed. This growth is taking place in a context characterised by the intense competition established by waste producers themselves and which is facilitated by the absence of subsequent responsibility of the producer when the waste is handed over to an authorised handler.

Legislative changes coming into force tend to lean towards greater control of waste traceability by regional governments. These changes will undoubtedly benefit waste management companies that have final treatment facilities, such as FCC Ámbito.

Ámbito's **annual turnover** raised by 5.65% on 2019, reaching **€129.6 million** and the gross operating profit also increased by **21.97%** to **€31.8 million**

In Portugal, there has also been an increase of activity with the main recurring customers and a recovery of prices, so that the year closed above forecasts with an increase of 3% in tonnes.

In this context, Ámbito's annual turnover raised by 5.65% on 2019, reaching €129.6 million. The gross operating profit also increased by 21.97% to €31.8 million, equivalent to 24.5% of turnover.

Along this year the industrial waste activity will continue to focus on the efficiency of operations and growing the activity. The incorporation of new technologies will allow FCC Ámbito to consolidate its position in the recycling and value recovery markets as a key circular economy player.

Turnover 2020 - Geographic location

Ámbito Industrial Waste. Spain and Portugal



- 19.4% Catalonia
- 14.2% Aragon
- 16.3% Portugal
- 13.3% Madrid
- 10.0% Basque Country
- 10.0% Andalusia
- 6.0% Cantabria
- 3.2% Asturias
- 2.2% Castilla y León
- 1.8% Valencian Community
- 1.3% La Rioja
- 0.9% Castilla-La Mancha
- 0.7% Navarre
- 0.6% Extremadura



FCC Environment UK

FCC Environment is one of the leading companies in the United Kingdom for comprehensive waste management and recycling. It is uniquely placed to provide services in an ever-changing waste sector. The business continues to focus on increased recycling volumes and green energy generation in line with government policy. The company has invested in a wide range of waste management facilities that aim to minimise the amount of waste disposed of to landfill sites by processing the material to ensure it reaches its full potential as a valuable resource.

During 2020, FCC Environment served over 22 million inhabitants across the whole country, managed in excess of 6 million tonnes of waste and produced nearly one million tonnes of recyclable material and Refuse-Derived Fuel (RDF). Thanks to its 6 Waste-to-Energy facilities (EfW), FCC has processed 1.5 million tonnes of waste that cannot be recycled and generated 1.17 million MWh of green energy.

FCC Environment UK's **annual turnover** reached **€605.3 million** which represents **16.98% of revenue**

With Brexit transition issues already at the forefront of the company's planning, the business was hit by a global pandemic and has been working hand in hand with the UK Government, as well as municipal and business clients to ensure that the waste and recycling services offered to citizens and industry were maintained. FCC Environment in the UK is proud to have met this challenge in every way.

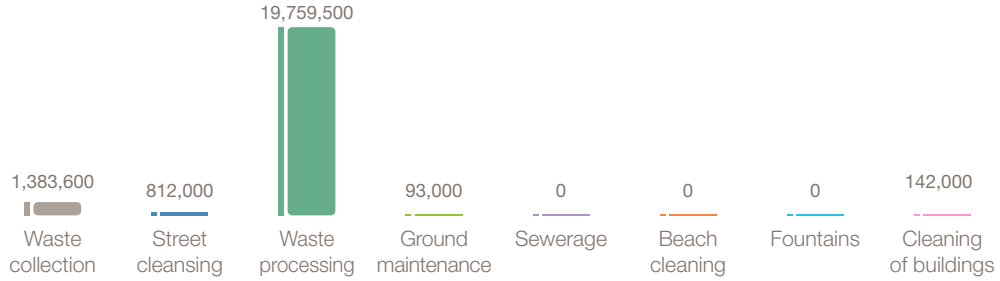
Working hard in the early stages to ensure de UK Government recognized the waste sector as an essential service by designating staff as key workers was vital to business continuity throughout the year including the Household Waste Recycling Centres Service. The first lock down in England and, throughout the year, the closure of leisure and hospitality have had an impact on business waste and recycling volumes, but there has been a commensurate rise in household waste and recycling tonnages.

The UK Government has continued to do its groundwork in 2020 to revolutionise the waste management sector within the aim of achieving higher recycling rates and meeting its stated goal of 'leaving the environment in a better place than we found it´. FCC Environment supports this aim and through the year has continued to work closely with the UK Government to shape policy and, whilst the eventual signing of a Brexit trade deal has not adversely affected the business, the push for greater on-shoring of both recycling and waste processing will drive the UK business planned investment programme to build out energy from waste capacity and, as policy becomes clearer around recycling technologies and methodologies, the company will also address these opportunities

In this context, annual turnover reached €605.3 million, with a gross operating profit of €102.8 million, which represents 16.98% of revenue.

Inhabitants served 2020

FCC Environment UK



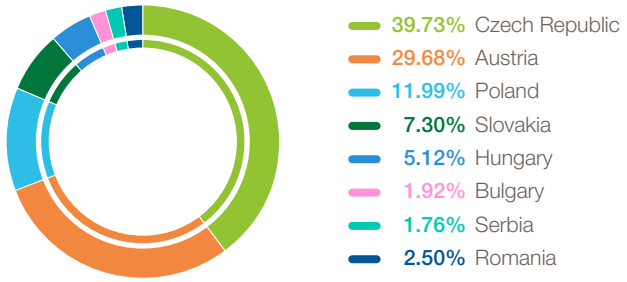
FCC Environment CEE

FCC Environment is one the leading global groups in Central and Eastern Europe (CEE) in the comprehensive management of urban solid waste and recovery of renewable energy. It applies innovative systems and the cleanest, most advanced technologies in the provision of quality services that are sustainable on the medium and long term and adapted to customers' needs.

In 2020, the division has been present in 8 countries: Austria, Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgary and Serbia, though Bulgarian activities were sold along the year. Across these countries, nearly 5 million inhabitants in over 1,400 municipalities were served, and in 2020, in excess of 5.5 million tonnes of waste and 680,000 tonnes of recovered material and Refuse-Derived Fuel (RDF) were managed.

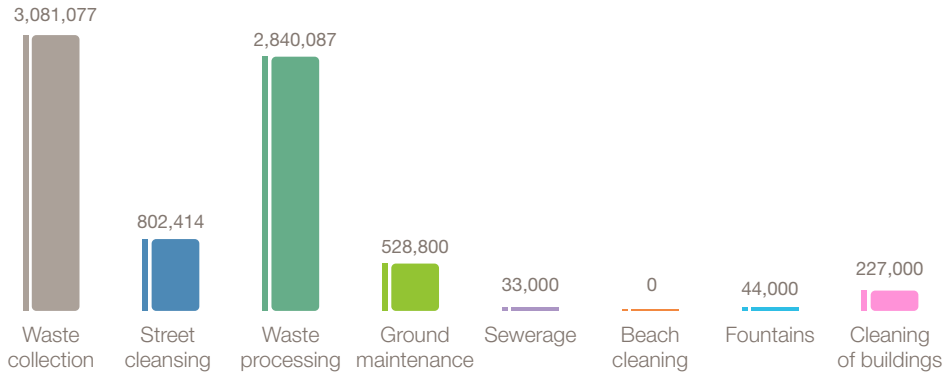
Turnover 2020 - Geographic location

FCC Environment Central and Eastern Europe



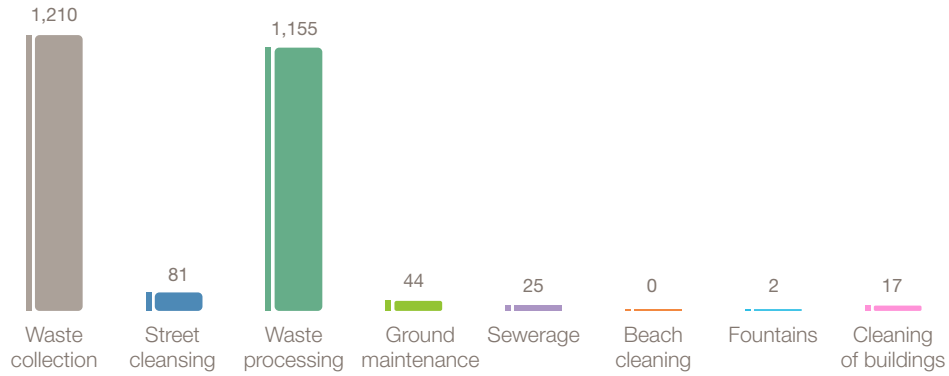
Inhabitants served 2020

FCC Environment CEE



Municipalities served 2020

FCC Environment CEE







During 2020, FCC Environment continued with the activities to prepare the CEE countries for the upcoming legal changes in the national waste management legislations due to the circular economy targets from the European Union. In countries where a landfill ban is expected soon or already in place (Czech Republic, Slovakia and Poland), FCC Environment intensified its efforts to develop waste to energy plants. In countries without landfill ban, the firm strengthened its market position by developing additional landfill capacity. The company will further develop the existing business models at every country in order to implement and/or spread selective collection, waste treatment (such as sorting and composting) and recycling.

Under these circumstances, the annual turnover was €464.7 million, and the EBITDA reached €73.7 million, an increase of 14.3% on the previous year. The earnings before tax thrived to €19 million, a remarkable performance improvement of 80% compared to 2019.

FCC Environment CEE's **annual turnover** was **€464.7 million** and the earnings before tax thrived to **€19 million**, a remarkable performance improvement of 80% compared to 2019



FCC Environmental Services USA

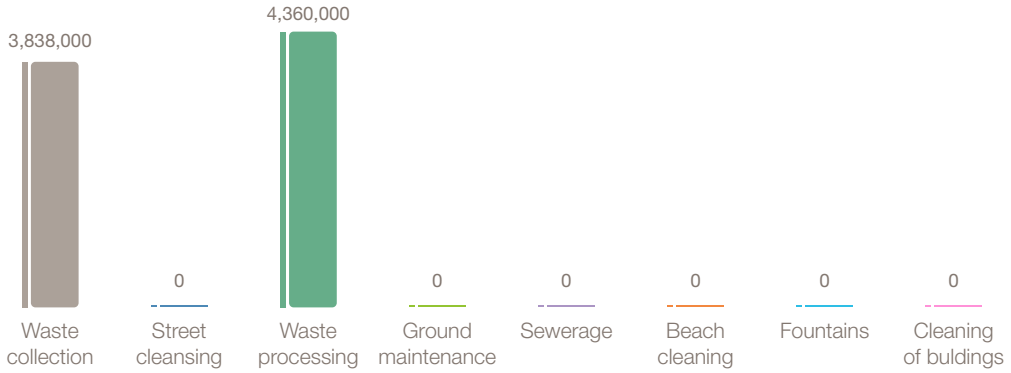
FCC Environmental Services is one of the top 20 companies in the United States for comprehensive management and recycling of solid urban waste. The company operates in the states of Texas, Florida and, since the start of this year's waste collection contract in Omaha, also in Nebraska. Across these states over 8 million inhabitants are served in 15 locations and, in 2020, 635,000 tonnes of waste and 252,000 tonnes of recyclable material were managed.

Just a few years after the start of the activity in the US, the market continues to offer important opportunities in the field of the solid waste management, in residential and commercial collection and in the treatment and recycling business.

Once again, 2020 has been exceptional with the award of several long-term contracts (up to 20 years) in some of the main municipalities in Florida (Edgewood, Volusia Facilities) and Nebraska (Omaha recycling centers).

Inhabitants served 2020

FCC Environmental Services USA



FCC Environmental Services USA's **annual turnover** reached **€75.1 million** and **gross operating profit** grew by **157.42%**

FCC Environmental Services successfully completed the start-up of three main contracts (Palm Beach, Volusia and Omaha) awarded to FCC in 2019.

The company has also consolidated its commercial business in 2020 and today FCC is present in 7 locations including West Palm Beach, Orlando, Lakeland, Daytona Beach, Houston, Dallas and Omaha.

Houston Recycling Facility, with a treatment capacity of 145,000 tonnes per year, has been honoured as the 2020 Best Recycling Facility in the USA by the National Waste Recycling Association (NWRA).

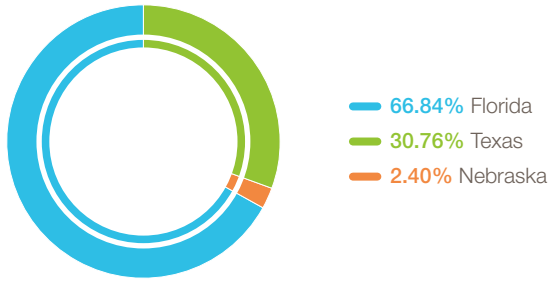
For 2021, FCC Environmental Services strategy is to continue with the consolidation of the collection and post-collection activities and the development of the commercial business. The company is also analyzing some opportunities of vertical integration, with the incorporation to the business of some post collection activity that will fit in FCC's long-term strategy.

The growth strategy for the commercial waste business line is threefold. Firstly, to contract front-loading and roll-off services to small, medium and large companies. Secondly, to expand the current customer portfolio and market all the additional services offered by FCC. Third, to sell profitable services by taking advantage of annual and off-cycle price increases. The commercial customer line has great growth potential.

In these circumstances, annual turnover reached €75.1 million in 2020, an increase of 79.22% over 2019, and will exceed €100 million once the awarded contracts are operating at full capacity. In the year of the COVID-19 pandemic, gross operating profit grew by 157.42%.

Turnover 2020. Geographic location

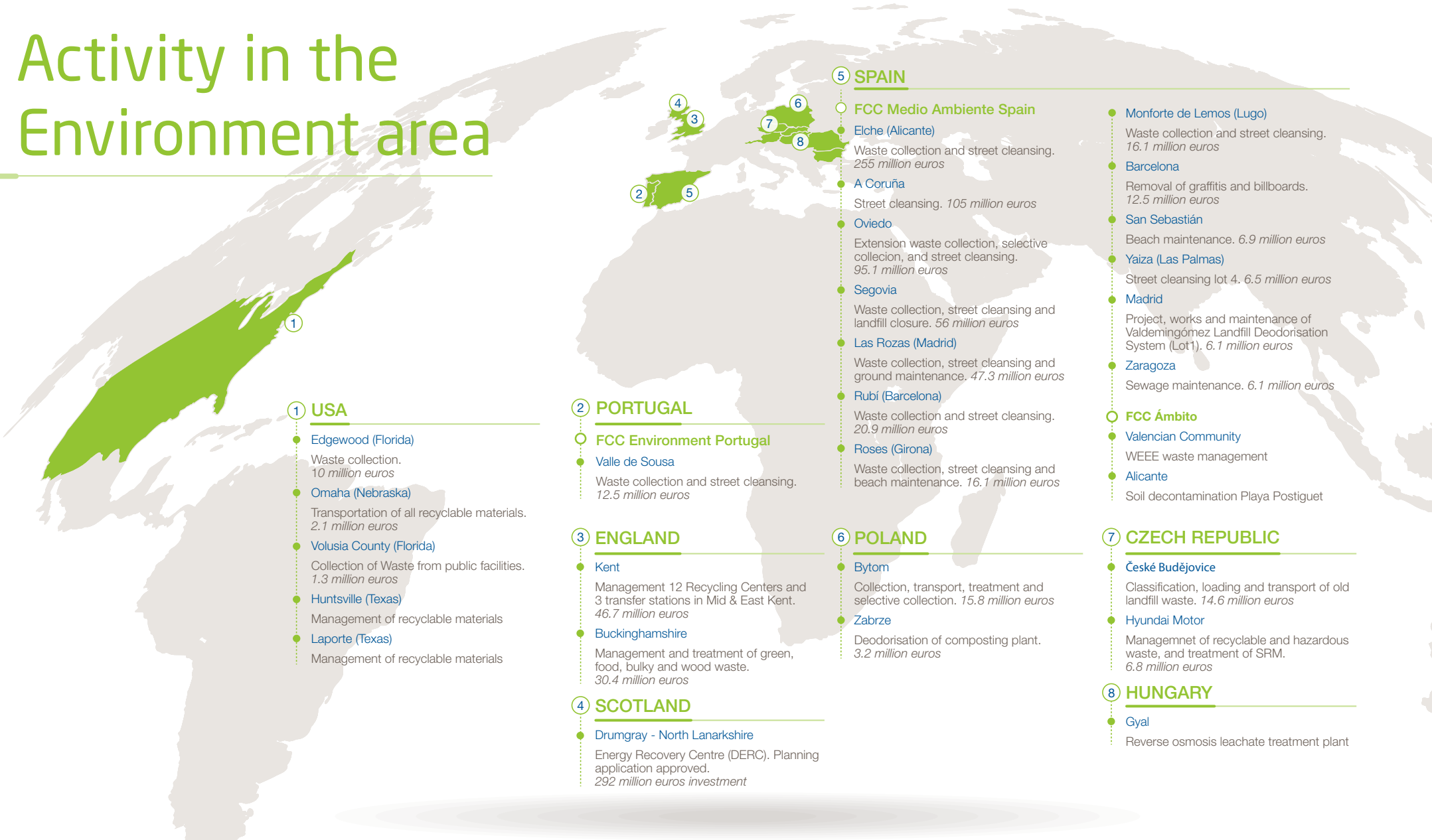
FCC Environmental Services USA





- Contract for the transportation of recyclables from Omaha (Nebraska) drop-off points for 5 years
- Contract to collect waste from public facilities in Volusia County for up to 7 years
- Contract of Municipal Waste Collection at the City of Edgewood (Florida) for up to 20 years
- Waste Collection Service starts at Volusia County (Florida)
- Houston (Texas) Material Recycling Facility named Best Recycling Facility 2020 in the US by NWRA
- City of Huntsville (Texas) Recyclable Materials Processing Contract Renewal
- Waste Collection Service starts at the City of Omaha (Nebraska)
- City of Laporte (Texas) Recyclable Materials Processing Contract Renewal

Activity in the Environment area



1 USA

- **Edgewood (Florida)**
  Waste collection.
  10 million euros
- **Omaha (Nebraska)**
  Transportation of all recyclable materials.
  2.1 million euros
- **Volusia County (Florida)**
  Collection of Waste from public facilities.
  1.3 million euros
- **Huntsville (Texas)**
  Management of recyclable materials
- **Laporte (Texas)**
  Management of recyclable materials

2 PORTUGAL

FCC Environment Portugal

- **Valle de Sousa**
  Waste collection and street cleansing.
  12.5 million euros

3 ENGLAND

- **Kent**
  Management 12 Recycling Centers and 3 transfer stations in Mid & East Kent.
  46.7 million euros
- **Buckinghamshire**
  Management and treatment of green, food, bulky and wood waste.
  30.4 million euros

4 SCOTLAND

- **Drumgray - North Lanarkshire**
  Energy Recovery Centre (DERC). Planning application approved.
  292 million euros investment

5 SPAIN

FCC Medio Ambiente Spain

- **Elche (Alicante)**
  Waste collection and street cleansing.
  255 million euros
- **A Coruña**
  Street cleansing. *105 million euros*
- **Oviedo**
  Extension waste collection, selective collecion, and street cleansing.
  95.1 million euros
- **Segovia**
  Waste collection, street cleansing and landfill closure. *56 million euros*
- **Las Rozas (Madrid)**
  Waste collection, street cleansing and ground maintenance. *47.3 million euros*
- **Rubí (Barcelona)**
  Waste collection and street cleansing.
  20.9 million euros
- **Roses (Girona)**
  Waste collection, street cleansing and beach maintenance. *16.1 million euros*
- **Monforte de Lemos (Lugo)**
  Waste collection and street cleansing.
  16.1 million euros
- **Barcelona**
  Removal of graffitis and billboards.
  12.5 million euros
- **San Sebastián**
  Beach maintenance. *6.9 million euros*
- **Yaiza (Las Palmas)**
  Street cleansing lot 4. *6.5 million euros*
- **Madrid**
  Project, works and maintenance of Valdemingómez Landfill Deodorisation System (Lot1). *6.1 million euros*
- **Zaragoza**
  Sewage maintenance. *6.1 million euros*

FCC Ámbito

- **Valencian Community**
  WEEE waste management
- **Alicante**
  Soil decontamination Playa Postiguet

6 POLAND

- **Bytom**
  Collection, transport, treatment and selective collection. *15.8 million euros*
- **Zabrze**
  Deodorisation of composting plant.
  3.2 million euros

7 CZECH REPUBLIC

- **České Budějovice**
  Classification, loading and transport of old landfill waste. *14.6 million euros*
- **Hyundai Motor**
  Managemnet of recyclable and hazardous waste, and treatment of SRM.
  6.8 million euros

8 HUNGARY

- **Gyal**
  Reverse osmosis leachate treatment plant

Highlights_Environment Services _2020

January

FCC Medio Ambiente and the City Council of El Puerto de Santa María, have presented the Chamaeleo Biodiversity Conservation Project, financed by FCC (Cádiz, Spain)

FCC Medio Ambiente delivers its 2019 Avanza Awards (Madrid, Spain)

February

FCC Medio Ambiente renews the contract with Servicios de Txingudi for the cities of Hondarribia and Irún (Guipúzcoa, Spain)

March

FCC Medio Ambiente continues to work to ensure essential services during the COVID-19 pandemic (Spain)

FCC Medio Ambiente's staff at the University of Zaragoza collaborates in the fight against COVID-19 by making face masks (Zaragoza, Spain)

April

Madrid's selective collection workers and FCC Medio Ambiente make a donation to Médecins Sans Frontières (MSF) in the fight against the coronavirus (Madrid, Spain)

FCC Environmental Services begins operations for Volusia County (Florida, USA)

May

FCC Environment wins the prestigious 2020 International Safety Award from the British Safety Council (United Kingdom)

FCC Environment installs two new electric charging stations in Himberg (Austria)

June

FCC Medio Ambiente winner of the OHS 'Bonus Prevention' awarded by Mutua Universal (Spain)

FCC Medio Ambiente renews the contracts for the waste collection and street cleansing service, and the vehicle-towing service in Oviedo (Spain)

July

FCC Medio Ambiente grows in the municipal services market in northwestern Spain with the award of the A Coruña street cleansing contract (Spain)

FCC Environment awarded the waste collection and street cleansing contract in Vale de Sousa (Portugal)

August

The entry of investment group iCON in the FCC Group's Environmental Services area enhances its leadership position in the United Kingdom

New reverse osmosis leachate treatment plant at Gyal landfill site (Hungary)

September

FCC Medio Ambiente pioneer in obtaining the SIGOS certification as a healthy organisation from AENOR in all its branches (Spain)

FCC Medio Ambiente renews the waste collection and street cleansing contract in Segovia (Spain)

FCC Environmental Services's Material Recycling Facility at Houston (Texas) honoree by the NWRA as the Best Recycling Facility 2020 of the United States (Texas, USA).

October

FCC Medio Ambiente winner of the Spanish edition of the 2019/2020 EBAE Awards in the Product/Service category for its 100%-electric, industrial chassis-platform for heavy-duty urban service vehicles (Spain)

FCC Environment is awarded the waste collection and treatment, and selective collection contract in Bytom (Poland)

November

FCC Medio Ambiente recognised for second time with the 'Calculo-Reduzco' seal from the Spanish Office for Climate Change for its commitment to reduce the carbon footprint of its activity in 2019 (Spain)

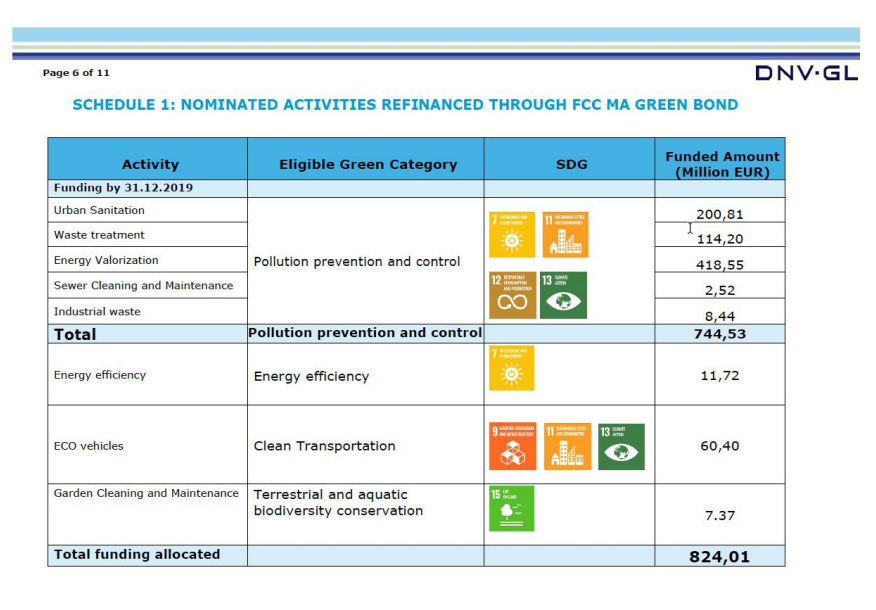
FCC Environment renewed the national contract of complex waste management and recycling for 3 years with Hyundai Motors Manufacturing facilities (Czech Republic)

December

FCC Medio Ambiente is awarded the certificate of protocols against COVID-19 from AENOR for its corporate headquarters in Las Tablas (Madrid) and for the Exhibition Centre of Granada (Spain)

FCC Environmental Services started operations in Omaha contract (Nebraska, USA)

Other highlights



Page 6 of 11

DNV·GL

SCHEDULE 1: NOMINATED ACTIVITIES REFINANCED THROUGH FCC MA GREEN BOND

Activity	Eligible Green Category	SDG	Funded Amount (Million EUR)
Funding by 31.12.2019			
Urban Sanitation	Pollution prevention and control		200,81
Waste treatment			114,20
Energy Valorization			418,55
Sewer Cleaning and Maintenance			2,52
Industrial waste			8,44
Total	**Pollution prevention and control**		**744,53**
Energy efficiency	Energy efficiency		11,72
ECO vehicles	Clean Transportation		60,40
Garden Cleaning and Maintenance	Terrestrial and aquatic biodiversity conservation		7.37
Total funding allocated			**824,01**

Distribution of investments in the audit report.

First external verification audit of the annual report of the Green Bond of FCC Servicios Medio Ambiente Holding, S.A.U.

During 2019, FCC Servicios Medio Ambiente Holding, S.A.U. issued Green Bonds worth €1.1 billion.

During 2020, the company DNV GL Business Assurance España, S.L. (DNV GL) carried out the first external verification audit of the annual report of the Green Bond of FCC Servicios Medio Ambiente Holding, S.A.U., on the use of the resources from the Bond until 31 December 2019. This way, it has verified the financing and refinancing of projects and assets for a total value of €824.01, included in several categories, all of which are eligible (Pollution Prevention and Control, Energy Efficiency, Clean Transportation and Terrestrial and Aquatic Biodiversity Conservation).

Therefore, at the end of 2019 €824.01 million of the €1.1 billion initially issued have been accounted for.

IBERIA

FCC Medio Ambiente Spain



Letter of gratitude from the CEO to FCC Medio Ambiente´s employees

Jordi Payet, Chief Executive Officer (CEO), showed his gratitude and acknowledged the responsibility and the effort that employees have been demonstrating in their daily work, which is paramount to continue delivering essential services to communities under these difficult circumstances due to the Coronavirus pandemic. He also highlighted that the activities that the company carries out have always had a high social engagement and, as part of its commitment, FCC joined in 2020 the food fundraising campaign for the Spanish federation of food banks, FESBAL, with the immediate goal that all families have food available at these critical times.



FCC Medio Ambiente certifies its protocols against COVID-19 with AENOR

FCC Medio Ambiente has received the certificate of protocols against COVID-19 from AENOR for its corporate headquarters in Las Tablas (Madrid) and the Exhibition Centre at Granada. The rigorous evaluation carried out by AENOR assesses aspects such as risk analysis; health management in the workplace; training, information and communications developed; organisational measures (capacity and distance control) and protection measures (use of personal protection material), the business continuity plan, as well as good cleansing and hygiene practices. This certificate demonstrates that the efforts made and measures adopted by the company to prevent and alleviate the effects of the pandemic comply with current legislation and are aligned with AENOR's demanding criteria on this area.



FCC Medio Ambiente winner of the EBAE Awards 2019/2020

FCC Medio Ambiente has won the prize at the 2019/2020 European Business Awards for the Environment (EBAE Awards) in the products & services category, for the ie-Urban, a modular, versatile 100%-electric Plug-in Chassis-Platform developed jointly with the Irizar Group. The award ceremony was chaired by His Majesty King Felipe VI, who emphasized in his message that this award shows the commitment of Spanish companies, a fundamental element for development and innovation, in facing the challenge of the ecological transition; as well as the importance of companies being able to meet the needs of current generations without compromising the future of upcoming generations. The ie-Urban also won the World Smart City Awards at the Smart City Expo World Congress 2019. Recently, it also became the Ecological Industrial Vehicle of the Year 2021 at the National Transport Awards.

IBERIA

FCC Medio Ambiente Spain



Successful implementation of e-mobility technologies in facility management services for the Catalan Health Institute (Barcelona)

The Catalan Institute of Health (Institut Català de la Salut) awarded FCC Medio Ambiente the 2-year facility management contract with a 2-year possible extension. The company's relationship with this entity dates back to 2007, since then FCC has provided uninterrupted service. At this contract the company is committed to implementing clean technologies, that's why 22 PHEV units with a Zero Emission Label from the (DGT) (equivalent to MOT) have been set up. In addition to the intelligent electric recharging installations that the company already has in its central base, additional charging points have been installed throughout the working area so that maintenance technicians can optimise their journeys and thus maximise effective working times.



FCC Medio Ambiente achieves the 'Calculo-Reduzco' seal from the Spanish Office for Climate Change

FCC Medio Ambiente has achieved for the year 2019 and for the second time the Reduzco ("I reduce") seal by the Spanish Office for Climate Change (Oficina Española de Cambio Climático, OECC), as part of the process of registering carbon footprint and CO_2 compensation, and absorption projects set up by the Spanish Ministry for Ecological Transition and Demographic Challenge (MITERD). The OECC delivered the Reduzco seal certificate to FCC Medio Ambiente at a ceremony held at the company's corporate headquarters in Las Tablas (Madrid) on 4th December. This accreditation joins the previous Calculo ('I calculate') seal, which since 2013 has endorsed FCC Medio Ambiente's registration in the aforementioned process and which has been maintained ever since.



Renewal of the waste collection and street cleansing contract in Segovia

Segovia City Council and FCC Medio Ambiente have signed the renewal contract of municipal solid waste collection and street cleansing services for a 10-year period, which represents an order book value of €56 million. FCC Medio Ambiente's relationship with the city of Segovia goes back to 1996. To serve the 51,964 inhabitants the service has a fleet of 17 brand new vehicles including 15 Compressed Natural Gas (CNG) lorries. As for the street cleaning service, which covers more than 300 kilometres of streets, the company will have 40 vehicles and specialised machinery. FCC Medio Ambiente will have a staff of 124 employees to carry out the different services.

IBERIA

FCC Medio Ambiente Spain



FCC Medio Ambiente pioneer in obtaining AENOR's certification as a Healthy Organisation in all its locations in Spain

FCC Medio Ambiente is the first company in its sector in migrating to AENOR's new SIGOS (Healthy Organisation Management System) model. The wide scope of the certification covers nearly all FCC Environment's activities in Spain. This distinction highlights all those initiatives that the entity is carrying out in relation to occupational safety, health promotion, sustainability and social responsibility with the community where it operates, showing its commitment to continuous improvement. The SIGOS model is a very simple tool for its application and integration, and of great effectiveness in the management of safe, healthy, sustainable and committed companies, regardless of their size, industry and geographical location.



FCC Medio Ambiente grows in the municipal services market in northwest Spain with the award of the A Coruña street cleaning contract

A Coruña City Council has awarded a joint venture led by FCC Medio Ambiente the new contract of street cleaning for 8 years with an order book value of almost €105 million. In order to serve the more than 245,700 inhabitants and cover 617 kilometres of city streets, the new service will have a fleet of 19 vehicles and specialised machinery, both electric and Compressed Natural Gas (GNC), with "Zero Emission" or "Eco" rating and a total workforce of 209 employees. As new features the service was reinforced in the city´s busiest areas, noise emission has been reduced due to the use of electric machinery and the city's litter bins were renewed.



Renewal of the waste collection and street cleansing service, and the vehicle-towing service in Oviedo

Oviedo City Council and FCC Medio Ambiente signed the renewal of the contract for waste collection and street cleaning for a 5-year period. At the same time, it was carried out the legal extension of the vehicle-towing service contract for the same period. The achievement of both contracts represents an order book value over €102 million. FCC Medio Ambiente's relationship with the city of Oviedo goes back to 1967, and since that year the firm has been providing service continuously. To serve the 220,000 inhabitants, the collection service has a fleet of 43 vehicles, including 31 Compressed Natural Gas (CNG) lorries. As for the street cleaning service, which covers 384 kilometres of streets, the company has a fleet of 104 vehicles and specialised machinery. To carry out the different services, the company will have a staff of 367 employees and, as part of its social commitment to inclusion and gender equality, will incorporate a minimum of three women per year into the job pool.

IBERIA

FCC Environment Portugal



Awarded the waste collection and street cleansing services in the Sousa Valley

The City Councils of Felgueiras and Lousada have awarded FCC Environment the contract for the collection and transport of urban waste and street cleansing for a period of 8 years. The total portfolio of the contract represents an order book value over €12.5 million and an investment of almost €2 million. FCC Environment will serve more than 18,000 inhabitants and will operate for the first time in the Intermunicipal Community of Tamega and Sousa, in the north of Portugal.

FCC Ámbito



Renewal of the electrical waste management contract in Valencian Community

FCC Ámbito renewed its contract with Ambilamp for the management of electrical waste at the region of Valencia for 3 years. The service is provided from the company's facility in Vall d'Uixó (Castellón) and also includes the collection of lamps and fluorescent tubes. This service has been delivered continuously since 2016. It is noteworthy Ámbito's presence in the Waste from Electrical and Electronic Equipment (WEEE) management industry where, through a network of 4 plants, the WEEE is recovered to recycle the resources it contains.



Soil decontamination works in Postiguet Beach (Alicante)

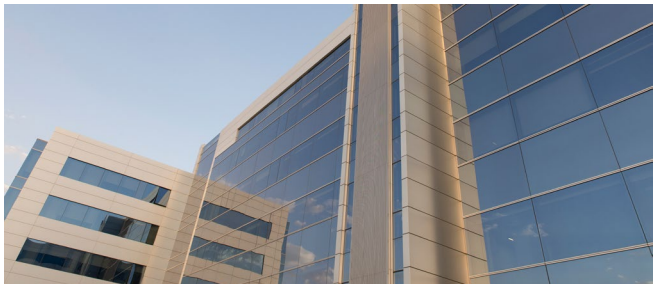
FCC Ámbito has carried out the soil decontamination work at the Postiguet Beach in Alicante in an area affected by hydrocarbon contamination from an old pipeline that ran along the seafront, as a result of a storm. The company proceeded to install a barrier to intercept and pump out the contaminating flow, to selectively excavate the affected sand with strong measures to mitigate the effect on the environment and to put in place the clean sand again. These works were carried out at the beginning of the summer season and allowed the beach to maintain its blue flag status and the full recovery of its use in the high season.

Recovery work continues on the Arganda del Rey lagoon (Madrid)

FCC Ámbito has continued working on a pioneering project in Spain to recover a very characteristic and recurrent contamination at European level, such as the "acid tar lagoons" originating as a result of the regeneration processes of used automotive oils existing in the mid-20th century.

UNITED KINGDOM

FCC Environment UK



The entry of investment group iCON in the FCC Group's Environmental Services area enhances its leadership position in the United Kingdom

FCC and the investment group, iCON Infrastructure Partners (iCON), have reached an agreement for the latter to acquire 49% of the capital of FCC's new subsidiary, Green Recovery Projects Limited (GRP). The deal for the stake in the owner of five Energy from Waste plants under FCC's Environmental services division in the United Kingdom is worth £198 million, giving the company a total value, including its debt, of £650 million. The conclusion of the agreement is subject to the corresponding regulatory approvals. FCC Servicios Medio Ambiente Holding will retain control over the new subsidiary and its full consolidation, in addition to 50% stake in the Mercia incinerator and 40% in the Lostock incinerator. The inclusion of iCON in GRP will help FCC to enhance its leadership position in the waste recovery sector in the United Kingdom and the development of new treatment plants, which are essential in succeeding in the ecological transition and boosting the circular economy.



FCC Environment reinforces its presence in the south of United Kingdom with a new contract in Kent

FCC Environment signed a new contract for the management and operation of 12 Household Waste Recycling Centres (HWRC) in the Mid and East Kent area for a 5 year period with a possible 5 year extension. The total order book value is £40 million. The contract started on the 1st November 2020. The company will bring a range of benefits to the contract including a dedicated haulage fleet and an experienced management team, with extensive knowledge and understanding of operating both haulage and HWRC management. To date, FCC Environment has been present in Kent with the contract for the management of the Pepperhill transfer station and the construction of its HWRC, which began in 2008. The company also owns and operates the Allington Energy from Waste facility (EFW), which services the entire county.



Midlothian City Council appoints Swedish energy firm Vattenfall as preferred bidder for long-term joint venture partnership

Midlothian City Council, has appointed Swedish state-owned energy company Vattenfall as a leading candidate to become its 50/50 partner to set up an innovative new Energy Services Company (ESCo). The new entity will focus on delivering a wide range of energy projects, the first of which will be an innovative fourth-generation, low-carbon district heating network to the new Shawfair town in the north of the city area, on the outskirts of Edinburgh. The network will benefit from heat supplied by FCC Environment, which operates Edinburgh and Midlothian Councils' state-of-the-art Energy from Waste facility (EfW) near Millerhill. The EfW is fuelled by waste collected by Midlothian, East Lothian and Edinburgh councils that would otherwise go to landfill.

UNITED KINGDOM

FCC Environment UK



New equipment to speed Buckinghamshire´s recycling (England)

FCC Enviornment has introduced 9 loading machines for Buckinghamshire County Council's Household Recycling Centres and 5 new roll-on/off vehicles that will ensure that waste and recycled materials from the centres reach the right destination. The 5 new vehicles will speed the process of getting full skips to compost and recycling destinations or to Greatmoor Energy from Waste facility (EfW) and bring empty skips back. The cost of these new vehicles is £1.8 million, providing an annual saving of £1.2 million across the waste management service. The new vehicles have the latest Euro VI engines with Adblue exhaust systems to make them more efficient and reduce emissions. They are fitted with real-time monitoring systems that allow the County Council to track and improve fuel efficiency.



Planning Application approved for FCC Environment´s new Energy from Waste facility in Drumgray (Scotland)

North Lanarkshire Council´s Planning Committee unanimously approve the planning application for the development of the Drumgray Energy Recovery Centre (DERC) near Greengairs. Following the approval, the company will seek to bring the development of the DERC forward as soon as possible, with an anticipated full-operational date of summer 2024.

The DERC, which represents a major investment of over £250 million, will significantly improve the way FCC Environment deals and treats residual waste, in line with the Scottish Government strategy and North Lanarkshire Council's aspirations. Furthermore, the facility has the capability of exporting up to 25.5MW of electricity, as well as the potential of exporting heat to buildings in the local area such as commercial developments, existing and proposed housing developments, schools and hospitals.



FCC Environment UK awarded several accolades during the year including the prestigious British Safety Council Sword of Honour 2020

FCC Environment won the prestigious Sword of Honour 2020 from the British Safety Council. The company was one of the only 66 organisations worldwide to achieve this distinction, which is awarded to companies which have demonstrated excellence in the management of health and safety risks. In order to compete for the Sword of Honour, an organisation first have to achieve the maximum five stars in the British Safety Council´s management Audit Scheme in the period August 2019 to November 2020. It has also demonstrated to an independent panel of experts that it has achieved excellence in their Health and Safety management across the business, from the shop floor to the boardroom.

CENTRAL AND EASTERN EUROPE

FCC Environment CEE



Finalisation of the deodorisation System of the composting plant in Zabrze (Poland)

The air deodorisation of the composting plant at the Zabrze environmental complex has been successfully completed. The aim of the investment, which started in September 2018, is that the entire composting process of biodegradable waste generated from municipal waste (which currently takes place partly outdoors), will be carried out in a hermetic hall. The post-process air will be directed to the biofilter, where it will be cleaned and stripped of all harmful substances and prevented from reaching the atmosphere. The value of the investment exceeds €3 million (PLN 15 million).



Renewal of the operating period for the extension and expansion of the Arad landfill in Romania for 10 years

FCC Environment has signed the renewal of the operating contract for the extension and expansion of the Arad landfill for a further 10-year term. The contract, which was signed in 2002 for 20 years, will now run until 2032. The company transformed the local open-air landfill into an official regional landfill, and later on started the operation of waste transfer stations and one of the composting plants, all serving the County of Arad. During these years FCC Environment has become one of the most important partners of the local community in waste management issues and has continuously strengthened its position as an essential partner in the new Integrated Waste Management system of Arad County.



FCC Environment Czech Republic renewed for 3 years the contract with Hyundai Motor Manufacturing Czech s.r.o.

FCC Environment has renewed for 3 years the contract for the complex waste management of Hyundai Motors Manufacturing Czech s.r.o. across the whole Czech Republic which includes the collection and disposal of all waste, as well as the treatment of recovered raw materials (RWM). Hyundai is one of the leaders in the automotive industry in Czech Republic and has been an FCC Environment client since its establishment in the country in 2008. In 2020 it represented a turnover of more than €2 million.

CENTRAL AND EASTERN EUROPE

FCC Environment CEE



Official opening of Biala Landfill in Poland: investment in ecology, health and safety of residents

On September 23, the new asbestos landfill was officially opened in Biala (Wieluń poviat, Lodz province); a new FCC Environment investment long awaited by the local authorities. Thanks to the new facility it will be possible to store hazardous waste in a completely health safe and environmentally friendly way. The new landfill has a storage basin of more than 2 hectares, social rooms, offices, manoeuvring yard and weighbridge with accompanying infrastructure. FCC Environment has extensive experience in the field of specialized waste storage and disposal of hazardous waste. In Poland it already operates a landfill for hazardous waste, including asbestos, in Radomsko, and is also operating two municipal landfills. This investment solves the problem of illegal asbestos dumping faced by Biala municipality authorities.



Awarding of the solid urban waste collection and treatment services in Bytom (Poland)

FCC Environment was awarded the contract for the collection, transportation, treatment and selective collection of solid urban waste of Bytom in the province of Upper Silesia (Poland). The contract also covers the collection of bulky waste and the municipal recycling centre. The company will also collect construction waste by providing BIG BAG containers and bags.

To serve the more than 164,000 inhabitants of this city, the service will have a staff of approximately 130 people and 27 specialized vehicles for various purposes, such as compactor-collectors, open-box vehicles with crane for BIG-BAG containers or vehicles equipped with washing machines.



New reverse-osmosis leachate treatment plant at Gyál landfill (Hungary)

Early 2020, following a trial period when all data were thoroughly controlled and processes were refined, the two-stage reverse-osmosis plant at Gyál landfill site in Hungary, equipped with ion exchangers, went into full operation.

The system has already been working for 1,500 hours and has treated 10,000 liters of leachate, resulting in an economic production of 4,600 liters of absolutely clean water, which goes into the tank where rainwater is also collected. The purification system is not only environmentally friendly, but also represents an enormous saving in leachate treatment costs, the amount of which is increasing due to the expansion of the landfill's surface area and the increase in treatment prices of the subcontractors.

USA

FCC Environmental Services



Waste Collection contract in the city of Edgewood (Florida)

The city of Edgewood, in Orange County, Florida, awarded FCC Environmental Services the urban solid waste collection contract for a period of up to 20 years and a total backlog of $12 million. This award also includes the franchise to collect all the city´s commercial solid waste. As Edgewood is located in Orange County where the company already provides services and has a significant presence with a large yard and its own Compressed Natural Gas (CNG) station, the fleet for this new contract will share the same depot and will also be gas powered. FCC continues with its commitment to sustainability, with significant environmental advantages and providing important operational synergies to the contract. With this award, FCC Environmental Services consolidates its presence in the State of Florida, where it already provides collection services to more than one million inhabitants.



Operations begins for Volusia County (Florida)

FCC Environmental Services began operations in Volusia County in April 2020. The new urban solid waste collection contract, which will serve 45,000 households, has a term of 7.5 years, with a possible 7-year extension, and represents a potential book value of up to $90 million. The contract has a staff of 45 employees and a fleet of 35 new Compressed Natural Gas (CNG) vehicles, fuelled through an on-site fuel compressor system. Volusia represents the fourth FCC Environmental Services' contract in Florida, the second one operating with CNG vehicles, and is based in Daytona Beach Township.



Waste collection contract for Volusia County municipal facilities (Florida)

Volusia County, located in the East coast of Florida, has awarded FCC Environmental Services the contract to collect the solid waste from its public facilities. The contract started on March 1, 2021, and is serviced from FCC's Daytona Beach yard, which is currently providing residential collection services for Volusia County, with a backlog of more than $77 million.

USA

FCC Environmental Services







Awarded the contract for the transportation of recyclables in the City of Omaha, Nebraska

The city of Omaha (Nebraska) has awarded a new contract to FCC Environmental Services for the transportation of all recyclable materials for a period of 5 years and a value of $2.5 million. This contract is additional to the two existing agreements with the City from 2019, one for the 10-year collection of residential solid waste with possible extensions and a backlog up to $560 million; and another for the collection of seasonal yard waste.

Commissioning of the service in Omaha Nebraska

On 30th November, FCC Environmental Services started delivering urban solid waste and pruning waste collection, and household recycling centre management in the city of Omaha, Nebraska. The new contract represents an order book value of more than $500 million for a period of up to 20 years.

The company will provide the service with a fleet of 69 vehicles powered by Compressed Natural Gas (CNG), with the important benefits of reducing the environmental impact and carbon footprint in the city. In addition to its important size, the contract has a special strategic importance for FCC, since it will serve as a development pole for its future expansion in the Midwest.

Renewal of the recyclable management contracts in Huntsville and Laporte (Texas)

FCC Environmental Services has renewed for a year the recyclable processing contracts for the cities of Huntsville and Laporte (Texas). The processing of materials will be carried out at the company's material recycling facility (MRF) in Houston, which has been operating since April 2019 and was honoree by the NWRA as the Best Recycling Facility 2020 of the United States. FCC has processed nearly 200,000 tonnes of materials in its Texas recycling facilities.

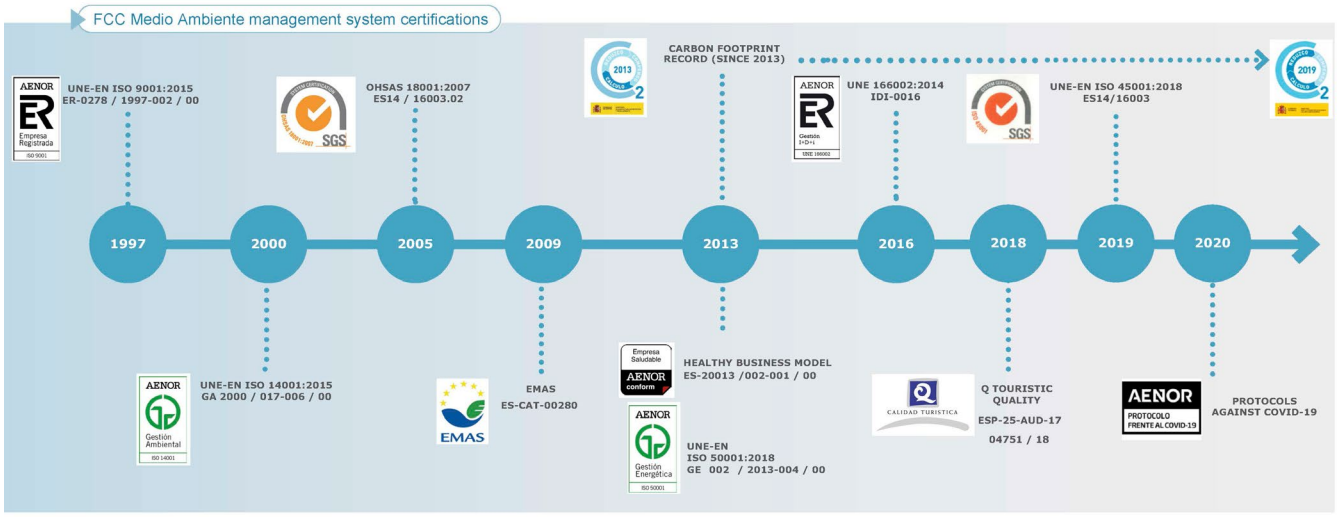
Excelence and sustainability

Service excellence

FCC Medio Ambiente has been helping municipalities for over 110 years with the management of services they offer their citizens. The company is aware of the importance these services have for the development of the cities, and this constant concern for customer satisfaction has led it to stablish a commitment to excellence which has been certified by entities of recognised prestige outside the organisation. In today's society it is fundamental to consider not only customers, but all stakeholders, so the company's commitment to excellence is manifested in a Management System that covers other areas, such as caring for the environment, seeking efficiency in services, the health and safety of workers, innovation and, especially, working towards the social and labour integration of the disadvantaged groups that may be at risk of exclusion.

Since 1997 FCC Medio Ambiente has been implementing different aspects of the Management System and certifying them with external organisations, whether related to quality and environmental or occupational health and safety procedures, or about energy efficiency, healthy organisation or even tourist quality. It was the first company in the sector to obtain the SIGOS Healthy Organisation certificate and its protocols against COVID-19 have recently been certified in accordance with AENOR requirements.

The following graph shows the historical evolution of certifications and accreditations obtained in Spain by FCC Medio Ambiente:



Milestones in terms of Excellence



Sara Afu-Clackett, participant in FCC Environment UK's 'Graduates' programme.

United Kingdom

- FCC Environmental Graduates Programme. Despite the difficulties caused by the pandemic, waste and recycling companies, including FCC Environment UK, have once again supported National Apprenticeship Week held from 8-14 February. The programme is designed to give new graduates hands-on experience and training in a range of waste management projects. Each graduate is assigned a mentor to guide them every step of the way and is awarded qualifications relevant to their specific role, from mechanical and electrical to sustainable resource management and business administration.

Spain

- First Company in its sector to obtain the SIGOS (Health Organisation Management System) certificate from AENOR.
- Spain: certified for the second time with the "*Reduzco-Calculo*" (I reduce – I calculate) seal by the Spanish Office for Climate Change (Oficina Española de Cambio Climático, OECC) from the Ministry for Ecological Transition and Demographic Challenge.
- Achieved the AENOR certification of Protocols against COVID-19.
- Ámbito: UNE-EN-ISO 9001:2015 certification is achieved for the affiliate company Mediciones Comerciales Ambientales, S.L. incorporating the activity of hazardous and non-hazardous waste management as a trader.
- Ámbito: extension of the EMAS register for the Vall d´Uixò (Castellón) facility, seventh industrial waste treatment plant to achieve this registration.


AENOR
Certificado de Conformidad
Sistema de Gestión de Organización Saludable
AENOR ORGANIZACIÓN SALUDABLE
ES-2013/0002
FCC MEDIO AMBIENTE


Registro de huella de carbono, compensación y proyectos de absorción de CO_2 del Ministerio para la Transición Ecológica y el Reto Demográfico
FCC MEDIO AMBIENTE, S.A.
2019
2


AENOR
Confia
Certificado de protocolos de actuación frente al COVID-19
AENOR PROTOCOLO FRENTE AL COVID-19
COV-2020/0173
FCC MEDIO AMBIENTE, S.A.U.


AENOR
Esquema Europeo de Ecogestión y Ecoauditoría (EMAS)
VM-20/C06
FCC ÁMBITO, S.A.U.
Planta de Vall D´Uixo



Sustainability

In 2020, the resources invested by FCC Medio Ambiente Iberia for the development and implementation of initiatives whose benefits directly or indirectly reverted to society have resulted in an economic valuation of €2.6 million.

According to the classification criteria, 66% of the resources have been dedicated to environmental initiatives and the remaining 34% to social actions. However, in terms of the distribution of initiatives in numbers, social actions predominate with 62%.

Sustainability highlights 2020

During 2020, the following achievements in sustainability should be highlighted:

- Sustainable activities and projects imply a balance in the economic, social and environmental spheres of the company. To achieve this balance, FCC Medio Ambiente has developed a **sustainability strategy with a 2050 horizon**, which has recently been presented and will be disseminated externally throughout 2021.
- In terms of Climate Change, FCC Medio Ambiente achieved an average emission intensity reduction of 5.39% compared to the three-year period 2016-2018, for scopes 1, 2 and 3, on its way to **reaching carbon neutrality by 2050**.
- In addition to the aforementioned improvements in the waste treatment facilities, the improvement of the Carbon Footprint is influenced by the increase of more efficient machinery with **a total of €3,688,455 invested in electrical machinery** compared to the €2,800,000 invested in 2019.
- In 2020, the coronavirus pandemic and the lockdown has increased the sense of belonging and collaboration. **A total of 357 insertions of people at risk of exclusion have taken place** representing a strong commitment with the local communities affected.
- From an occupational safety point of view, **the accident reduction** plan was implemented with great success in 2020, with a **reduction of almost 30% in the frequency rate and almost 20% in the severity rate**.



A road map that includes very demanding goals and commitments with a high level of added value for the company and society as a whole

Medio Ambiente

We support the Sustainable Development Goals

2050 Sustainability strategy

During 2020 FCC Medio Ambiente has laid the foundations for future business development, establishing its **Sustainability Strategy with a vision to 2050** aimed to all activities in Spain and Portugal. It is an ambitious 30-year project, reflecting the company´s commitment to support compliance with the Sustainable Development Goals (SDG) and tackle economic, social and environmental challenges on a global scale.

Access here the video on FCC Medio Ambiente´s 2050 Sustainability Strategy.

Aligned with the 2030 Agenda: A new strategy to 2050

The new strategy is a roadmap that integrates very demanding **environmental, social, excellence and good governance** commitments which have high added value for the company and society as a whole.

Circular economy and climate protection



FCC Medio Ambiente Iberia has continued with the innovation projects launched in the area of the circular economy and the use of clean energy, which are described in the corresponding chapter, and measures have been taken to raise awareness of the need to improve waste treatment facilities through participation in different forums: UNE, Chamber of Commerce, MITERD and the UN's Global Compact.

Achieving carbon neutrality, 100% "ECO" or "Zero emission" vehicle fleet or increasing investment in R&D&I up to 1% of annual revenues, are some of the objectives of the climate protection goals for 2050.

Water and biodiversity protection



FCC Medio Ambiente has set as a key objective to encourage the rational and efficient consumption of water and to promote the use of water from alternative sources. By 2050, the goal is for 100% of the water used to come from these sources. It therefore promotes the use of reclaimed water and water-saving technologies, mainly in watering parks and gardens and in street washing.

The company is known for its involvement in the protection of biodiversity in the urban context through its ground maintenance activities (3,825 ha of green areas and 786,355 trees managed), as well for beach and coast line cleaning services, which contribute to improving the quality of the Spanish coastline lodging marine fauna.

Social and employment objectives



In line with SDG3, SDG5, SDG8 and SDG10, the company makes a series of commitments to employees linked to the generation and retention of talent, diversity and inclusion, equal opportunities and occupational health and safety. The company aims to achieve gender equality by 2050 and will develop the Female Mentoring Program. A reduction of accident rates to 50% is expected by the same date.

Excellence and good governance objectives



FCC Medio Ambiente, in line with SDG9, SDG11 and SDG12, is a benchmark in terms of the implementation of systematic and homogeneous work guidelines within the organisation, which enable it to make its processes efficient, as indicated in the Excellence section.

With regard to good governance, compliance controls focused on the fight against corruption and other crimes, and the encouragement of transparency in the value chain, are maintained and improved.

Other sustainability milestones





FCC Medio Ambiente winner of the EBAE Awards 2019/2020 for its 100%-electric, industrial chassis-platform for urban service vehicles.



El Puerto de Santa María City Council and FCC Medio Ambiente presented the Chamaeleo Biodiversity Conservation Project, financed by FCC at the Coto de la Isleta Municipal Environmental Education and Activities Centre (CEAAN).



FCC Medio Ambiente selected as one of the “101 Business Climate Initiatives” for 2020.



FCC Medio Ambiente´s ie-Urban wins Spain´s Ecological Industrial Vehicle of the Year 2021 award.



R&D&I projects have involved an **investment of €2.34 million** in 2020, a **2.63%** increase over 2019

Innovation and technology

Despite the complicated year 2020, mainly due to the anomalous situation in which companies, suppliers, collaborators, research entities and public institutions have been immersed as a result of the COVID-19 pandemic, FCC Medio Ambiente has not stopped working on innovation projects, some of which will come to light in the near future.

At national level, a new **Spanish Strategy for Science, Technology and Innovation (EECTI) 2021-2027** was approved in 2020, including activities aimed at solving the problems caused by COVID-19 and stresses the importance of consolidating and enhancing science and innovation as a tool for the social, economic and industrial reconstruction of our country.

It should also be noted that in September 2020, the material recycling facility in Houston (Texas), built, financed and managed by FCC Environmental Services, and operational since April 2019, has been honoured with **the Best American Recycling Facility of the Year 2020 award by the NWRA (National Waste and Recycling Association)**. FCC already won the same award in 2017 for its facility in Dallas (Texas), allowing it to become the biggest recycling company in Texas.

For another year, FCC Medio Ambiente upheld the certification of its R&D&I Management System, in accordance with the UNE 166002 standard.

R&D&I projects have involved an investment of €2.34 million in 2020, a 2.63% increase over 2019, and are classified into four knowledge areas:

- Vehicles, mobile machinery and facilities
- Management and recycling of waste - Circular Economy
- Information and Communication Technologies
- Sustainable development

Most significant projects of the R&D&I Management System

VEHICLES, MOBILE MACHINERY AND FACILITIES

Projects associated with **vehicles and mobile machinery**

During 2020, FCC Medio Ambiente has developed alternative channels and means in order to continue working with its collaborators and thus be able to launch new research projects, most of which will have real prototypes along 2021.

- Design and manufacture of a new rear-loading compactor collector, non-existent on the market, of very small dimensions, with a 10 m^3 double-compartment bodywork with pure electric propulsion and body drive and battery self-recharging system by Compresses Natural Gas (CNG) engine on a 2.2 metres-wide, special narrow chassis and with a legal payload of over 2 tonnes of waste.
- Final work on obtaining pure electric chassis, 2 metres wide and 18 tonnes GVW (registrable with 19 tonnes), which is not existing on the market, and whose first prototype will be fitted with a tank for watering and washing streets, pavements and pedestrian areas. FCC Medio Ambiente has worked with a European manufacturer of new-generation lithium-ion batteries to install them on this first prototype, and which may also be used in other diverse equipment.
- Development and start of production of the first unit of a new 2 metres wide, side-loading compactor collector on a compressed-natural-gas chassis, also of very small dimension (2 metres wide and a maximum of 7 metres long), which allows a legal payload of 5 tonnes of waste and which covers a range of side-loading collectors non existing to date.
- Development and manufacture of a new vehicle called FASE 3: Unit of very small dimensions for collection in areas of maximum access difficulty on a pure electric chassis, which will incorporate a system of four 240-litre bins for 4 different fractions with a loading and unloading system on the chassis platform by means of a set of pulleys and belts for minimum operator effort, with a waste hopper for a fifth fraction.



FCC Medio Ambiente has also laid the grounds for establishing consortiums with other companies, technological organisations and universities that will enable it to undertake two additional lines of research in 2021, which will be materialised in new projects eligible for public support over the next 3-4 years. The first one is dedicated to street cleansing machinery which, by incorporating certain automatisms, aims to make the street cleansing service cheaper than with current machinery; the second line seeks to take advantage of synergies in the commitment to new and future energy vectors that are completely respectful of the environment, with the ambitious objective of being applied to any equipment or machine that provides urban services.



Drainage system cleaning tank.



CNG Station Omaha, Nebraska (USA).

Further progress on the EU Project "Assets4rail" by FCC Environment Austria

FCC takes place in the 30-month EU research project "Assets4rail" since tend of 2018, to clean drainage systems in railway tunnels without blocking traffic.

ASSETS4RAIL

During this EU project, the "HIPPO 1,500m" system is being developed out of the "HIPPO 600m", with the aim of extending from 600 to 1,500 metres the advantages of this high-pressure head cleaning system with built-in camera for simultaneous inspection of 600-metre-long circular tunnel drainage ducts for the Austrian Railway Company (ÖBB). It is intended to reach lengths of up to 3,000 metres. The cleaning system offers the great advantage that tunnel traffic can continue almost uninterrupted, thus avoiding traffic jams. It also represents a significant cost reduction for customers compared to current cleaning and inspection solutions.

Projects associated with **facilities**

New state-of-the-art Compressed Natural Gas Station in Omaha

In October 2020, FCC Environmental Services signed a three-year agreement with New York-based compressed natural gas marketer TruStar, which led to the construction of a new, state-of-the-art compressed natural gas (CNG) station in Omaha in just six months.

TruStar meets the requirements for the Low Carbon Fuel Standard (LCFS) in California, allowing for a credit in the value of 1 metric tonne of CO_2 reduction compared to the baseline CO_2 emission. In meeting the Renewable Identification Number (RIN) under the US EPA standards, FCC will receive 5% of the value of all RINs for the life of the TruStar agreement.



Charging station Himberg (Austria).

Installation of two new electric charging stations in Himberg (Austria)

In May 2020, FCC Environment installed the first two charging hubs at the base in Himberg, Lower Austria. These two new stations include 'P30 X 22kW' charging boxes, mounted on a double bracket, and allow for additional points when needed in the future. Charging stations for electric vehicles are also planned to be introduced at the Linz, Graz and Klagenfurt bases in 2021.

MANAGEMENT AND RECYCLING OF WASTE - CIRCULAR ECONOMY

Leader in **biomethane**: Green gas

FCC Medio Ambiente commits to turn the "waste treatment centre" into a "biomethane fuel producer" with the capacity to supply all types of vehicles. To do this, it has started research with the development of some projects financed under the EU LIFE programme:

LIFE LANDFILL BIOFUEL (LIFE18 ENV/ES/000256: Integral management of the biogas from landfills for use as vehicle fuel) (2019-2022)

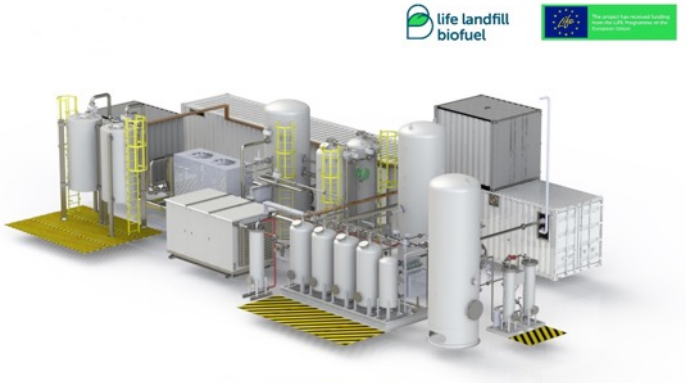
Project official website: https://www.landfillbiofuel.eu/en/

Project developed by a consortium made up of seven entities (FCC Medio Ambiente as project leader, Sysadvance, Gasnam, Cartif, Seat, Iveco and University of Granada), co-financed by the European LIFE programme and approved in June 2019.

The project has a budget of €4.67 million and will last 3.5 years. The Project aims to upgrade landfill biogas to produce biomethane suitable for vehicle use. The objective is a more efficient management by obtaining biomethane from a native and abundant energy source.

It is planned to generate enough biomethane to supply annually 93 heavy-duty vehicles and 2,036 light vehicles at the Ecocentral Environmental facility, operated by FCC in Granada. Subsequently, it will be replicated in other facilities in Europe.

> FCC Medio Ambiente commits to turn the **waste treatment centre** into a **biomethane fuel producer**



Integral management of the biogas from landfills for use as vehicle fuel.

Development of **circular economy** and **decarbonisation of transport**

METHAmorphosis (LIFE 14/CCM/ES/000865: Waste streams treatment for obtaining safe reclaimed water and biomethane for transport sector to mitigate GHG emissions) (2015-2020)

Project official website:
https://www.life-methamorphosis.eu/en/home

The METHAmorphosis project, funded by the EU's LIFE programme, is an example of exploiting synergies in the FCC Group, between FCC Medio Ambiente and Aqualia. The project ended in 2020, reaching all the objectives pursued. Performance tests with biomethane have been successfully carried out on FCC Medio Ambiente waste collection vehicles. The European Commission has placed METHAmorphosis as an example of the LIFE programme and appears within the five best policies related to climate change in the EU, which meant a budget of €200 billion along the period 2014-2020.

The objective was to develop an innovative process for treating effluents and obtaining biofuel (biomethane) from municipal waste as well as agro-industrial waste.

LIFE INFUSION (LIFE19 ENV/ES/000283: Intensive treatment of waste effluents and conversion into useful sustainable outputs: biogas, nutrients and water) (2020-2024)

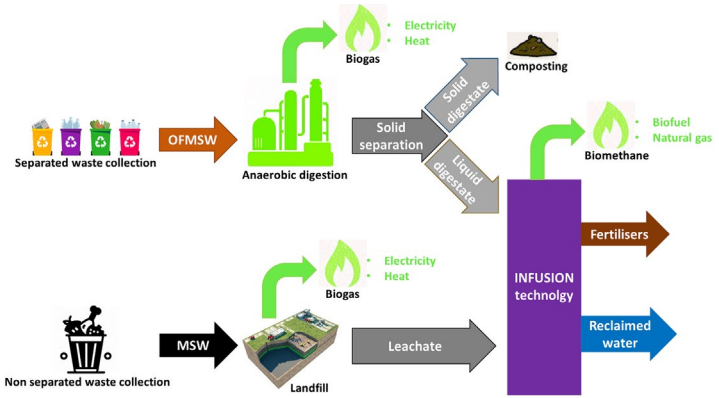
Project official website:
https://eurecat.org/en/portfolio-items/life-infusion/

Project developed by a consortium in which FCC Medio Ambiente participates through its subsidiary in Ecoparc del Besós, EBESA, together with seven entities (Fundació Eurecat as project leader, AMB, AMIU, Aqualia, Cogersa, Detricon BVBA, EBESA and IRTA), co-financed by the European LIFE programme. It has a budget of €3.12 million and will last 4 years. Once this period is over, two replications will be carried out in Spain.

The main objective of LIFE INFUSION is to demonstrate, with a circular economy vision, an innovative scheme for the recovery of resources (biogas, biofertilizers and reclaimed water (RW)) from effluents in municipal management through an almost zero discharge process.



Technical tests for using biomethane as fuel in heavy-duty vehicles in METHAmorphosis Project.



LIFE Infusion scheme.

Leading a **circular economy** for **plastic**

FCC Medio Ambiente's strategic objective is to avoid landfill disposal of plastics contained in urban waste and reduce their processing by energy recovery, both through the implementation of innovative recycling processes. This new line of research has been under development since 2018 at Ecocentral environmental complex in Granada:



Life4Film treatment line in the Ecocentral plant, in Granada (Spain).

FCC Medio Ambiente implements **innovative recycling processes** to avoid landfill disposal of **plastics** contained in urban waste

LIFEPLASMIX (LIFE18 ENV/ES/000045: Plastic Mix Recovery and PP& PS Recycling from Municipal Solid Waste) (2019-2022)

Project official website: http://lifeplasmix.com/en/plasmix/

Project developed by a consortium led by FCC Medio Ambiente with other seven entities (Stadler, Lindner, Pellenc, Andaltec, Anaip and University of Granada), co-financed by the European LIFE programme and approved in June 2019.

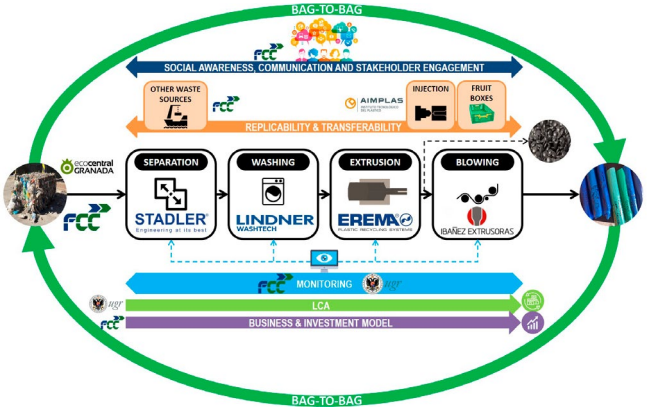
The Plasmix Project aims to study the recovery and the flow of the Mix of Plastics from municipal waste, searching for the optimal recovery line for each type of material contained in such flow (PP, EPS, and PVC). It has a budget of €5.33 million and will last 3.5 years.

LIFE4FILM (LIFE17 ENV/ES/000229 Post-consumption film plastic recycling from municipal solid waste). Spain and Germany (2018 –2021)

Project official website: http://life4film.com/en/4film-en/

The main objective of LIFE4FILM, a project led by FCC Medio Ambiente, is to avoid landfill or energy recovery of plastic film (LDPE) present in urban waste through an innovative recycling process on a semi-industrial scale using a 10,000 t/year capacity recovery line at the Ecocentral plant in Granada, with the aim of demonstrating its profitability and replicability at an European level.

The project has a budget of €4.54 million and a term of 2.5 years. Once the project is finished, five replicas will be carried out in other plants in Europe.



LIFE4Film scheme.

The sustainable path in waste management: optimisation of **composting**

INSECTUM: (Recovery of urban by-products and bio-waste through bioconversion with insects to generate innovative products in strategic sectors)

A CIEN (National Business Research Consortium) programme from the CDTI (Centre for the Development of Industrial Technology), led by FCC Medio Ambiente, which involves implementing an innovative urban bio-remediation recovery system based on its bioconversion through insects in products with a high added value for the industry (the human food sector, nutraceuticals/pharma, animal feed, fertilisers and chemicals). It proposes feeding insects with organic matter from selective collection, organic matter recovered from MSW and digestate from biomethanation.



MINISTERIO DE CIENCIA, INNOVACIÓN Y UNIVERSIDADES

CDTI Centro para el Desarrollo Tecnológico Industrial

@CDTIoficial

Creation of new by-products and **biomaterials**

SCALIBUR (Scalable Technologies for Bio-Urban Waste Recovery)

Project official website: www.scalibur.eu

SCALIBUR is a project from the Horizon 2020 edition, led by ITENE (ES), in which FCC Medio Ambiente and Aqualia participate as well as various entities from different European Union countries.

Prototypes will be rolled out in three pilot cities across Europe: Madrid (Spain), Albano Laziale (Italy) and Kozani (Greece) to carry out a comprehensive study on urban waste quality, logistics and treatment systems and WWTP sludge to obtain new by-products and biomaterials with a high added value for the chemicals industry.

The project has a budget of €10 million and will last 4 years.

SCALIBUR
LEADING A REVOLUTION IN BIOWASTE RECYCLING

Co-funded by the Horizon 2020 programme of the European Union

Leader:

ITENE

Partners:

FCC Medio Ambiente, MADRID, aqualia, CIUBE, CENER, IRIS, nutrition sciences, CITY OF LUND, Greenovate! EUROPE, anci lazio, aeris, ZETADEC, NOVAMONT, UNIMORE, wetsus, KOUR ENERGY, cscp, Brabantse Delta, A&A

B-FERST Bio-based fertilising products as the best practice for agricultural management sustainability

Project official website: www.bferst.eu

Objective: Integrate the recovery of biowaste in agriculture by creating new mineral and organomineral fertilisers as well as developing the corresponding nutrient mixtures for agricultural application.

DEEP PURPLE Domestic Extraction of Emerging Products with Purple Phototrophic Bacteria

Project official website: www.deep-purple.eu

Objective: investigate, at a pilot scale, the integrated application of the most innovative techniques in the management of the different effluents generated in an organic-waste treatment facility (digestate, leachate and biogas), by applying purple phototropic bacteria for the recovery of by-products, such as polyhydroxyalkanoates and hydrogen, single cells, or nitrogen and phosphorus for its use as fertilisers.

Waste **gasification**

RECYGAS Urban solid waste recovery through the production of recycled Syngas

Project official website: www.energy.sener/es/proyecto/recygas-valorizacion-residuos-solidos-urbanos-mediante-gas-reciclado

Project subsidized by the Hazitek program of the Basque Government, with the support of the European Regional Development Fund. FCC Medio Ambiente is working on this project in partnership with the companies SENER, Ingeniería y Sistemas, S.A. and ZABALGARBI, S.A. The research centres GAIKER, TECNALIA, Institute of Carbochemistry of CSIC, CENER and Institute of Chemical Technology of the Polytechnic University of Valencia will also participate in this project.

Recygas is focused in the investigation of waste gasification and enables the use of clean synthetic gas obtained from the gasification process to start chemical synthesis routes or its use in power generation with high efficiency cycles. The technology incorporated in the project would allow to climb the waste management hierarchy pyramid to improve recycling.

B-Ferst

Bio-based Industries Consortium

Leader: *Partners:*

Fertiberia, aqualia, FCC Medio Ambiente, Universidad de León, NOVAMONT, FKuR plastics - made by nature®, agriSat Iberia, s.l., vito, Ag Futura Technologies, Arcadia International, iUNG, ICONS

Leader: *Partners:*

aqualia PROJECT COORDINATOR, FCC Medio Ambiente, activatec biobased ingredients, Universidad Rey Juan Carlos, NaturePlast Bioplastics Expert, ITENE Research Center, Brunel University London, NOVAMONT, RNB, alchemia nova institute for innovative phytochemistry & closed loop processes, UNE Normalización Española, GATE 2 GROWTH, CMI, ISP

EUSKO JAURLARITZA GOBIERNO VASCO

RECYGAS

Europar Batasuna Unión Europea

Fondo Europeo de Desarrollo Regional (FEDER) "Una manera de hacer Europa"

Eskualde Garapenerako Europar Funtsa (EGEF) "Europa egiteko modu bat"



Project CURSOR. Drone tests.

Recycling construction **timber**

Project CURSOR: Saving lives with drones

FCC Environment Austria is participating in this EU project, which runs until the end of August 2022 and aims to optimise search campaigns for people in emergency situations with the latest technology using drones, miniature robots and new types of sensors. FCC provides free of charge wood waste for the search tests of the emergency services, thus supporting ISCC (International Security Competence Center GmbH).

INFORMATION AND COMMUNICATION TECHNOLOGIES

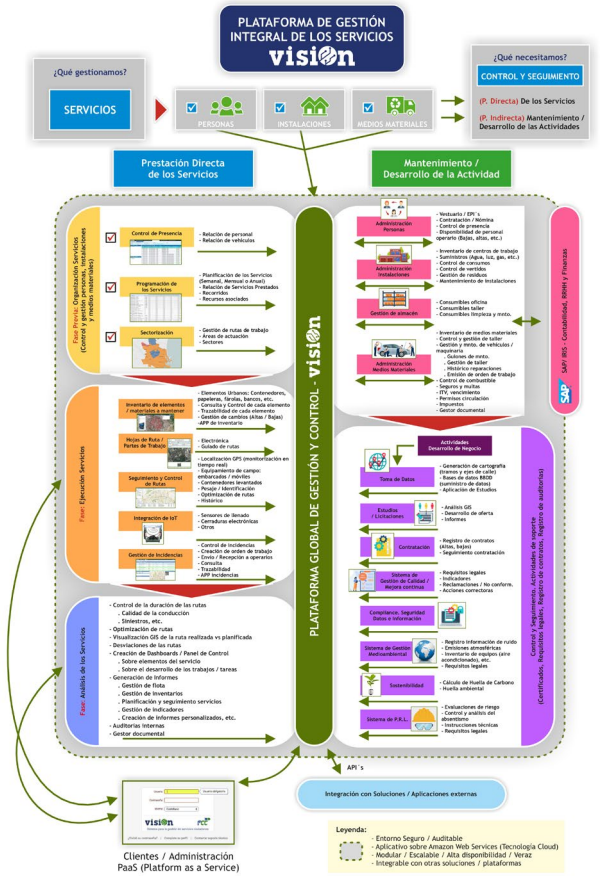
VISION

Within the framework of providing services to cities it is essential to have ICT (Information and Communication Technology) tools that support the provision of effective, efficient, sustainable and comprehensive services.

The agile management of information must be a priority, that's why it's necessary to gather the knowledge accumulated in the management of services in order to offer the different agents involved (administration, citizens, companies), the best practices, efficient processes and optimised communications with modern and collaborative tools.

It is also needed for managing, through an integrated system, all operational, legal, environmental, resources (material and human), validation and service matters that allow achieving excellence in the workplace.

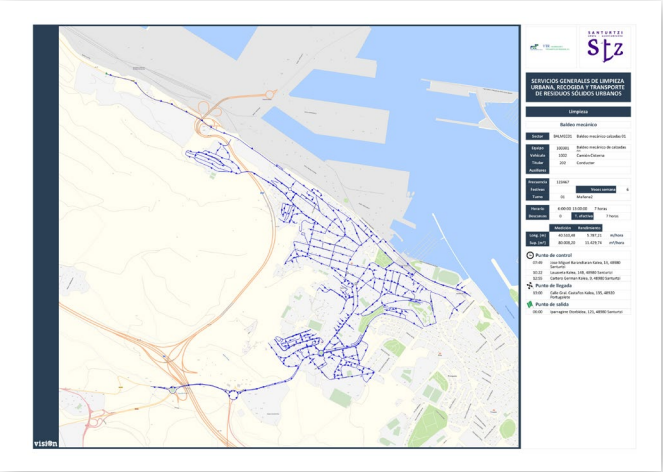
FCC Medio Ambiente has developed "VISION – Intelligent platform for the provision of citizen services" which allows to meet the objectives described, responding to the current requirements of our customers and being prepared for the future challenges that appear in the provision of the services.



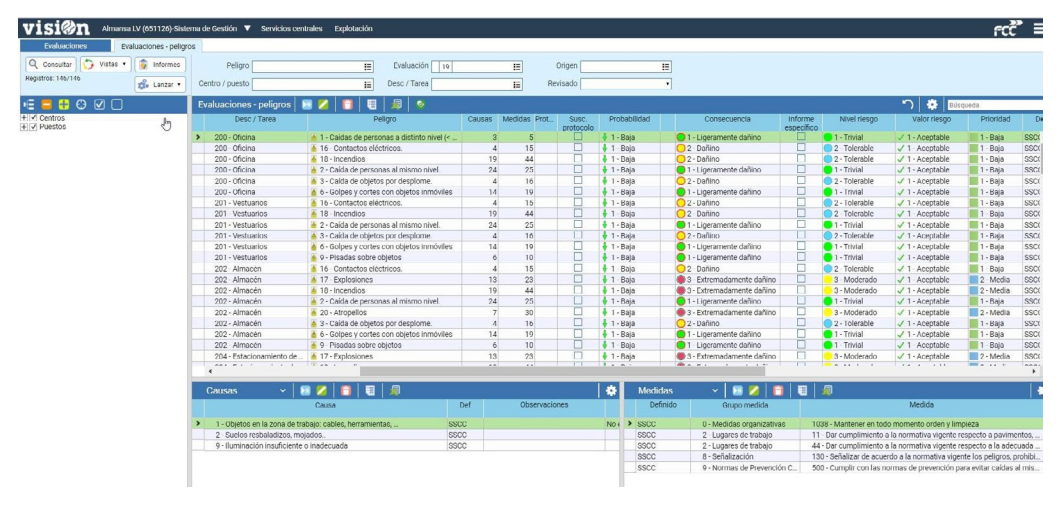
VISION Operational Scheme.

During 2020 technological upgrades were undertaken to ensure performance, security and business continuity. The incorporation of processes into the platform went on and innovative solutions for service management were implemented, among them:

- Hosting of the whole infrastructure of the platform in the AWS cloud with system redundancy to ensure high availability both physically and geographically.
- Integrating the “Map Server” functionalities in the system, which allows an increased efficiency in the management of geographic information.
- Deployment of the Occupational Risk Prevention module, fully integrated with the rest of the information in the system, including the preparation of Risk Assessments, which is the central point of the system.
- Development of a “Facial Recognition” system focused on offering reliable, agile and contact-free identification solutions. It has been implemented on a personnel check-in and check-out system.
- Inclusion of the Environmental Footprint calculation in the platform to provide more information on the company’s sustainability system.
- Incorporation of mobile inspection technology in the sewerage network.
- On site street data survey when studying the urban environment as part of the making of a tender proposal.
- Tax reporting system based on biogas generation data from treatment operations.



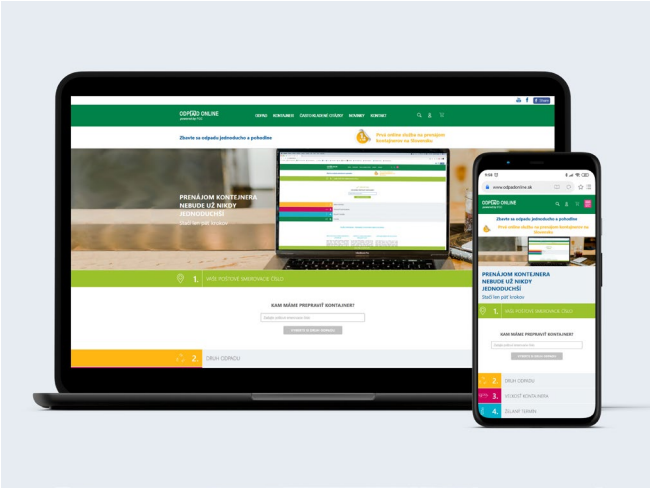
VISION Software. Map servers.



VISION Software. Risks assessment.

FCC ONLINE SOLUTIONS: applications that allow customers the online request of container rentals and collection services

FCC Environment CEE, aligned with the priorities defined in its 2018 - 2022 strategy, is constantly developing and implementing new online solutions and communication channels with its customers. Saving time with simple solutions, flexibility and great customer service - anytime, anywhere - are some of the advantages of the online products offered by the company. These products demonstrate that new B2C (Business to Consumer) technologies can also be effectively integrated into traditional businesses, such as waste management.



During 2020 FCC Environment introduced online new features in Slovakia and the Czech Republic:

Odpadonline.sk. Online tool which allows customers to order containers and ensure the safe removal and disposal of their waste with just a few clicks

Vylož Smeti (Eslovaquia). App available on Google Play and App Store that offers a digital calendar for tablets and mobiles with the collection dates of the different types of waste and where reminders can be set to notify collections in advance.

Naše Popelnice (Chequia). Updating of the portal for the electronic registration of waste container emptying. On this portal, municipalities and citizens can view detailed data and track the waste production and the container emptying, as well as the waste weight of containers.



SUSTAINABLE DEVELOPMENT

In 2020, the Interreg SUDOE project "KET4F-Gas – Reduction of the Environmental Impact of Fluorinated Gases in the Sudoe Space through Key Enabling Technologies", in which FCC Ámbito takes part, has continued to be developed. The project is financed by the European Regional Development Fund through the European programme Interreg Sudoe, and aims to respond to the challenges of climate change in the Sudoe space. The project goal is to investigate alternatives that contribute to the reduction of greenhouse gas emissions by developing and improving technologies to recover and replace fluorinated gases.



KET4F-Gas Project poster.

KET4F-Gas is coordinated by Universidade Nova of Lisboa, has a duration of 3 years and an overall funding of €1.7 million. The project is made up to 14 partners and 6 associates, from Spain, France, Portugal and United Arab Emirates, among which are universities, companies, waste and environmental agencies and other public and private entities with the common interest of dealing the Kigali Amendment.

FCC Ámbito's participation in this project reflects its strong commitment to sustainable development and the fight against climate change through innovation, and the firm brings value by offering its extensive experience in residual refrigerants, acquired over 22 years in the management of discarded refrigerators at its plant in Pont de Vilomara (Barcelona). Along this time, nearly 100,000 tonnes of refrigerators have been treated. FCC Ámbito also has an exclusive facility for the reception and reconditioning of gas-containing refuse for its shipment to final management, located in Fustiñana (Navarra).

Bici Sendas (Cycle Lane) project

FCC Ámbito takes part in the Bici Sendas (Cycle Lane) CIEN project, led by FCC Construcción. The project goal is to develop a new generation of cycle lanes that will be sustainable, energy self-sufficient, intelligent, decontaminating, integrated and safe. They will also be modular, produced with sustainable materials and can be custom-designed to integrate various technologies according to the needs to be covered.

The Project is expected to last 4 years (2019-2023), and is supported by the most advanced universities and technology centres: CSIC (Consejo Superior de Investigaciones Científicas), University of Zaragoza, UPC (Universitat Politècnica de Catalunya), AITIIP, CIMNE (International Centre for Numerical Methods in Engineering), LEITAT and Luraderra.

Among others, the specific objectives of FCC Ámbito include:

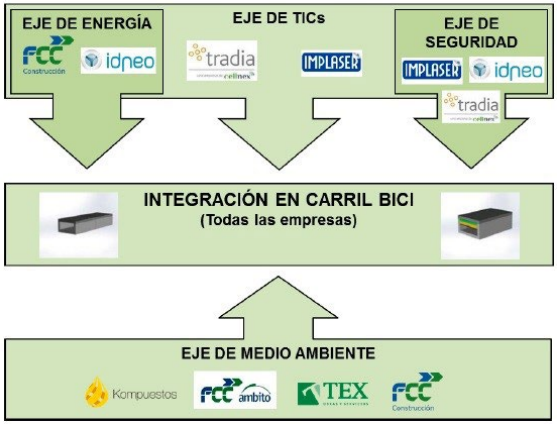
1 Refuse valorisation:

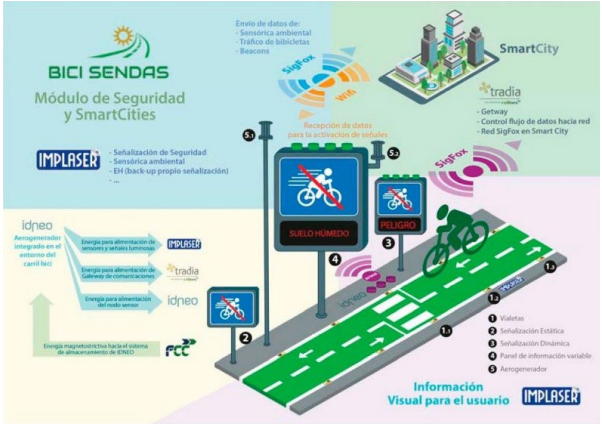
- Select, adapt and characterise refuse with high Si/Al content for their potential incorporation as raw material in an AAM agglomerant.
- To study the suitability of different wastes as support materials for the adsorption of hydrocarbons and for the immobilisation of micro-organisms.

2 Development or biodecontamination techniques:

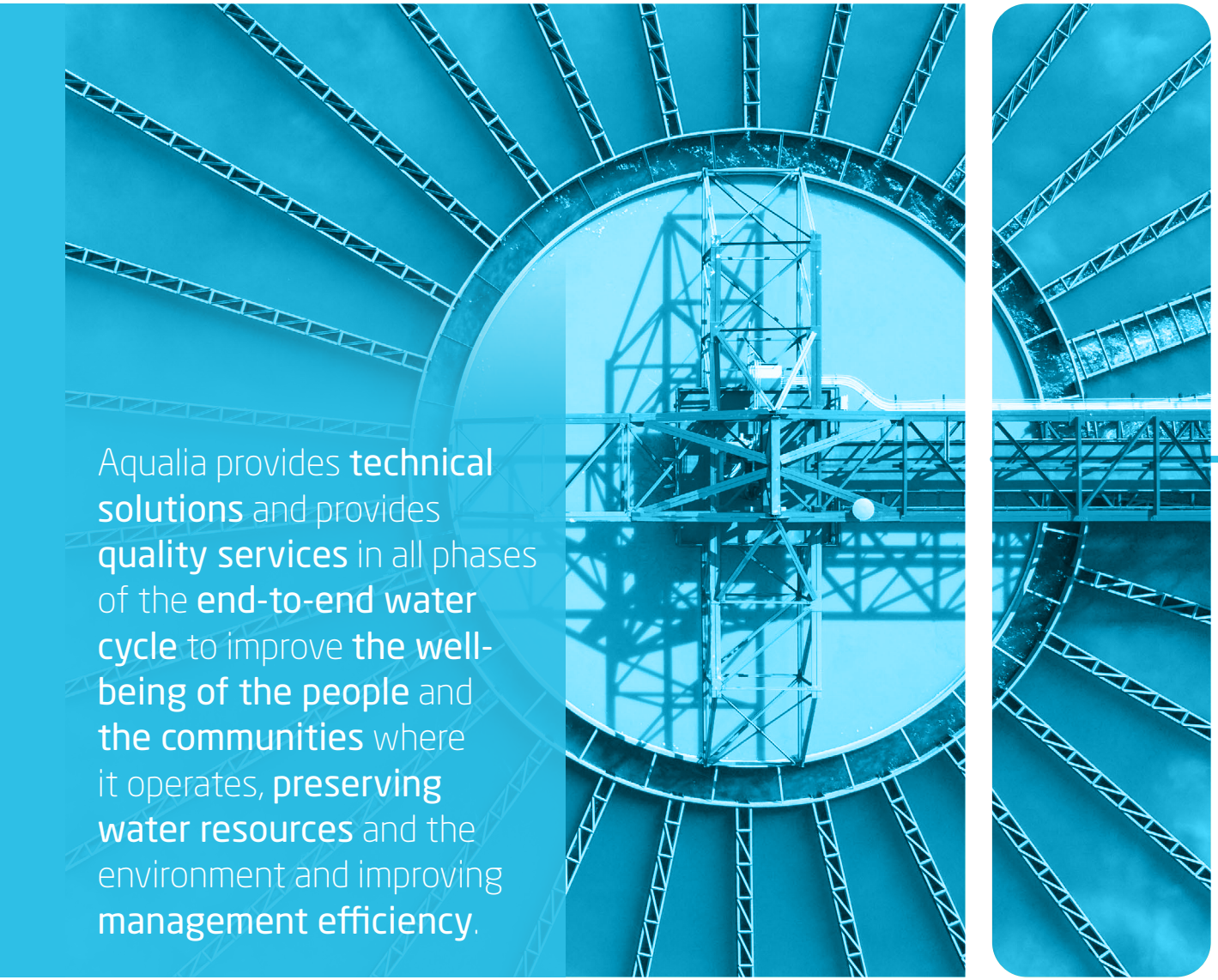
- Isolating strains of microorganisms from real environment, determining their hydrocarbon degrading capacity, and investigating their immobilisation in the conditioned materials to generate the biomaterial that will be incorporated into the cycle lane modules.

3 Integrating the developed materials with other researched technologies in the project, as a form of a final demonstrator.









Aqualia provides **technical solutions** and provides **quality services** in all phases of the **end-to-end water cycle** to improve **the well-being of the people** and **the communities** where it operates, **preserving water resources** and the environment and improving **management efficiency**.

End-to-end water management cycle

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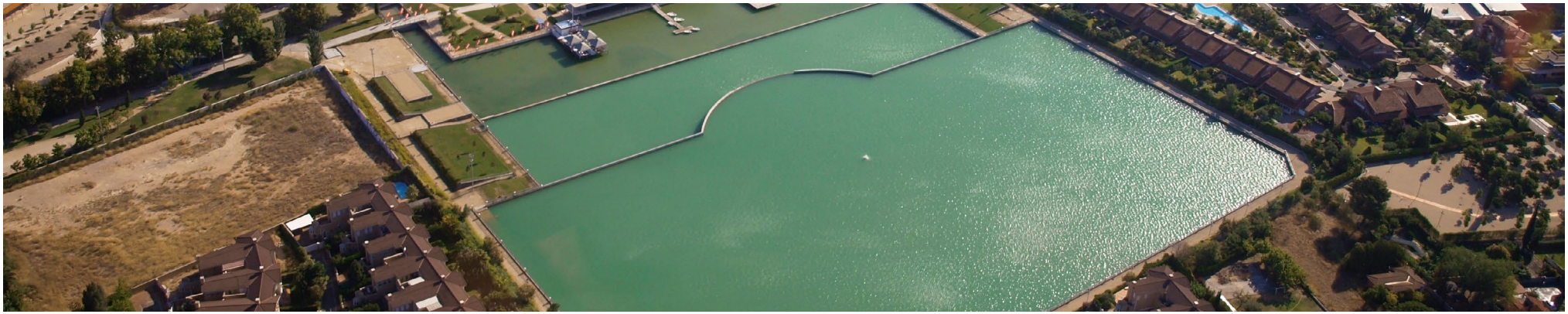
Aqualia is a **specialist operator** that supports governments and communities, providing **efficient solutions** to water supply, sanitation and treatment problems.

Aqualia provides technical solutions and provides quality services in all phases of the end-to-end water cycle to improve the well-being of the people and the communities where it operates, preserving water resources and the environment and improving management efficiency, while using the United Nations Sustainable Development Goals as a benchmark.

The rapid urbanisation process in emerging countries, as well as the need to improve the population's living conditions and optimise a scarce resource during the current climate change, leads governments, regions and industrial corporations to search for specialised operators who can help them provide effective solutions to the water supply, sanitation and treatment problems.

Aqualia is one of the main international operators focusing its management on specific business models and geographic areas. It is guided by a growth objective that contains profitability criteria and integrates all the abilities of the value chain in the water cycle: from the design of facilities to the management of large investment projects in water systems.

The company provides services in Spain and also operates internationally, with projects in Europe, Latin America, the Middle East and North Africa. Aqualia, which has 9,504 employees and operates in 17 countries, includes Corporate Social Responsibility (CSR) as part of its daily operations in an attempt to ensure that the social and environmental aspects of its management is not compromised by its business decisions.



ACUAES renews its trust in Aqualia to manage its wholesale supply in Zaragoza (Spain).

Industry analysis

End-to-end water management cycle in Spain

2020 in Spain started out with the formation of a new coalition government in Spain, before COVID-19 was officially declared a global pandemic in March, resulting in the population being placed in lockdown and all face-to-face work activities coming to a standstill, with the exception of essential services, for a period of three months.

These circumstances saw Aqualia implement the first measures to adapt to the situation at the end of February, with the dual objective of maintaining its business activities without affecting this essential public service and guaranteeing the health and safety of its workers at all times. This resulted in the roll out of successive Contingency Plans, adapted to the situation at any given time.

In Spain, there has been no outbreak of COVID-19 at any of Aqualia's production centres over the course of 2020, and activities at DWTPs, WWTPs, supply and sanitation networks, laboratories, etc. have continued throughout the crisis. These efforts resulted in the company receiving a letter of thanks from the Minister for the Ecological Transition and the Demographic Challenge for its commitment.

These new circumstances required the company to adapt its technological solutions to enable its employees to work from home, enhance stock control for essential products, establish special action measures at sports centres, reinforce remote customer service channels as physical customer service locations were forced to close, in addition to undertaking specific campaigns to communicate with customers and local authorities, while ensuring compliance with all the necessary health and safety measures.

In terms of tariff billing, the first quarter of the year saw the volume of retail water billed up on the same period in 2019 by 0.7%. However, as lockdown measures were enforced in response to COVID-19, in mid-March retail volumes dropped across all regions by approximately 4,2% for the second quarter of the year as a whole. From the third quarter of the year onwards, and the gradual return of economic activity, volumes recovered across all regions, with the exception of the Canary Islands, the Balearic Islands, Costa Brava and the coastal areas of Malaga and Cadiz. In particular, in the Balearic Islands, the fall in billed volume for the year came to 14.9% and in the Canary Islands to 8.8%.

At year-end 2020, on a like-for-like basis (without including the new and completed contracts), the billed volume to household customers dropped by 1.2% and the billed amount grew 1.7%. Wholesale billed volumes dropped by 7.9%. The billed volume as a whole (excluding regional fees) fell by 2.4% and the billed volume is down by 1.4% on 2019.

In terms of commercial activity, despite the difficulties caused by the pandemic that have resulted in a significant fall in new tenders, the year can be considered successful, with several milestones worth specific mention:

- The five-year extension of the concession arrangement in the city of Vigo, Aqualia's biggest contract. The procurement volume came to 259 million euros and a plan for investing in service improvements will be prepared for the sum of 40.2 million euros. This success has consolidated Aqualia's leadership position in the Spanish market.
- The acquisition of desalination plant assets, irrigation pools and the distribution network of Rambla Morales in Almeria. This infrastructure, following the investment in updates and commissioning due to take place in 2021, will allow us to distribute desalinated water to the cities of Almeria and Nijar, and the irrigation associations in the area. At full capacity, this will allow us to distribute 20 hm^3 water per year, across a region that suffers a high level of water stress, providing revenue of 15.9 million euros per year.
- When it comes to Design and Construction, Aqualia has been awarded the design, construction and operation of the industrial wastewater treatment plant for the petrochemical complex in Tarragona, worth 35.6 million euros.



New contract to provide treatment services to more than 130,000 residents in Aragon (Spain).

Elsewhere, municipal concession arrangements have been extended and renewed upon their maturity, with a loyalty rate of close to 100% and a portfolio worth more than 338 million euros.

In terms of operations, the contracts of the company acquired in 2019, Agua y Gestión C.I., S.A. have now been fully integrated into Aqualia's territorial and legal structure, with the contracts in San José del Valle (Cádiz) and Huéscar (Granada) having been expanded, meeting the forecasts as regards profitability made at the time of the company's acquisition.

As regards institutional and legislative aspects, the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) has focussed its efforts on producing the "Green Book of Water" and approving the National Plans for Adapting to Climate Change and Energy and Climate, both for the 2020-2030 period, and the publication of the National Water Treatment, Sanitation, Efficiency, Savings and Reuse (PLAN DSEAR). Throughout 2020, the Water Urban Cycle Board, on which the Ministry, business associations, trade unions and users are represented, has remained active as the starting point for the future Spanish Observatory of Urban Water. Also worth special mention was Parliament's decision to suspend the application of the Law on Budget Stability during 2021 and 2022, which will allow town and city councils with a cash surplus to designate surpluses to the undertaking of investments. We expect that this will speed up investments in water resources.

During the state of alarm, subject to different regulations, cutting off the supply of water to vulnerable customers who had failed to pay their bills was prohibited, without this having any material impact on Aqualia's capacity to generate revenue.

In October, the government presented the National Recovery, Transformation and Resilience Plan, financed with European funds, valued at 72,000 million euros for the 2021-2023 period. For 2021, the General State Budget (PGE) and the budgets of the autonomous communities of Spain will include items for the value of 34,400 million euros. A Royal-Decree Law was passed approving the implementation of this Plan, with unprecedented public-private collaboration figures. Aqualia and Employers' Associations (Asociación de Empresas Gestoras de Agua de España (AGA) and Asociación de Empresas Constructoras y Concesionarias de Infraestructuras (SEOPAN)) are working to present cross-cutting proposals (digitalisation and energy efficiency), that are either local or regional in nature, that are due to be fine tuned in 2021.

During the year, work was done to reinforce the Spanish Association of Water Services Management Companies (AGA) and the management of the Spanish Association of Water Supply and Sanitation (AEAS), which include the public and private companies operating in the sector. Amongst other aspects, the objective is to inform society about management companies' high social commitment, the existence of a very relevant global technological transfer, and the affordability of tariffs for family economies in Spain, which are still low compared to other Organisation for Economic Co-operation and Development (OECD) countries, in particular during the pandemic.

> In 2020, efforts have been made to inform society about the **high level of social** commitment of management companies, the existence of a **significant technology** transfer at a global level and the a**ffordability of tariffs in Spain** for household economies

In 2020, an amendment to the sectoral collective bargaining agreement in force (2018-2022) was signed with the trade unions to set the salary increase for 2021 at 1.5%, down by half on the amount originally agreed in the collective bargaining agreement on account of the exceptional circumstances.

In the company's operational management, we must underscore the efforts carried out to reduce costs in 2020, in particular variable costs (energy and procurement of water) with a view to reduce the falling margins associated with the fall in consumption triggered by the pandemic, in particular in coastal areas. This action has helped us to maintain EBITDA ratios in relation to turnover at similar percentages as those seen in 2019. In the sports facilities sector, furlough schemes have been rolled out, making it possible to sustain these activities.

Likewise, there has been a greater focus on reducing costs linked to customer management through fraud prosecution policies for consumption, the direct debiting of bills and control of bank fees, and the reduction of on-site assistance and moving this to other channels (telephone, social networks and online).

In terms of digitalisation, the Dénia and Toledo technology centres have been commissioned, where Aqualia Water Analytics (AWA) is being developed; this integrated digital water service management tool makes it possible to manage incidents, issue work orders, manage assets, meters, etc. in an integrated manner and has resulted in a substantial increase in electronic invoices compared to paper invoices. These initiatives have also had an important ecological impact.

Aqualia has promoted actions in Spain as a socially committed company, renewing the agreements in place with ACNUR, Caritas and the environment with several initiatives that seek to reduce greenhouse gas emissions, prioritising green energies.

Furthermore, Aqualia was a founding member of Step by Water, as part of its efforts to contribute to UN Sustainable Development Goal (SDG) 11 in relation to Alliances. Federación Española de Municipios (FEMP), MITECO, Coca-Cola, Unilever and other major companies, public sector organisations and NGOs participate in this project.

End-to-end water management cycle in International

Internationally, Aqualia concentrated its 2020 activity in Europe, the Middle East and North Africa (MENA) and Latin America (LATAM).

> In 2020, Aqualia also faced an operational challenge on a European scale on account of the **impact of COVID-19** in terms of the end-to-end water management cycle

EUROPE

In 2020, Aqualia also faced an operational challenge on a European scale on account of the impact of COVID-19 in terms of the end-to-end water management cycle. Despite the impact on non-residential consumption, particularly severe in the Czech Republic, the business maintained very high levels of activity, quality and service continuity. In addition to efforts to manage municipal concession arrangements in the Czech Republic, Italy and Portugal, work was undertaken to integrate the new business in France and adapt it to Aqualia's standards, improving the service offered to more than 140,000 residents on behalf of whom we supply water and manage sanitation networks. In addition to the different services that the service acquired in 2019 already offered, new sanitation and water management, operation and renovation contracts have been rolled out in Aqualia's area of action in the *Île de France* region. Furthermore, development activities have been launched in other regions of the country, submitting proposals in western and southern France, which will continue into 2021.

In 2020 in the **Czech Republic**, the political and social debate continued as regards public action to guarantee the water supply; this debate has been ongoing for a number of years now as a result of the frequent droughts and flooding experienced in the country, and has been promoted in the political sphere by defenders of the public management of water, who are against operators receiving economic incentives. Meanwhile, the Minister of Finance is promoting the review of the tariff framework for 2022 to 2026, with different areas of the public sector analysing proposals. The review is focussed on the maximum growth of the tariff and the accurate calculation of investment needs, regulatory capital and regulatory profit, using the replacement cost. Both Aqualia, through its subsidiary SmVaK, and the association of water operators, are using all the resources at their disposal to monitor and contribute to debates by means of active communication while defending, by means of the appropriate channels, the equilibrium in terms of the outcome of the regulatory amendment. During this complex year, SmVaK has submitted bids to several end-to-end water cycle tenders, adding new municipalities in eastern Spain to Aqualia's existing contract portfolio.

In **Italy**, following the shy opening up of the concession market in 2019 and early 2020 (tenders in Rimini, Piacenza and Reggio Emilia), debate once again ignited about public involvement in the Italian regulator and the tariff structure. The situation stabilised following the replacement of the managements of Italy's regulation agency and the removal of incentives for the most efficient regulators in terms of the acquisition of water, as is the case of Aqualia.

In **Portugal**, although no new municipal concessions have been sent out to tender, given the upcoming local elections, various corporate changes have taken place involving financial investors. The high risk profile assumed by purchases reflects the significant interest in the concession market and the high level of confidence in future opportunities for growth in the country's water market.

The pace at which work is being performed to expand the Glina treatment facilities in **Romania,** was affected by the restrictions imposed by the authorities in response to COVID-19. Despite this, progress has been made with civil engineering and the procurement of equipment to minimise the impact on the works plan.



The El Alamein plant (Egypt), chosen as one of the three desalination plants of the year at the Global Water Awards.

In the **Balkans** the contracts for the Berane and Pljevlja projects were resolved on grounds attributable to customers; the works in relation to these projects were already complete and the facilities were in operation. Meanwhile, the established dispute resolution and winding up mechanisms were rolled out for both plants. The Prizren project is currently in the testing phase and awaiting provisional acceptance to launch assisted operation.

MENA

In **Algeria**, the commissioning of the Mostaganem desalination plant at full capacity was completed following the completion of works for the additional capture of seawater, obtaining provisional acceptance. The plant has increased its actual capacity and is protected from the impact of adverse sea conditions.

In terms of the operations of the desalination plants, given the huge impact that the pandemic has had, and thanks to the dedication and high level of planning undertaken by the management team at the plants, they have remained at full capacity with no major incidents at the Mostaganem and Cap Djinet desalination plants, thus providing an essential service to the local population.

In **Egypt**, Aqualia ended the year having guaranteed the operation of the El Alamein desalination plant, offering a capacity of 150,000 m^3 per day, having extended the corresponding contract through to 2022.

The completion of the El Alamein desalination plant to the customer's full satisfaction offers an unrivalled reference for new projects set out in the desalination plan established by the Egyptian government with a view to reducing water stress in the country's Mediterranean and Red Sea regions.

In terms of the completion of the project at the Abu Rawash wastewater treatment plant, despite the impact of the pandemic, the pace of work at the plant has remained healthy, and it is due to be commissioned in 2021.

In **Saudi Arabia**, in January Aqualia completed the acquisition of 51% of Qatarat and HAAISCO from the prestigious Saudi group, Alireza. Qatarat is the concession holder for the King Abdulaziz de Jeddah International Airport saltwater desalination plant. HAAISCO, in turn, operates the plant and other important plants in the country, such as the desalination plant at KAUST University. All plants have been running at full capacity to provide these essential services to the population during the pandemic.

Furthermore, progress has been made in executing the diversion and adaptation works for affected supply and sanitation services on the Riyadh metro, where Aqualia is responsible for the activities to divert services and provide provisional and definitive connections for Lines 5 and 6.

Over the course of the year, significant commercial efforts have been made to participate in the ambitious desalination programme organised by the Government, with very competitive bids submitted for different projects.

Likewise, efforts have been dedicated to developing other lines of commercial activity as part of the VISION 2030 programme to improve infrastructures, such as the new wastewater treatment projects, contracts for the rehabilitation, operation and maintenance of existing treatment facilities and service provision contracts for end-to-end water management across the country.

In the **United Arab Emirates**, Aqualia MACE has continued to provide the operation and maintenance of the collector networks, pumping stations and wastewater treatment plants in the geographical areas of Al Ain and Abu Dhabi without incidents and at full capacity throughout the pandemic.

During 2020 in **Oman**, Aqualia has continued with the end-to-end management of the cycle in the Sohar port area through its subsidiary *Oman Sustainable Water Services (OSWS)*, without incidents despite the pandemic. One important milestone this year was AENOR's certification of the asset management system; very few water management companies in the world have received this certification.

In **Qatar**, work has started to commission the Al Dhakhira wastewater treatment facilities to the north of the country, run by Hyundai, with capacity for 55,000 m^3 per day to be operated by Aqualia MACE once the service is definitively commissioned in 2021.

Furthermore, a *joint venture* has been constituted, led by Aqualia and with the participation of prestigious local partners, to develop projects to improve the sewerage, treatment and reuse network, which will provide services to Qatar's Ministry of Public Works and Sanitation.

USA

During 2020, Aqualia enhanced its commercial activities in the United States, maintaining its active search for new projects and business opportunities.

The main growth opportunities for the company in certain states appear to be water shortages, obsolete water infrastructure, and the scarce penetration of private sector operators in the industry.

However, the COVID-19 health crisis, the general elections and the eventful political transition have seen the economy, and in particular projects in relation to water and sanitation, slow down.

New legislation in relation to controlling and eliminating emerging contaminants to protect water bodies and surface water represent a business opportunity to be explored in the coming years.

LATAM

The deficit of water infrastructure and the search for efficiency in the existing infrastructure are two factors that enhance Aqualia's growth possibilities.

In 2020, Aqualia has consolidated its presence in **Mexico**, setting a benchmark in the sector with a very diversified asset portfolio.

The experience obtained in the BOT *(Build, Operate, Transfer)* contracts at the Acueducto II project in Querétaro and Realito in San Luis de Potosí, has provided the company with a basis for proposing similar projects to institutional customers, as the technical and financial skills employed have placed Aqualia in a position of leadership in the country.



Aqualia purchases Ecosistemas de Morelos (EMSA), enhancing its presence in Mexico.

The Guaymas desalination plant, awarded in 2018 by CEA de Sonora, the implementation of which has had to be pushed back slightly on account of the pandemic, is now practically complete and will be commissioned in 2021.

In June, Aqualia acquired 100% of the shares in Ecosistemas de Morelos (EMSA), the purpose of which is the concession of the Cuernavaca WWTP. Thanks to this transaction, Aqualia has completed the cycle of its activities in the country, adding the treatment of wastewater in Cuernavaca, to desalination in Guaymas and the supply of drinking water in Querétaro and San Luis de Potosí.



"El Salitre" wastewater treatment plant (WWTP) in Colombia.

Last June, the takeover of concession holder AQUOS (Realito) was completed by means of the acquisition of an additional shareholding, taking its total holding to 51%. Up until this point, Aqualia had held a minority interest in the company.

In **Colombia**, the construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogotá continued, with the pandemic having a minimal impact on works thanks to the strict protocols implemented. This series of measures has placed Aqualia at the forefront of health and safety in hydraulic infrastructure works, receiving recognition from public institutions and multilateral banking.

In March, it completed the acquisition of 12 municipal concessions in the Córdoba region, in addition to the concession awarded in Villa del Rosario in the region of Santander, which was commissioned in May. These projects have helped to consolidate Aqualia's presence in the country as an end-to-end management operator.

Aqualia continues to pursue business opportunities for the management of end-to-end services in the country's major municipalities under concession models. Furthermore, it has detected new opportunities for the design, construction and financing of hydraulic infrastructures to purify wastewater, in addition to new sources of drinking water supply in areas suffering from water stress.

In **Peru**, the government is evaluating the efficiency of its public supply services to allow the entry of private sector companies wherever management indicators are lowest. In 2017, five private initiatives for the treatment of wastewater were submitted. These were declared relevant in 2018 and are currently in the formulation phase. In 2020, a private initiative was also submitted and declared as being of relevance, for the desalination project in Ilo, which is now in the development phase. At present, Aqualia is analysing different projects both as a service provider for Public Service Companies and as the supplier of financing, design, construction and operation of major hydraulic infrastructures.

Aqualia withdrew from the assistance and consultancy contract for the operational and commercial management of IDAAN (**Panama**) given the amount of time that had elapsed between the award and the comptroller's endorsement. Staying in Panama, the company also terminated the contract for the 10-year engineering, construction and operation agreement in relation to the Arraiján WWTP in advance, as the customer failed to make payment.

Activity in the Water area

1 MEXICO

Cuernavaca

Acquisition of the concession in relation to the wastewater treatment plant (WWTP) in Cuernavaca, *Morelos (Mexico). 10 years. 19.2 million euros*

El Realito (Guanajuato and San Luis de Potosí)

Acquisition of an additional 2% in the El Realito concession holder (Aquos), allowing Aqualia to assume control over the concessionaire for a period of 16 years and an estimated turnover of 16 million euros per year.

2 COLOMBIA

Acquisition of three end-to-end water cycle management concessions for 12 towns in Córdoba, in the Caribbean region in the country's north. These concessions have been acquired from three companies in the same business group: Aguas del Sinú, which manages the service in seven towns (Santa Cruz de Lorica, Chima, Momil, Purísima, Tuchín, San Antero and San Andrés de Sotavento); Uniaguas, which operates services in five other towns (Cereté, Ciénaga de Oro, Sahagún and San Carlos); and OPSA, which to date had managed the service in Planeta Rica. 19 years. *382.1 million euros*

3 SPAIN

Catalonia

Tarragona

Design, construction and operation of the effluent treatment facilities for the chemical and petrochemical industrial complex in Tarragona on behalf of Aguas Industriales de Tarragona, S.A., for a period of 6.5 years. *35.6 million euros*

Castile-La Mancha

Picadas-Almoguera (Toledo) and Mancomunidad El Girasol and Almoguera-Algodor-Sagra Este (Cuenca)

Services for the operation, conservation and maintenance of supply systems in Picadas-Almoguera (Toledo) and Mancomunidad El Girasol and drive systems in Almoguera-Algodor- Sagra Este (Cuenca), for Aguas de Castilla-La Mancha, for a period of 2 years. *17.1 million euros*

Los Yébenes (Toledo)

Water supply service for a period of 17 years. *7.8 million euros*

Almorox (Toledo)

Operation and maintenance of the Almorox wastewater treatment plant, for a period of 10 years. *1.1 million euros*

Melilla

Melilla

Works and services to expand the seawater desalination plant in Melilla and operate the plant during the performance of works and its commissioning, on behalf of the Confederación Hidrográfica del Guadalquivir, for a period of 2.25 years. *16.1 million euros*

Aragon

Zaragoza

Services and minor conservation and repair work for cleaning and maintaining the sewerage and urban drainage systems and network of underground channels in the city of Zaragoza for a period of 2 years. *7 million euros*

Cuarte de Huerva (Zaragoza)

Service for the operation, maintenance and conservation of the wastewater sanitation and treatment system in the River Huerva for Instituto Aragonés del Agua for a period of 3 years. *1.8 million euros*

Navarre

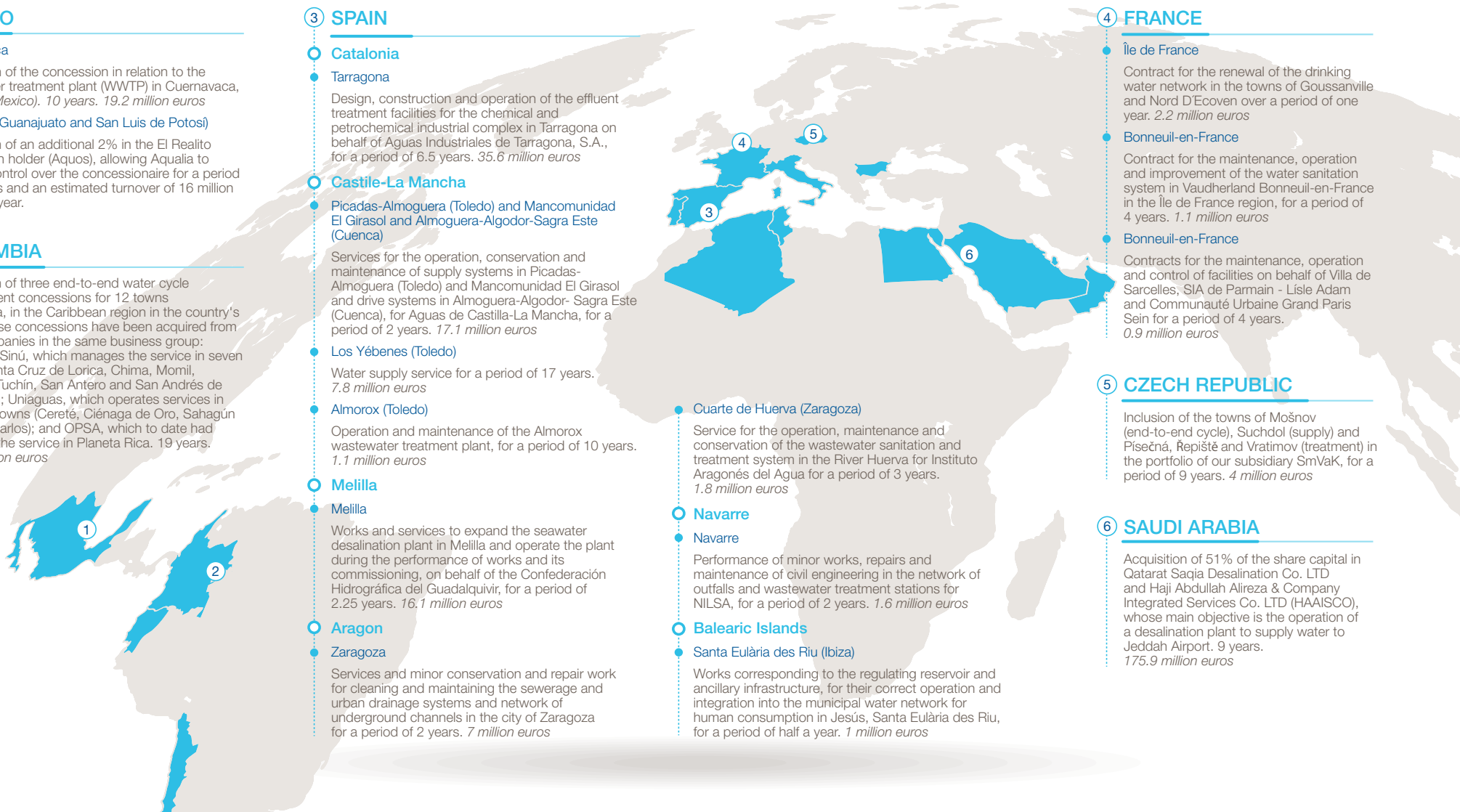
Navarre

Performance of minor works, repairs and maintenance of civil engineering in the network of outfalls and wastewater treatment stations for NILSA, for a period of 2 years. *1.6 million euros*

Balearic Islands

Santa Eulària des Riu (Ibiza)

Works corresponding to the regulating reservoir and ancillary infrastructure, for their correct operation and integration into the municipal water network for human consumption in Jesús, Santa Eulària des Riu, for a period of half a year. *1 million euros*



4 FRANCE

Île de France

Contract for the renewal of the drinking water network in the towns of Goussanville and Nord D'Ecoven over a period of one year. *2.2 million euros*

Bonneuil-en-France

Contract for the maintenance, operation and improvement of the water sanitation system in Vaudherland Bonneuil-en-France in the Île de France region, for a period of 4 years. *1.1 million euros*

Bonneuil-en-France

Contracts for the maintenance, operation and control of facilities on behalf of Villa de Sarcelles, SIA de Parmain - Lísle Adam and Communauté Urbaine Grand Paris Sein for a period of 4 years. *0.9 million euros*

5 CZECH REPUBLIC

Inclusion of the towns of Mošnov (end-to-end cycle), Suchdol (supply) and Písečná, Řepiště and Vratimov (treatment) in the portfolio of our subsidiary SmVaK, for a period of 9 years. *4 million euros*

6 SAUDI ARABIA

Acquisition of 51% of the share capital in Qatarat Saqia Desalination Co. LTD and Haji Abdullah Alireza & Company Integrated Services Co. LTD (HAAISCO), whose main objective is the operation of a desalination plant to supply water to Jeddah Airport. 9 years. *175.9 million euros*

Expansions and extensions to already managed contracts in Spain

Vigo (Pontevedra)

End-to-end management of the water supply, sewerage and treatment service in the city for a period of 5 years.
259.6 million euros.

Mula (Murcia)

Management of the water supply service for a period of 5 years.
10.2 million euros.

Ibiza (Balearic Islands)

Management of the water supply and sewerage service for a period of 1 year.
8.9 million euros.

San José del Valle (Cadiz)

Management of the water supply and sanitation service for a period of 15 years.
5.8 million euros.

Redondela (Pontevedra)

End-to-end management of the water supply, sanitation and treatment service for a period of 2 years.
4 million euros.

Yecla (Murcia)

Management of the water supply service for a period of 4 years.
4.9 million euros.

Ajofrín (Toledo)

End-to-end management of the drinking water, sewerage and treatment service for a period of 17 years.
3.7 million euros.

Port of Santa María (Cadiz)

Maintenance, conservation and operation service of the WWTP and sewerage for a period of 1 year.
3.5 million euros.

Consorcio de Louro (Pontevedra)

Management of the urban water cycle for a period of 1 year.
3.1 million euros.

Alcoi (Alicante)

Management of the water supply service for a period of 1 year.
2.8 million euros.

Llucmajor (Balearic Islands)

Management of the water supply and sewerage service for a period of 0.5 years.
2.8 million euros.

Zaragoza

Services to manage ACUAES supply actions in the province of Zaragoza: Zaragoza and the Ebro and Bajo Ebro Aragonés corridor for a period of 2 years.
2.8 million euros.

Costa Brava (Girona)

Management of the treatment service through a joint venture for a period of 0.7 years.
2.8 million euros.

Rota (Cadiz)

Management of the municipal water supply service for a period of 0.7 years.
2.5 million euros.

Güímar (Santa Cruz de Tenerife)

Management of the water supply and sanitation service for a period of 1 year.
2.4 million euros.

Peñafiel (Valladolid)

Management of the drinking water supply, sewerage and maintenance service for the wastewater treatment plant for a period of 5 years.
2.4 million euros.

Muro (Balearic Islands)

Public services for household supply and drinking water distribution for a period of 5 years.
2.3 million euros.

Huéscar (Granada)

Management of the wastewater treatment plant for a period of 10 years.
2.3 million euros.

Yepes (Toledo)

Incorporation of a new tank and osmosis plant into the municipal water supply and sewerage service in the town for a period of 11 years.
2 million euros.

Villena (Alicante)

Management of public drinking water supply and sewerage service for a period of 1 year.
1.8 million euros.

Castell-Platja d´Aro (Girona)

Management of the water supply service for a period of half a year.
1.7 million euros.

Madrid

Services for the urgent renewal and repair of the supply and regenerated water network of Canal de Isabel II (Lote 9 Red Culebro) for a period of half a year.
1.6 million euros.

Illescas (Toledo)

Management of the water supply and sewerage service for a period of 1 year.
1.5 million euros.

Alba de Tormes (Salamanca)

Management of the water supply service for a period of 5 years.
1.3 million euros.

Oleiros (La Coruña)

Management of the municipal indoor swimming pools for a period of 1 year.
1.3 million euros.

Guía de Isora (Santa Cruz de Tenerife)

Service for the operation, maintenance and conservation of infrastructures and facilities in relation to the local seawater desalination system in Fonsalía for a period of 2 years.
1.3 million euros.

Sonseca (Toledo)

Management of the water supply service for a period of 2 years.
1.3 million euros.

Baix Ebre (Tarragona)

Management of the public service of sanitation systems in the region of Baix Ebre for a period of half a year.
1.2 million euros.

Alcalá de Henares (Madrid)

Meco tanks and pumps for a period of 2 years.
1.1 million euros.

District of Talavera (Toledo)

Maintenance, conservation, operation and management of the supply to four municipalities in the province of Toledo (district of Talavera, also known as Sierra de San Vicente: Sartajada, La Iglesuela, Montesclaros and Buenaventura) for a period of 7 years.
1.1 million euros.

Burgo de Osma (Soria)

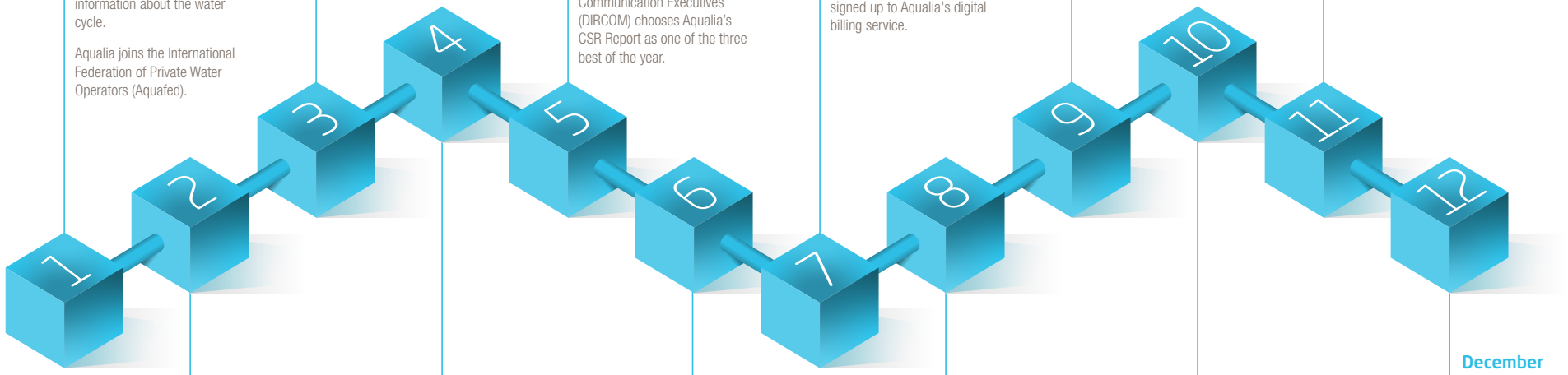
Management of the water supply and sanitation service for a period of 2 years.
1 million euros.

Incorporated companies

"Mar de Alborán" seawater desalination plant (Almeria)

At the beginning of the year, Aqualia purchased the Mar de Alborán desalination plant and its ancillary pool and irrigation water distribution network facilities to satisfy the demand of the different irrigation associations in Almeria and Níjar. This sustainable management model will see the desalination plant supplied by solar power generated by a photovoltaic plant.

Highlights_End-to-end water management cycle 2020



January

The University of Almería (Spain) and Aqualia join forces to research and publish information about the water cycle.

Aqualia joins the International Federation of Private Water Operators (Aquafed).

February

New contracts in Aragon (Spain) to provide treatment services to more than 130,000 people.

The Aqualia team receives further information about ethics and integrity.

March

New contract to manage the cleaning and maintenance services for the sewerage network in Zaragoza (Spain).

Solidarity, adaptation and service in response to COVID-19.

April

Aqualia named "Best Company in 2019" by readers of iAgua, the leading industry publication in Spain and Latin America.

A one-of-a-kind bio-health protocol to combat COVID-19 allows work to resume at the Salitre WWTP in Bogotá (Colombia).

May

The Badajoz Water Service achieves the maximum rating from the European Benchmarking Cooperation (EBC).

Five more years managing the municipal water service in Mula, Murcia (Spain).

The Association of Communication Executives (DIRCOM) chooses Aqualia's CSR Report as one of the three best of the year.

June

Aqualia participates in the presentation of the StepbyWater alliance, an initiative supported by the Spanish government.

ACUAES renews its trust in Aqualia to manage its wholesale supply in Zaragoza (Spain).

July

Aqualia completes the integrated cycle with the acquisition of EMSA (Ecosistemas de Morelos) and thus consolidates its presence in Mexico.

The new edition of the "Pásate a la e-factura" campaign sees more than 450,000 users signed up to Aqualia's digital billing service.

August

The MIDES project, led by Aqualia, operates the first two desalination plants that are wholly energy self-sufficient in the world, in Dénia (Alicante, Spain) and Guía de Isora (Santa Cruz de Tenerife, Spain).

September

The El Alamein plant (Egypt), chosen as one of the three desalination plants of the year at the Global Water Awards.

The IFM fund selects two projects submitted by Aqualia for its international environmental and social internship programme.

October

Recognition of the best preventive culture practices included in Aqualia's contracts.

The documentary, Brave Blue World, which features Aqualia's All-gas project, is available in 191 countries via Netflix.

November

The Advisor project, included in the 101 most innovative initiatives in 2020 for combating climate change.

Lleida city council (Catalonia, Spain) and Aqualia create a social solidarity fund to guarantee access to water for families at risk of exclusion.

December

The "Who is behind the water we use at home?" campaign, organised by Aqualia as part of the COVID-19 crisis, is named a winner at the European Excellence Awards (EEA).

Aqualia becomes a full member of the UN Global Compact.



Service excellence

Customer management

It is essential for Aqualia to expand the company's commitment to society, seeking the goal of excellence in customer service. The company aims to stand out in the market by developing services adapted to its users' needs. In 2020, progress continued in terms of gearing the strategy towards end customers, particularly focusing on the quality of the channels used to interact with our users, enhancing the investment in technology particularly during this year that has been so hard hit by the pandemic.

Customer service channels

In 2020, the main management indicators for our ***aqualiacontact*** customer service channels are the following:

- **Over-the-phone customer service**

  In 2020, **1,240,219 calls** were received by the Customer Service Centre.

  Given the state of the alarm, the closure of face-to-face customer services and other health measures adopted, the Customer Service Centre received 54% more calls year on year.

  The specialist service offered by our agents, in addition to the proactive nature and speed with which the customer service is offered in the form of a remote system using the *Presence (Evolutio)* solution, has made it possible for customers to receive assistance with no downtime via the different customer service and fault reporting channels, such as: the over-the-phone customer service, virtual office, App, twitter and email.

  Following the closure of Aqualia's sales offices during the month's hardest hit by the pandemic, informational SMS messages and emails were sent to all customers to inform them of the range of channels open to them, with the Customer Service Centre the main channel chosen by our customers for the purposes of communication.

  Following the progressive reopening of in-person offices and the end of the state of alarm, social distancing measures, the use of face masks, disinfection of areas, etc. were all implemented.





Pásate a la factura electrónica

Llamando al centro de **atención al cliente** o enviando un email a **e-factura@aqualia.es** indicando: nombre y apellido del titular, número de contrato, población y el email donde deseas recibir la factura electrónica.

Cámbiate a la factura electrónica y podrás consultar, sin coste alguno, tu factura al instante.

ODS alineados con esta iniciativa

The over-the-phone Customer Service Centre was used to set up an appointment service to prevent waiting times and overcrowding at in-person offices, improving not only the over-the-phone service, but also providing a faster, effective and pleasant service in general with all the health guarantees.

Virtual office: aqualiacontact

In 2020, **163,814 interactions** were handled, **26%** up on 2019. In total, 32.34% interactions were as regards the modification of data, 23.77% electronic invoicing and 19.85% bank card payments.

App for mobile devices

In 2020, using the app available to our customers, **62,562** interactions were processed, **50.2%** up on 2019, with 20.99% of these regarding modification of details and 64.08% for payments with bank cards.

Twitter @aqualiacontact

Furthermore, this channel remained active as part of the omnichannel project. Aqualia included Customer Service via Twitter in its list of channels. Through the @aqualiacontact account, messages sent by users are managed and dealt with. SMS messages for notifications of bills and incidents and warnings of failures in networks are also possible.

Via twitter, **51.5%** more interactions were managed in 2020 compared to 2019.

E-invoicing

In 2020, **15,277** customers asked to activate the e-invoicing service, up by **85%** year on year.

The efficiency of all customer relationship channels allows for a **very reduced number of claims; 0.41%** at December 2020 with an **average claim response time of 11 days**. The average meter installation time (from request) of five days is also noteworthy.

In order to meet the high expectations our customers have of the service offered by Aqualia, we will continue making progress to be able to provide all our customers with a quality omnichannel experience when they interact with the company.

The following objectives have been set for this:

1. **Integration of all the channels**

   Channels functioning in unison, interrelated in real time. The new project for implementing a **Microsoft Dynamics CRM**, which will come online in 2021, will enable all the channels to be interrelated in real time with better accessibility, availability and integrity of the information in the interactions. The objective of the project is to have a new customer service module that must be integrated with other systems, such as the Diversa commercial system, which provides sufficient flexibility, guarantees availability and agile and flexible access to information through guided processes.

2. **A better quality and more pleasant experience for customers**

   - Any operation from any channel.
   - Single processes for every channel.

3. **More responsive and capable service**

   - Multi-platform customers.
   - Use of resources, development of communication skills by channel.

Billing and managing collections

The Customer Management department has maintained the same strategic vision in the development of its management tools, mainly with the completion of the implementation of the single billing and debt management tool for non-tariff concepts and the progress of new functions in the Business Intelligence tool for example, which includes meter renewal, fraud, adapting to the debt status procedures and types of customer.

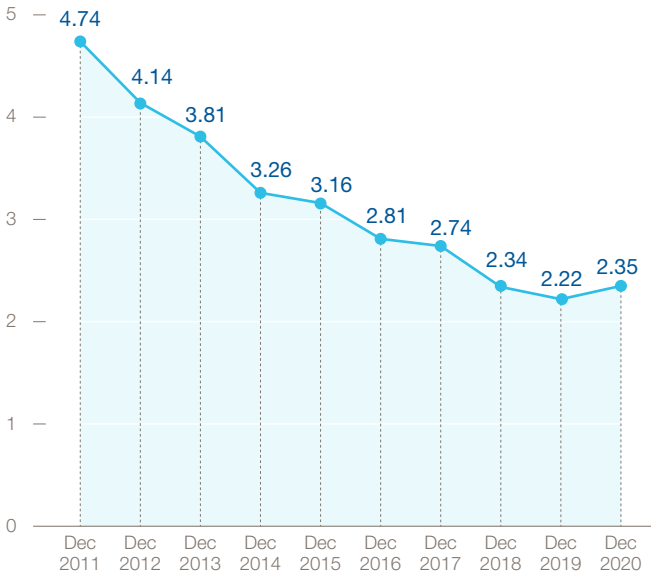
Worldwide, on account of the circumstances generated by COVID-19, billing has seen a year on year drop in m^3 consumption of 2.24%, which has been reflected in a decrease in billing of 0,71%, mainly due to the fall in consumption by non-household consumers (-14.76%) and wholesale water consumption (-7.45%). These impacts have been offset by the 3.22% increase in household consumption as a result of the lockdown measures implemented.

Furthermore, in response to the pandemic and the closure of in-person offices, the different customer service channels have been reinforced to perform the necessary activities and offer flexible payment options to vulnerable sections of the population.

1. Average collection period and non-payment

This has resulted in the continuous improvement of processes, bringing the average collection period in Spain to 2.35 months, maintaining the trend seen in the previous two years. This has been achieved by stepping up the correct management of payments, despite the impact of the pandemic.

Average collection period in Spain



Globally, Aqualia has seen a slight upturn in the average collection period on account of the increase in activity in the International area over the past two years, with the inclusion of the concessions in the regions of Córdoba and Villa del Rosario acquired in Colombia in 2020, the acquisition of Qatarat and HAAISCO (Arabia Saudí) in January 2020 and the takeover and initial consolidation of Acueducto El Realito (Mexico) in June 2020. This figure has also been affected by progress with the works at the Glina WWTP (Romania) and the capitalisation of advances received (EPC) as part of the Abu Rawash WWTP project (Egypt).

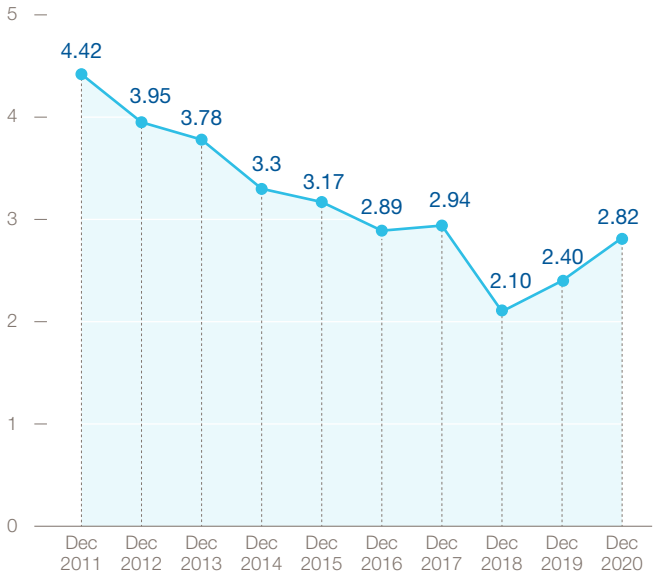
In the tariff processes, the structural default has been improving every year, with Spain improving most, and has evolved as follows:

Aqualia has maintained the campaign to promote the use of electronic invoicing and to gradually replace as many paper invoices as possible. This action has allowed for a 20.4% increase in the number of invoices issued electronically compared to the previous year, reaching a global rate of 14.1%, contributing to preserving the environment, with 540,533 customers choosing to receive this type of invoice.

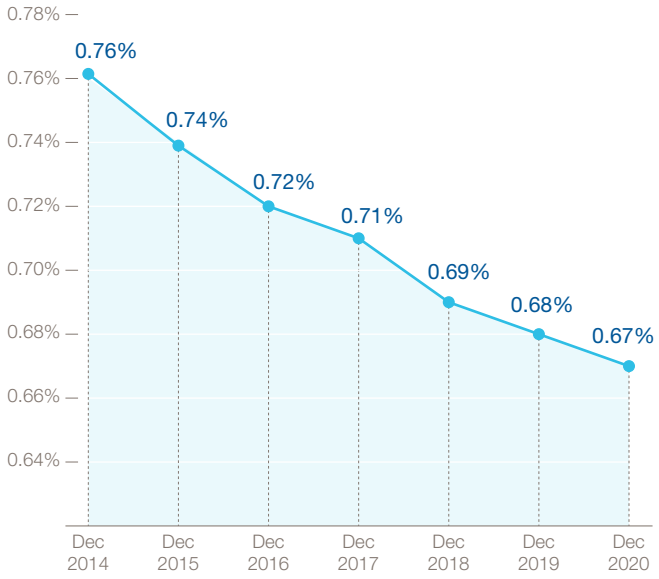
The task to minimise the difference between the volume of water supplied into the network and the actual volume consumed is an essential goal for a company such as Aqualia. To achieve this, in addition to using sophisticated smart network monitoring systems and renewing networks that become obsolete to prevent leaks insofar as possible, plans are designed to detect the fraudulent use or actions involving drinking water.

In 2020, despite the pandemic, over 7,100 frauds, worth an equivalent consumption amount of 3.7 million euros, were detected. In addition to these actions, over 342,000 metering devices were renewed in many different contracts.

Average collection period. International area



Structural default in Spain





2. Meter Reading Mobility Project

In 2019 and 2020, an ambitious project for meter readings was undertaken. The project aims to update the implemented mobility solution for taking meter readings, providing it with online and offline functions with the current DIVERSA commercial system used at Aqualia. The solution is run on smartphones in order to provide functions related to taking and managing meter readings.

With this project, Aqualia aims to improve the current meter reading and management processes, making them efficient in the shortest time possible and with the smallest economic impact. The project was developed in 2019, concluding the final user tests with great success in December. The pilot launch, which took place in January 2020, was completed successfully, with the remaining operations being rolled out gradually.

Roll out in production Meter reading module project

- This pilot project was completed satisfactorily in Alcalá de Henares (Madrid).
- It was then rolled out in Ávila, Salamanca, Lleida, Lliria (Valencia), Sant Josep (Balearic Islands), Écija (Seville), Jaén, Sanlúcar de Barrameda (Cádiz) and Mérida with satisfactorily results, allowing the mass roll out of the project.
- As at December 2020, it has been implemented as part of:
  - 439 services implemented in Spain and 6 in Italy and Portugal.
  - 5,296,171: readings taken to date with the new app.
  - 20,241: reading routes exported to the app.
  - 2,589,927: contracts exported to be read on the app.
- Its roll out is due to be completed in Q1 2021.

3. CRM Microsoft Dynamics

The new customer services module uses Microsoft Dynamics CRM 365. This solution provides the customer with a comprehensive overview, technological innovation and improvements in business processes.

- The solution includes a new website for customers that will replace the virtual office that is currently in place. The *Call Centre* and a new virtual office will be implemented for customers, covering all operations, with the corresponding updates to the CRM currently in place.
- The tests run by the technical and business teams were performed in the final quarter of 2020 with satisfactory results.
- Developments are due to be completed in February 2021, with tests run in March and April before it is rolled out in May 2021.

Data protection

In Spain, following the entry into force of Regulation EU 2016/679, the General Data Protection Regulation (GDPR) on 25 May 2018, and the entry into force of Organic Law 3/2018, on the protection of personal data and the guarantee of digital rights (LOPDGDD) on 5 December 2018, Aqualia embarked upon a process of adapting its regulations in relation to data protection.

The new developments established in the regulation required data protection amendments to be made across all companies, given that they apply to all the affected areas in relation to the following areas:

1. Employees.
2. Customers.
3. Suppliers.
4. FCC Group's contractual relations.
5. Public administration contractual relations.
6. Documentation and internal management.
7. Information technology and information security.
8. Technical and organisational measures.

As part of the adaptation process, the *eprivacy* tool has been rolled out. This tool is used to record the data processing activities of all companies. It features a document and evidence manager, in addition to a risk assessment tool.

The tool allows a quarterly risk status report to be generated, in addition to constant improvement assessments following the implementation of corrective and preventive actions.

- Situación inicial mayo 2018:

RIESGOS: PROBABILIDAD

Very High - Maximum	0	0	0	0
High - Significant	4	171	0	0
Medium - Limited	132	468	224	0
Low - Insignificant	0	1	0	0
	Very low - Insignificant	Medium - Limited	High - Significant	Very High - Maximum

IMPACT

- Status December 2020:

RIESGOS: PROBABILIDAD

Very High - Maximum	0	0	0	0
High - Significant	0	0	0	0
Medium - Limited	11	98	17	0
Low - Insignificant	124	604	180	0
	Very low - Insignificant	Medium - Limited	High - Significant	Very High - Maximum

IMPACT

- The adaptation work started in 2020 is due to continue into 2021: International data transfer project between FCC Group companies.
- Storage terms project for FCC Group data.
- Adaptation of Aqualia's national security framework.



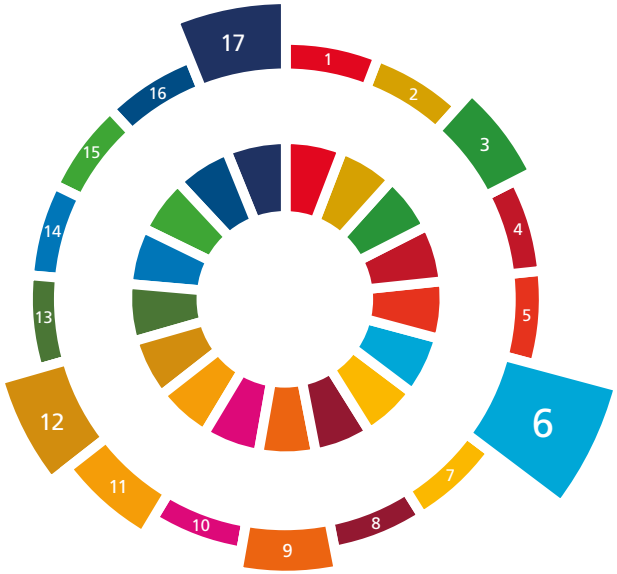
Lleida city council (Catalonia, Spain) and Aqualia create a social solidarity fund to guarantee access to water for families at risk of exclusion.

Social action

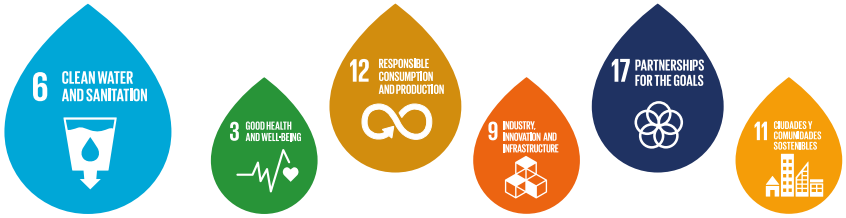
Although the capacity to set rates and regulate the services provided in the integral water cycle in Spain lies exclusively with the Administration, at Aqualia we actively promote social action mechanisms in the rates and solidarity funds for underprivileged users. The company has also worked to improve the coordination with the city councils' social services to protect customers at risk of social exclusion. As an example, within its CSR policy, Aqualia has been renewing its partnership agreement with Caritas Española to support the initiatives of this humanitarian organisation in Spain, since 2015, and with ACNUR since 2019. Furthermore, access to water has been guaranteed for those in vulnerable situations and payment terms have been extended for all customers affected by the pandemic.

Sustainable management

Aqualia accepts that it has a role to play in the private sector in terms of achieving the Sustainable Development Goals and this is reflected in its daily commitment to promoting t his culture within the company and amongst its stakeholders. For this reason, in addition to its campaigns to raise awareness of the SDGs, it has identified and prioritised those to which the company contributes as part of its activities and corporate commitments. Through active listening, it identifies the importance that stakeholders place on Aqualia's contribution to the different SDGs and seeks to respond to these expectations by providing appropriate indicators:



Priority commitments on account of its activities



Corporate commitments



6.1 Drinking water for all
- More than €70,000 in water bills in Cáritas centres.
- 191,953 beneficiaries from reduced tariffs, discounts or grants.
- Collaborative outlook: dialogue with over 50 national and international sectoral associations.

6.2 Health and hygiene for all
- Access to more than 29 million users.
- Technological platform to digitalise the end-to-end water cycle, Aqualia LIVE.

6.3 Improve water quality
- 1,019,780 water quality investigations.
- Volume of treated water returned to its natural environment 687,943,351m³.

6.4 Increase the efficient use of hydraulic resources
- 17 current patents for efficient water management.
- 21 active projects.

6.5 End-to-end management of water resources and cross-border cooperation
- Present in 4 of the 17 countries with extreme water stress: Qatar, Saudi Arabia, United Arab Emirates and Oman.

6.6 Restoring water-related ecosystems
- Development of biodiversity projects in facilities in protected areas.
- 145 biodiversity spaces identified.



Likewise, Aqualia continues with its strategy of creating shared value, heeding the expectations of its stakeholders and further developing the tools to know and measure the social and environmental impact, supporting the creation of economic value and increasing the company's competitiveness (calculating our social and environmental footprint). That is why, in 2020, we have worked on the following aspects:

1. Application of ISO 45001 to Aqualia's management system, revising and updating all the procedures and coordinating internal and external audit processes (AENOR).
2. Increase in the efficiency of internal audit processes, publishing integrated reports, and external audit processes by collaborating with qualified auditors who perform audits on the Quality, Environmental and Energy Management systems, calculate the carbon footprint and audit occupational health and safety.
3. Certification of asset management under an international agreement, making it possible to increase efficiency and guarantee operations with managed infrastructures.
4. Increase in the scope of the Energy Management and Climate Change strategy.
   - Monitoring contracts with energy review.
   - Calculating and verifying the Carbon Footprint of all Aqualia's activities in Spain and Portugal.
   - Inclusion in the Carbon Footprint Registry of the OECC (Spanish Climate Change Office) of MITECO (Ministry of Ecological Transition and the Demographic Challenge) for all Aqualia's activities in Spain.
   - Review of the Plan to Reduce the Carbon Footprint of Aqualia's activities.
   - Verification of the emissions avoided in the CLIMA Project of the OECC (Spanish Climate Change Office) organised by MITECO, approved in 2018, for the use of alternative fuels, which come from the company's activity, in vehicles.
   - Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
5. Adaptation of the general procedures of the Management System to FCC Group's Compliance model to respond to the designation of process owners and their corresponding controls.
6. Participation in AENOR meetings and conferences and in AEC (Spanish Quality Association) work groups.
7. Participation in the Circular Economy Commission of the Spanish Chamber of Commerce, where legislative initiatives are analysed and meetings are held with policy makers.

In addition to the above, the strategy with the company's stakeholders has been maintained. This consists of incorporating the treatment of Aqualia's stakeholders into the Management System and the company's context analysis as a requirement of the new Standards and as support for other Aqualia departments in their daily work (Customers, Compliance, Communication, CSR, HR, etc.).



Customer orientation. Listen to their needs, one of the most powerful tools when it comes to continuous improvement.

Energy Management

The energy management of production facilities has been a strategic line of action for the company since it was founded, with the optimisation of energy consumption an objective of continuous improvement.

Not surprisingly, the calculation of the company's carbon footprint in its operations in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by AENOR, shows that the component with the biggest impact on Aqualia's carbon footprint is electricity consumption (Scope 2).

To this end, in 2020 several projects were implemented that seek to reduce greenhouse gases (GHGs).

The signing of a PPA (*Power Purchase Agreement)* for 76 gigawatts per year of renewable energy (photovoltaic), that came into force in July will help to reduce emissions by 15,200 tonnes of CO_2 eq per year.

Furthermore, the installation project for 3,2 MW of peak power in the form of solar panels, supplying 26 consumption points, with an annual expected production of 5 gigawatts per year, which translates into a reduction in GHG emissions of 1,000 tonnes of CO_2 eq per year.

Improvements for reducing energy consumption

Since 2016, and every four years, the company submits a set of production facilities that consume more than 85% of the company's total consumption to energy auditors (in accordance with ISO 50001-Energy Management Systems). In order to monitor the improvement opportunities detected in the audits, the functional design of a computer tool has been created, which is promoted within the scope of this standard. This tool will be included with Aqualia's technical analysis/reporting tool (AqualiaRT/AqualiaBI), enabling the activities and results obtained to be monitored.

In 2020, the Las Tablas office building, home to Aqualia's head office, received energy management certification. This is expected to optimise the consumption of this building, which, as in the case of other offices, has a much smaller impact on the company's carbon footprint than the production installations, but which are Aqualia's showcase for its end customers, to whom we transfer our environmental commitment.

Greenhouse gas emissions 2020

	t CO_2	t CH_4	t N_2O	GHG 2019 (t CO_2e)	%
Scope 1	7,615.4	2,173.3	24.2	74,876.9	37.5%
Scope 2	94,583.3	0,0	0.0	94,583.3	47.4%
Scope 3	13,346.2	0,0	63.3	30,111.1	15.1%
TOTAL	**115,544.8**	**2,173.3**	**87.4**	**199,571.3**	

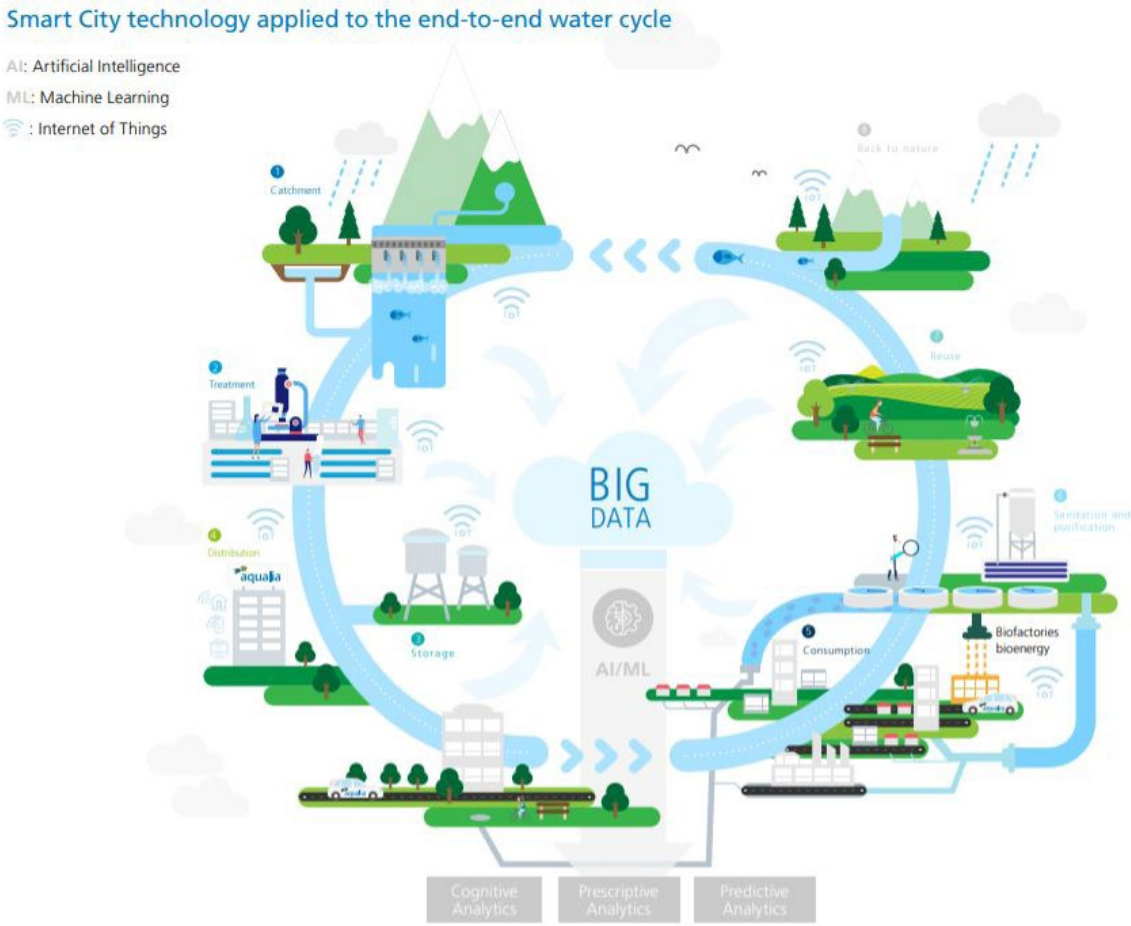
Technical management

Over the course of 2020, the implementation and development of activities to improve operational management and the roll out of new platforms to standardise technical best practices across the company has continued. Those worth particular mention include:

Energy Management

- Implementation of the monitoring and control platform structured around improvement proposals and goals under different contracts, in relation to energy efficiency, pursuant to ISO 50001-Energy Management Systems.
- Change in the energy billing control platform, switching from *Bempower* to the much more powerful *Synergica* tool, providing more immediate and comprehensive control of energy costs billed by the retailer.
- Implementation of the SILICE platform for gathering gas production data and the destination of gas at WWTP under management, with a view to centrally declaring data for the payment of Fuel Tax on the tax agency's platform.

Commitment to **smart management**



Asset management

Work has started to roll out the new Asset Management and Maintenance IT Tool, which will allow for the standardisation of maintenance activities, depending on the size and purpose of the service provided in addition to better centralised control of the inventory of managed assets. This will make it possible not only to obtain information on the status and current value of the inventory, but also develop and plan "Smart" proposals for renovation actions and/or the expansion of the infrastructure operated by the company.

Technical reporting

In 2020, centralised technical reporting has been available on a monthly basis, encompassing 90% of the company's operating perimeter.

This means that centralised technical data is available each month for all contracts in operation in Europe, Africa and the Middle East.

Next year, the goal is to extend the perimeter to 100% of the company's global operations.

The platform used is Aqualia RT/BI, which translates into Spanish, English, French, Italian, Czech and Arabic. Furthermore, it has the capacity to adapt to any type of technical operation handled by the company, offering a repository with a very high value of technical data to support the company's technical and economic activities.

Technology transfer

Over the course of 2020, a new tool has been launched to complement the work performed by the Innovation department: technology transfer.

The main goal is to create products, activities or processes that are exploitable from a commercial perspective (domestic or foreign market) linked to the results of the different projects performed by the Innovation department in addition to proposing new lines of technological innovation in line with the internal needs defined or detected by the production line.

Accredited laboratories

In relation to Aqualia's network of accredited laboratories, over the course of 2020, several noteworthy initiatives were undertaken that have made a very clear contribution to these activities performed by the company.

Firstly, at the start of the year, accreditation was obtained from ENAC (National Accreditation Institution) for the laboratory in Badajoz, meaning that the company now has six accredited laboratories for analysing water in Spain (Badajoz, Oviedo, Lérida, Ávila, Jerez de la Frontera and Adeje, in Tenerife).

Furthermore, the other five laboratories passed the ENAC audit, renewing their certification and achieving an unprecedented expansion in the number of parameters in terms of the activities of these laboratories, 405 additional parameters in different areas: water consumption and packaging, inland water, swimming pool and marine water.

Finally, in December, accreditation was received from Italy's national authorities (ACREDITA), for Laboratorio di Acque Potabili di San Giuliano located in Italy.

Aqualia has **ten accredited laboratories**, distributed across Spain, Italy and the Czech Republic

The accreditation process is also under way for the drinking water laboratory in Vigo, with its accreditation expected to be confirmed in 2021.

This would bring the company's number of accredited laboratories to ten, distributed across Spain, Italy and the Czech Republic.

Also worth note are the activities performed by the company in terms of monitoring COVID-19; experts at the company, in cooperation with the CSIC (Spanish Higher Council for Scientific Research), are analysing the wastewater of different towns in Castile-Leon, Galicia and Castile-La Mancha.

As part of the same agreement, the company's staff are receiving training and comparison exercises are being performed for the implementation of a PCR technique to be included in the range of services offered by the laboratory in Oviedo.

Innovation and technology

Aqualia's innovation activities are aligned with the European policies for the transition to a circular economy with a zero carbon footprint, for which it seeks to develop new smart management tools and new sustainable services proposals. To this end, the Innovation and Technology Department supports the company in achieving the United Nations' Sustainable Development Goals (SDGs) for affordable, high quality water and sanitation services (SDG 6), improving its energy balance (SDG 7) and preventing its impact on the climate (SDG 13) through sustainable production and consumption (SDG 12).

The following table shows the projects carried out in the Innovation and Technology department in 2020 (in addition to the completion dates) to strengthen Aqualia's technological proposal across four lines of work: Quality, Ecoefficiency, Smart Management and Sustainability.

Five projects were due to be completed in 2020:

- **2 European projects Life:**
  Methamorphosis and Icirbus4Industries.
- **1 Interconecta project (ERDF):**
  Advisor (extended until March 2021).
- **1 regional project RIS3 Idepa:**
  ValorAstur.
- **1 project as part of the EU's H2020 framework:**
  Mides.

Work has continued on the other ten projects under way:

- **1 regional project RIS3 Idepa:**
  Recarbon.
- **1 Water Joint Project Initiative (ERA-NET) project:**
  MarAdentro.
- **1 Marie Sklodowska Curie (MSCA) training project:**
  Rewatergy.
- **2 projects in the Life programme:**
  IntExt and Ulises.
- **2 Bio-Based Initiative (BBI) projects.**
  B-Ferst and Deep Purple.
- **3 projects as part of the H2020 programme.**
  Run4Life, Sabana and Scalibur.

And thanks to the public tenders in 2019, work has started on six new projects:

- **3 European projects Life:**
  Infusion, Phoenix and Zero Waste Water.
- **3 projects as part of the EU's H2020 framework:**
  Rewaise, Sea4Value and Ultimate.

Quality

- LIFE Methamorphosis **(2020)**
- Life Zero Waste Water **(2024)**
- Life Infusion **(2024)**

Intelligent Management

- LIFE icirbus4industries **(2020)**
- H2020 Run4Life **(2021)**
- H2020 Rewaise **(2025)**

Eco-efficiency

- RIS3 IDEPA Valorastur **(2020)**
- H2020 Mides **(2020)**
- INTERCONECTA Advisor **(2021)**
- WATERWORKS Maradentro **(2021)**
- RIS3 IDEPA Recarbon **(2021)**
- H2020 Scalibur **(2022)**
- H2020 MSCA REWATERGY **(2023)**
- H2020 BBI Deep Purple **(2023)**
- H2020 BBI B-Ferst **(2023)**
- H2020 Sea4Value **(2024)**
- H2020 Ultimate **(2024)**

Sustainability

- H2020 Sabana **(2021)**
- Life Ulises **(2022)**
- Life IntExt **(2023)**
- Life Phoenix **(2024)**

Projects completed in 2020

The following results have been obtained in the five projects in the final stage in 2020:

RIS3 Valorastur:

With a view to securing ecoefficient treatment, the RIS-3 programme organised by the Institute for Economic Development in the Principality of Asturias (IDEPA) has supported Aqualia's collaboration with two major public firms and an SME, Ramso. The SME supplied new drying equipment to the Grado WWTP to confirm that the material's calorific values, obtained during preliminary tests, are almost twice the amount required for their energy recovery, making it possible to transform waste into new resources.

In collaboration with the Carbon Science and Technology Institute (INCAR), that forms part of the Spanish Higher Council for Scientific Research (CSIC) in Oviedo, new low-cost absorption materials have been developed (less than €500 /t) using dried treatment sludge, activated via pyrolysis.

The adsorbents can be used to remove odours or support membrane bioreactor (MBRs). At a MBR plant with a capacity of 15,000 m^3/day, 10% energy savings have been projected, and in terms of chemical consumption (with longer filtering periods and 30% less cleaning products), annual operating costs are reduced by approximately €50,000, with a return on investment in the material of just a few months.

The project also saw the implementation of the process to optimise the process for removing nutrients at the San Claudio WWTP. The reduction in the cost of electricity, the reduction in the need to purchase iron salts (due to the optimisation of the biological elimination of phosphorus) and the production of slurries, comes to around €30,000/year, covering the costs of improving automated control in less than a year.

Interconecta Advisor:

Cofunded by the CDTI (Centre for Industrial Technological Development) with ERDF (European Regional Development Fund) funds, the project has implemented new pre-treatment and co-digestion methods for meat waste (Maguisa) at the WWTP managed by Aqualia in Guijuelo, supported by the town hall. The project also benefited from the collaboration of AINIA. A new system has also been developed for controlling digesters using LIDAR (Laser Imaging Detection and Ranging) technology to detect foams.

The increase in the production of biogas has been harnessed by an ABAD Bioenergy® system for upgrading biomethane, and a dispenser at the WWTP for supplying a specific vehicle followed by EnergyLab, which has now travelled 15,000 km. As a result of Covid measures, this project has been extended until March 2021.

ADVISOR has been selected as one of the 101 corporate actions of #PorElClima 2020, and its impact on reducing CO_2 has been certified by the Carbon Fund for a Sustainable Economy (FES-CO_2) as part of the CLIMA Programme organised by the Ministry for the Ecological Transformation and the Demographic Challenge (MITECO).

Furthermore, two demo prototypes were installed at the WWTP:

- An anaerobic waste treatment reactor with a flow of 250 l/hours using an FBBR bio-electrochemical fluidised bed, developed as part of the Life Answer project under a joint patent with the University of Alcalá de Henares (EP2927196A1) and for which a trademark protection application has been submitted (*Elsar: Electro Stimulated Anaerobic Reactor*).
- Continuous thermal hydrolysis by innovative SME teCH4+ to simply the process and reduce the installation and operating costs of the digestion pretreatment.

Life Icirbus:

Led by Intromac Centro Tecnológico and with six other partners in Extremadura, the project has developed a prototype at the waste WWTP in Lobón (Extremadura), managed by Aqualia, to demonstrate the adsorption of metals contained in some treatment slurs by biomass fly ash involving the firm Ence. The process has received protection in the form of a utility model and the treated ash are included as aggregates in construction material, while the odour of waste slurs are reduced and added to a compost used on different crops.

Life Methamorphosis:

This project is led by Aqualia in cooperation with five other entities (Barcelona Metropolitan Area (AMB), FCC Medio Ambiente, Naturgy, Icaen and SEAT) and has seen two biomethane production demo plants set up:

- The first, at Ecoparc 2 in Besós (Barcelona), co-managed by FCC Medio Ambiente, integrates three Aqualia patented technologies (AnMBR for anaerobic membrane treatment, ELAN for the removal of ammonium, and the washing of biogas ABAD Bioenergy®), to convert leachates generated by the digestion of solid waste in biomethane, used in urban rubbish collection lorries.
- The second has seen Naturgy harness slurries and other waste to supply test vehicles, which have travelled more than 150,000 km, before being dismantled and analysed to investigate the impact of biomethane.



The MIDES project, led by Aqualia, operates the first two desalination plants that are wholly energy self-sufficient in the world, in Dénia (Alicante, Spain) and Guía de Isora (Santa Cruz de Tenerife, Spain).

The continued development of the LIFE Infusion project to prepare the design parameters for future AMB resource recovery projects and to evaluate technologies in Asturias with another waste manager (COGERSA).

H2020 Mides:

The project, with eleven partners in seven countries, has seen two demonstration units set up at plants managed by Aqualia set up in Dénia (Alicante) and Guía de Isora (Tenerife) in relation to a new green desalination technology, patented jointly by Aqualia and IMDEA Agua. This microbial desalination cell (MDC) reduces the energy cost of desalination by up to ten times compared to traditional inverse seawater osmosis. Instead of electricity, the organic matter of effluents have been used to activate the bacteria that generate a change in power, without the need for any external power, to move salts via ionic exchange membranes while treating the wastewater effluents that serve as power.

The project has also contributed to the construction of the desalination innovation centre in Dénia, where a platform has been constructed to assess different pre-treatments, with filtering material and multi-membrane pilots. Furthermore, remineralisation post-treatments and alternative methods of disinfection without the use of hypochlorite are being optimised. In the search for more efficient membranes, biomimetic modules have been installed for the purposes of testing in Santa Cruz de Tenerife, to reduce the nitrates in drinking water, which has been demonstrated as a competitive solution compared to conventional options.

In addition to the technological development projects, investments have been made in scientific training, participating as an industrial partner in the Rewatergy project under the H2020 Marie Sklodowska Curie programme for academic networks in Europe, headed by Rey Juan Carlos University (Madrid). Two researchers have started their PhDs and are due to begin their internships at Aqualia in 2021:

- At the University of Cambridge (United Kingdom), focussing on the production of hydrogen from the ammonium in wastewater.
- At Ulster University (Northern Ireland), developing photo disinfection and electro-disinfection projects to remove micro-contaminants from drinking water and wastewater.

Projects due to be completed in 2021

In 2020, another four projects, one as part of the RIS3 programme organised by IDEPA in Asturias, one by JPI WATER co-funded by the CDTI and two as part of the H2020 programme, are in the final phase of development, and are due to be completed in 2021:

RIS3 Re-Carbón

Financed by IDEPA using ERDF and led by engineering firm INGEMAS in cooperation with two SMEs (Biesca and InCo), Aqualia supports the MCAT institutes (Microwaves and Carbons for Technological Applications) at the CSIC's INCAR (Carbon Science and Technology Institute) and the CTIC (Information and Communication Technology Centre Foundation) in researching contaminant adsorption methods using regenerated active carbon and biochar. The goal is to obtain an advantageous supply of a sustainable adsorbent for applications in water and gas.

In collaboration with the Hidrotec laboratory in Oviedo, advanced micro-contaminant analysis methods are developed to assess the innovative adsorption units using active carbon optimised using biochar. Its feasibility as method cleaning biogas is being tested at the Jerez, Chiclana and Lleida WWTPs, in addition to deodourisation at the San Claudio and Luarca WWTPs. The adsorption of micro-contaminants and new sensors that facilitate real-time monitoring at the Grado WWTP and Cabornio DWTP are also being studied.

JPI MarAdentro

The *"Managed Aquifer Recharge: ADrEssiNg The Risks Of regenerated water"* project is being led by the Institute of Environmental Diagnostics and Water Studies (IDAEA-CSIC) as part of the European *Horizon 2020 ERA-NETs Co-fund WaterWorks2018* programme, with the participation of partners in France, Italy and Sweden.



A 400 m^2 infiltration system will be constructed at the Medina del Campo WWTP (Valladolid), for the advanced treatment of purified water and its reuse in the groundwater recharge process. In cooperation with scientific institutes, system simulation and design tools are being developed, optimising the operation and costs to eliminate emerging contaminants, comparing them to those generated by conventional tertiary treatments.

H2020 Sabana

The University of Almeria leads eleven partners from five countries (including the Czech Republic and Hungary) with three major firms: Aqualia, Westphalia (Germany) and the Italian food group Veronesi. The project optimises the production of new biofertilisers and biostimulating agents using algae and work is being completed at the two crop units, adding a further five hectares and the corresponding bio-refineries at the WWTPs in Mérida and Hellín (Albacete).

H2020 Run4Life

Led by Aqualia, this consortium brings together fifteen entities across seven countries at four demo locations (Sneek, in the Netherlands; Ghent, in Belgium; Helsingborg, in Sweden; and Vigo, in Spain) to investigate new nutrient recovery concepts from separating grey and black water. In Sneek, vacuum toilets, which consume a minimal amount of water have been installed in thirty two homes, facilitating the direct thermophilic digestion of sewage in an innovative bioreactor.

> Aqualia aims to transform the way it interacts with its *stakeholders* as part of its **commitment and the co-creation of transformational initiatives**

At the customs-free zone in Vigo operates an MBR for grey water in an office building, which are reused by toilets and an AnMBR for sewage to generate bioenergy. Several nutrient recovery options were tested, followed by advanced oxidation to eliminate virus and emerging contaminants and performing greenhouse crop tests to investigate the quality and safety of the effluents and by-products as fertilisers.

A larger installation is being prepared in at the Balaídos industrial estate with effluents produced by Citroën, with FBBR bioelectrochemical technology being assessed (process patented by Elsar) for the direct treatment of sewage using the inoculum generated by the Guijuelo reactor as a biomass (Salamanca).

At the other two demo sites, encompassing hundreds of new apartments in Ghent and Helsingborg, organic kitchen waste was included in addition to the segregation of grey water and sewerage. In 2020, these homes were inhabited and the energy and nutrient recovery services came online. An important part of the project entails dialogue with the users of the new services and by-products to optimise services and water and energy consumption through the decentralised management of these systems.

H2020 Scalibur

This project, led by the Technological Institute of Packaging, Transport and Logistics (ITENE), involving twenty-one partners from ten countries, reached the halfway stage in 2020. Since the end of 2018, with a total duration of four years, a focus has been placed on reducing and recovering waste across Europe. With participation from FCC Environment, the project is focussed on improving waste transformation plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and foster the circular economy.

Along these lines, Aqualia has implemented new sludge treatment processes at WWTP Estiviel (Toledo), with improvements to thickness (Orege system) and dual digestion across two phases, simplifying the stabilisation of muds without the use of heated concrete structures. The project has facilitated the initial innovation activities at SmVaK in the Czech Republic to convert organic matter into by-products and bioenergy.

Ongoing projects

Another four projects in receipt of H2020 funding, launched in 2019, remained ongoing in 2020, two in relation to BBI (*Bio-Based Industries*), and two in the LIFE programme:

BBI Deep Purple

Led by Aqualia and supported by thirteen partners across six countries, the project implements a new biorefining model at a demo scale, which includes purple phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to purify non-aerated wastewater and transform the organic content of wastewater and urban waste into raw materials for biofuels, plastics, cellulose and new inputs for the chemical and cosmetics industry.

Aqualia's initial prototype is in operation at Toledo-Estiviel, and a demonstration reactor ten times the size of this prototype is planned for the Linares WWTP (Jaén). Parallel activities are also planned for the SmVaK WWTP in the Czech Republic.

BBI B-Ferst

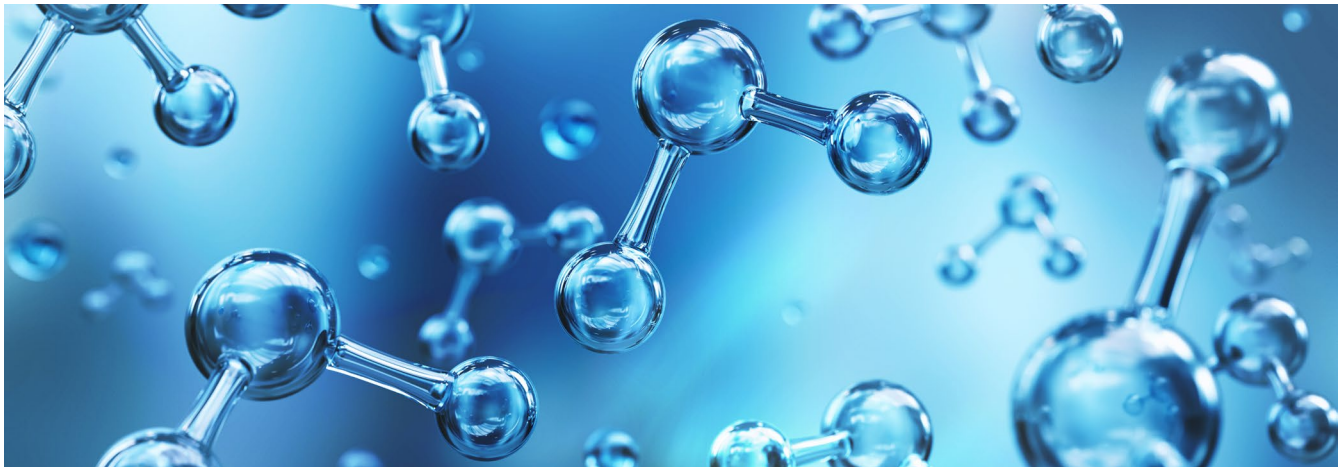
Led by Fertiberia, and with ten partners across six different countries, Aqualia is involved in the development of new bio-fertilisers using urban wastewater and by-products from the agri-food industry. It analyses the potential of the raw material recovered in the production of fertilisers in three countries (Spain, Italy and the Czech Republic) and develops a struvite precipitation system at the Jerez WWTP (Cádiz), to include recovered phosphorus in a new biological fertiliser demo plant owned by Fertiberia in Huelva.

Life IntExt

This project, led by Aqualia and supported by the AIMEN and CENTA technological centres and the University of Aarhus, in Denmark, supports SMEs in Germany, Greece and France to optimise low-cost treatment technologies in small towns. The aim is to minimise the cost of energy, the carbon footprint and waste, providing sustainable solutions from an ecological and economic perspective. A platform for demonstrating these technologies at the WWTP in Talavera de la Reina (Toledo), which is run by Aqualia is in the final phases of construction.

Life Ulises

This project, coordinated by Aqualia. Receives support from three technological centres, CENTA, EnergyLab and CieSol at the University of Almeria. With a view to optimising and transforming conventional WWTPs at "energy generation factories", eliminating its carbon footprint, anaerobic pre-treatment using the PUSH reactor is being implemented at the WWTP in El Bobar (Almeria), which is run by Aqualia, with two WWTPs in Portugal also subject to assessment. Hydrolysis-based digestion is improved and the biogas harnessed as a vehicle fuel by means of an ABAD BioEnergy® refining system and a biomethane dispenser.



Projects launched in 2020

In 2020, work began on six new European projects, taking the company's involvement in each of the major European support programmes, Life and H2020, past ten:

Life Infusion

Once the Life Methamorphosis project came to an end, AMB took the decision to extend the project to prepare designs for different resource recovery plants. In collaboration with the EureCat centre for technology and the operator of Ecoparc 2, EBESA, the leachate digestion system will be improved with technology developed by Aqualia, AnMBR and ELAN, adding an ammonium stripping system produced by Belgian firm Detricon. Two waste management firms, Cogersa in Asturias and AMIU in the Genoa region of Italy are responsible for assessing the options for implementing the solutions at their plants.

Life Phoenix

The project, led by Aqualia and supported by CETIM (Multi-sector Technological Research Centre) and CIESOL (Solar Power Research Centre), will optimise tertiary treatment to achieve the most ambitious goals of the new European water reuse regulation (EU 2020/741). As part of the assessment of different effluents, for ADP in Portugal, the Regional Government of Almeria and the Guadalquivir Hydrographic Confederation, three mobile plants have been designed, one with a physical and chemical treatment capacity of 50 m^3/hour, one with a filtering capacity of 30 m^3/hour and one with an ultrafiltration capacity of 20 m^3/hour.

Furthermore, European subsidiary Newland Entech has provided an ozone (O_3) and ultraviolet UV disinfection module, and Dutch SME MicroLan is responsible for *online* microbiological measurements.

Life Zero Waste Water

The project, led by Aqualia, will demonstrate the combined treatment of urban waste water and the organic part of urban solid waste at the Valdebebas WWTP (Madrid), with Canal Isabel II as its partner using the AnMBR anaerobic reactor, followed by ELAN for water lines, with a capacity of 50 m^3/day, facilitating treatment with a neutral carbon footprint. The use of FORSU at a municipal level and the option of connecting to the sewerage system for transporting the mixture in a unique flow will be subject to assessment.

In addition to the University of Valencia (AnMBR) and the University of Santiago (ELAN), Portuguese SME Simbiente is responsible for developing an advanced management system, with Austrian SME VWS (*Vienna Water Systems*) responsible for the online monitoring of microbiology quality.

H2020 Sea4Value

Led by technology centre EureCat, with fourteen partners across seven countries, the project focusses on recovering resources concentrated brine at seawater desalination plants (SWDP), with basic scientific developments 100% funded by the European Union. At least eight innovative technological solutions are expected to be designed to enrich the most valuable components of seawater (lithium, rubidium and cesium) and the recovery of critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a level of purity that makes it market exploitation feasible.

Desalination Innovation Centre in Dénia (Alicante) to recover brines in addition to new desalination methods, involving the solar concentration of brine, selective magnesium precipitation, the acquisition of chlorine dioxide and the optimisation of permeated remineralisation with micronised limestone, reducing CO_2 consumption, cloudiness and the size of facilities. The roll out of pilot units at different WWTP operated by Aqualia will be assessed, analysing the technical and economic impact.

H2020 Ultimate

As part of the *"Smart Water Economy"* initiative, Aqualia is involved in two of the five chosen consortia, which receive up to 15 million euros of support per project. Ultimate, led by Dutch technology centre KWR, will see nine industry and water service synergy demonstrations implemented with 27 partners.

At the Mahou WWTP in Lleida, operated by Aqualia, work is underway to prepare the preparation of the FBBR (Elsar) and AnMBR anaerobic reactors at a scale of 20 m^3/hour to recover biomethane and power a fuel battery. The codigestion of yeast and support to another of Aqualia's customers, Aitasa, are currently being studied.

H2020 Rewaise

The Rewaise project has the highest company engagement of the five projects chosen as part of the *"Smart Water Economy"* initiative, with Aqualia leading 24 partners including water firms from the United Kingdom (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) in addition to seven SMEs to implement new circular economy and digital management solutions at nine "living laboratories" including Aqualia facilities in Badajoz, the Canary Islands, Dénia and Vigo.

Rewaise will allow Aqualia's strategic lines of technological development to be enhanced, via sustainable desalination and new membranes, the recovery of brine materials, the reuse of wastewater and its transformation into energy and by-products, in addition to the simulation of water quality, processes and networks.

Patents

Four new patents were obtained in 2020:

Anaerobic Membrane Reactor (AnMBR, in cooperation with U. Valencia and UPV):

- US 10,577,266 granted on 03/03/2020
- EP 3225596 B1 published on 20/05/2020

FBBR Bio-Electrochemical Fluidised Bed Reactor (Elsar, in cooperation with UAH):

- EP 2927196 A1 published on 22/04/2020

Photobioreactor with purple bacteria (ADVANSIST, in cooperation with URJC):

- EP3546562B1 published on 12/08/2020

Microbian Desalination Cell (MDC, in cooperation with Imdea Agua):

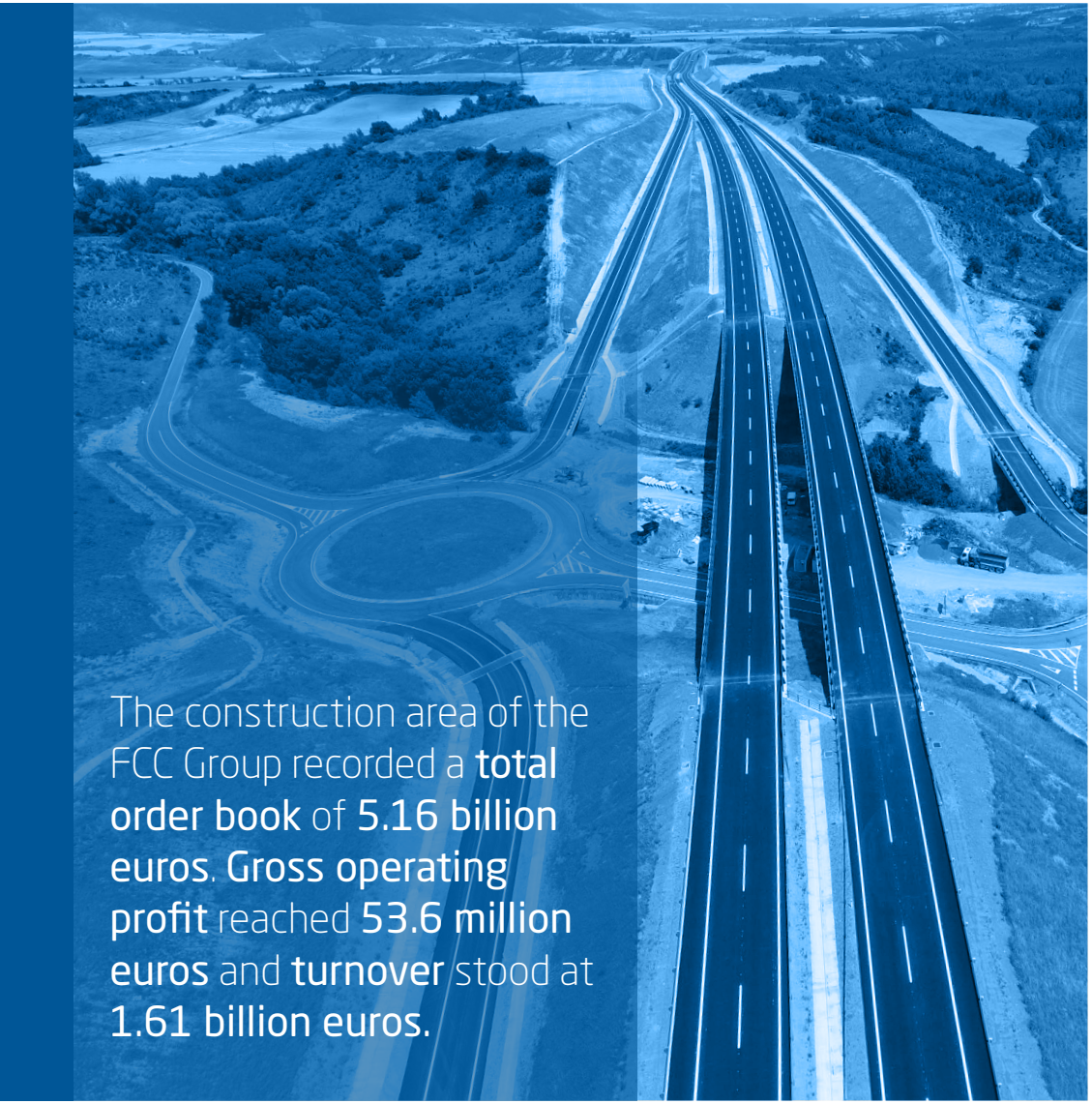
- EP 3336064 A1 published on 26/08/2020

These patents form part of Aqualia's industrial property, with ELAN® (EP 2740713 A1, and its extension EP 3255016 A1), ABAD Bioenergy® (EP 15382087.3) and LEAR algae reactors (EP 2875724 B1 y EP 2712917 B1).

Publications and Events

In terms of publications and participation at conferences, following the delays and cancellations resulting from the restrictions imposed on account of COVID-19, the Innovation team only participated at half the number of scientific and professional conferences than was the case in previous years. However, its work is partially reflected in the documentary *"Brave Blue World"* (on Netflix: https://www.youtube.com/watch?v=FxZB-9pRD2Bo) and more than one hundred and fifty press articles, as summarised in the attached table, including on the front page of iAgua | December 2020:

	2017	2018	2019	2020
Scientific articles	11	13	12	5
Sector press	117	131	108	63
General press	113	94	139	93
International events	33	24	24	14
National events	18	31	19	11
Other	–	2	–	–
Total	**292**	**295**	**302**	**186**



The construction area of the FCC Group recorded a **total order book** of **5.16 billion euros**. **Gross operating profit** reached **53.6 million euros** and **turnover** stood at **1.61 billion euros.**



Infrastructure

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With cumulative experience of **120 years**, **the Infrastructure area of the FCC Group** is present in **24 countries** (Spain, Canada, United States, Mexico, Brazil, Colombia, Chile, Peru, Panama, Costa Rica, Dominican Republic, Nicaragua, Guatemala, Romania, United Kingdom, Belgium, Norway, the Netherlands, Ireland, Portugal, Egypt, Saudi Arabia and Qatar) and **its activities cover all areas of engineering and construction**.

It is a leader in implementing transport infrastructure, as well as residential and non-residential construction. FCC Construcción is currently the **fourth largest construction company in Spain**, in terms of contract volume, and in the **top 40 in the world** according to the ranking by the international magazine, ENR (Engineering News-Record). It has proven track-record in implementing projects under the concession regime, and has a group of companies dedicated to the industrial sector, grouped together under the FCC Industrial brand, as well as other activities related to the construction sector.

In 2020, Infrastructure area of the FCC Group recorded an aggregate total attributable order book of **5.16 billion euros**. The gross operating profit (EBITDA) reached **53.6 million euros** and turnover **dropped by 6.3%** compared to the previous year to **1.62 billion euros**. In 2020, the portfolio of international projects **dropped** by **2.1%** and the income from domestic activities **increased by 27.6%** compared to the previous year, at over **848 million euros**.



- More than **700 km of tunnels.**
- More than **8,500 km of roads and motorways**.
- **1,650 bridges.**
- More than **2,600 km of railways**, of which **900 km** are **high speed** and **326 km are metro**.
- **48 dams** and **76 km of wharfs.**
- More than **4,500,000 m²** of **airport runways**.
- More than **2,300,000 m²** of **airport terminals**.
- More than **3,000 km** of **oil and gas pipelines**.



Salamanca Hospital (Spain).

The outlook for the construction industry is highly reliant on the potential impact of the Recovery Plan

Industry analysis

Domestic market

Spain

According to the most recent Euroconstruct report, the **construction sector** in Spain has been no exception, and as has been the case across Europe, work resumed quickly after the restrictions put in place during the first wave of the pandemic. were lifted.

The industry shrank by around 12.5% in Spain. The outlook for the construction industry is highly reliant on the potential impact of the Recovery Plan. The lack of a detailed Plan means that 2021 will be too early to estimate its impact, with projected growth in 2022 and 2023 estimated at 3.5% and 3.0%, respectively.

In terms of activity, the shock suffered by **residential construction** in 2020 (-13.5%) was slightly higher than the industry average, although stronger growth is forecast for 2021 (+6%). All new-build construction projects are supported by strong presales and developers are capable of withstanding a slowdown in the pace of sales, as there is quite a lot less stock and the industry is not as indebted as it was during the previous crisis.

In terms of **non-residential construction**, no collapse is foreseen, although signs from the real-estate market are grim as the crisis has resulted in more companies being forced to close. In 2020, production was down by 16.5% and growth is expected to be slow (+2.5% annual average for 2021-23).

Finally, in relation to **civil engineering**, when looking at the sequence of production in 2020, with a shrinkage of 7%, and expected growth of 6% in 2021, this is the closest to a “V”-shaped recovery possible in the Spanish construction industry.

International market

In Europe, there was a 7.8% drop in production in 2020, with growth of 4.1% forecast for 2021

Europe

The impact of the first wave of COVID-19 on the European construction industry was significant. The pace of work in the industry has recovered, with the drop in production in 2020 limited to 7.8%. Growth in 2021 is expected to come to 4.1%, although this will tend to slow down somewhat in the medium term (3.4% in 2022 and 2.4% in 2023). Despite this, the new European scenario takes on a clearer "V" shape than was the case six months ago. As losses in 2020 were lower than expected, the industry can aspire to resuming the levels of production seen in 2019 by 2022.

Some key markets like Germany and the United Kingdom will form part of the group of countries with a slower pace of recovery.

Non-residential construction appears to be replicating the pattern seen in the middle of the last decade, when it recovered one to two years after the recovery of residential construction. Therefore, following a drop of 10.3% in 2020 that was practically identical to the drop in residential construction, the new forecast suggests it will virtually stagnate in 2021 (+1.0%). Industrial construction will continue to shrink in 2021 due to the severe setbacks forecast for Germany and Scandinavian countries. Offices and commercial construction will start their recovery in 2021, although at a much slower pace as growth is only expected in half of the countries. If the European economy is capable of putting these exceptional circumstances behind it in 2022, the pace of growth of non-residential property development would be similar to that of residential construction (+3.2% on average between 2021 and 2023).

Civil engineering is the sub-sector that has managed to make it through 2020 relatively unscathed (-3.8%) thanks to several factors: the order book was on the up prior to the outbreak of coronavirus, the consistency provided by large-scale projects and lower levels of disruption, as this work is performed in environments that posed a limited health risk. Furthermore, this sub-sector has the largest projected growth for 2021 (+5.2%), meaning that not only will production recover to 2019 levels, it will also actually see growth of more than 2.0%.

Latin America

Latin America is the region most affected by the coronavirus pandemic. According to the International Monetary Fund (IMF), economic activity in Latin America fell by 8.3% in 2020. In 2021, the economy is expected to recover by 3.6% as external demand and internal activity recover.



Wastewater treatment plant in Glina (Romania).

In 2020, construction in LATAM dropped by 17.3%. Slow progress in the recovery of construction work and the launch of new projects in some countries has been affected by the continuous growth in the number of cases of COVID-19 and the worsening of the economic environment, which continues to hamper the sector's recovery.

In 2021, it is expected that construction output will recover by up to 0.7%, with Peru and Chile performing strongest, while a very slight improvement is expected in Colombia and Brazil. Construction activity in Argentina and Mexico is expected to continue to fall, although not as drastically as in 2020.



Grangegorman University, Dublin (Ireland).

North America

The general impact of COVID-19 on the sector involved a significant drop in activities in 2020. In 2021, the new infrastructure plan for the United States, involving investments of 2 billion dollars (1.68 billion euros) opened a new window of opportunity. The plan includes initiatives including, but not limited to, transport and real-estate infrastructure projects, including the maintenance of highways and bridges, ports and airports, and investments in passenger and freight rail transport.

More than 621 billion dollars will be allocated to modernising 32,000 km of highways and motorways, repairing hundreds of bridges and renovating ports and airports. Another 300 billion will be allocated to reactivating the manufacturing industry and 100 billion to improving broadband access in rural areas, in addition to electrical networks and drinking water as part of other investments. Also worth mentioning is the 100,000 million dollar investment in renewable energy with a view to achieving the target of 100% clean energy by 2035.

Middle East

The COVID-19 pandemic has had a major impact on the projects market in the Middle East. According to recent studies performed and the analysis of trends, construction companies in the Middle East are experiencing shutdowns and delays in the performance of infrastructure projects. One of the consequences is a significant increase in government deficits and national debt across all countries in the Middle East. Although monetary easing and spending will facilitate the potential growth of the infrastructure sector, no definite recovery period has been established.

Investors face a lack of national government financial reserves, the collapse of the travel and tourism industry and the slowdown in demand for property, which, when combined, have led to a lack of liquidity.

Australia

The Australian government has declared the infrastructure industry as a lever for change in terms of the country's economic recovery and growth, There is a staunch commitment to speeding up infrastructure projects to stimulate economic growth as a result of COVID-19.

In 2021, there are plans to make investments worth 7.5 billion Australian dollars (5.3 billion US dollars) in transport infrastructure projects. New South Wales, the most populous state in Australian, will receive 2.7 billion Australian dollars (1.9 billion US dollars) in funding and Victoria, hardest hit by the COVID-19 pandemic, will receive a further 1.1 billion Australian dollars (790.1 million US dollars).



North Runway. Dublin Airport (Ireland).

FCC Industrial carries out its activities in various sub-sectors, ranging from **manufacturing** to **operation and maintenance**, as well as the **design and construction of industrial facilities**

Industrial activity

FCC Industrial carries out its activities in various sub-sectors, ranging from manufacturing to operation and maintenance, as well as the design and construction of industrial facilities.

The economic situation in Spain has seen the growth of investment and internal consumption curbed by the pandemic, although the 2021-2030 National Integrated Energy and Climate Plan (PNIEC) and the Recovery, Transformation and Resilience Plan are acting as catalysts for the growth of the renewable energy and digitisation and new technology sectors.

The increase in uncertainty internationally, different trade relations and the rise in oil prices will have a moderating effect on growth. Internationally, oil prices are affecting large international projects in the oil and gas and fossil-fuel-based power generation sectors, but there is some growth in renewable energies worldwide and, in Europe, in waste recovery, sectors in which FCC Industrial is present as part of the diversification of activities and markets strategy.

It is also worth noting that the saturation of industrial investments in the USA and the continued growth of the US economy could precipitate a faster than expected increase in interest rates (with a negative effect on emerging markets).

Activity in the Infrastructure area

- Civil Engineering
- Industrial
- Residential construction
- Non-residential construction
- Hydraulic works
- Maintenance

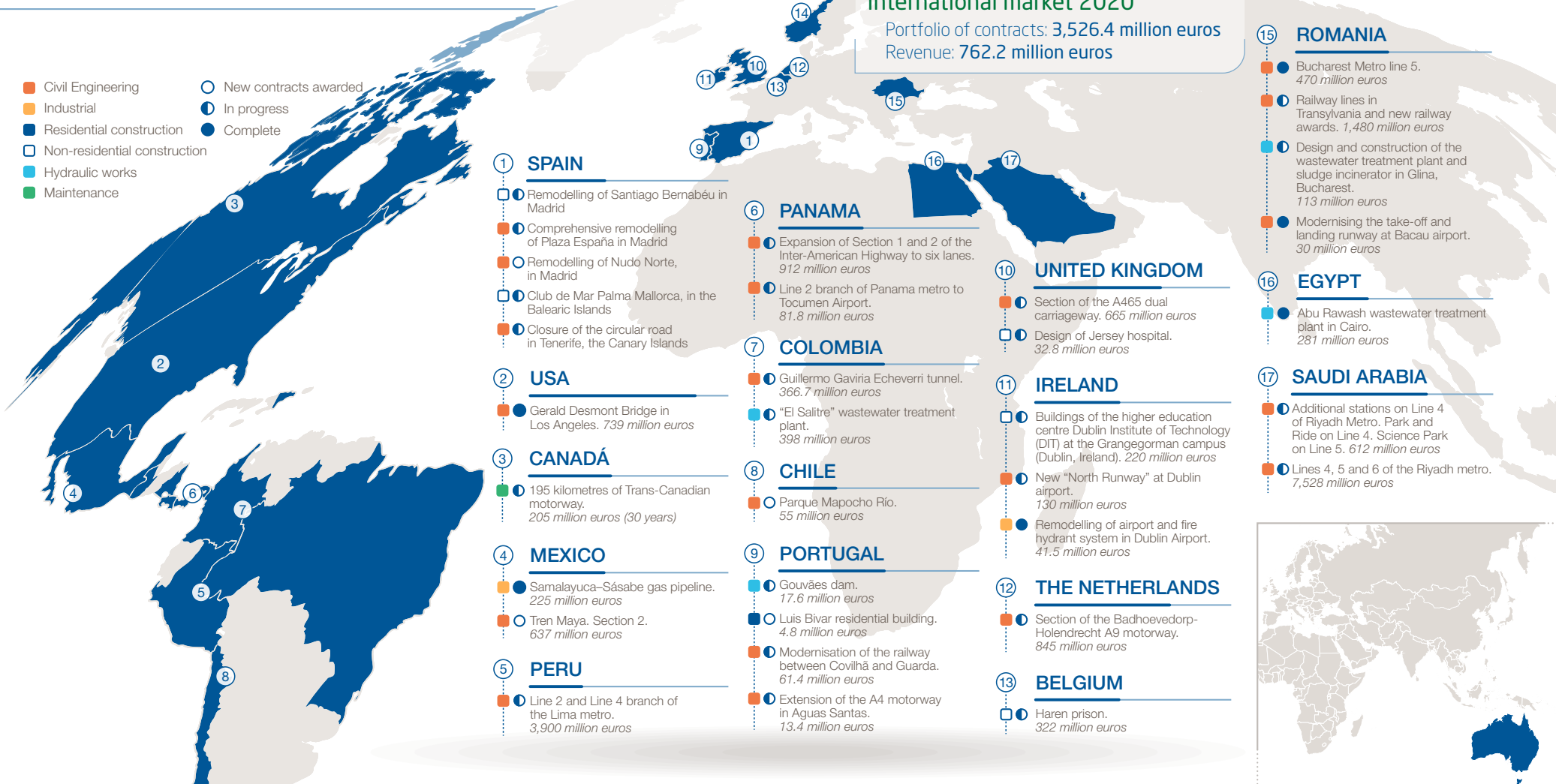
- New contracts awarded
- In progress
- Complete

National market 2020

Portfolio of contracts: 1,629.3 million euros
Revenue: 848.8 million euros

International market 2020

Portfolio of contracts: 3,526.4 million euros
Revenue: 762.2 million euros



1 SPAIN

- Remodelling of Santiago Bernabéu in Madrid
- Comprehensive remodelling of Plaza España in Madrid
- Remodelling of Nudo Norte, in Madrid
- Club de Mar Palma Mallorca, in the Balearic Islands
- Closure of the circular road in Tenerife, the Canary Islands

2 USA

- Gerald Desmont Bridge in Los Angeles. *739 million euros*

3 CANADÁ

- 195 kilometres of Trans-Canadian motorway. *205 million euros (30 years)*

4 MEXICO

- Samalayuca–Sásabe gas pipeline. *225 million euros*
- Tren Maya. Section 2. *637 million euros*

5 PERU

- Line 2 and Line 4 branch of the Lima metro. *3,900 million euros*

6 PANAMA

- Expansion of Section 1 and 2 of the Inter-American Highway to six lanes. *912 million euros*
- Line 2 branch of Panama metro to Tocumen Airport. *81.8 million euros*

7 COLOMBIA

- Guillermo Gaviria Echeverri tunnel. *366.7 million euros*
- "El Salitre" wastewater treatment plant. *398 million euros*

8 CHILE

- Parque Mapocho Río. *55 million euros*

9 PORTUGAL

- Gouvães dam. *17.6 million euros*
- Luis Bivar residential building. *4.8 million euros*
- Modernisation of the railway between Covilhã and Guarda. *61.4 million euros*
- Extension of the A4 motorway in Aguas Santas. *13.4 million euros*

10 UNITED KINGDOM

- Section of the A465 dual carriageway. *665 million euros*
- Design of Jersey hospital. *32.8 million euros*

11 IRELAND

- Buildings of the higher education centre Dublin Institute of Technology (DIT) at the Grangegorman campus (Dublin, Ireland). *220 million euros*
- New "North Runway" at Dublin airport. *130 million euros*
- Remodelling of airport and fire hydrant system in Dublin Airport. *41.5 million euros*

12 THE NETHERLANDS

- Section of the Badhoevedorp-Holendrecht A9 motorway. *845 million euros*

13 BELGIUM

- Haren prison. *322 million euros*

14 NORUEGA

- E6 Ulsberg-Vindasliene motorway. *263 million euros*

15 ROMANIA

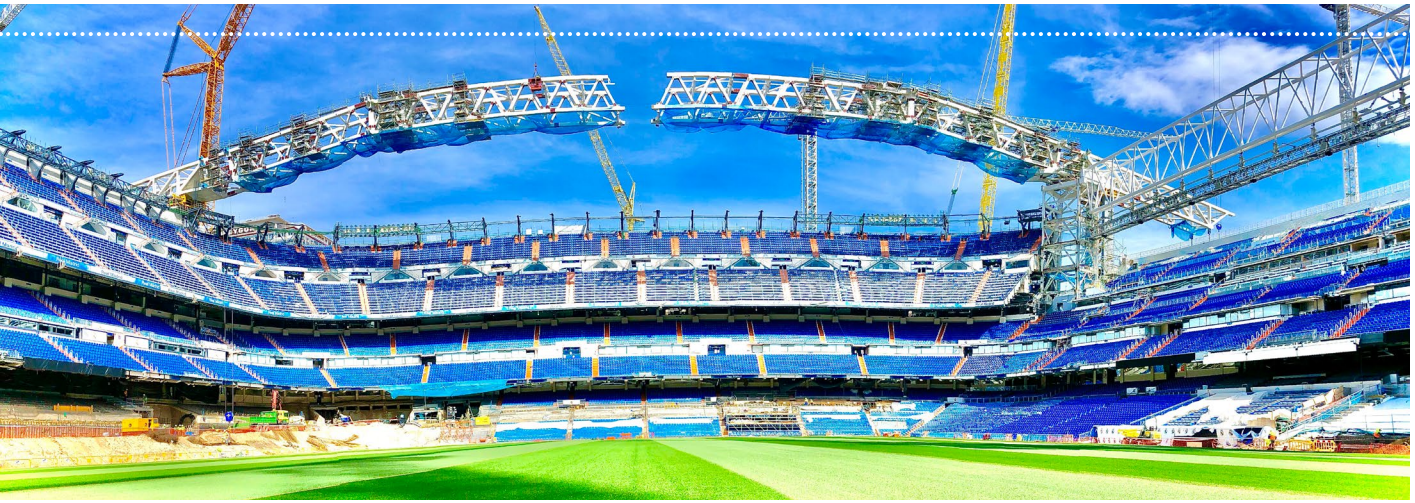
- Bucharest Metro line 5. *470 million euros*
- Railway lines in Transylvania and new railway awards. *1,480 million euros*
- Design and construction of the wastewater treatment plant and sludge incinerator in Glina, Bucharest. *113 million euros*
- Modernising the take-off and landing runway at Bacau airport. *30 million euros*

16 EGYPT

- Abu Rawash wastewater treatment plant in Cairo. *281 million euros*

17 SAUDI ARABIA

- Additional stations on Line 4 of Riyadh Metro. Park and Ride on Line 4. Science Park on Line 5. *612 million euros*
- Lines 4, 5 and 6 of the Riyadh metro. *7,528 million euros*



Remodelling of the Santiago Bernabéu Stadium (Madrid, Spain)

Throughout 2020, the **construction area** was awarded **23 contracts** with an **overall contract volume** of approximately **1.51 billion euros**

Projects in development

Awarded | In progress | Complete

CONSTRUCTION

Residential construction

- Building at Av. Luis Bivar 91, Lisbon (Portugal).
- Building at Rua Sousa Martins 21, Lisbon (Portugal).
- Construction of 48 homes in San Sebastián de los Reyes, Madrid (Spain).
- Construction of 86 homes, 2 commercial premises and garage in the Ensanche de Vallecas neighbourhood (Madrid, Spain).
- Construction of 55 homes in Carmona (Seville, Spain).
- Construction of 104 homes in Torremolinos (Málaga, Spain).
- Construction of 114 homes in Cancelada (Málaga, Spain).
- Construction of 123 homes in Torremolinos (Málaga, Spain).
- Construction of 86 homes in Sant Cugat del Vallés (Barcelona, Spain).
- Construction of 68 homes, premises and car parks in Zona Franca 17-25 de Barcelona (Barcelona, Spain).
- Construction of 84 homes and 126 parking spaces in Sant Joan Despí (Barcelona, Spain).
- Construction of 108 homes with commercial premises, garage and storage (Valencia, Spain).
- Construction of 72 homes in Palma de Mallorca (Balearic Islands, Spain).
- Construction of 132 homes in PAU Ciudad Deportiva FC Barcelona in Sant Joan Despí (Barcelona, Spain).
- Construction of 60 homes in Hospitalet de Llobregat (Barcelona, Spain).
- Construction of 26 homes and parking spaces in Sant Joan Despí (Barcelona, Spain).

- Construction of 73 homes “Essència de Sabadell” (Barcelona, Spain).
- Construction of 77 homes, car park and storage at Avenida de Navarra 18, in Badalona (Barcelona, Spain).

Non-residential construction

- Santa Luzia primary school (Elvas, Portugal).
- Construction and maintenance of deodorising systems at the biomethane production and biogas treatment plants at the Valdemingómez Technology Park (Madrid, Spain).
- Works at the controlled tailings deposit run by the South Madrid Association, with the expansion of Phase IV, sealing and degasification of Phase III and the expansion of leachate processing capacity in the towns of Pinto, Getafe and San Martín de la Vega (Madrid, Spain).
- Remodelling of the Santiago Bernabéu Stadium (Madrid, Spain).
- Construction of the Ensanche de Vallecas Municipal Sports Centre (Madrid, Spain).
- Lot 4 of the framework agreement for the district of Hortaleza in the City Council of Madrid (Madrid, Spain).
- Lot 1 of the framework agreement for subsidiary implementation operations, emergency actions and adoption of security measures in municipal buildings (Madrid, Spain).



Centro de Tratamiento de Residuos en Loeches, Madrid (España).

- Lot 2 of the framework agreement for performing rectification works on issues in the set of heritage buildings and those subject to any type of use by the Madrid city council (Madrid, Spain).
- Construction of the Loeches Environmental Recycling Complex (Madrid, Spain).
- Drafting of project and modification of the Las Dehesas centre at the Valdemingómez Technology Park (Madrid, Spain).
- Construction of the new Airbus central offices campus in Getafe (Madrid, Spain).
- Expansion of San Juan de Dios Hospital (Seville, Spain).
- Expansion of the “Las Marinas” integrated waste processing plant in El Campello (Alicante, Spain).
- Expansion and renovation of Soria hospital (Soria, Spain).
- Comprehensive renovation of the tourist parador in León (Spain).
- Construction of Victoria Adrados communal centre, (Salamanca, Spain).

Awarded | In progress | Complete



Grangegorman University (Dublin, Ireland).

- Connection of Renault Valladolid warehouses (Valladolid, Spain).
- Salamanca hospital (Salamanca, Spain).
- Phase 0 of the Master Plan for the A Coruña University Hospital Complex (A Coruña, Spain).
- Construction of the new complex in the Administration District of the Generalitat (Barcelona, Spain).
- Construction of the cold store for CILSA/CAPRABO at the Port of Barcelona (Barcelona, Spain).
- Construction of the GRIFOLS office building on Avenida Generalitat and connecting underpass to the existing corporate building in Sant Cugat del Vallès (Barcelona, Spain).
- Renovation of the Philosophy and Humanities building of the University of Zaragoza (Zaragoza, Spain).
- Construction of the Business Creation Centre of the University of Alicante (Alicante, Spain).

Corporate construction

- 42 homes in Tres Cantos (Madrid, Spain).
- 40 homes in Tres Cantos (Madrid, Spain).
- 116 homes in Alcalá de Henares (Madrid, Spain).
- 40 homes in Valdebebas, (Madrid, Spain).
- 144 homes in Arroyofresno (Madrid, Spain).
- 85 homes in Tres Cantos (Madrid, Spain).
- 42 homes in Arroyofresno (Madrid, Spain).

Railways

- Rehabilitation of the railway between Pinhão and Tua (Portugal) (awarded in 2020).
- Modernisation of the railway between Covilhã and Guarda (Portugal).
- Improvement works to subsection 2.3 (Alfarelos/Pampilhosa) of the North railway line (Portugal).
- Line 1 railway diversion at the finca Adoc section (Alicante, Spain).
- Improved accessibility and adaptation to the interchange regulations of Maragall station, (Barcelona, Spain).
- Line 10 of the Valencia metro, infrastructure of the ramp on Calle Amado Granell – Hermanos Maristas station (Valencia, Spain).
- Ferrocarriles de la Generalitat Valenciana TRAM network. Lowering and adaptation of the Line 1 and Line 9 platforms and renovation of the sidings and railway installations in Benidorm (Alicante, Spain).
- Track assembly and access (Leon, Spain).
- Maintenance of the north-east high-speed line. Brihuega and Calatayud bases (Catalonia, Spain).
- Maintenance of the north-east high-speed line. Montagut, Vilafranca and Sant Feliu bases (Catalonia, Spain).

Awarded | In progress | Complete



Covilhã and Guarda railway line (Portugal).

- Maintenance of the south high-speed line. Hornachuelos (Cordoba) and Antequera (Malaga) bases (Spain).
- Renovation of the Prosperidad station on Line 4 of the Madrid Metro (Madrid, Spain).
- Renovation of the Esperanza station on Line 4 of the Madrid Metro (Madrid, Spain).
- Renovation of the Arturo Soria station on Line 4 of the Madrid Metro (Madrid, Spain).
- Trackbed works on the Totana-Lorca section of the Murcia-Almeria high-speed line (Spain).
- Works on platforms across Line 12 of the Madrid metro. Hospital de Móstoles-Conservatorio (Spain) (awarded in 2020).
- Contract for the assembly of the high-speed line between León and Asturias. Section: La Robla-Campomanes (Asturias, Spain).
- High-speed track assembly contract for the Campobecerros-Tabodela section (Galicia, Spain).
- Contract for the renovation of Ciudad Real-Badajoz track, Cabeza de Buey-Castuera section (Badajoz, Spain).
- Adaptation of the Sagunto-Teruel-Zaragoza line. Estivella, Teruel, Ferreruelas and Cariñena stations (Spain).
- Trackbed works on the Nijar-rio Andarax section of the Murcia-Almeria high-speed line (Spain).
- Infrastructure Maintenance and Conventional Network Track for ADIF - Lot 1 Centre (Spain).
- Infrastructure Maintenance and Conventional Network Track for ADIF - Lot 6 South (Spain).
- Mediterranean Corridor rail link. Installation of track superstructure between Vandellós and Secuita - Camp Tarragona station (Spain).
- Metro Maintenance. Approximately 50% of the Madrid Metro network is currently being maintained (Madrid, Spain).
- Accesses to La Sagrera station (Barcelona, Spain).
- Valladolid arterial railway network. East diversion (Spain).



Rail corridors in Romania.

- Complete replacements of track devices given the condition of the materials in the southern head of Puerta de Atocha station (Madrid, Spain).
- Construction of the Vila Franca de Xira connection branch (Portugal).
- Replacement of the Ciudad Real-Portuguese border conventional network bridge (Badajoz, Spain).
- Removal of the level crossing at the entry to Monfragüe located on the conventional line (Cáceres, Spain).

Awarded In progress Complete



Castrovido Dam, Burgos (Spain).

Hydraulics

- Gouvães dam (Vila Pouca de Aguiar, Portugal).
- Project and adaptation work as part of the National Water Quality Plan WWTP El Endrinal in T.M. Collado Villalba (Madrid, Spain).
- Work to adapt the WWTP Getafe Sur, (Madrid, Spain).
- Construction of a storm reservoir in the area of Arbeyal (Gijón, Spain).
- Construction of the Castrovido dam (Burgos, Spain)
- Heightening of the Yesa dam (Navarre, Spain).
- Construction of the storm tank for the WWTP Galindo, (Vizcaya, Spain).
- Construction of the Asón general collector. Section: Colindres-Ampuero, Cantabria (Spain).
- Distribution network works for the Segarra-Garrigues System (Lleida, Spain).
- Distribution network implementation for sector 6 of the Segarra-Garrigues system in Verdú (Lleida, Spain).

Awarded In progress Complete

Maritime

- Expansion of the Port of Playa Blanca, Lanzarote (Canary Islands, Spain).
- Port Adriano, rehabilitation of the breakwater, Mallorca (Balearic Islands, Spain).
- Berthing of liquid bulk project on the bottom bank of the South Dock at the Port of Castellón (Castellón, Spain).
- Expansion of the esplanade on the Poniente Norte pier in the Port of Palma de Mallorca (Balearic Islands, Spain).
- Baleares wharf at the Port of Tarragona (Tarragona, Spain).
- Refurbishment of Club de Mar de Mallorca in Palma de Mallorca (Balearic Islands, Spain).
- Expansion of the attached dock at the Port of Barcelona (Barcelona, Spain).
- Functional improvements to the seawall at the Olympic Port in Barcelona (Barcelona, Spain).

Roads

- Connecting road between Mondim de Basto and the EN210 road in Cabeceiras de Basto (Portugal).
- Extension of the A4 motorway in Aguas Santas (Portugal).
- Tâmega and Oura bridges (Portugal).
- Construction on the remodelling of Calle 30 North interchange (Madrid, Spain).
- Emergency works: repair and refurbishment of embankments in Cartagena (Murcia, Spain).
- Construction of “Anillo Insular de Tenerife” (Canary Islands, Spain).
- Construction of the section connecting the C-3223 to Yecla with the N-344 (Murcia, Spain)
- Expansion of the access routes to El Altet airport (Alicante, Spain).
- Construction of road tunnels in Plaza de les Glòries (Barcelona, Spain).
- Jaca-Navarra motorway (A-21). Jaca-Santa Cilia section, Huesca (Spain).
- N-340 road from Cádiz and Gibraltar to Barcelona via Malaga. Vallirana bypass section (Barcelona, Spain).



Vallirana tunnel, Catalonia (Spain).

Urbanisation

- Urbanisation of plot T.P.T 10 in “A. R. Nuevo Tres Cantos” (Madrid, Spain).
- Urbanisation of stage 1 of U.Z.P. 2.04 Los Berrocales (Madrid, Spain).
- Remodelling of Plaza de España and its surroundings (Madrid, Spain).
- Renovation of the La Gavia park Phase II (Madrid, Spain).
- Urbanisation of A.P.E. 027 Nuevo Mahou-Calderón (Madrid, Spain).
- Sanitation network, transformation centre and reflection centre at the U.Z.P. 2.04 Los Berrocales (Madrid, Spain).
- Urbanisation of the new roundabout in Vara del Rey (Logroño, Spain).
- Urbanisation of U.A. 78 of PGOUM in Sabadell (Barcelona, Spain).
- Urbanisation of the C. Leonardo da Vinci, Miquel Romeu, Av. Carrilet and Ctra. del Mig in Hospitalet de Llobregat (Barcelona, Spain).

Awarded | In progress | Complete



Dublin Airport Fuel Farm (Ireland).

Industrial

- Electrical installations (Dominican Republic).
- Electromechanical installations Riyadh metro (Saudi Arabia).
- Maintenance of tunnels in Madeira (Portugal).
- Samalayuca-Sasabe gas pipeline (Mexico).
- Storage of fuel at Dublin Airport (Ireland).
- Maintenance of Iberdrola electrical networks (Spain).
- Maintenance for Cedinsa in Catalonia (Spain).
- 100 MW photovoltaic farm in Puertollano (Ciudad Real, Spain).
- 50 MW photovoltaic farm in Barcience, Bargas (Toledo, Spain).
- Energy efficiency and lighting contracts across different cities in Spain.
- Overhead electrification in accesses to La Sagrera, Barcelona (Spain).
- Maintenance contracts for electrical networks in different provinces across Spain.
- Electromechanical installations at the provincial headquarters of Spain's postal service (Seville, Spain).
- Photovoltaic installations in Adeje and Chafira, Tenerife (Canary Island, Spain).
- Maintenance of thermosolar power plants (Spain).
- Espejo photovoltaic farm (Córdoba, Spain).
- Francisco Pizarro 590 MWp photovoltaic farm (Cáceres, Spain).
- Refurbishment of the Maragall metro station in Barcelona (Spain).
- Repair of the pump station in Fuente Álamo (Murcia, Spain).
- Refurbishment project for Córdoba prison (Spain).
- Maintenance at Hotel Silken in Seville (Spain).
- Air conditioning/heating installations at Hospital del Sur, Tenerife (Canary Islands, Spain).
- Maintenance of Madrid Este installations (Spain).
- Maintenance of the data processing centre (DPC), Murcia (Spain).
- Electromechanical installations for the hospital in Salamanca (Spain).
- Maintenance of air conditioning/heating installations at Hospital Candelaria (Spain).

Awarded | In progress | Complete



Lines 4-5-6 of Riyadh Metro (Saudi Arabia).



Line 2 and branch line 4 of Lima Metro (Peru).

- Maintenance of tunnels in Figueras, Catalonia (Spain).
- Maintenance of Hospital Campus de la Salud in Granada (Spain).
- Maintenance of Army installations - SUIGEPIR.
- Maintenance of Teatro Real in Madrid (Spain).
- Maintenance of the Directorate General of Traffic (DGT) school in Mérida (Badajoz, Spain).
- Intercom Renfe suburban stations (Spain).
- Maintenance of Line 9 of Barcelona metro (Spain).
- Data processing centre (DPC) in Torija (Guadalajara, Spain).

Awarded In progress Complete

MAINTENANCE AND CONSERVATION

Road maintenance and conservation

- Conservation of high capacity roads in Gran Canaria (Canary Islands, Spain).
- Assistance with roadways, ordinary maintenance, works and installations on the E-15/AP-7 Mediterranean motorway between Almussafes and Sant Joan d'Alacant (Spain).
- Conservation and operation of roads in Sector V-08. Province of Valencia (Spain).
- Provision of services as part of 20 conservation contracts for different authorities: Ministry of Transport, Mobility and the Urban Agenda, Regional Government of Extremadura, Guipuzkoa Provincial Council, Palencia Provincial Council, SEITT and AUCONSA.

Maintenance of roads for city councils

- Maintenance of roads in Huelva (Spain).

Maintenance of transport systems

- Maintenance of the Zaragoza and Murcia trams (Spain).
- Maintenance of overhead lines, substations and train stations for Ferrocarriles de Generalitat Valencia, in Alicante province (Spain).



Yesa dam, Navarre (Spain).

Hydraulic infrastructure maintenance

- Operation, maintenance and conservation of the Cancho del Fresno, Ruecas, Sierra Brava, Gargáligas, Cubilar, Azud de Ruecas, Alcollarín and Búrdalo dams (Spain).
- Operation, maintenance and conservation of dams in zone 3 of the middle basin of the River Guadiana (Spain).
- Provision of the service contract to optimise the functioning, updating, maintenance and joint operation of automatic hydrological data systems and flow volume measurement station control networks for the Júcar River Authority (Spain).
- Emergency work to repair the damage suffered by infrastructures, rivers and riverbeds in the Segura River Authority (Spain).

Management of emergency and forest fire services

- Prevention and extinction of forest fires in the eastern part of the Community of Madrid (Spain).
- Fire prevention for the Provincial Fire Brigade of the Region of Castellón (Spain).

Environmental restoration

- Construction of the O'Donnell green belt. Phase V for Madrid City Council (Madrid, Spain).

Environmental services

- Control of vegetation in the area surrounding the overhead electrical lines in western and southern Madrid for Iberdrola (Spain).
- Management of recycling points in National Heritage historical gardens (Spain).
- Reforestation plan for the Riofrío forest in San Ildefonso, Madrid (Spain).
- Conservation of River Manzanares where it passes through the municipality of Madrid (Spain).
- Environmental conservation of La Herrería Forest in the municipality of El Escorial (Madrid) for National Heritage (Spain).
- Conservation and cleaning of Bosquesur, for the Community of Madrid (Spain).
- Conservation of the vegetation on the banks of ADIF lines in central and southern Spain.

PREFABRICATED CONSTRUCTION

Supplies for hydraulic conduits

Concrete pipes with sheet metal sleeves:

- Execution of works included in the comprehensive project to modernise the hydraulic infrastructure owned by Comunidad de Regantes Santa Cruz de Alcolea de Cinca, in Huesca (Spain).
- Execution of works to modernise the Canal de Pinyana irrigation system in Lleida (Spain).
- Modernisation of irrigation in Sector VII of the Páramo Bajo irrigation area (Spain).
- Burying the overhead section of Coll de Balaguer in Tarragona (Spain).
- Regulator basin and transport line for the irrigation area owned by Comunidad de Regantes de Almacellas in Lleida (Spain).
- Irrigation of Sector XI of Canal de Monegros, Comunidad de Regantes de Orillena in Huesca (Spain).
- Direct connection channel in Huelva (Spain).

Glass-Fibre Reinforced Pipes (GRP)

- Comunidad de Regantes de Sodeto in Huesca (Spain).
- Project to modernise the irrigation used by Comunidad de Regantes La Campaña in Castejón del Puente, Huesca (Spain).
- Replacement of pipes in Villagonzalo, Salamanca (Spain).
- Renovation of the sump at Cuesta de Valderremata in Valdemoro, Madrid (Spain).
- Updated project for the irrigation pumping station and network for Sector XV of Subzona de Payuelos, irrigation area of the Riaño, León and Valladolid dam (Spain).



- More than **31 kilometres** of **concrete pipe** with steel jacket.
- **17.76 kilometres of glass-fibre** reinforced pipes (GRP).
- **55,800 concrete sleepers** of various types.
- More than **3,700 metres pre-stressed pre-fabricated** sheets for tracks without ballast.

Supplies for railway contracts

- Assembly of the La Robla–Campomanes line, Asturias (Spain).
- Integration of the León railway and connection lines, León (Spain).

Awarded | In progress | Complete

CORPORATE IMAGE

- Implementation of a new corporate image for Renault Europe in Spain, Portugal and Italy.
- Supply of the new Nissan logo for Europe.
- Implementation of the image restyling project for Nissan Europe in dealerships in Spain, Italy and Portugal.
- New brand image for YAMAHA Europe for its network of "Marine" dealers in Europe.
- Supply of all image elements for BP service stations across Europe.
- Supply and installation of indoor furnishings for Fiat dealerships across Europe.
- Involvement in the development of prototypes for KIA's new logo.
- Supply and installation of corporate image elements for KIA in Spain.
- Supply and installation of corporate image elements for Alfa Romeo, Fiat, Jeep and Abarth dealers in Spain, Portugal, France, Italy, Germany, Poland and the Czech Republic, including indoor image elements for electric vehicle dealers.
- Supply of anti-COVID protection screens.

Awarded In progress Complete

CONCESSIONS

As a result of the different measures implemented to reduce mobility, there has been an impact on concessions relating to:

- **Urban public transport**, including the tram systems in Murcia and Zaragoza, where there has been a significant reduction in the number of passengers (over 45%) despite service levels being maintained to guarantee social distancing.
- **Road transport**, including the Cedinsa, Ibiza-San Antonio motorway and Conquense motorway concessions, which have seen volumes of traffic fall by between 22% and 38% due to the mobility restrictions imposed by the authorities.
- **Lease of office spaces**, as is the case of WTCB and Urbicsa, where buildings and their facilities have been adapted to guarantee social distancing and tenants have been offered maximum options to ensure that any impact on their activities is limited as far as possible.
- **Maintenance of health centres**, including health centres in Mallorca, in the Balearic Islands, where all staff have stepped up their commitment and joined forces with the health authorities to offer residents the best possible service.
- **Construction concessions**, such as the Lima metro (Peru) or Haren prison (Brussels), where, given the number of workers involved in construction, very significant measures have been taken to prevent COVID infections.



Line 2 and branch line 4 of Lima Metro (Peru).

Roads

- **Conquense motorway, Spain (100% FCC):** the average daily intensity of the motorway in 2020 was 16,497 vehicles, down by 38.89% in light vehicles and 7.10% in heavy vehicles compared to the previous year.
- **Ibiza - San Antonio motorway, Spain (50% FCC):** the average daily intensity of the motorway in 2020 was 26,740 vehicles, down by 28.94% in light vehicles and 28.30% in heavy vehicles compared to the previous year.
- **Cedinsa Eix Llobregat, Spain (51% FCC):** the average daily intensity in 2020 was 16,369 vehicles, down by 24.4% in light vehicles and 11.3% in heavy vehicles compared to the previous year.
- **Cedinsa d'Aro, Spain (51% FCC):** the average daily intensity in 2020 was 22,854 vehicles, down by 24.4% in light vehicles and 17.4% in heavy vehicles compared to the previous year.



Gerald Desmond Bridge, Los Angeles (USA).

- **Cedinsa Ter, Spain (51% FCC):** the average daily intensity of the motorway in 2020 was 21,303 vehicles, down by 22.7% in light vehicles and 6.2% in heavy vehicles compared to the previous year.
- **Cedinsa Eix Transversal, Spain (51% FCC):** the average daily intensity in 2020 was 13,098 vehicles, down by 25.9% in light vehicles and 7.6% in heavy vehicles compared to the previous year.
- **Underwater tunnel in Coatzacoalcos, Mexico (26% FCC):** the concession lasts for 30 years. The design and delivery of the underwater tunnel is the first construction of this type in Mexico and also the first in Latin America.
- **Mersey Bridge in Liverpool, United Kingdom (25% FCC):** contract for the design, construction, financing, maintenance and operation, on a payment for availability basis. The bridge, opened in October 2017, serves some 80,000 vehicles per day.
- **A-465 Heads of the Valleys dual carriageway:** in October, the sum of 720 million euros was formally secured as part of the contract for the construction, financing, maintenance and operation of the expansion of the 17.3-km stretch of the A-465 dual carriageway between Dowlais Top and Hirwaun in Wales. The construction phase has now begun.

Metro and tramways

- **Murcia tramway, Spain (50% FCC):** in 2020, there were 2,920,330 ticket validations which represents a drop in demand of 46.12% compared to the previous year.
- **Line 9 of the Barcelona Metro, Spain (49% FCC):** 2020 is the fifth year of being open to the public and the service has worked normally.
- **Zaragoza tramway (16.60% FCC):** in 2020, there were 15,743,237 ticket validations which represents a drop in demand of 45.48% compared to the previous year.
- **Lima Metro Line 2, Peru (18.25% FCC):** design, financing, construction, electromechanical equipping, systems equipment and provision of rolling stock, operation and maintenance for a period of 35 years on a payment for availability basis.

Social

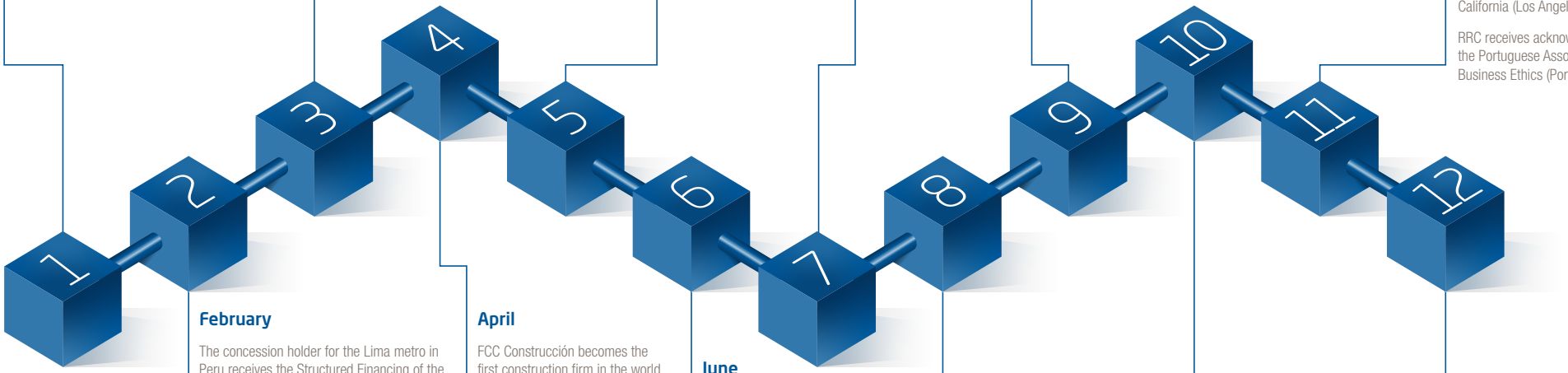
- **Health Centres in Mallorca, Balearic Islands, Spain (82.5% FCC):** 2020 was the tenth year of operation, with 83,945 people and 187 consulting rooms in its area of influence.
- **Urbicsa (29% FCC), Barcelona, Spain:** 2020 is the thirteenth year of operation, with occupancy in offices and rental premises at 94.12%.
- **World Trade Centre Barcelona, S.A., Spain (24% FCC):** In 2020, occupancy was 93.3% in premises and offices.
- **Haren Prison, Belgium (15% FCC):** this contract covers the design, construction and maintenance for 25 years on a payment for availability basis of a new prison complex in Haren, near Brussels.

Ports

- **Torredembarra Port:** concession for a marina in Torredembarra.

FCC also has a minority stake in two tramways in Barcelona (Tranvía Metropolità del Besòs and Tranvía Metropolità).

Highlights_Infrastructure_2020



January

FCC Construcción wins the contract for designing and constructing the E6 motorway between Ulsberg and Vindasliene (Norway).

FCC Industrial becomes the first "Zero Residue" construction firm (Spain).

February

The concession holder for the Lima metro in Peru receives the Structured Financing of the Year Award from LatinFinance magazine.

The "Refurbishment of Plaza España" project becomes the main municipal construction site on account of its specific nature and urban impact (Madrid, Spain).

The occupational insertion project "Expansion and refurbishment of the hospital in Soria" by FCC Construcción, is selected as an example of best practice by the European Commission (Soria, Spain).

March

FCC Construcción wins, in cooperation with Carso Infraestructuras y Construcción (CICSA), the contract for the design, construction and maintenance of section 2 Tren Maya (Mexico).

The Primary Health Care Authority in Mallorca chooses a health centre, run by FCC Construcción (UBS El Molinar) for its COVID-19 Response Centre (Balearic Islands, Spain).

The Life Impacto Cero project, by FCC Construcción, a success story (Spain).

April

FCC Construcción becomes the first construction firm in the world to join the UN's "Sustainable Investments and Finance" group.

FCC Construcción makes progress with the construction of hospitals in Soria, Salamanca and San Juan de Dios (Seville, Spain).

May

FCC Construcción rolls out a series of social and corporate actions to face the health crisis caused by SARS-CoV-2 (COVID-19).

June

FCC Construcción wins the "Best Global Projects" award from ENR international magazine for its projects: Panama Metro line 2 (Panama); Improving access to the city of Iquique (Chile); and the El Alamein desalination plant (Egypt).

FCC Construcción participates at the event to celebrate the 30th anniversary of the construction of the KIO towers (Madrid, Spain).

July

FCC Construcción wins the contract for designing and constructing the new hospital in Jersey.

August

FCC Construcción becomes the first Spanish construction firm to have a third party verify del the carbon footprint of more than 70% of its domestic and foreign activities.

September

FCC Construcción commissions Line 5 of the Bucharest metro, the first major transport infrastructure opened in Europe following the outbreak of COVID-19 (Romania).

FCC Construccións starts work to drill the Ergos tunnel, as part of the "Anillo Insular de Tenerife" project (Tenerife, Spain).

FCC Construcción secures various contracts: Nudo Norte (Madrid); improvements to Dic de Recer (seawall) at the Olympic Port in Barcelona; and the construction and maintenance of different rail lines owned by Rodalies de Barcelona (Spain).

October

FCC Construcción secures the funding for the project to expand sections 5 and 6 of the A465 dual carriageway in Wales.

FCC Construcción receives the 2019 Best Infrastructure Award for the "Variante de Vallirana (B-24)" project (Catalonia, Spain).

November

FCC Construcción registers its carbon footprint for the eighth time in the Carbon Footprint Registry, offset and absorption projects held by the Ministry for the Ecological Transition and the Demographic Challenge (Spain).

FCC Construcción completes work on the first cable-stayed bridge built in California (Los Angeles, USA).

RRC receives acknowledgement from the Portuguese Association for Business Ethics (Portugal).

December

FCC Costruction, over 12 years committed to equality.

Sustainability and quality

Sustainability



Aligned with the SDGs

We are aware of the importance of complying with the United Nations 2030 Agenda to eradicate poverty and promote sustainable and equal development in the period 2016-2030. FCC Construcción **has integrated the Sustainable Development Goals (SDG) into its activities and model for creating value.**

A balance has been struck between the material aspects of the organisation and the SDGs. Likewise, the 2017-2020 Management Objectives for the Management and Sustainability System are linked to the SDGs.

We would like to highlight the CEO of FCC Construcción's commitment to the SDGs, which we understand to be a new, united and responsible approach from which companies can, and should, contribute to the creation of a more sustainable world and the dissemination and training of employees on SDGs with training sessions, courses and awareness campaigns. In 2020, seven training initiatives were organised and we have participated in the #ApoyamoslosODS campaign.

Sustainable construction

FCC Construcción believes that the achievements reached and processes developed should be the normal behaviour and part of the culture of the construction sector worldwide and that it should provide the community with the knowledge and criteria acquired which is why it **participates and leads multiple forums and national and international technical committees**.

Some of the most relevant organisations with which FCC Construcción partners in setting sustainability criteria related to construction are: the International Standardization Technical Committee ISO/TC59/SC17 "Sustainability in Building Construction", the European Committee CEN TC350 "Sustainability of Construction Works ", the International Technical Committee ISO/TC207" Environmental Management ", the Scientific-Technical Association of Structural Concrete, the Technical Association of Ports and Coasts-PIANC, the National and International Committee of Large Dams (ICOLD and SPANCOLD), the Corporate Responsibility Committee of the EIC or the SEOPAN Quality, Environment and R&D Committees, among others.

Environmental management

FCC Construcción has an Environmental Management System, certified according to **ISO 14001**, covering almost 100% of its activity.

The company has also implemented a Best Practices® system, on top of legislative or contractual requirements or those from any other source, and actions that guarantee improved environmental results. The system is made up of a series of measures performed voluntarily by the FCC Construcción projects, so that these measures establish more ambitious environmental objectives than those established by the applicable environmental legislation or the requirements of customers or third parties. The application of these best practices aims to prevent or minimise the environmental impacts of the projects.

Commitment to climate change

We are aware of the importance of integrating climate change management into our activity; for this reason, as the leading Construction Company in Spain, we have been verifying our Greenhouse Gas (GHG) emissions since 2010. In addition, since 2012, FCC Construcción has held the AENOR **"Environment CO_2 verified"** carbon footprint certificate.

We were the **first construction company to register their carbon footprint** in the "Carbon Footprint Registry, offset and absorption projects" at the Ministry for Ecological Transition and the Demographic Challenge, which has given us the "calculate and reduce" stamp in recent years.

In 2017, we published a **strategy** to combat climate change and started to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) working group at the Financial Stability Board.

One of FCC Construcción's 2017-2020 Management Objectives is to extend the verification of the greenhouse gas (GHG) emissions inventory to international level, so that 100% of the activity would be verified under Standard ISO 14064-1:2012 in 2020. In order to meet this objective, in 2020, AENOR verified the greenhouse gas emissions produced across 12 countries in 2019, accounting for 70% of the FCC Construcción activity in that year.

Circular economy

At FCC Construcción, the **circular economy** represents a fundamental strategy for reducing the impact of our activity on the environment, improving the efficiency of productive activities, extending the life and optimising the use of the resources we use and minimising the waste we generate.

In 2017, FCC Construcción structured its progress towards the circular economy around the Ellen MacArthur Foundation's ReSOLVE framework and in 2018 it signed up to the Pact for a Circular Economy, promoted by the Spanish Ministries of Environment and Economy. In 2019, the subsidiary FCC Industrial was the first construction firm to obtain certification of its "Zero Waste" from the waste management traceability system, which guarantees the recovery of at least 90% of the waste generated as part of a project, and, therefore, avoiding it ultimately being taken to a landfill.

Quality

Service excellence

The participation of FCC Construcción in any infrastructure project involves offering **a company with 120 years' experience** in the sector, with great technical ability, and a firm commitment: to efficiently overcome challenges. This all comes with absolute respect for the environment, while promoting development and innovation through the use of the best construction techniques.

In its work, FCC Construcción **creates value for society** and for its shareholders, providing the management and services required to design, build and operate infrastructure and services that efficiently, sustainably and safely contribute to the well-being of people. In this respect, the company contributes **solutions aimed at improving society, sustainable development and the well-being of people**.

In line with its objective of continuous improvement, to get recognition by stakeholders and give greater confidence to its clients, FCC Construcción has its **system certificated for almost 100% of its business**.

Customer satisfaction

FCC Construcción's **priority is to meet the needs of its clients**, with the commitment to fulfil their requirements with quality guaranteed. The main objective is excellence in the performance of the work by providing personalised attention and ongoing dedication, always focusing on fulfilling their expectations.

Clients assess FCC Construcción's activity every year. In all the surveys combined, the most valued attributes are the **professional abilities of the construction team**, **consideration of customers' instructions** and the **ability to deal with problems and unexpected events** that arise in the project. These ratings remain high, year after year, and confirm our expectations.

These **excellent results** enable us to state that the stringency and quality of FCC Construcción are factors that set us apart from the competition.

Awards in 2020

Follow this link to see the awards received in 2020.

Management pioneers

The **Management and Sustainability System at FCC Construcción** is a dynamic system that constantly adapts to the new challenges and processes required by the market. FCC Construcción has always stood out as a **pioneer in the implementation** of the latest developments and management systems, and is the **only ISO 44001 certified company in Spain** for the management of collaborative business relationships.

In order to demonstrate compliance to third parties and greater transparency in its management, the company has its Management and Sustainability System **certified by an accredited external agency**.

Innovation and technology

FCC Construcción promotes an active technological development policy, with a firm commitment to research, sustainability and contribution to the quality of life of society as a differentiating factor in the current, highly competitive and internationalised market. The development and use of innovative technologies to carry out the works additionally involves an intrinsic added value for the company.

As part of its activity, FCC Construcción and its investee companies develop projects in conjunction with other companies in the industry, often with technology-driven SMEs, which makes it possible to perform open innovation projects with a participation in the value chain and, occasionally, on a horizontal cooperation basis. Some of the projects are also carried out in consortia with Public Authorities, such as the European LIFE "Impacto Cero" project, "Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines", with the participation of the Spanish Railway Infrastructure Manager (Adif), or the BICISENDAS "Sustainable, energetically self-sufficient, smart, anti-pollution, integrated and safe bicycle lane" project, where actions are taken with different city councils to roll out this pilot bicycle lane project.

Nationally, during 2020, work has been done mainly on the following projects:

SAFETY4D
Advanced and high-performance process for the prevention of occupational hazards in construction works, with the implementation of the BIM methodology
Nº de expediente: IDI-20190245

BICI SENDAS
Cycle lane: sustainable, energy-self-sufficient, smart system, Decontaminant, integrated and safe.
Nº de expediente: IDI-20181095
PROGRAMA ESTRATÉGICO CIEN 2018

SAFE
Development of an autonomous system for the anchoring of Maritime structures
Nº de expediente: RTC-2017- 6603-4
RETOS-COLABORACIÓN 2017

PIELSEN
Homeostatic 3d envelope architecture to create an adaptive smart and sensitive skin on building façades
Nº de expediente: RTC-2017-5945-3
RETOS-COLABORACIÓN 2017

StarPort
Distributed wireless monitoring, prevention and action system for coastal management
FEDER INNTERCONECTA 2018

RESALtO
Sustainable road elements for speed reduction
Nº de expediente: IDI-20180857

POTAMIDES
Development of a new advanced solution for the optimisation of integrated, efficient and sustainable management of the water resources of a hydrographic basin
Nº de expediente: IDI-20180664

BIMCHECK
Implementation of a secure and automated technology management environment based on BIM and Blockchain for the quality processes of FCCCO
Nº de expediente: IDI-20180078

PWDRON
Drone-based automated linear civil engineering infrastructure monitoring system
Nº de expediente: IDI-20170835

REFORM2
Reciclaje de plástico para la reformulación de hormigón
Nº de expediente: Q0310/2017

RoBIM
Autonomous robotics for inspection and assessment of existing buildings with BIM integration
Nº de expediente: IDI-20160843
PROGRAMA ESTRATÉGICO CIEN 2016

ACUSCOIN
SISTEMA DE EMISIÓN ACÚSTICA PARA LA EVALUACIÓN DE CORROSIÓN EN INFRAESTRUCTURA DE HORMIGÓN ARMADO

GAUDÍ
NUEVA PLATAFORMA DE GESTIÓN DEL CONOCIMIENTO BASADA EN ALGORITMOS DE INTELIGENCIA ARTIFICIAL Y TÉCNICAS DE CONTENT CURATION

ONLYBIM
DESARROLLO DE UN MÓDULO PARA EL DISEÑO Y EJECUCIÓN DE OBRAS NO LINEALES BAJO METODOLOGÍA BIM

Internationally, FCC Construcción has worked on the following project:

Life Impacto Cero
Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines
Grant agreement Nº LIFE12 BIO/ES/000660

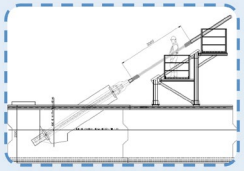
FCC Construcción, due to its solid position in the market and having a competitive advantage in the sector, uses the different available mechanisms to protect industrial and intellectual property in the processes it deems strategic.



New corporate headquarters "Campus Airbus Futura", in Getafe (Madrid, Spain).

In 2020, the protection was performed in the following processes:

System and procedure for stripping the braces by incorporating, or substituting for, improved filler material.



SOL. PATENT NATIONAL

SOL. International PCT

The invention relates to a system and a method of stripping the braces where in a certain area the filler material of the brace is replaced by another with improved characteristics or said filler material is incorporated into the brace if it was initially missing.

PÓRTICO DE TRANSPORTE Y COLOCACIÓN DE CARRILES



Modelo de Utilidad

La presente invención trata de un pórtico de transporte y colocación de carriles autopropulsada destinada a alojarse en un túnel, donde el pórtico comprende una estructura portante, unos polipastos para la manipulación de los carriles y unos conjuntos de rodadura dotados de un sistema hidráulico que permiten el desplazamiento, el guiado y la nivelación de la estructura a través de los andenes del túnel. El pórtico ofrece la posibilidad de transportar y colocar los carriles con una única grúa de transporte, puede rodar por los andenes sin necesidad de hacerlo por la plataforma y se reduce el personal necesario para realizar la operación de colocación de los carriles. Además, el pórtico es totalmente desmontable y permite su transporte por carretera en contenedores standard y adaptarse a obstáculos y defectos en la geometría del túnel.

Titulares: CONVENSA y FCC Construcción

PÓRTICO DESPLAZABLE DE TRANSPORTE Y DISTRIBUCIÓN DE HORMIGÓN



Modelo de Utilidad

La presente invención trata de pórtico desplazable de transporte y distribución de hormigón, destinado a transportar y distribuir hormigón para la ejecución de vía en placa hormigonada en el interior de túneles ferroviarios. El pórtico desplazable comprende una estructura, una tolva de hormigón, una tubería de transporte y un tramo intermedio entre el tramo de salida y el tramo de entrada que es desplegable. El pórtico desplazable puede avanzar o retroceder sin necesidad de cambiar ningún tramo de la tubería de transporte de hormigón, ya que la tubería de transporte se adapta a su avance o retroceso, Así el suministro a la tolva de hormigón se hace ininterrumpidamente con el ahorro en tiempo y costes que esto supone.

Titulares: CONVENSA y FCC Construcción

RAMPA MODULAR DE CRUCE

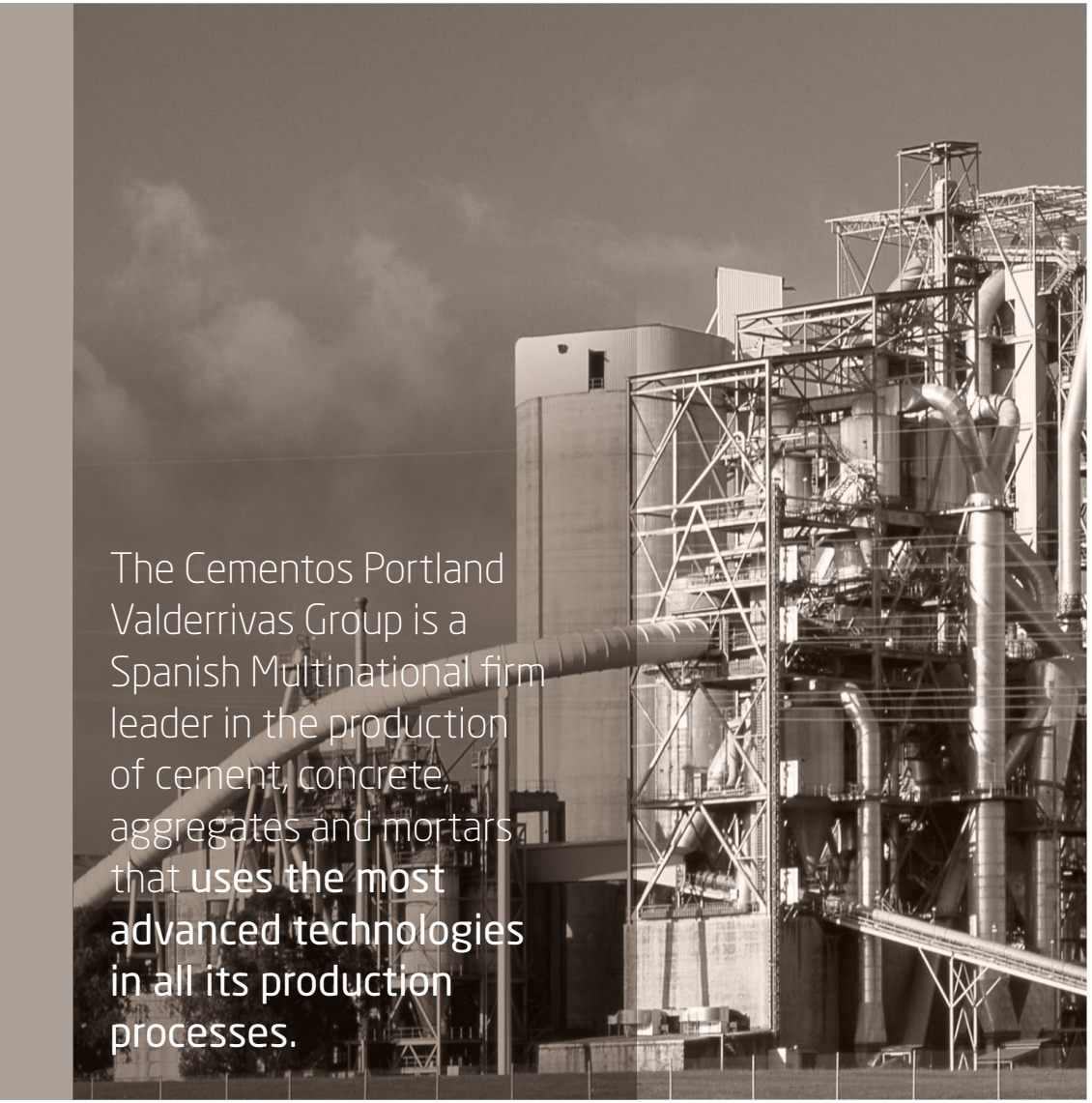


Modelo de Utilidad

La invención se encuadra dentro del campo de los dispositivos de obra, y se refiere a una rampa modular de cruce para ser instalada en cualquier punto de un túnel.

Un objeto de la presente invención es proveer una rampa modular de cruce que pueda montarse y desmontarse fácilmente, que sea fácil de transportar y que proteja el túnel de contacto con los vehículos que pasan en su interior.

Titulares: CONVENSA y FCC Construcción



The Cementos Portland Valderrivas Group is a Spanish Multinational firm leader in the production of cement, concrete, aggregates and mortars that **uses the most advanced technologies in all its production processes.**



Cement

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Concrete at Punta del Moral, Ayamonte (Huelva, Spain).

The Company supplies its products in Spain from its **seven cement factories** and exports products to the international market

The Cementos Portland Valderrivas Group (GCPV) is a multinational Spanish firm that is a leader in the production of cement, concrete, aggregates and mortar. It employs the most advanced technologies in its production processes to achieve cost efficiency and comply with environmental standards, prizing Corporate Social Responsibility in all its undertakings.

It has seven strategically located cement factories in Spain that serve the entire mainland, supplying international markets in the form of exports.

It is also a leader in the cement industry in Tunisia, where it operates a cement factory with a capacity of 2 million tonnes, making it the biggest cement plant in the country. In the United Kingdom, it operates through two import terminals, Dragon Portland and Dragon Alfa.

Our products

Cement

Portland cement is obtained by mixing, in the correct proportions, raw materials, finely grinding them and heating them until they start to merge, creating clinker. This process is performed in rotary kilns.

When the clinker cools, it is mixed with a small amount of gypsum that regulates the setting process, and after grinding it, Portland cement is obtained, thus rounding off the production process.

The different qualities of cement are obtained by adding materials such as limestone, fly ash, pozzolans, etc. to obtain specific characteristics for their use.

Concrete

Concrete is a calcareous conglomerate generally used as a structural element in construction; it is obtained by mixing materials like cement, aggregates and other additives with water, in the correct proportions, depending on the purpose for which the concrete is to be used and the environmental conditions in the place where it is to be employed.

Mortar

This is a mix of conglomerate, sand and additives used in construction either to hold elements together or on top of a base layer, to cover, waterproof or finish construction works.

Aggregates

Aggregates are defined as mineral materials, inert solids that, at the appropriate grain size and with the appropriate characteristics, and pursuant to regulatory specifications, are used to manufacture resistant artificial products by adding hydraulic conglomerates or bituminous binders.

They are used in a variety of materials: concretes, road surfaces, breakwaters, raw material for industry (cement, filters, micronized grades, etc.), asphalt binders, etc.

Aggregates are obtained by means of mechanical extraction from sand and gravel, without consolidation, or by blasting and crushing in relation to consolidated rocks.

These materials are transported to plants to be classified, washed and stored.



Control Room at the Mataporquera factory in Santander (Spain).

- Ensuring profitable growth and ongoing improvement, applying cost restraint policies and taking advantage of future market opportunities..
- Contributing to the circular economy, harnessing the use of alternative fuels.
- Participating in the organic growth of the cement business in Spain by continuing with the exercise launched in 2014.
- Focusing the sales policy on improving the sale price of our products.
- Maximising clinker and cement exports.

Industry analysis



Conveyor belt Cement factory in Enfhida (Tunisia).

Spain

The Bank of Spain estimated a contraction of 11% in the Spanish economy for 2020. In the first quarter, it contracted by 5.2%, followed by 18.5% in the second quarter, rebounding by 16.7% in the third quarter. During the final quarter of the year, it contracted by 0.8% on account of the second wave of COVID-19.

The economic outlook is conditioned by the epidemiological situation and, although progress in obtaining vaccines are serving to soothe concerns, the uncertainty about when the pandemic will be completely behind us persists. The Bank of Spain, in its intermediate scenario, estimates that the Spanish economy will grow by 6.8% in 2021 and 4.2% in 2022, with unemployment rates of 18.3% and 15.6%, respectively. It is not expected to return to pre-COVID levels until 2023.

According to the Spanish Association of Construction Companies and Infrastructure Concessionaires (SEOPAN), in 2020, the volume of calls for tender dropped by 30% compared to 2019. Building permits fell by 15% and public procurement is expected to fall by 42% in 2021.

These falls have had a negative impact on cement consumption, which closed 2020 at 13.29 million tonnes, 9.7% down on 2019, according to provisional data published by Oficemen, the sector's representative.

Furthermore, total exports (cement and clinker) came to 5.99 million tonnes, down by 3.4% year on year. Despite closing in the red, consumption in Spain was slightly better than expected at the start of the pandemic. For 2021, the sector's representative estimated that the slowdown would persist, ranging from between -3% to 3%.

Tunisia

Tunisia, in 2020, the domestic market contracted to around 5.8 million tonnes, down by 10% on 2019. For 2021, growth of 5% has been forecast for the domestic market to 6.1 million tonnes.

Relevant events in 2020

During 2020, the following relevant events took place, which had an impact on the Group's financial statements:

- On 29 July 2020, a guarantee ratification and renewal agreement was signed, setting out a new repayment calendar for the original syndicated loan agreement dated 29 July 2016, to extend the last instalment payable on 29 July 2021 by one year, i.e., to 29 July 2022, and adapt the *covenants* for the one-year extension.
- At the same time as the senior loan agreement was renewed, an amendment has been signed to the agreement dated 29 July 2016, as part of which its maturity was pushed back by one year, with the term set at 78 months from the date of the contract, i.e. 29 January 2023.



Cement mill. Alcalá de Guadaíra factory, Seville (Spain).

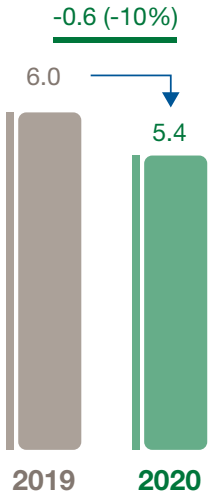
Group activities by country and business line

Group Sales

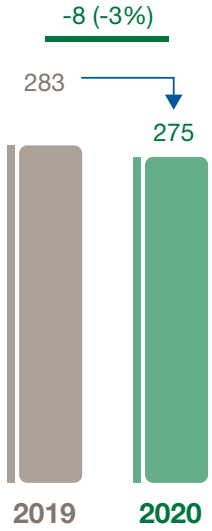
The volume of cement and clinker sold in 2020 reached 5.4 million tonnes, 10% down on 2019.

In Spain, 4 million tonnes were sold, and 1.2 million were sold in Tunisia.

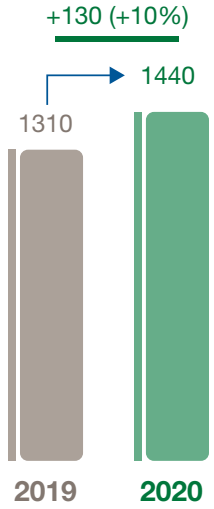
CEMENT (t M)



CONCRETE (m^3 k)



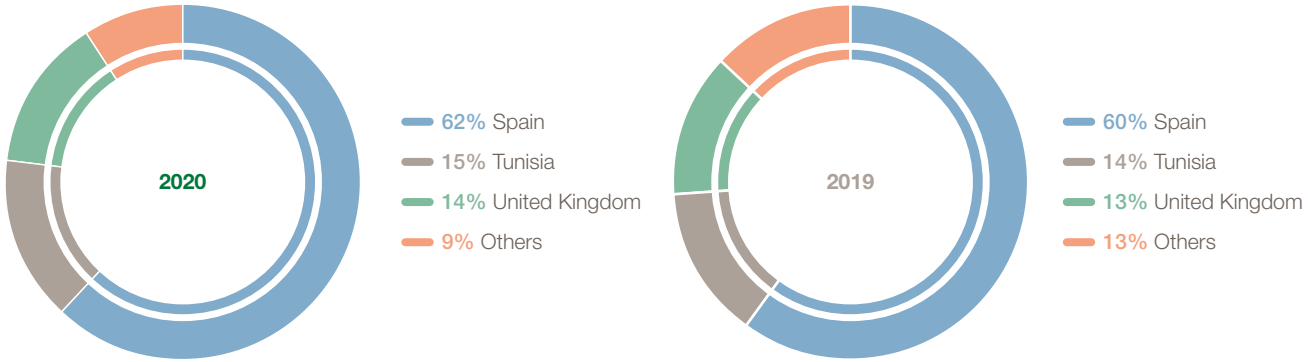
AGGREGATE (t k)



MORTAR (t k)

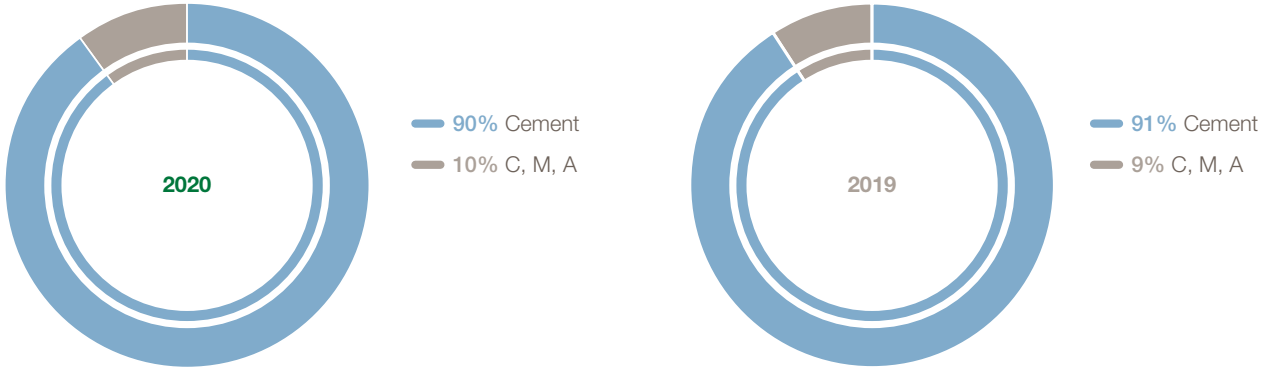


Distribution of activity by country



In 2020, international sales accounted for almost **37.8%** of billing, the same as the previous year

Distribution of activity by businesses



The product mix **has remained very stable compared** to the previous year. The cement business accounts for **90.2%** of revenues

Revenue

Revenue in 2020 decreased by 8% on 2019, coming to 382.6 million euros. This can be attributed to the decrease in volumes billed to local markets in Spain and Tunisia, mainly in March and April, as a result of the lockdown measures applied during these months, and the reduction in exports seen from both markets.

In Spain, turnover in the domestic market fell by 4.6% to 237.9 million euros. In the local Tunisia market, turnover fell by 2.5% to 57.9 million euros. In both markets, the favourable evolution of prices has partially offset the reduction in demand in the domestic market caused by the pandemic.

Cement and clinker export revenue in 2020 was down by 17.6% in Spain and 44% in Tunisia on 2019.

Gross profit/(loss) from operations

The Group's EBITDA came to 139.9 million euros, up by 61.9% year on year, mainly thanks to the income obtained on the sale of greenhouse gas emission rights for the sum of 58.9 million euros in 2020 compared to 5.6 million in 2019.

Gross profit/(loss) from operations, without considering the CO_2 income remained similar to the figures seen the previous year, coming to 80.9 million euros compared to 80.6 million in 2019, up by 0.4%. The negative impact of lower sales has been offset with lower costs of electricity and fuels and staff and maintenance cost optimisation measures.

Cash flow

Net cash flow generated by operations came to 143.7 million euros in 2020, 122.8% up on the previous year, on account of the sale of CO_2 rights and the positive performance of working capital.

The investing cash flow was down 10.2 million euros, primarily due to the investments made by the Group for production and environmental improvements in Spain and Tunisia.

Thanks to the positive cash evolution, during 2020 119.2 million euros of syndicated debt was repaid, having voluntarily repaid 108.2 million euros in advance on account of the repayments scheduled for 2021 and the final instalment of the loan.

At 31 December 2020, the net debt with third parties stood at 174.5 million euros.



Quarry of Vallcarca, Barcelona (Spain).

Environment and research and development activities

Environment. Climate change action plan



Panoramic view of the El Alto factory, Madrid (Spain).

Following the 2015 Paris Agreement, which represented a historic milestone in the global fight against climate change, signatories committed to developing measures to contain the increase in the Earth's temperature. At the end of 2019, the EU presented the European Green Deal, which proposes a new strategy for achieving a prosperous and fair society, based on an efficiency economy in terms of the consumption of resources and sets 2050 as the target for achieving climate neutrality. Furthermore, the Government of Spain has prepared the Integrated National Energy and Climate Plan, which proposes specific objectives to reduce greenhouse gas emissions.

The Spanish cement industry, through Oficemen, is able to contribute to the national climate neutrality targets and has created roadmaps for decreasing CO_2 emissions with a view to achieving this goal of climate neutrality by 2050.

Cementos Portland Valderrivas, as an important part of the industry in the countries in which it operates, assumes the fight against climate change as one of its main challenges in the coming years and through strategic sectoral lines and performs specific actions to reduce greenhouse gases.

These measures are implemented bearing in mind the actual context of each facility, their technological, human and financial resources, the applicable legislation and the expectations of the interested parties. To improve the environmental and climate indicators, the following lines of action are implemented:

- **Circular economy**. Increasing the recovery of material and energy, enhancing the use of demineralised raw materials, recoverable waste fuels and biomass.
- **Greenhouse gas emissions**. Decrease of emission factors in the demineralisation of raw materials and the oxidation of alternative fuels.
- **Increase in energy efficiency**. Optimisation of the fuel mix, expert systems in the production process and transition towards LED light technology.
- **Increase in the renewable energy mix**. Projects for installing solar power plants and/or wind farms and increase in the consumption of plant biomass in the production of clinker.

During 2020, the Group's factories in Spain have used approximately 188,000 tonnes of alternative fuel containing biomass, 1% up on the absolute value recorded in 2019; however, there was a notable increase in mass replacement year on year, when the production of clinker was much higher.

The same year, progress has been made on restoring the Group's quarries, proceeding with morphological repairs, planting or revegetation of quarried surfaces.

Research and development

In 2020, Cementos Portland Valderrivas continued to participate in the European R&D project in which it is a key partner, known as "BioRECO$_2$Ver-Horizonte 2020".

The purpose of this project is to obtain alternative processes for the production of certain chemical projects on a commercial scale (such as isobutene and lactic acid) in a more sustainable manner by capturing industrial CO_2 emissions. The end goal is to use this industrial CO_2 as a raw material and stop depending on fossil resources to create these products.



Quality control laboratory, Olazagutía (Navarre, Spain).

In 2019, GCPV made its main contribution, characterised emissions gases, captured them on site and the shipment of them to its partners, LTU and Enobraq.

Part of the gases captured are currently being held at the El Alto factory in Madrid in case further tests, analysis, etc. are required.

The project experienced a significant delay on account of the impact of the COVID-19 crisis. Despite this, the work performed by our partners has resulted in progress been made towards the goals proposed:

- The preliminary results demonstrate that LTU has at least two mutants with 50% more residual activity in terms of the selected combustion gas inhibitors. They are currently being expanded and sequenced.
- Tests have been performed to produce lactate from CO_2 and H_2 with Cupriavidus necator and isobutene by a Clostridium strain.
- Other lines of research involve developing Thermotoga strains to produce lactate from CO_2.
- A fermenter is being developed with a view to improving the supply of gas through high pressure and thus recover isobutene in situ.

In **2020, investments have continued** to be made to **improve energy efficiency**

Technological innovation

The Cementos Portland Valderrivas Group conceives technological innovation as the introduction of new products, services, new processes and supply channels, in addition to the optimisation of industrial organisation focussing on our customers and all our stakeholders.

Innovation is a core part of the company's competitiveness, allowing it to improve, renew itself and expand the range of products and services offered, the production processes and management of the organisation as a whole.

Over the course of 2020, investments have continued to be made to improve energy efficiency and to optimise the use of fuels with a smaller carbon footprint, in collaboration with a European R&D project, which studies alternative processes to the production of specific chemical products at a commercial scale using CO_2 made in the clinker kilns.

Service excellence

The success of the Cementos Portland Valderrivas Group would not have been possible without its customers. The service orientation and quality of our products is a direct result of a management approach that is clearly oriented towards the satisfaction of all those who have deposited their trust in the Group.

With them, we have achieved our biggest milestones, developing products that are of a progressively higher quality, ensuring the growth and development of advanced societies.



Biomass installation. Alcalá de Guadaíra factory, Seville (Spain).

The Group's human resources aim to continue providing a professional response to the new challenges on the horizon. A personalised service, a dedication to making improvements, high quality targets and environmental responsibility have made the Group a leader in the markets in which it operates. In all these markets, the most important construction firms have made the Cementos Portland Valderrivas Group their trusted partner and at the same time, caring for the distribution work, the Group's products reach anybody in any part of the territory.

Whoever places their trust in this Group knows that it guarantees a cordial service based on mutual trust and the pursuit of shared objectives.

Some of our services are:

1. Technical sales assistance service for advice and technical support.
2. Delivery of product at destination.
3. Possibility of loading in the production centre.
4. 24 hour loading card.
5. Urgent incident care.
6. Digital management channel for customers, to deal with administrative, sales and technical documentation.
7. Safety assessment service.
8. Foreign trade service.

Conscious of what each customer means to us, we maintain constant communication with them, creating lasting relationships based on trust and professionalism.



Precalciner tower. El Alto factory, Madrid (Spain).

Performance in 2020

Group and workers' representatives **have started to work on the 2nd Equality Plan**, adapting it to the regulations in force

Human Resources

Throughout 2020, the Group has responded to the emergency situation caused by COVID-19 at all work centres, promoting and adapting different types of shifts to ensure the compatibility of employees' health and safety with the production needs to meet the variable nature of demand.

The total number of Group employees, at 31 December 2020, stood at 1,034, down by 4.6 on 2019, mainly due to partial retirements during previous periods, that became full retirements during the year.

Furthermore, the Group and workers' representatives have started to work on the 2nd Equality Plan, adapting it to the regulations in force and guaranteeing equal treatment and opportunities between men and women in the workplace.

Spain

During 2020, the workforce in Spain came to 785 employees. New recruits during the year made use of the different contract options provided for by law and to overcome absenteeism and the production needs of work centres.

Tunisia

In 2020, the workforce dropped by 24 employees with total headcounts of 220 people at 31st of December.

With a view to containing costs and modernising processes, certain positions were wound up and adjustments made.

Equality

During 2020, the Cementos Portland Valderrivas Group, in cooperation with the legal representatives of workers, started work on the 2nd Equality Plan.

The Group launched its equality strategy in 2009, signing its 1st Equality Plan, and since then it has strived to achieve more equal conditions for its employees.

As part of the preparation of this new Plan, the parties are agreeing new, improved measures based on the new regulations that have arisen in recent years, such as Organic Law 3/2007 of 22 March and more recently, Royal-Decree Law 6/2019 on urgent measures for guaranteeing equal treatment and opportunities between women and men in the workplace.

The most significant points, on which this new version is based, are those affecting: selection and recruitment, professional category, training, promotions, working conditions, joint exercise of rights to a personal, family and work life, remuneration, sexual and gender-based harassment prevention protocol, communication and awareness raising.

Health and Safety

The CPV Group's Occupational Health and Safety Policy is based on the fundamental principle of ensuring its employees enjoy healthy and safe working conditions.

The tool that effectively integrates security into all our operations is the Health and Safety Management System, with all our cement factories ISO 45001-certified by an external party.

In terms of accident rates, the accident frequency rate resulting in leave in 2020 was 5.25, 26.47% down year on year and below the average for the past five years (5.79).

Training

In terms of training, in 2020, 7,454 hours of training were imparted at the Group, of which 51% corresponded to occupational health and safety actions.





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Consolidated Balance Sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020 (in thousands of euros)

ASSETS	31/12/2020		31/12/2019	
NON-CURRENT ASSETS		**7,130,413**		**8,529,551**
Intangible assets (Note 7)		**2,437,859**		**3,458,398**
Concessions (Notes 7 and 11)	1,378,160		2,374,620	
Goodwill	1,007,015		1,023,511	
Other intangible fixed and non-current assets	52,684		60,267	
Property, plant and equipment (Note 8)		**2,810,199**		**2,863,892**
Land and buildings	1,016,848		1,056,501	
Plant and other items of property, plant and equipment	1,793,351		1,807,391	
Real Estate Investments (Note 9)		**–**		**2,635**
Investments accounted for using the equity method (Note 12)		**722,786**		**741,524**
Non-current financial assets (Note 14)		**580,874**		**863,163**
Deferred tax assets (Note 24)		**578,695**		**599,939**
CURRENT ASSETS		**5,704,189**		**4,044,589**
Non-current assets held for sale (Note 4)		**1,392,268**		**–**
Inventories (Nota 15)		**765,604**		**728,812**
Trade and other receivables (Note 16)		**2,039,451**		**1,836,806**
Trade receivables for sales and services	1,651,094		1,504,799	
Other receivables	287,122		259,343	
Current tax assets (Note 24)	101,235		72,664	
Other current financial assets (Note 14)		**228,652**		**189,566**
Other current assets (Note 16)		**56,105**		**70,861**
Cash and cash equivalents (Note 17)		**1,222,109**		**1,218,544**
TOTAL ASSETS		**12,834,602**		**12,574,140**

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

Consolidated Balance Sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020 (in thousands of euros)

LIABILITIES AND EQUITY	31/12/2020		31/12/2019	
EQUITY (Note 18)		**7,130,413**		**8,529,551**
Equity attributable to the Parent Company		**2,288,313**		**1,951,262**
Shareholders' equity	2,564,012		2,244,185	
Capital	*409,107*		*392,265*	
Accumulated earnings and other reserves	*1,910,738*		*1,601,284*	
Shares and equity interests	*(18,012)*		*(16,068)*	
Profit for the year attributable to the Parent Company	*262,179*		*266,704*	
Valuation adjustments	(275,699)		(292,923)	
Non-controlling interests		**620,381**		**522,497**
NON-CURRENT LIABILITIES		**5,531,296**		**6,797,228**
Grants		**192,961**		**333,802**
Non-current provisions (Note 19)		**1,064,384**		**1,130,199**
Non-current financial liabilities (Note 20)		**3,977,288**		**5,030,270**
Debt instruments and other marketable securities	2,780,935		2,800,345	
Bank borrowings	607,599		1,319,267	
Other financial liabilities	588,754		910,658	
Deferred tax liabilities (Note 24)		**148,794**		**142,311**
Other non-current liabilities (Note 21)		**147,869**		**160,646**
CURRENT LIABILITIES		**4,394,612**		**3,303,153**
Liabilities related to non-current assets held for sale (Note 4)		**1,051,285**		**–**
Current provisions (Note 19)		**195,152**		**249,581**
Current financial liabilities (Note 20)		**874,443**		**683,611**
Debt instruments and other marketable securities	449,346		324,604	
Bank borrowings	212,421		155,400	
Other financial liabilities	212,676		203,607	
Trade and other accounts payable (Note 22)		**2,273,732**		**2,369,961**
Suppliers	1,055,643		1,157,753	
Other payables	1,209,150		1,197,257	
Current tax liabilities (Note 24)	8,939		14,951	
TOTAL EQUITY AND LIABILITIES		**12,834,602**		**12,574,140**

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

Consolidated profit and loss statement

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020 (in thousands of euros)

	31/12/2020	31/12/2019
Net business turnover (Note 27)	**6,158,023**	**6,276,231**
Work on the company's own assets	33,857	49,846
Other operating income (Note 27)	293,305	214,327
Changes in inventories of finished goods and work in progress	15,230	14,408
Procurements (Note 27)	(2,300,242)	(2,339,562)
Staff costs (Note 27)	(1,971,110)	(1,925,734)
Other operating expenses	(1,181,564)	(1,263,713)
Depreciation of fixed assets and allocation of grants for non-financial and other assets (Notes 7, 8 and 9)	(477,342)	(449,109)
Impairment and gains/(losses) on disposal of non-current assets (Note 27)	6,870	(59,764)
Other gains/(losses)	(4,287)	(5,316)
OPERATING PROFIT/(LOSS)	**572,740**	**511,614**
Finance income (Note 27)	33,470	51,067
Finance costs (Note 27)	(187,429)	(195,787)
Other financial gains/(losses) (Note 27)	(51,057)	1,455
FINANCIAL PROFIT/(LOSS)	**(205,016)**	**(143,265)**
Profit/(losses) of companies accounted for by the equity method (Note 27)	62,149	120,641
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**429,873**	**488,990**
Income tax (Note 24)	(86,273)	(149,066)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**343,600**	**339,924**
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	**343,600**	**339,924**
Profit attributable to the Parent Company	**262,179**	**266,704**
Profit attributable to non-controlling interests (Note 18)	**81,421**	**73,220**
EARNINGS PER SHARE (Note 18)		
Basic	0.66	0.69
Diluted	0.66	0.69

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

Consolidated statements of recognised income and expenditure

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020 (in thousands of euros)

	31/12/2020		31/12/2019	
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD		**343,600**		**339,924**
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period		**(2,992)**		**(3,997)**
Actuarial profits and losses (*)		**(4,102)**		**(4,722)**
Tax effect		**1,110**		**725**
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period		**(72,541)**		**49,665**
Financial assets at fair value with changes in other comprehensive income		**17**		**(21)**
Valuation gains/(losses)	–		–	
Amounts transferred to the statement of profit and loss	17		(21)	
Cash flow hedges		**(14,758)**		**2,627**
Valuation gains/(losses)	(30,907)		123	
Amounts transferred to the statement of profit and loss	16,149		2,504	
Translation differences		**(78,254)**		**30,636**
Valuation gains/(losses)	(79,350)		30,752	
Amounts transferred to the statement of profit and loss	1,096		(116)	
Participation in other comprehensive profit recognised by investments in joint ventures and associates		**8,952**		**25,641**
Valuation gains/(losses)	(6,926)		(39,742)	
Amounts transferred to the statement of profit and loss	15,878		65,383	
Tax effect		**11,502**		**(9,218)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**268,067**		**385,592**
Attributable to the Parent Company		**218,605**		**306,897**
Attributable to non-controlling interests		**49,462**		**78,695**

Las notas 1 a 33 y los anexos I a V adjuntos forman parte integrante de los estados financieros consolidados, conformando junto con éstos las cuentas anuales consolidadas correspondientes al ejercicio 2020.
(*) Importes que en ningún caso se imputarán a la cuenta de pérdidas y ganancias.

Total statement of changes in the consolidated equity

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020 (in thousands of euros)

	Share capital (Note 18.a)	Share premium and reserves (Note 18.b)	Interim dividend	Shares and equity interests (Note 18.c)	Profit/(loss) for the year attributed to the Parent Company	Other equity instruments	Valuation adjustments (Note 18.d)	Equity attributable to shareholders of the Parent Company (Note 1)	Non-controlling interests (Note 18.II)	Total Equity
Equity as of 31 December 2018	**378,826**	**1,397,579**	**–**	**(11,723)**	**251,569**	**–**	**(332,298)**	**1,683,953**	**274,822**	**1,958,775**
IFRS 16 transition impact		**(2,014)**						**(2,014)**		**(2,014)**
Equity as of 1 January 2019	**378,826**	**1,395,565**	**–**	**(11,723)**	**251,569**	**–**	**(332,298)**	**1,681,939**	**274,822**	**1,956,761**
Total income and expenses for the year		(3,499)			266,704		43,692	306,897	78,695	385,592
Transactions with shareholders or owners	13,439	(23,083)		(4,345)				(13,989)	(61,372)	(75,361)
Capital increases/(reductions)	13,439	(13,517)						(78)	1,198	1,120
Distribution of dividends		(9,566)						(9,566)	(62,570)	(72,136)
Transactions with treasury shares or equity instruments (net)				(4,345)				(4,345)		(4,345)
Other changes in equity (Note 18)		**232,301**			**(251,569)**		**(4,317)**	**(23,585)**	**230,352**	**206,767**
Equity as of 31 December 2019	**392,265**	**1,601,284**	**–**	**(16,068)**	**266,704**	**–**	**(292,923)**	**1,951,262**	**522,497**	**2,473,759**
Total income and expenses for the year		**(1,988)**			**262,179**		**(41,586)**	**218,605**	**49,462**	**268,067**
Transactions with shareholders or owners	**16,842**	**(29,357)**		**(1,944)**				**(14,459)**	**(40,917)**	**(55,376)**
Capital increases/(reductions)	16,842	(16,921)						(79)	366	287
Distribution of dividends		(12,436)						(12,436)	(41,283)	(53,719)
Transactions with treasury shares or equity instruments (net)				(1,944)				(1,944)		(1,944)
Other changes in equity (Note 18)		**340,799**			**(266,704)**		**58,810**	**132,905**	**89,339**	**222,244**
Equity as of 31 December 2020	**409,107**	**1,910,738**	**–**	**(18,012)**	**262,179**	**–**	**(275,699)**	**2,288,313**	**620,381**	**2,908,694**

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020 (in thousands of euros)

	31/12/2020		31/12/2019	
Profit/(loss) before tax from continuing operations		**429,873**		**488,990**
Adjustments to profit or loss		**649,913**		**587,725**
Depreciation of fixed assets (Notes 7, 8 and 9)	488,907		457,724	
Impairment of goodwill and fixed assets (Notes 7, 8 and 27)	6,870		(59,764)	
Other adjustments to profit (net) (Note 27)	154,136		189,765	
Changes in working capital (Note 16)		**(302,060)**		**(183,323)**
Other cash flows from operating activities		**(172,652)**		**(262,842)**
Dividends received	35,665		57,373	
Income tax refunded/paid)	(96,734)		(172,951)	
Other collections/(payments) from operating activities	(111,583)		(147,264)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**605,074**		**630,550**
Investment payments		**(541,275)**		**(546,575)**
Group companies, associates and business units	(95,672)		(144,299)	
Property, plant and equipment, intangible assets and real estate investments (Notes 7, 8 and 9)	(407,933)		(328,415)	
Other financial assets	(37,670)		(73,861)	
Proceeds from disposals		**75,920**		**28,463**
Group companies, associates and business units	6,214		1,141	
Property, plant and equipment, intangible assets and real estate investments (Notes 7, 8 and 9)	20,223		18,326	
Other financial assets	49,483		8,996	
Other cash flows from investment activities		**63,807**		**158,877**
Interest received	13,675		13,114	
Other collections/(payments) from investment activities	50,132		145,763	
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES		**(401,548)**		**(359,235)**

Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020 (in thousands of euros)

	31/12/2020		31/12/2019	
Proceeds and (payments) from equity instruments (Note 18)		**186,374**		**(42,615)**
Issue/(redemption)	22		425	
(Acquisition)/disposal of treasury shares	186,352		(43,040)	
Proceeds from (payments on) financial liabilities (Note 20)		**(142,639)**		**(97,436)**
Issuance	1,689,907		2,263,951	
Repayment and amortisation	(1,832,546)		(2,361,387)	
Dividends paid and payments on equity instruments (Note 6)		**(36,643)**		**(71,589)**
Other cash flows from financing activities		**(145,529)**		**(134,095)**
Interest paid	(151,370)		(136,840)	
Other collections/(payments) from financing activities	5,841		2,745	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**(138,437)**		**(345,735)**
EFFECT OF VARIATIONS IN EXCHANGE RATES		**(61,524)**		**26,767**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,565**		**(47,653)**
Cash and cash equivalents at the start of the period (Note 17)		**1,218,544**		**1,266,197**
Cash and cash equivalents at the end of the period (Note 17)		**1,222,109**		**1,218,544**

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

Notes to the consolidated financial statements

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020

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1. Group activity

The FCC Group comprises the Parent Company, Fomento de Construcciones y Contratas, S.A., and a group of investee companies located both in Spain and abroad that perform different business activities grouped into the following areas:

- **Environmental Services.** Services related to urban sanitation, industrial waste treatment, including both the construction and operation of treatment plants, and the energy recovery of waste. This includes concession agreements related to environmental services.
- **Integrated Water Management.** Services relating to the integrated water cycle: collection, purification and distribution of water for human consumption; sewage collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services etc. Concession agreements related to the integral water cycle are also included.
- **Construction**. Specialised in the construction of infrastructure, buildings and similar facilities: motorways, highways, roads, tunnels, bridges, hydraulic works, ports, airports, housing developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.
- **Cement.** Dedicated to the operation of quarries and mineral deposits, production of cement, lime, plaster and prefabricated by-products, as well as the production of concrete.
- **Concessions.** Mainly includes concession agreements related to the operation of highways, tunnels and other similar infrastructures.

Additionally, the FCC Group is present in the Real Estate sector, mainly in the promotion of housing and office rental through the company F-C y C, SL Unipersonal, which holds a 37.40% stake in Realia Business, SA.

Its **international** activities account for approximately 40% (45% in 2019) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States of America.

2. Basis of presentation and basis of consolidation of the consolidated income statement

a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2020 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. The 2019 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 2 June 2020.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as of 31 December 2020 and 2019, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

The consolidated financial statements of the FCC Group have been prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and its investee companies. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2020 and 2019, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications made

In 2020 and 2019, there were no other significant reclassifications.

Rules and interpretations issued but not in force

At the date of preparation of these notes to the financial statements, the most significant standards and interpretations that had been published by the International Accounting Standards Board (IASB) during the year, but which had not yet entered into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had yet to be endorsed by the European Union, are as follows:

Not adopted by the European Union		Mandatory Application to the FCC Group
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current and non-current	1 January 2023
Amendments to IFRS 3, IAS 16, IAS 37 and updates 2018-2020	Various standards	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reference interest rate reform - phase 2	1 January 2021
Amendment to IFRS 4	IFRS 9 deferral	1 January 2021
Amendment to IFRS 16	COVID-19-related rent reductions	1 January 2021

The Group generally does not expect the application of these standards to have a significant impact on its financial statements.

Significant rules and interpretations applied in 2020

The standards that entered into force in 2020 that have already been adopted by the European Union and which have been used by the Group, if applicable, were as follows:

New standards, amendments and interpretations:		Mandatory Application to the FCC Group
Approved for use in the European Union		
Amendment to IFRS 3	Business combinations	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Reference interest rate reform - phase 1	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of materiality	1 January 2020
Amendments to references to the IFRS Conceptual Framework	Various standards	1 January 2020

The application of the previous rules has not had a significant impact.

For the first time, on 1 January 2019 the Group applied IFRS 16 “Leases”, which indicates that for the lessor, all leases (except for certain exceptions involving small sums of money or short durations) require the accounting of a material asset by right in use, and a liability for the future payment obligations that are incurred. The liability must be booked at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any advance payment made. Subsequently, the right in use is systematically amortised and the financial expenses associated with the equivalent liability are recognised pursuant to the amortised cost method.

The first implementation of the aforementioned standard was calculated taking into account that the Group availed itself of the option of applying it retroactively modified, that is, with the cumulative impact of the first application of the standard as an adjustment to the initial balance as of 1 January 2019, charged to reserves without the restatement for the year.

The impact, broken down by balance sheet headings, of the first-time application of the standard was as follows:

	Balance at 1 January 2019	Impact of first-time application of IFRS 16	Restated balance at 1 January 2019
Non-current assets	**6,607,207**	**434,721**	**7,041,928**
Intangible assets	2,426,380	–	2,426,380
Property, plant and equipment	2,424,018	434,721	2,858,739
Real Estate investments	2,798	–	2,798
Investments accounted for using the equity method	763,050	–	763,050
Non-current financial assets	380,552	–	380,552
Deferred tax assets	610,409	–	610,409
Current assets	**3,916,834**	**(4,468)**	**3,912,366**
Inventory	691,034	–	691,034
Trade and other accounts receivable	1,695,798	–	1,695,798
Other current financial assets	178,815	–	178,815
Other current assets	84,990	(4,468)	80,522
Cash and other cash equivalents	1,266,197	–	1,266,197
Total assets	**10,524,041**	**430,253**	**10,954,294**

	Balance at 1 January 2019	Impact of first-time application of IFRS 16	Restated balance at 1 January 2019
Equity	**1,958,775**	**(2,014)**	**1,956,761**
Equity attributable to the Parent Company	1,683,953	(2,014)	1,681,939
Non-controlling interests	274,822	–	274,822
Non-current liabilities	**5,574,710**	**388,462**	**5,963,172**
Grants	211,296	–	211,296
Non-current provisions	1,161,989	–	1,161,989
Non-current financial liabilities	3,900,432	388,462	4,288,894
Deferred tax liabilities	141,088	–	141,088
Other non-current liabilities	159,905	–	159,905
Current liabilities	**2,990,556**	**43,805**	**3,034,361**
Current provisions	209,264	–	209,264
Current financial liabilities	380,902	43,805	424,707
Trade payables and other accounts payable	2,400,390	–	2,400,390
Total equity and liabilities	**10,524,041**	**430,253**	**10,954,294**

b) Basis of consolidation

Subsidiaries

The consolidation is carried out using the global integration method for the subsidiaries indicated in Annex I, in which Fomento de Construcciones y Contratas, S.A. exercises control, that is, when it has the power to direct its relevant activities, it is exposed to variable returns as a result of its participation in the investee and has the ability to exercise said power to influence its own returns, directly or through other companies controlled by it.

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" on the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit/(loss) attributed to non-controlling interests" on the accompanying consolidated profit and loss statement.

Where appropriate, goodwill is determined in accordance with the provisions of Note 3.b) of this Report.

Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 12), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 13).

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement. Once such an analysis has been carried out, two types of joint agreements are distinguished:

a) Joint operation: When the parties hold rights over the assets and obligations over the liabilities.

b) Joint business: When the parties hold only rights over the net assets.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the attached consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annex II lists the business jointly controlled with third parties outside the Group and Annex V lists the joint operations carried out with third parties outside the Group, mainly through temporary joint ventures and other entities with similar characteristics.

Associates

The companies listed in Annex III, in which Fomento de Construcciones y Contratas, S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading "Investments accounted for by applying the equity method", integrated using said method. These companies' contribution to the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

Transactions between Group companies

In transactions between consolidated companies, the profit/(loss) of internal operations are eliminated, being deferred until they are made against third parties outside the Group. This elimination does not apply in the "Concession agreements" since the result is considered to be realised against third parties (Note 3.a).

Group work on its own fixed and non-current assets is measured at production cost, eliminating the intra-group profit/(loss).

Reciprocal credits and debits have been eliminated from the consolidated financial statement, as well as internal income and expenses from the collection of the subsidiaries that are consolidated.

Changes in the scope of consolidation

Annex IV shows the changes made in 2020 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated profit and loss statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading "Change in scope" in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, Note 5 of this Report "Changes in the scope of consolidation", shows the most significant inputs and outputs of said scope.

3. Accounting policies

The accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

a) Service Concession Arrangements

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

When the above conditions are met, said concession contracts are registered by the provisions of IFRIC 12 "Service Concession Arrangement". In general, we must highlight two clearly differentiated phases, the first one in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress, with a counterpart in an intangible or financial asset, and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure. In both cases, income is recognised in accordance with the provisions of IFRS 15 "Ordinary income from contracts with customers" (note 3.r).

An intangible asset is recognised when the demand risk is borne by the concessionaire and a financial asset is recognised when the demand risk is borne by the concession grantor, since the concessionaire has an unconditional contractual right to receive the proceeds of the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

There may be mixed situations in which the demand risk is shared between the concessionaire and the grantor.

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

The amortisation of these intangible assets is carried out according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The quantitatively most important concession businesses in the Group are located in concession activities, mainly toll roads and motorways, which are amortised according to traffic, and in the water supply and sanitation activity, which amortises assets based on consumption of water that, in general, is constant over time due, on the one hand, to its reduction as a result of water saving policies and, on the other hand, to its increase by the growth in population. The amortisation is completed in the concession period, which is generally between 25 and 50 years.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. Under the amortised cost method, the corresponding income is allocated to profit or loss as revenue, in accordance with the effective interest rate arising from the expected flow of receipts and payments from the concession. Finance costs arising from the financing of these assets are classified under "Finance costs" in the consolidated profit and loss statement. As stated above, for the provision of maintenance or operating services, income and expenses are allocated to profit/(loss) in accordance with IFRS 15 "Ordinary income from contracts with clients".

b) Business combinations and goodwill

The assets and liabilities of the companies and subgroups over which control is acquired are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages, and (b) the fair value of identifiable assets and liabilities.

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

If control over a business combination is achieved in stages, the difference between the fair value at the time control over the preceding interest is obtained and the carrying amount of that interest is recognised in profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any prior years' impairment losses. The accounting policies used to determine impairment are detailed in section e) of this note.

c) Intangible assets

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are valued at their acquisition cost. These intangible assets include investments related to operating contracts and licenses, rights to build and software applications.

Such registered intangible assets have a finite useful life. Amortisation is carried out during its useful life, which is generally between 20 and 35 years, that is, the period during which it is estimated that they will generate income, using the linear method, except when the application of the consumption pattern reflects its depreciation more faithfully. Software applications are generally amortised within a period of 5 to 10 years.

d) Property, Plant and equipment and real estate investments

Property, plant and equipment and real estate investments are recorded at their cost price (updated, where appropriate, with various legal provisions prior to the date of transition to IFRS), less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired through business contributions as stated in section b) of this note, they are initially recognised at their fair value on the acquisition date.

The work carried out by the Group for its fixed and non-current assets is valued at production cost.

Conservation and maintenance expenses that do not involve an extension of the useful life or productive capacity of the corresponding assets are charged to the profit/(loss) of the year in which they are incurred.

When the construction and commissioning of fixed and non-current assets require a period of long construction, the interests derived from their financing accrued during said period are activated.

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

Real estate investments	75
Natural resources and buildings	25-50
Plant, machinery and transport items	5-30
Furniture and tools	7-12
Other fixed and non-current assets	5-10

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment and real estate investments is obtained. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

At least at the end of each reporting period, the companies periodically determine whether there is any indication that an item or group of items of fixed and non-current assets is impaired so that if applicable, as indicates in section e) of this note, an impairment loss, or the reversal of such losses, can be recognised or reversed in order to adjust the book value of the assets to their value in use. Under no circumstances do reversals exceed all prior impairment recognised.

e) Impairment of intangible assets, property and real estate investments

Intangible assets with finite useful lives and property, plant and equipment items and real estate investments are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on lending operations and corporation tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned plans. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

f) Leasing

As indicated in Note 2.a, as a result of the application of IFRS 16 "Leases", as at 1 January 2019 all lease operations (with certain exceptions for small amounts or short durations) in which the Group acts as the lessee, require the accounting of an asset corresponding to the right in use, fundamentally recognised by nature as a material asset, and a liability for the future payment obligations that are incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the customer. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially If it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the affected liability are recorded applying the amortised cost method.

When the Group acts as the lessor, income and expenses arising from operating lease agreements are charged to the profit and loss statement during the year they are accrued.

g) Investments accounted for using the equity method

The participation in joint ventures and associates is initially recognised at acquisition cost and is subsequently revalued to take into account the share with the profit/(loss) of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include the conversion differences and the adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

They undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the carrying amount of the investment, using both internal and external sources.

h) Financial assets

Financial assets are initially recorded at fair value, which is generally the same as their acquisition cost, adjusted for the operation costs directly attributable to it, except in the case of financial assets at fair value with changes in profit/(loss) that are attributed to that year's profit/(loss).

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets in order to obtain its contractual cash flows, so it values them according to the amortised cost method, that is, initial cost less principal charges plus accrued income based on its effective interest rate pending collection, adjusted for any recognised impairment loss. The effective interest rate consists of the rate that equals the initial cost of the total cash flows estimated for all the items throughout the remaining life of the investment. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

– Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.

– Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

Financial assets at fair value have been recorded at fair value at the closing date of the financial statements. Fair value is understood as the value by which a financial instrument could be exchanged between informed and experienced parties in a free transaction (independent between third parties).

In the case of financial assets at fair value with changes in the profit/(loss), the profits or losses resulting from the change in fair value are attributed to the net profit/(loss) of the year, while financial assets at fair value with changes in other comprehensive income are attributed to equity, until the asset is disposed of, at which time the profit previously accumulated in equity will be included in that year's profit/(loss).

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession arrangement are valued according to the criteria indicated in section a) of this note.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of these credit assignments is reported in Note 16.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control over them, without there being any repurchase agreements signed between the Group companies and the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit the aforementioned right in any way, the aforementioned sales and assignments are posted as "without recourse". Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

i) Inventory

Inventory is valued at the average acquisition price or the average production cost, applying the necessary value corrections to adapt these values to the net realisable value if it were lower.

The Group's real estate activity includes land and plots, as well as ongoing developments and finished properties that are held for sale or for integration into a real estate development. Land and plots are valued at their acquisition price, plus any urbanisation costs and other expenses related to their purchase (property transfer tax, registration fees etc.) and the financial costs of their financing during execution of the works, or their recoverable amount if this is less.

Ongoing developments are the costs incurred in real estate development, or part thereof, whose construction has not been completed at the end of the business year. The cost of completed real estate developments is classified as finished products.

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 15).

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was registered for the credit corresponding to the goods received, or the cost of production or net realisable value.

j) Foreign currency

j.1) Conversion differences

In general, the financial statements of foreign operations denominated in currencies other than the euro have been translated to euros, with the exception of:

- Share capital and reserves, which were converted at historical exchange rates.
- The profit and loss statement items of foreign operations that were converted at the average exchange rates for the period.

Conversion differences for the foreign companies from the consolidation scope, generated by the application of the year-end exchange rate method, are included in the equity of the attached consolidated balance sheet, as shown in the attached statement of changes in the equity.

j.2) Exchange differences

The balances of accounts receivable and payable from monetary items in foreign currency are valued in euros by applying the exchange rates in force at the date of the consolidated balance sheet, allocating the differences that are generated to profit/(loss), except as regarding advances, which, when considered non-monetary items, are kept converted at the exchange rate that existed at the time of the transaction.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Meanwhile, the exchange differences that occur in relation to the financing of investments in foreign companies, with both the investment and the financing being registered in the same currency, are directly recognised in equity as conversion differences that offset the effect of the difference in conversion to euros of the foreign company.

k) Equity instruments

Equity or capital instruments are recorded for the amount received, net of direct issuance costs.

The treasury shares acquired by the Parent Company during the year are recognised at the value of the consideration given, as a decrease in equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the profit and loss statement.

l) Grants

Grants are recognised according to their nature.

l.1) Capital grants

Capital grants are those that involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

l.2) Operating grants

Operating grants are those other than those defined above that do not relate directly to an asset or group of assets. Operating income is considered the amount received at the time of its concession, except if it is granted to finance specific expenses, in which case its allocation to profit/(loss) will be made as those expenses accrue.

m) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events for which the companies consider it probable that there will be an outflow of funds to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2020 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

n) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. Subsequently, these liabilities are measured at their amortised cost.

Borrowing costs are recognised on an accrual basis in the profit and loss statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

o) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or another type of contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable that may not be financial.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are taken to income when the hedged item materialises.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in income by offsetting changes in the fair value of the hedged item.
- Hedges of a net investment in a foreign operation: this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.

IFRS 9 “Financial Instruments” states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

The qualitative requirements that must be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (Note 23):

– In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

  The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

  A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

  - The treatment of the designated portion will be similar to that indicated for IRSs.
  - The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

– The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.

– The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swamps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 30).

Note 23 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

p) Corporation Tax

The expense for corporation tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit/(loss). The corresponding tax rate based on the legislation applicable to each country is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit/(loss) and taxable profit for Income >Tax purposes, together with the differences between the book values of assets and liabilities recognised in the consolidated balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Group activates deferred asset taxes corresponding to temporary differences and negative tax bases to be offset, except in cases where there are reasonable doubts about their future recovery.

q) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in note 25 of this Report.

r) Operating income and expenses

Revenue is recognised when the control of the good or service is transferred to the customer, in general, only when there is approval from the customer applying a homogeneous method to contracts of a similar nature. Revenues are valued at the expected amount of the consideration that is to be received that can be estimated reliably and that is not expected to be reversed in the future. After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with customers. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, the expenses derived from engineering and studies are not activated and are recognised in accordance with their accrual as services are rendered. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services and Integral Water Management services, revenues and expenses are allocated based on the accrual criterion, that is, when the actual flow of goods and services that they represent occur, regardless of when the monetary or financial flow derived from them occurs. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

Regarding the delivery of goods activities that the Group mainly carries out in the Cement segment and in the Real estate activity, revenues are only recognised when the goods have been delivered and their property has been transferred to the customer, as they are performance obligations that are satisfied at a specific moment of time.

In the aforementioned activities (other than construction), the costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

In relation to the service concession arrangements, it must be noted that the Group recognises the interest deriving from collection rights under the financial model as revenue, since the value of that financial asset includes the construction, upkeep and maintenance services that are identical, from an operating standpoint, to those set out in the intangible model and, consequently, it is considered that since both models are related to the company's operating activity, the faithful image is best represented by encompassing the income derived from the financial asset as belonging to the operation (Note 3.a).

Also recognised as operating profit/(loss) are those produced in the disposals of shares in subsidiaries when it implies the loss of control over them.

s) Related-party transactions

The Group performs all of its transactions with related parties on an arm's length basis.

Note 31 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

t) Consolidated statement of cash flows

The FCC Group prepares its statement of cash flows in accordance with IAS 7 "Statement of cash flows" following the indirect method, using the expressions below in the following ways:

– Cash flows are the inflows and outflows of cash and cash equivalents.

– Operating activities are the activities that constitute the main source of the company's ordinary income, as well as other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)" which basically includes items that are included in the Profit/(Loss) Before Tax but have no impact on the change in cash, as well as items that are already included in other headings of the Cash Flow Statement according to their nature.

– Investment activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.

– Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the company.

For the purposes of preparing the consolidated statements of cash flows, the "cash and cash equivalents" have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

u) Use of estimates

In preparing these 2020 and 2019 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

– Impairment losses on certain assets (Notes 7, 8, 9, 12 and 14)

– Goodwill measurement (Note 7)

– The recoverability of the work executed pending certification (notes 3.r and 16)

– The recoverability of deferred tax assets (Note 24)

– The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 19)

– The useful life of the property, plant and equipment as well as intangible assets and real estate investments (notes 7, 8 and 9).

– The determination of the recoverable amount of inventory (note 15)

– The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 19 and 25)
– The market value of derivatives (Note 23)
– Cost of business combinations (note 5)

Although these estimates have been made based on the best information available at the date of preparing these consolidated financial statements on the events analysed, it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding future financial statements.

IFRS 7 "Financial instruments: information to be disclosed" requires that the fair value valuations of financial instruments, both assets and liabilities, be classified according to the relevance of the variables used in the valuation, establishing the following hierarchy:

– Level 1: quoted prices (unadjusted) in active markets for identical instruments.
– Level 2: inputs other than prices quoted that are observable for the financial instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
– Level 3: data for the financial instrument that are not based on observable market data.

Almost all of the Group's financial assets and liabilities, which are valued at fair value, are level 2.

v) Non-current assets and related liabilities held for sale

Assets and liabilities whose book value is recovered through a sale transaction and not through continued use are classified as non-current assets held for sale and liabilities related to non-current assets held for sale. This condition is considered fulfilled only when the sale is highly probable and the asset is available for immediate sale in its current state and it is estimated that it will be completed within a period of one year from the classification date.

Non-current assets and related liabilities classified as held for sale are valued at the lower of their book value and fair value less expected selling costs.

4. Non-current assets held for sale and liabilities related to non-current assets held for sale and discontinued operations

Assets with sale plans that also meet the requirements established in International Financial Reporting Standard 5 "Non-current assets held for sale and discontinued operations" have been reclassified (Note 3.v).

On 3 October 2020, FCC agreed to sell its entire stake in three concessions located in Spain to a non-Group company, Vauban Infrastructure Partners, within its policy of rotation and selective development of projects in this activity. Specifically, the agreement signed involves the transfer of 51% in the Cedinsa Group, a controlled company that manages the concession of four highways in Catalonia, 49% in Concessió Estacions Aeroport L9, SA (consolidated by the equity method), concessionaire of section 1 of line 9 of the Barcelona metro and 29% in Urbs Iudex et Causidicus, SA (consolidated by the equity method), which is operated by Ciudad de la Justicia, also in Barcelona. The price to be paid by Vauban for all of FCC's stakes in these concessions amounts to 409.3 million euros. Closure of the agreement is pending the usual authorisations in this type of transactions, not forthcoming at the date of formulation of these consolidated annual accounts.

Assets held for sale, deducted from liabilities, have been appraised at book value as this is less than the expected amount for their sale, net of selling costs.

The following sections detail the main headings that constitute the results, cash flows and the balance sheet, corresponding to the assets and liabilities held for sale. The sale of these companies does not imply the discontinuation of the FCC Group's concessions activity, which is why the results continue to be presented by their nature in the consolidated income statement.

Profit and Loss Account

The breakdown by nature of the profit after tax of the companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

2020	Total	Cedinsa Group	Concessió Estacions Aeroport L9, S.A.	Urbs Iudex et Causidicus, S.A.
Revenue	92,913	92,913	–	–
Operating expenses	(47,951)	(47,951)	–	–
Operating Profit/(Loss)	**44,962**	**44,962**	**–**	**–**
Profit/(loss) before tax from continuing operations	**34,524**	**19,518**	**12,789**	**2,217**
Income tax	(5,523)	(5,523)	–	–
Profit/(loss) for the year from continuing operations	**29,001**	**13,995**	**12,789**	**2,217**
Profit attributable to the parent company	**24,390**	**9,384**	**12,789**	**2,217**
Profit/(loss) attributable to non-controlling interests	**4,611**	**4,611**	**–**	**–**

Cash flow statement

The statement of cash flows corresponding to companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

2020	Cedinsa Group
Profit/(loss) before tax from continuing operations	19,518
Adjustments to profit or loss	65,535
Changes in working capital	13,211
Other cash flows from operating activities	(10,222)
Cash flow from business activities	**88,042**
Investment payments	(8,616)
Divestment receipts	6,058
Other cash flows from investing activities	–
Cash flow from investment activities	**(2,558)**
Proceeds from and payments for equity instruments	–
Proceeds from (payments on) financial liabilities	(26,771)
Other flows from financing activities	(61,871)
Cash flows for financial activities	**(88,642)**
Total cash flows	**(3,158)**

Balance sheet. Headings of non-current assets and liabilities held for sale

The different assets and liabilities reclassified as held for sale under the respective headings of the attached balance sheet are detailed below:

2020	Total	Cedinsa Group	Concessió Estacions Aeroport L9, S.A.	Urbs Iudex et Causidicus, S.A.
Intangible assets	1,016,607	1,016,607	–	–
Property, plant and equipment	651	651	–	–
Non-current financial assets	305,541	234,152	70,249	1,140
Deferred tax assets	14,638	14,638	–	–
Current assets	54,831	54,831	–	–
Non-current assets held for sale	**1,392,268**	**1,320,879**	**70,249**	**1,140**
Non-current financial liabilities	848,499	848,499	–	–
Rest of non-current liabilities	159,404	159,404	–	–
Current financial liabilities	31,771	31,771	–	–
Rest of current liabilities	11,611	11,611	–	–
Liabilities relating to assets held for sale	**1,051,285**	**1,051,285**	**–**	**–**

5. Changes in the scope of consolidation

The main changes experienced in the scope of consolidation in 2020 are the following:

a) Business combinations

FCC Aqualia, S.A. has acquired control of the following businesses by acquiring the stakes detailed below:

- In January 2020, a 51% stake in Qatarat Saqia Desalination Company Ltd., the concessionaire of the Jeddah International Airport desalination plant, amounting to 12,914 thousand euros, acquiring control. The amount paid is recorded in the attached statement of cash flows under the heading “Payments for investments”.
- In June 2020, an additional 2% stake in Aquos El Realito, SA de CV, the company that owns the operation of a water treatment plant in San Luis de Potosí, for an amount of 355 thousand euros, where it previously held 49%, consolidated by the equity method, reaching a 51% stake and control. Consequently, Aquos el Realito, SA de CV has become fully consolidated, which has led to the recording of 8,671 thousand euros under the heading “Minority interests” (Note 18) in the attached consolidated balance sheet. As a result of the transaction, a positive impact has been recorded in the heading “Profit of entities valued by the equity method” amounting to 635 thousand euros due to the fair value of the equity investments prior to the operation, and the application of valuation adjustments to results (Note 27).

The composition of the balance sheets for business combinations is detailed below:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Non-current assets	**54,097**	**76,181**
Intangible assets	53,906	24,645
Property, plant and equipment	191	8
Investments accounted for using the equity method	–	–
Non-current financial assets	–	51,071
Deferred tax assets	–	457
Current assets	**16,565**	**15,160**
Inventory	17	–
Trade and other accounts receivable	10,189	3,128
Other current financial assets	–	4,823
Other current assets	–	–
Cash and other cash equivalents	6,359	7,209
Total assets	**70,662**	**91,341**
Equity	**25,321**	**17,697**
Non-current liabilities	**38,110**	**65,616**
Grants	–	–
Non-current provisions	64	–
Non-current financial liabilities	35,730	53,603
Deferred tax liabilities	2,316	12,013
Other non-current liabilities	–	–
Current liabilities	**7,231**	**8,028**
Current provisions	–	–
Current financial liabilities	5,018	3,643
Trade payables and other accounts payable	2,213	4,385
Total equity and liabilities	**70,662**	**91,341**

As a result of the aforementioned business combinations, the fair value of the acquired assets has been determined, as all of these companies operate concessions, the fair value of the concession-based assets has been determined applying the discount at a market rate for the cash flows estimated during the time horizon of the concessions currently in force. These flows have been estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Intangible assets	11,578	9,522
Property, plant and equipment	–	–
Non-current financial assets	–	–
Total assignments to assets	**11,578**	**9,522**
Non-current liabilities (deferred tax liabilities)	2,316	2,857
Total assignments to liabilities	**2,316**	**2,857**
Total net assignments	**9,262**	**6,665**

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Acquisition value	12,914	355
Fair value Minority interests acquired	12,407	8,671
Fair value previous interest	–	8,671
- Fair value net assets	(25,321)	(17,697)
Goodwill	**0**	**0**

If the above companies had been consolidated since 1 January 2020, the ordinary income and profit/(loss) they would have contributed would have been as follows:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Revenue	15,817	8,577
Other income	–	–
Operating Profit/(Loss)	4,928	3,881
Profit/(loss) before tax from continuing operations	6,692	1,192
Profit attributable to the parent company	703	363
Non-controlling interests	2,001	1,226

If the above companies had been consolidated since 1 January 2020, the ordinary income and profit/(loss) they would have contributed would have been as follows:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Revenue	15,817	14,325
Other income	–	–
Operating Profit/(Loss)	4,928	3,902
Profit/(loss) before tax from continuing operations	6,692	(16)
Profit attributable to the parent company	703	39
Non-controlling interests	2,001	111

In any case, these initial estimates are provisional and the Group has a period of one year in which to adjust them should more relevant and comprehensive information be obtained at a later date.

In 2019 it should be noted that the following business combinations were carried out:

– In January 2019, two partner agreements were signed in relation to the consolidated that, until then, had been consolidated under the equity method - Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. - under which the Group now holds control over the former and no longer has a significant influence on the latter. As a result, Shariket Tahlya Mostaganem, S.p.a. was fully consolidated and the holding in Shariket Miyeh Djinet, S.p.a. was considered a financial asset at fair value. These transactions resulted in a net loss of 6,122 thousand euros being recognised under "Profits/(losses) of companies accounted for by the equity method" following the allocation of the negative translation differences accumulated in equity to profit and loss and the positive impact resulting from the fair value adjustment of shares prior to the transaction. Furthermore, "Other collections/(payments) from investment activities" in the Statement of Cash Flows includes 43,337 thousand euros corresponding to the cash that Shariket Tahlya Mostaganem, S.p.a. presented in its balance sheet at the time of the takeover. This operation led to the recognition of 136,998 thousand euros under the heading "Non-controlling interests" (Note 18).

– In June 2019 FCC Aqualia, S.A. acquired 100% of the French subgroup Services Publics et Industries Environnement, dedicated to the management of water supply and sanitation for the sum of 31,665 thousand euros, with the impact registered under "Payments for investments "on the accompanying Statement of Cash Flows. As part of this business combination, a first consolidation difference of 24,234 thousand euros was disclosed, which was fully allocated to the subgroup's concession assets.

– In November 2019 FCC Construcción, S.A. acquired an additional 17% of the share capital of Cedinsa Concessionària, S.A., in which it previously held significant influence, for an amount of 57,955 thousand euros, of which it previously held 34%, recording the disbursement under the heading "Payments for investments" in the attached Statement of Cash Flows. As a result of the aforementioned operation and the agreement of partners that was signed, the Group took control, and thus pursuant to regulations it has registered a positive result of 36,588 thousand euros under the heading "Profit/(loss) of companies accounted for using the equity method", as a consequence, on the one hand, of the fair value of the participation that it previously held, with income of 78,647 thousand euros and, on the other hand, of the allocation to profit/(loss) of the corresponding valuation adjustments to the participation of 34% prior to the business combination, which led to the posting of a loss of 42,059 thousand euros.

The composition of the balance sheets drawn up by the business combinations in 2019 is detailed below:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Non-current assets	**1,377,700**	**175,152**	**36,132**
Intangible assets	1,058,395	–	32,051
Property, plant and equipment	535	92	4,081
Investments accounted for using the equity method	–	–	–
Non-current financial assets	232,451	175,060	–
Deferred tax assets	86,319	–	–
Current assets	**105,724**	**62,622**	**28,008**
Inventory	–	229	509
Trade and other accounts receivable	29,748	18,955	13,683
Other current financial assets	15,789	–	4,029
Other current assets	692	101	329
Cash and other cash equivalents	59,495	43,337	9,458
Total assets	**1,483,424**	**237,774**	**64,140**

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Equity	**281,723**	**167,362**	**31,655**
Non-current liabilities	**1,134,890**	**53,519**	**9,932**
Grants	67,710	–	317
Non-current provisions	52,590	82	850
Non-current financial liabilities	907,710	52,773	578
Deferred tax liabilities	106,880	664	8,187
Other non-current liabilities	–	–	–
Current liabilities	**66,811**	**16,893**	**22,553**
Current provisions	49,574	10,255	–
Current financial liabilities	10,166	40	149
Trade payables and other accounts payable	7,071	6,598	22,404
Total equity and liabilities	**1,483,424**	**237,774**	**64,140**

As a result of the aforementioned business combinations, the fair value of the acquired assets was determined, as all of these companies operate concessions, and the fair value of the concession-based assets was determined applying the discount at a market rate for the cash flows estimated during the time horizon of the concessions currently in force. These flows were estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Intangible assets	261,622	–	31,953
Property, plant and equipment	–	–	–
Non-current financial assets	28,501	29,232	–
Total assignments to assets	**290,123**	**29,232**	**31,953**
Non-current liabilities (deferred tax liabilities)	63,044	–	8,187
Total assignments to liabilities	**63,044**	**–**	**8,187**
Total net assignments	**227,079**	**29,232**	**23,766**

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Acquisition value	57,955	–	31,655
Fair value Minority interests acquired	119,450	124,687	–
Fair value previous interest	104,318	42,675	–
- Fair value net assets	(281,723)	(167,362)	(31,655)
Goodwill	**–**	**–**	**–**

The previously listed business combinations have contributed ordinary income and profit/(loss) to the following accompanying consolidated profit and loss statement:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	**14,600**	**31,357**	**11,798**
Other income	649	–	11
Operating Profit/(Loss)	**4,911**	**15,441**	**1,768**
Profit/(loss) before tax from continuing operations	**(879)**	**14,007**	**1,771**
Profit attributable to the parent company	**(377)**	**3,572**	**925**
Non-controlling interests	**(362)**	**10,435**	**–**

If the above companies had been consolidated since 1 January 2019, the ordinary income and profit/(loss) they would have contributed would be as follows:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	**135,160**	**31,357**	**19,027**
Other income	1,942	–	310
Operating Profit/(Loss)	**54,450**	**15,441**	**2,260**
Profit/(loss) before tax from continuing operations	**17,184**	**14,007**	**2,267**
Profit attributable to the parent company	**6,419**	**3,572**	**1,123**
Non-controlling interests	**6,168**	**10,435**	**–**

b) Other changes in scope

In July 2020, FCC Medio Ambiente Reino Unido, SL agreed to sell to Icon Infrastructure Partners a minority percentage of 49% of the capital of its new subsidiary Green Recovery Projects Limited, which owns five energy recovery plants (incinerators) after the corporate reorganisation undertaken by the Environment area in the United Kingdom. The transaction was completed in November for an amount of 188,403 thousand euros, which have been recorded under the heading "(Acquisition) / disposal of own securities" in the attached Statement of Cash Flows. As control has not been lost, the operation has been recorded as an equity operation and has led to the recording of 60,718 thousand euros under the heading "Minority interests" and 74,215 thousand euros in reserves, as a result of the difference between the price of sale and the value of the minority interests registered. Additionally, the valuation adjustments have increased by 55,300 thousand euros, as the proportional part has been attributed to minority interests of the aforementioned adjustments prior to the sale (Note 18).

During April 2019, FCC Aqualia, S.A. acquired a 49% interest in the subsidiary AquaJerez, S.L., in which it already held a 51% interest, for the sum of 55,557 thousand euros, 28,858 thousand euros as a payment for shares and 26,699 thousand euros as a payment for participatory loans held by the seller. As this transaction involved non-controlling interests, the difference between the acquisition price and the value of the net assets acquired was recognised directly against equity, entailing a decrease of 17,311 thousand euros in reserves in the Group's consolidated financial statements (Note 18), having recognised the cash outflow under the heading "Proceeds from/(payments on) equity instruments" for the part corresponding to the shares and under the heading "Proceeds from/(payments on) financial liabilities" for the part corresponding to the participatory loans acquired from the accompanying Statement of Cash Flows.

6. Distribution of profit

Fomento de Construcciones y Contratas, S.A. distributed a flexible dividend (scrip dividend) during financial years 2020 and 2019, which led to a cash outflow of 12,436 thousand euros (9,566 thousand euros in financial year 2019) and the delivery of 16,841,792 shares (13,439,320 shares in fiscal year 2019) (Note 18). Additionally, certain subsidiaries with minority partners have distributed dividends.

The following table shows the dividends paid to its shareholders by the Group companies as of 31 December 2020 and 2019:

	2020	2019
Shareholders of Fomento de Construcciones y Contratas, S.A.	12,436	9,566
Other non-controlling shareholders of other companies	24,207	62,023
	36,643	**71,589**

The decrease in "Other minority shareholders of the rest of the companies" is mainly attributable to the company FCC Aqualia, S.A.

7. Intangible assets

The net breakdown of intangible assets at 31 December 2020 and 2019 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Value
2020				
Concessions (Note 11)	2,549,048	(1,115,658)	(55,230)	1,378,160
Goodwill	1,854,133	–	(847,118)	1,007,015
Other intangible assets	360,060	(292,218)	(15,158)	52,684
	4,763,241	**(1,407,876)**	**(917,506)**	**2,437,859**
2019				
Concessions (Note 11)	3,680,629	(1,249,755)	(56,254)	2,374,620
Goodwill	1,893,895	–	(870,384)	1,023,511
Other intangible assets	359,776	(285,106)	(14,403)	60,267
	5,934,300	**(1,534,861)**	**(941,041)**	**3,458,398**

a) Concessions

The changes in this heading of the consolidated balance sheet in 2020 and 2019 were as follows:

	Concessions	Accumulated Depreciation	Impairment
Balance at 31/12/18	**2,249,398**	**(902,183)**	**(58,411)**
Additions or allocations	34,255	(100,204)	–
Disposals, derecognitions or reductions	(8,614)	7,216	1,080
Translation differences	22,806	(1,309)	–
Change in scope, transfers and other changes	1,382,784	(253,275)	1,077
Balance at 31/12/19	**3,680,629**	**(1,249,755)**	**(56,254)**
Additions or allocations	106,578	(137,591)	(97)
Disposals, derecognitions or reductions	(29,368)	6,901	1,121
Translation differences	(61,806)	7,219	–
Change in scope, transfers and other changes	(1,146,985)	257,568	–
Balance at 31/12/20	**2,549,048**	**(1,115,658)**	**(55,230)**

This heading includes the intangible assets corresponding to the service concession arrangements (Note 11).

The most significant entries in the 2020 financial year correspond, within the Environmental Services segment, to the ongoing projects carried out by the company Ecoparque Mancomunidad del Este SA for an amount of 52,226 thousand euros (17,215 thousand euros in the 2019 financial year) and the company FCC Environmental Services Texas Llc. for an amount of 21,608 thousand euros and, within the Integrated Water Management segment, to the company Aqualia Latinoamérica, SA for an amount of 13,584 thousand euros.

The "changes in the scope, transfers and other movements" in the service concession agreements for fiscal year 2020 include a decrease due to the transfer to assets held for sale by the Cedinsa subgroup (Note 4) for the amount of 1,308,452 thousand euros gross and 291,847 thousand of euros of accumulated depreciation, and an increase due to the acquisition of the company Qatarat Saqia Desalination Company Ltd. for an amount of 76,514 thousand euros gross and 22,608 thousand euros of accumulated depreciation (Notes 5 and 12).

The "changes in scope, transfers and other movements" in 2019 include mainly 1,308,395 thousand euros gross and 250,000 thousand euros of accumulated amortisation as a result of the takeover of the Cedinsa subgroup (Notes 5 and 12).

The inputs and derecognitions leading to cash movements are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collection due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

In 2020, no interest was capitalised (381 thousand euros in 2019) and total capitalised interest amounted to 43,848 thousand euros (43,540 thousand euros in 2019).

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2020 and 2019 was as follows:

	2020	2019
Cementos Portland Valderrivas, S.A.	439,386	439,386
FCC Environment Group (UK)	290,290	306,745
A,S,A, Group	136,793	136,793
FCC Aqualia, S.A,	82,764	82,764
FCC Ámbito, S.A,	23,311	23,311
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	3,712	3,712
Rest	4,928	4,969
	1,007,015	**1,023,511**

The movements of goodwill in the attached consolidated balance sheet in 2020 and 2019 were as follows:

Balance at 31/12/18		**1,078,490**
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	14,993	
Rest	39	15,032
Impairment losses:		
Grupo Cementos Portland Valderrivas (note 27)	(70,011)	(70,011)
Balance at 31/12/19		**1,023,511**
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	(16,455)	
Rest	(41)	(16,496)
Balance at 31/12/20		**1,007,015**

The heading "Changes in the scope, translation differences and other movements" during 2020 addresses the effect of the depreciation of the pound sterling against the euro (appreciation of the pound in 2019).

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.b). In accordance with the methods used and in accordance with the estimates, projections and valuations available to the Group's Management, the existence of additional losses in value is not apparent.

The most significant aspects of the estimates made and the sensitivity analysis in the impairment tests of goodwill were as follows.

It should be noted that in the preparation of the following impairment tests, cash flows were estimated based on the best estimates of the Group's Management and that upward or downward changes in the key assumptions contemplated, both in the discount rate and in the operating margins, among other factors, may affect the recoverable amount of the cash generating unit considered.

Cementos Portland Valderrivas

The goodwill consists of two separately identifiable goodwills recorded in the individual books of Cementos Portland Valderrivas, S.A.:

– One originating from the merger by absorption of the parent of the Corporación Uniland group and some of its subsidiaries for an amount of 325,881 thousand euros,

– 113,505 thousand euros corresponding to the cash generating unit (CGU) constituted by the Alcalá de Guadaira factory.

The main hypotheses used in each of the impairment tests of the two previous CGUs are described below:

1) Corporación Uniland

The stake in Uniland was acquired in several stages between 2006 and 2013, up to 100% of the stake for a total amount of 1,898,973 thousand euros.

In 2011 there was an impairment of goodwill associated with previous purchases for the amount of 239,026 thousand euros, as a result of the strong contraction of the market in the cement sector, which was not expected to recover in the short or medium term. In 2016 there was an additional impairment of 187,191 thousand euros and in 2019 the impairment test was updated considering the slower growth rate in cement consumption derived largely from the slowdown in the real estate market, as a result of which future forecasts were adjusted to an evolution of demand that included uncertainty scenarios, with an additional impairment booked of 70,011 thousand euros.

During this fiscal year, the Group has proceeded to re-evaluate its analyses considering the current circumstances of the markets and the situation derived from the global pandemic, which inevitably impact the projected cash flows. In any case, although the good performance of the CGU's activity in the year should be considered and, in accordance with the forecasts, in particular, growth in the second half of the year was somewhat slower, but with EBITDA with growth in line with the estimates used in the impairment test carried out in 2019. As a result of the analysis carried out, in 2020 there was no impairment. The key hypotheses used in this test are detailed below.

Firstly, based on the historical information of the last 50 years in the cement industry, it is considered that the term that best reflects the life cycle of the cement market is ten years, a period used in the projections made.

Since Uniland operates in two clearly different geographic markets, various pre-tax discount rates have been used to assess flows from different countries. A pre-tax discount rate of 7.12% has been used to evaluate goodwill from flows in Spain, and 15.93% for flows from Tunisia. It should be noted that the flows for Spain represent a substantial part of the total contemplated in the test.

The Group bases its cash flow forecasts on historical data and on both internal future forecasts and future forecasts by external sectoral bodies. In the short term, the income forecasts considered in the impairment test are made according to estimates of cement consumption by Oficemen, the employer association of the sector, and internal estimates. For the medium and long term, the projections are prepared according to external projections of macroeconomic data on inflation and GDP (Bank of Spain, Funcas, Statista etc.) and historical trends.

According to information from Oficemen, the employer's association of the cement sector in Spain, cement consumption in 2020 closed at 13.29 million tons, 9.7% less than in 2019, impacted by the COVID-19 crisis. The sector ended the year with figures still above those experienced during the worst years of the crisis, between 2013 and 2017. On the other hand, total exports (cement and clinker) have reached 5.99 million tons, which represents a decrease of 3.4% compared to the previous year. Despite a negative closure, consumption in Spain has been better than expected at the beginning of the pandemic. For 2021, the management association estimates that the slowdown will continue, moving in a range from -3% to 3%.

In this context, in 2020 the Company updated the flows of its "Business Plan" for the period 2021-2030 that serves as the basis for calculating the impairment tests, considering the uncertainties derived from Covid-19, which has inevitably meant a decrease in the flows forecast for the first projected years (in line with Oficemen's forecasts detailed above), for a subsequent recovery in the last years estimated.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tons, with no growth in perpetuity. The main inputs used for the determination of this consumption range are consistent with historical and expected series of relative weights of public works on GDP in Spain, as well as with the forecasts of the number of approvals for new housing that have been considered as standardised levels according to different sector reports. The cyclical nature of the sector is considered in this value, assuming that this level of long-term sustainable consumption would be the average of one cycle, in which the years of higher consumption would be offset by those with a lower consumption. The sustainable residual value considered is the average of the values of the last five years of the projections.

For the Tunisian market, in the year 2021 it is estimated that the national cement market will be at 6.1 million tons, recovering part of the fall that it experienced in 2020 as a result of the Covid-19 crisis, and it now stands at -10.2% compared to 2019. The strategy focuses on volume growth in the domestic market and the consolidation of the price increases made in recent years.

The costs are estimated based on the expected inflation, the performance expectations of the price of fuels and the electricity market, and the strategy of increasing the energy recovery of alternative fuels.

The change of the working capital contemplated in the analysis for each year remains stable in its calculation mode, being linked to the general performance of the unit analysed.

The performance of investments is also linked to general developments in the activity analysed, with higher levels of investments supported by the improvement of flows in the projected years. The value of the investments reflected in the perpetuity rate shows the value that the company estimates should be the objective of investments to be made in order to maintain the productive activity at the required sustainable level.

The main variables used in the test are the following:

- Discount period of joint flows for Uniland Spain and Tunisia: 2021 to 2030
- Discount rate before taxes: 7.12% (Spain) and 15.93% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 49.3%
- Excess of fair value over book value: 20,627 thousand euros
- Compound annual growth rate Cement Market Spain (without CO_2), terminal value for fiscal year 2021:
  - National market turnover: 6.3%
  - Export market turnover: -6.8%
  - Gross Operating Profit: 9.4%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over fiscal year 2020:
  - National market turnover: 7.9%
  - Export market turnover: 3.9%
  - Gross Operating Profit: 7.4%

The result of this test is sensitive to changes in the key hypotheses; a 10% increase in projected flows would result in an excess over the value of approximately 91,457 thousand euros and a 10% decrease would result in an additional impairment of around 50,202 thousand euros. Likewise, a 10% increase in the discount rate considered would mean an additional impairment of around 51,103 thousand euros and a 10% decrease in the excess of the value of approximately 108,376 thousand euros.

However, the Management of the Parent Company considers that development of the Group and its businesses in recent periods allow them to conclude that the scales of achievement of the objectives contemplated in the test are within a reasonable degree of sensitivity that enable them not to identify any impairment in the 2020 financial year.

2) Alcalá de Guadaíra

The cement demand forecasts and the sector expectations, at the national level, described above for the Corporación Uniland goodwill are equally applicable to Cementos Atlántico.

The Alcalá de Guadaíra factory continues to benefit from its geographical location to offset the decrease in the volume of the national market with a greater volume of exports.

The main variables used in the test are the following:

- Discount of flows period: 2021 to 2030
- Discount rate before taxes: 7.04%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 62%
- Excess of fair value over book value: 40,336 thousand euros
- Compound annual growth rate (without CO_2), terminal value over fiscal year 2020:
  - Total revenue: 4.46%
  - Gross Operating Profit: 15.1%

The Cementos Atlántico goodwill test can take a pre-tax discount rate of up to approximately 11.83%. Meanwhile, it would support an annual drop in cash flows of approximately 33% compared to projected flows.

Based on the foregoing, the company considers that the excess of the impairment test allows deviations significant enough to not give rise to any value impairments of CGU assets.

FCC Environment group (UK) before WRG group

The FCC Group acquired 100% of the stake in the FCC Environment (UK) group in 2006 for an investment cost of 1,693,532 thousand euros in 2006.

From the moment of its acquisition, the Group considers the FCC Environment (UK) subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros.

After the writedowns made and the changes derived from the profits/(losses) and equity movements of FCC Environment (UK), the consolidated book value at 31 December 2020 amounts to 697,725 thousand euros (557,040 thousand euros at 31 December 2019).

After the restructuring of the activity carried out in previous years, FCC Environment (UK) has reached a path of continued profitability, earning steady returns both in 2019 and in 2020.

It should be noted that during the 2020 financial year, as a consequence of the internal reorganisation and the creation of the new subsidiary Green Recovery Projects Limited, prior to the sale of 49% (Note 5), various companies were transferred to the latter, mainly the companies that managed the Allington and Eastcroft incinerators, and so the composition of the CGU has varied compared to the previous year.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the mix of activities expected in the future. The relative weight of the different activities will vary as other waste treatment alternatives are promoted, mainly recycling and recovery, which is currently being carried out by the subgroup, offsetting the progressive abandonment of landfill activity.

The main hypotheses used contemplate an increase in income in a range of approximately 5-15% during the 2021-2024 period, highlighting a growth of 12.3% in 2021 in expectation of a recovery of pre-Covid 19 volumes, and 15.2% in 2024, the latter mainly as a consequence of the start of the contract for the Lostock energy recovery plant, currently under construction, which is now fully operational. The gross operating margin has evolved from 17.4% in 2021 to around 12.5% in the last three years, considering more conservative market hypotheses in recent periods, as they are more difficult to predict. The pre-tax discount rate used was 7.02% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income, which represents 63.5% of the total recoverable value. The result of the test renders an excess of the recoverable value over the book value of the cash generating unit of 428,722 thousand euros, supporting an increase of 1,200 basis points without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 373,065 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 378,332 thousand euros.

Pursuant to Note 3.e) of these financial statements, the general criterion is not to consider perpetual income growth rates, but in the case of the FCC Environment (UK) subgroup, given the transformation in the mix of activities, it was considered that a growth rate of 1% more faithfully reflects the reality of the business within the framework of the change that is taking place in the United Kingdom in waste treatment activity, with a drastic drop in waste management in landfills and an increase in alternative waste treatment activities that are expected to be sustained over an extended period of time.

Also, given the slack time shown in the impairment test, and given that the main assets and liabilities of the business are referenced in the same currency (pound sterling), no impairment should arise as a result of the potential UK exit process from the European Union, Brexit (Note 30.h).

c) Other intangible assets

The changes in this heading of the consolidated balance sheet in 2020 and 2019 were as follows:

	Other intangible assets	Accumulated Depreciation	Impairment	Net value
Balance at 31/12/18	**357,148**	**(283,659)**	**(14,403)**	**59,086**
Additions or allocations	20,970	(18,173)	(2)	2,795
Disposals, derecognitions or reductions	(19,677)	19,440	2,522	2,285
Translation differences	459	(409)	–	50
Change in scope, transfers and other changes	876	(2,305)	(2,520)	(3,949)
Balance at 31/12/19	**359,776**	**(285,106)**	**(14,403)**	**60,267**
Additions or allocations	12,363	(20,021)	(756)	(8,414)
Disposals, derecognitions or reductions	(13,188)	10,544	–	(2,644)
Translation differences	(1,767)	1,085	1	(681)
Change in scope, transfers and other changes	2,876	1,280	–	4,156
Balance at 31/12/20	**360,060**	**(292,218)**	**(15,158)**	**52,684**

This heading mainly includes:

- amounts paid to public or private entities as a fee for the award of contracts that do not have the classification of concessions, within the scope of IFRIC12 “Service concession arrangements”, mainly from the Environmental Services area,
- the amounts recorded in the initial recognition of certain business combinations representative of concepts such as customer portfolios and contracts in force at the time of purchase,
- quarry mining rights for the Cement area and
- software applications.

8. Property, plant and equipment

The net detail of property, plant and equipment at 31 December 2020 and 2019 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2020				
Land and buildings	**1,616,955**	**(534,345)**	**(65,762)**	**1,016,848**
Land and natural resources	683,055	(163,737)	(50,816)	468,502
Buildings for own use	933,900	(370,608)	(14,946)	548,346
Plant and other items of property, plant and equipment	**7,795,156**	**(5,396,157)**	**(605,648)**	**1,793,351**
Plant	4,721,372	(3,241,318)	(568,532)	911,522
Machinery and vehicles	2,215,724	(1,628,062)	(33,720)	553,942
In-progress tangible assets and advances	109,411	–	–	109,411
Other PP&E	748,649	(526,777)	(3,396)	218,476
	9,412,111	**(5,930,502)**	**(671,410)**	**2,810,199**

	Cost	Accumulated amortisation	Impairment	Net value
2019				
Land and buildings	**1,607,091**	**(483,755)**	**(66,835)**	**1,056,501**
Land and natural resources	677,323	(154,057)	(50,552)	472,714
Buildings for own use	929,768	(329,698)	(16,283)	583,787
Plant and other items of property, plant and equipment	**7,804,524**	**(5,358,461)**	**(638,672)**	**1,807,391**
Plant	4,844,195	(3,251,438)	(621,335)	971,422
Machinery and vehicles	2,176,843	(1,609,165)	(14,276)	553,402
In-progress tangible assets and advances	87,257	–	–	87,257
Other PP&E	696,229	(497,858)	(3,061)	195,310
	9,411,615	**(5,842,216)**	**(705,507)**	**2,863,892**

Los movimientos de las diversas partidas del inmovilizado habidas en los ejercicios 2020 y 2019 han sido los siguientes:

	Land and natural resources	Buildings for own use	Land and buildings	Technical Facilities	Machinery and vehicles	Advances and fixed and non-current assets under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated Depreciation	Impairment
Balance at 31/12/18	**646,878**	**692,369**	**1,339,247**	**4,554,048**	**2,082,609**	**63,949**	**685,927**	**7,386,533**	**(5,637,721)**	**(664,041)**
Additions or allocations	3,735	27,860	31,595	19,848	105,078	69,966	59,406	254,298	(342,435)	(10,982)
Disposals, derecognitions or reductions	(913)	(18,779)	(19,692)	(18,976)	(135,687)	(78)	(82,789)	(237,530)	240,916	14
First application IFRS16 (Note 2,a)	21,139	346,929	368,068	6,421	48,619	10,630	–	65,670	–	–
Translation differences	1,716	10,646	12,362	130,209	18,873	(746)	138	148,474	(94,054)	(29,049)
Change in scope, transfers and other changes	4,768	(129,257)	(124,489)	152,645	57,351	(56,464)	33,547	187,079	(8,922)	(1,449)
Balance at 31/12/19	**677,323**	**929,768**	**1,607,091**	**4,844,195**	**2,176,843**	**87,257**	**696,229**	**7,804,524**	**(5,842,216)**	**(705,507)**
Additions or allocations	10,161	33,457	43,618	37,974	166,278	130,049	68,607	402,908	(330,085)	(7,170)
Disposals, derecognitions or reductions	(868)	(23,020)	(23,888)	(26,960)	(131,939)	(33,076)	(35,099)	(227,074)	102,289	12,377
Translation differences	(2,730)	(9,242)	(11,972)	(171,391)	(32,022)	(2,258)	(3,628)	(209,299)	123,588	32,679
Change in scope, transfers and other changes	(831)	2,937	2,106	37,554	36,564	(72,561)	22,540	24,097	15,922	(3,789)
Balance at 31/12/20	**683,055**	**933,900**	**1,616,955**	**4,721,372**	**2,215,724**	**109,411**	**748,649**	**7,795,156**	**(5,930,502)**	**(671,410)**

As significant "Inputs" for the year 2020, it is worth highlighting the investments made for the development of the Environmental Services activity contracts, mainly in different companies that carry out their activity in the United States for a total amount of 110,602 thousand euros, in FCC Medioambiente, SA (Spain) for the amount of 76,877 thousand euros (86,459 thousand euros in the 2019 financial year), in the FCC Environment Group (UK) for the amount of 28,932 thousand euros (35,821 thousand euros in the 2019 financial year) and in FCC Environment CEE (Central Europe) for an amount of 40,249 thousand euros (38,820 thousand euros in the 2019 financial year), as well as those carried out in Integral Water Management activity, mainly in the company Servicios Hídricos Agricultura y Ciudad, SLU (Spain) for the amount of 55,984 euros and in Sm-Vak (Czech Republic) for the amount of 25,266 thousand euros (25,940 thousand euros in the 2019 financial year).

"Disposals, derecognitions or reductions" include disposals and derecognition of inventory corresponding to assets that, in general, are almost fully amortised due to having exhausted their useful life.

The inputs and derecognitions that have led to a cash outflow or entry are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collection due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

No interest was capitalised in 2020 and 2019 and the total interest capitalised at source as of 31 December 2020 amounts to 29,076 thousand euros (30,363 thousand euros in 2019).

As at 31 December 2020, in property, plant and equipment, 11,565 thousand euros (9,322 thousand euros as at 31 December 2019) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment is subject. At year-end, the Parent Company estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment used in production due to being in a good state of use totals 3,145,430 thousand euros at 31 December 2020 (3,123,585 thousand euros at 31 December 2019).

The property, plant and equipment net of depreciation on the attached consolidated balance sheet located outside the Spanish territory amount to 1,383,491 thousand euros at 31 December 2020 (1,345,898 thousand euros at 31 December 2019).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2020, 804,584 thousand euros (934,164 thousand euros at 31 December 2019) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
2020				
Buildings, plants and equipment	1,443,430	(631,338)	(3,762)	808,330
Other property, plant and equipment	163,104	(106,795)	_	56,309
	1,606,534	**(738,133)**	**(3,762)**	**864,639**
2019				
Buildings, plants and equipment	1,437,128	(573,345)	_	863,783
Other property, plant and equipment	174,337	(103,956)	_	70,381
	1,611,465	**(677,301)**	**_**	**934,164**

The restrictions on ownership of these assets originate from the lease agreements that are explained in note 10 of this Report, as well as for those assets related to the exploitation of certain concession contracts to which IFRIC 12 does not apply. “Concession agreements” (note 3.a).

Purchase commitments

In carrying out their activities, the Group companies have formalised acquisition commitments in property, plant and equipment that, as at 31 December 2020, amount to 4,873 thousand euros (18,963 thousand euros at 31 December 2019).

9. Real estate investments

During the financial year 2020, the company FCC Inmobilien Holding GmbH sold an office building and a site in Germany for 3,950 thousand euros, the net book value of which was 2,582 thousand euros at the time of the sale, generating capital gains of 1,368 thousand euros, booked under "Impairment and results from disposals of fixed assets" (Note 27).

The inputs and derecognitions leading to cash movements are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collections due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

At the end of the 2020 and 2019 business years, the Group had no firm commitments to acquire or construct any real estate investments.

10. Leases

The Group applied IFRS 16 "Leases" for the first time on 1 January 2019, with the option of applying it with modified retroactive character, that is, with cumulative impact of the first application of the standard as an adjustment to the initial balance charged to reserves as at 1 January 2019.

In its position as lessee, the Group has signed lease contracts for different kinds of underlying assets, mainly machinery in the Construction activity and technical facilities and constructions for its own use in all the activities that the Group develops.

Contracts in previous years included those pertaining to the Group's Central Services buildings, the lease contract for the office block in Las Tablas (Madrid), valid from 23 November 2012 and for 18 years, extendable at the option of the FCC Group in two periods of five years each, with an annual income that can be updated annually according to the CPI index.

The contract signed in 2011 for the buildings located in Federico Salmón 13, Madrid and Balmes 36, Barcelona, for a minimum rental period of 30 years, extendable at the option of the Group in two periods of 5 years, each one with an annual rent that can be updated annually according to the CPI, with a purchase option in favour of Fomento de Construcciones y Contratas, SA, only exercisable at the end of the rental period for the fair value or the amount of the sale updated by the CPI, if this is higher.

In general, the leases signed by the Group do not include variable payments, there are only clauses for updating the rent in certain contracts, mainly based on inflation. In some cases, the aforementioned contracts present restrictions of use, the most common being those that limit the use of the underlying assets to geographical areas or their use as an office or premises for productive use. Lease contracts do not include significant residual value guarantee clauses.

The Group determines the duration of the contracts by estimating the period during which the entity estimates that it will continue to use the underlying asset in accordance with its particular circumstances to cover any extensions that are reasonably expected.

The carrying amount of right-of-use assets amounted to 480,544 thousand euros at 31 December 2020 (496,774 thousand euros at 31 December 2019). Below is a detail of the book value, the additions and amortisations during the year by classes of underlying asset:

	Cost	Accumulated amortisation	Net value	Additions	Amortisation charge
2020					
Land and buildings	**414,088**	**(72,571)**	**341,517**	**22,501**	**(33,694)**
Land and natural resources	30,263	(5,304)	24,959	3,632	(2,995)
Buildings for own use	383,825	(67,267)	316,558	18,869	(30,699)
Plant and other items of property, plant and equipment	**393,055**	**(254,028)**	**139,027**	**56,694**	**(33,224)**
Plant	5,794	(2,154)	3,640	80	(1,180)
Machinery and vehicles	330,174	(214,389)	115,785	48,478	(23,240)
Other PP&E	57,087	(37,485)	19,602	8,136	(8,804)
	807,143	**(326,599)**	**480,544**	**79,195**	**(66,918)**

The amount of lease liabilities recognised amounts to 445,086 thousand euros as of 31 December 2020 (484,376 thousand euros as of 31 December 2019), of which 68,599 thousand euros (78,985 thousand euros as of 31 December 2019) are classified as current in the attached consolidated balance sheet, due to their maturity within the next twelve months (Note 20). Lease liabilities generated an interest charge of 12,645 thousand euros at 31 December 2020 (13,016 thousand euros at 31 December 2019). Lease payments during the year stood at 96,658 thousand euros at 31 December 2020 (89,130 thousand euros at 31 December 2019), posted under "Proceeds and (payments) from financial liability instruments" and "Interest payments" in the attached statement of consolidated cash flows. The details for maturities of non-current liabilities for leases are shown below:

	2022	2023	2024	2025	2026 and beyond	Total
2020						
Liabilities for non-current leases	45,955	25,580	28,470	24,639	251,843	**376,487**

Certain contracts are excluded from the application of the aforementioned IFRS 16, mainly either because they are low value assets or because their duration is less than twelve months (note 3.f) and is recorded as an expense under the heading "Other operating income/(losses)" in the accompanying consolidated profit and loss statement, with the amount during the year being as follows:

	2020
Low value assets	2,115
Leases with term less than 12 months	73,677
	75,792

In the lessor position, the Group recognises operating income amounting to 3,081 thousand euros (9,212 thousand euros at 31 December 2019). The decrease between the two years is mainly due to the decrease of 8,636 thousand euros in the income obtained from rental of machinery by FCC Construcción América in Central America.

11. Service concession arrangements

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies, which are recognised under "Intangible assets", "Non-current financial assets", "Other current financial assets" and "Investments accounted for using the equity method" (for both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2020 and 2019.

	Intangible assets (Note 7)	Financial assets (Note 14)	Joint concessionary businesses	Associated concessionary companies	Total investment
2020					
Water services	1,710,822	223,303	27,454	46,343	2,007,922
Motorways and tunnels	378,515	0	8,204	0	386,719
Environment and Others	459,711	227,216	43,222	28,801	758,950
TOTAL	**2,549,048**	**450,519**	**78,880**	**75,144**	**3,153,591**
Amortisation	(1,115,658)	–	–	–	(1,115,658)
Impairment	(55,230)	–	–	–	(55,230)
	1,378,160	**450,519**	**78,880**	**75,144**	**1,982,703**
2019					
Water services	1,551,666	189,302	29,157	54,228	1,824,353
Motorways and tunnels	1,717,215	126,651	7,291	–	1,851,157
Environment and Others	411,748	282,292	66,449	76,062	836,551
TOTAL	**3,680,629**	**598,245**	**102,897**	**130,290**	**4,512,061**
Amortisation	(1,249,755)	–	–	–	(1,249,755)
Impairment	(56,254)	–	–	–	(56,254)
	2,374,620	**598,245**	**102,897**	**130,290**	**3,206,052**

The table above shows that in the year 2020 the decrease in the columns of "Intangible assets" of 1,016,606 thousand euros, in "Financial assets" of 131,017 thousand euros and in "Associated companies concessionaire" of 71,334 thousand euros can be largely explained by the transfer to assets held for sale by the subgroup Cedinsa, Concessió Estacions Aeroport L9, SA and Urbs Iudex et Causidicus, SA. (note 4). Conversely, "Intangible assets" increased by 23,984 thousand euros and "Financial assets" by 55,534 thousand euros, attributable to Aquos el Realito, SA de CV, the operator of a water treatment plant in San Luis de Potosí, now fully consolidated (Note 5).

Below are details of the main concessions included in the previous categories with their main characteristics:

	Net book value as at 31 December 2020			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Water services	**774.358**	**223.303**		
Jerez de la Frontera (Cádiz - Spain)	70,483	–	City Council of Jerez de la Frontera.	User based on consumption
Jeddah desalination plant (Saudi Arabia)	46,432	–	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Caltanissetta (Italy)	43,596	–	Consorzio Ambito Territoriale Ottimale	User based on consumption
Santander (Cantabria, Spain)	35,514	–	Santander City Council	User based on consumption
Lleida (Spain)	34,828	–	Lleida City Council	User based on consumption
Adeje (Tenerife, Spain)	33,684	–	Adeje City Council	User based on consumption
Badajoz (Spain)	25,241	–	Badajoz City Council	User based on consumption
Acueducto Realito (Mexico)	23,984	55,534	State Water Commission (Mexico)	Mixed model
Oviedo (Asturias, Spain)	21,143	–	Oviedo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	–	142,275	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	–	19,083	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	439,453	6,411		
Motorways and tunnels	**252,851**			
Coatzacoalcos submerged tunnel (Mexico)	197,735	–	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	55,116	–	Ministry for Economic Development	Shadow toll
Environment and others	**350,951**	**227,216**		
Buckinghamshire plant (United Kingdom)	140,283	8,830	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Loeches Plant (Alcalá de Henares, Spain)	78,336	–	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	35,147	–	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Edinburgh Plant (United Kingdom)	22,314	90,969	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Granada plant (Granada, Spain)	22,167	–	Provincial council of Granada	According to tons treated
Houston recycling plant (United States)	20,086	–	City of Houston	Fixed amount plus variable amount per ton
Gipuzkoa II plant	–	29,376	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	–	28,947	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	–	21,624	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	–	20,920	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	–	17,571	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32,618	8,979		
FCC Group Total	**1,378,160**	**450,519**		

	Net book value as at 31 December 2019			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Water services	**713,116**	**189,302**		
Jerez de la Frontera (Cádiz - Spain)	74,569	–	City Council of Jerez de la Frontera	User based on consumption
Caltanissetta (Italy)	42,003	–	Consorzio Ambito Territoriale Ottimale	User based on consumption
Adeje (Tenerife, Spain)	40,157	–	Adeje City Council	User based on consumption
Santander (Cantabria, Spain)	38,979	–	Santander City Council	User based on consumption
Lleida (Spain)	36,876	–	Lleida City Council	User based on consumption
Badajoz (Spain)	26,304	–	Badajoz City Council	User based on consumption
Oviedo (Asturias, Spain)	21,966	–	Oviedo City Council	User based on consumption
Vigo (Pontevedra, Spain)	7,567	–	Vigo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	–	176,392	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	–	12,910	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	424,695	–		
Motorways and tunnels	**1,344,346**	**126,651**		
Cedinsa Eix Transversal (Spain)	456,084	126,651	Generalitat de Catalunya	Shadow toll with guaranteed minimum
Cedinsa C17 (Spain)	283,246	–	Generalitat de Catalunya	Shadow toll
Cedinsa Eix Llobregat (Spain)	243,446	–	Generalitat de Catalunya	Shadow toll
Submerged tunnel of Coatzacoalcos (Mexico)	230,731	–	Government of the State of Veracruz	Direct toll paid by the user
Cedinsa C35 (Spain)	68,028	–	Generalitat de Catalunya	Shadow toll
Conquense motorway (Spain)	62,811	–	Ministry for Economic Development	Shadow toll
Other	**317,158**	**282,292**		
Buckinghamshire plant (United Kingdom)	154,147	9,359	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Campello Plant (Alicante, Spain)	29,762	–	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Loeches Plant (Alcalá de Henares, Spain)	26,110	–	Commonwealth of the East	According to tons treated
Edinburgh Plant (United Kingdom)	24,589	140,812	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	24,113	–	City of Houston	Fixed amount plus variable amount per ton
Granada plant (Granada, Spain)	23,294	–	Provincial council of Granada	According to tons treated
RE3 plant (United Kingdom)	–	31,660	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Gipuzkoa II plant	–	30,653	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
Manises Plant (Valencia, Spain)	–	22,870	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	–	22,735	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	–	18,981	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	35,143	5,222		
FCC Group Total	**2,374,620**	**598,245**		

The water services business is characterised by having a very high number of contracts, and the most significant are listed in the preceding table. The contracts primarily cover integral water cycles from capture, transport, treatment and distribution to urban centres through the use of distribution networks and a complex water treatment facilities to make the water potable, including the capture and purification of wastewater. Covers the construction and maintenance of water and sewerage networks and desalinisation, treatment and purification plants. Generally, billing is carried out based on the use of the service by the subscribers, so that, in most cases, cash flows depend on the consumption of water that, in general, has shown to be constant over time. However, the contracts normally include regular rate review clauses to ensure the recoverability of the investment made by the concessionaire. These clauses establish the future rates based on consumption in previous periods and other variables such as inflation. Concession companies build or receive the right to use distribution and sewerage networks in order to carry out their businesses, in addition to the complex facilities necessary to treat and purify drinking water. The concession terms for these types of infrastructures cover different periods up to a maximum of 75 years and then the facilities revert to the granting entity at the end of the concession without any further compensation being received.

Most proceeds received from practically all of the contracts that are fully consolidated depends on the use of the service, therefore meaning that the amounts are variable, demand risk is borne by the concession company and the contracts are recognised as intangible assets. However, in exceptional cases, mainly in the case of desalination plants, the charge is received based on the cubic meters actually desalted, guaranteeing the grantor a minimum insured level regardless of volume, so these guaranteed amounts are classified as financial assets as they hedge the fair value of construction services.

The main activity of the concessions belonging to the motorway and tunnel activity include the management, promotion, development and exploitation of land transport infrastructure, mainly motorways and toll tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period that can range from 25 to 75 years. Billing is usually based on traffic intensity, both by charging tolls to vehicles directly, and by shadow toll, so cash flows are variable in relation to the aforementioned traffic intensity, generally observing an increasing trend as the concession period progresses, which is why, when the concessionaire bears the demand risk, they are recorded as intangible assets. The contracts generally include both the construction or improvement of the infrastructure for which the concessionaire receives a right of use, as well as the provision of maintenance services, reversing the infrastructure at the end of the useful life to the grantor, generally without receiving compensation. In certain cases there are offsetting mechanisms, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire.

"Miscellaneous" activity mainly includes contracts related to the construction, operation and maintenance of waste treatment facilities, in Spain, the United Kingdom and the United States. The contracts incorporate price revision clauses based on different variables, such as inflation, energy costs or salary costs. Contracts were analysed to classify concessions as intangible or financial assets to determine which part of the contract bears the demand risk. Those contracts in which the billing is determined solely on the basis of the fixed charge and a variable amount depending on the tons treated, given that the latter is residual and the cost of construction services is substantially offset by the fixed charge, the concession as a whole has been considered as a financial asset, except in the case of the Buckinghamshire and Edinburgh plants (both in the United Kingdom), in which the intangible component is significant and is therefore recorded as mixed models.

Likewise, it should be noted that in accordance with the concession contracts, the concessionaires in which the Group is an investee are obliged to acquire or build items of property, plant and equipment for the amount of 91,292 thousand euros as of 31 December 2020 (137,216 thousand euros as of 31 December 2019).

Finally, in 2020 the recoverable value of the main concession assets was reappraised. As a result of the analysis carried out, there was no need to record impairment since a substantial part of the concession assets are related to the water and environment businesses, activities that in general have been considered "essential" in the different jurisdictions, proving particularly resilient to the impact of the pandemic. Additionally, a large portion of the portfolio of concession assets corresponds to contracts not subject to demand risk, which significantly reduces the risk of impairment.

12. Investments accounted for using the equity method

This heading includes the value of investments in companies accounted for under the equity method, as well as non-current loans granted to them, as indicated in Note 2.b), which applies to both joint ventures and associates, the breakdown of which is as follows:

	2020	2019
Joint ventures	**181,937**	**185,432**
Investment value	40,842	38,141
Loans	141,095	147,291
Associates	**540,849**	**556,092**
Investment value	382,126	390,841
Loans	158,723	165,251
	722,786	**741,524**

a) Joint ventures

The breakdown of this heading by company is presented in Annex II of these financial statements, which lists the joint ventures.

The transactions for 2020 and 2019 by items are as follows:

	Balance at 31.12.2019	Results for the year (Note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2020
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	1 1,735	1,143	–	–	–	(899)	(2)	11,977
Sociedad Concesionaria Tranvía de Murcia, S.A.	40,745	1,323	–	–	–	–	1,154	43,222
Mercia Waste Management Ltd.	10,682	4,307	(2,602)	–	–	(605)	–	11,782
Zabalgarbi, S.A.	17,234	2,637	(3,000)	(811)	–	–	–	16,060
Atlas Gestión Medioambiental, S.A.	11,933	751	(2,876)	–	–	–	–	9,808
Empresa Municipal de Aguas de Benalmádena, S.A.	5,700	273	(346)	(89)	–	–	(778)	4,760
Ibisan Sociedad Concesionaria, S.A.	7,291	544	–	369	–	–	–	8,204
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	–	(1,565)	–	–	–	5,974	(4,409)	–
OHL CO Canada & FCC Canada Ltd. Individual	–	(32)	–	–	–	(2,317)	2,349	–
North Tunnels Canada Inc.	6,978	(12)	–	–	–	120	(7,086)	–
FM Green Power Investments, S.L.	17,074	22,329	(26,410)	3,022	–	447	–	16,462
Ecoparc del Besós, S.A.	6,638	2,782	(1,834)	217	–	–	–	–
Rest	49,422	3,689	(2,464)	(376)	–	(990)	2,578	51,859
Total joint ventures	**185,432**	**38,169**	**(39,532)**	**2,332**	–	**1,730**	**(6,194)**	**181,937**

	Balance at 31.12.2018	Results for the year (Note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2019
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	9,631	698	–	–	–	1,401	5	11,735
Sociedad Concesionaria Tranvía de Murcia, S.A.	38,467	1,184	–	–	–	–	1,094	40,745
Mercia Waste Management Ltd.	17,881	3,835	(12,063)	–	–	1,029	–	10,682
Zabalgarbi, S.A.	16,298	3,051	(3,000)	885	–	–	–	17,234
Atlas Gestión Medioambiental, S.A.	11,935	1,221	(1,224)	–	–	1	–	11,933
Empresa Municipal de Aguas de Benalmádena, S.A.	6,523	435	(400)	(84)	–	(1)	(773)	5,700
Ibisan Sociedad Concesionaria, S.A.	8,123	1,478	(2,550)	240	–	–	–	7,291
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	–	21	–	–	–	(2,106)	2,085	–
OHL CO Canada & FCC Canada Ltd. Individual	–	969	–	–	–	(5,015)	4,046	–
North Tunnels Canada Inc.	6,526	2	–	–	–	(115)	565	6,978
FM Green Power Investments, S.L.	7,228	15,050	–	(5,203)	–	(1)	–	17,074
Rest	50,877	3,871	(2,825)	682	–	1,793	1,662	56,060
Total joint ventures	**173,489**	**31,815**	**(22,062)**	**(3,480)**	**–**	**(3,014)**	**8,684**	**185,432**

Below are the main figures from the financial statements of joint ventures in proportion to the shareholding as at 31 December 2020 and 2019.

	2020	2019
Non-current assets	783,948	819,733
Current assets	223,706	239,963
Non-current liabilities	669,463	725,384
Current liabilities	311,268	334,989
Results		
Revenue	247,455	289,253
Operating profit/(loss)	44,069	62,742
Profit/(loss) before tax	44,078	36,753
Profit attributable to the Parent Company	38,169	31,815

The main activities carried out by joint ventures are the exploitation of concessions, such as motorways, concessions related to the integral water cycle and urban sanitation, tunnels and passenger transport activities.

In relation to joint ventures with third parties outside the FCC Group, it should be noted that guarantees have been provided for an amount of 19,885 thousand euros (8,458 thousand euros in 2019), mostly for public bodies and private customers to guarantee the successful execution of the contracts of the different activities of the Group. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

In general, joint ventures that the Group consolidates using the equity method take the legal form of public limited or limited companies, and therefore, being joint ventures, the distribution of funds to their respective parent companies requires an agreement with the other partners who hold joint control in accordance with the mechanisms established by their corporate agreements.

b) Associates

The breakdown of this heading by companies is presented in Annex III of these financial accounts, which lists the associates.

The transactions for 2020 and 2019 by items are as follows:

	Balance at 31.12.2019	Results for the year (Note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2020
Grupo Realia Business	276,540	2,872	–	262	–	(1,570)	–	278,104
Concessió Estacions Aeroport L9, S.A.	63,127	12,789	(4,844)	(4,140)	–	(9,927)	(57,005)	–
Metro de Lima Línea 2, S.A.	25,704	2,882	–	–	–	(2,371)	–	26,215
Aquos El Realito, S.A. de C.V.	14,483	(835)	–	–	–	(6,664)	(6,984)	–
Suministro de Agua de Querétaro, S.A. de C.V.	10,376	1,349	(1,171)	–	–	(1,419)	–	9,135
Aguas del Puerto Empresa Municipal, S.A.	14,548	(385)	(164)	365	–	–	(1,135)	13,229
Lázaro Echevarría, S.A.	8,041	164	(196)	56	–	–	–	8,065
Tirme Group	7,423	2,486	(3,127)	–	–	–	–	6,782
A.S.A. Group	6,264	1,293	(1,067)	16	–	(197)	–	6,309
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,886	54	–	–	–	–	–	5,940
Aigües del Segarra Garrigues, S.A.	6,905	277	–	–	–	–	–	7,182
N6 (Construction) Limited	1,035	–	–	–	–	–	–	1,035
Giant Cement Holding	13,661	(3,737)	–	1,124	–	(1,075)	–	9,973
Constructora Terminal Valle de México	8,915	474	(9,146)	–	–	178	–	421
Aigües del Vendrell	5,302	19	–	(13)	–	–	(1)	5,307
FCC Group PFI Holdings	34,326	(1,339)	–	–	14,834	(525)	35,481	82,777
Urbs Iudex et Causidicus, S.A.	–	2,217	–	2,110	–	(4,327)	–	–
Rest	53,556	2,765	(808)	20	2	1,724	23,116	80,375
Total associates	**556,092**	**23,345**	**(20,523)**	**(200)**	**14,836**	**(26,173)**	**(6,528)**	**540,849**

	Balance at 31.12.2018	Results for the year (Note 27.g)	Distributed Dividends	hanges in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2019
Grupo Realia Business	272,493	8,058	–	(1,504)	–	(2,507)	–	276,540
Concessió Estacions Aeroport L9, S.A.	66,793	12,449	(5,226)	(10,889)	–	–	–	63,127
Cleon, S.A.	–	–	–	–	–	–	–	–
Shariket Tahlya Miyah Mostaganem SPA (note 4)	35,222	–	–	–	–	(35,222)	–	–
Cedinsa Group (note 4)	31,625	7,755	(6,460)	(7,249)	–	(25,671)	–	–
Metro de Lima Línea 2, S,A,	23,297	1,966	–	–	–	441	–	25,704
Aquos El Realito, S.A. de C.V.	13,198	487	–	–	–	404	394	14,483
Suministro de Agua de Querétaro, S.A. de C.V.	9,991	1,316	(1,505)	–	–	574	–	10,376
Aguas del Puerto Empresa Municipal, S.A.	14,637	(201)	–	462	–	–	(350)	14,548
Shariket Miyeh Ras Djinet SPA (note 4)	12,704	–	–	–	–	(12,704)	–	–
Lázaro Echevarría, S.A.	8,449	(341)	–	(68)	–	1	–	8,041
Tirme Group	6,630	4,123	(3,326)	–	–	(4)	–	7,423
A.S.A. Group	6,422	1,989	(1,990)	(41)	–	(116)	–	6,264
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,980	(48)	(45)	–	–	(1)	–	5,886
Aigües del Segarra Garrigues, S.A.	6,587	317	–	–	–	1	–	6,905
N6 (Construction) Limited	1,034	–	–	–	–	1	–	1,035
Giant Cement Holding	24,212	(10,983)	–	(72)	–	504	–	13,661
Constructora Terminal Valle de México	3,505	13,126	(7,751)	–	–	35	–	8,915
Aigües del Vendrell	–	13	–	(2)	492	–	4,799	5,302
FCC Group PFI Holdings	–	(298)	–	–	3,471	6,624	24,529	34,326
Rest	46,782	7,403	(1,439)	(1,294)	771	2,162	(829)	53,556
Total associates	**589,561**	**47,131**	**(27,742)**	**(20,657)**	**4,734**	**(65,478)**	**28,543**	**556,092**

In the financial year 2020, "Translation differences and other movements" shows a decrease of 9,927 thousand euros and 4,327 thousand euros due to the transfer to non-current assets held for the sale of the companies Concessió Estacions Aeroport L9, SA and Urbs Iudex et Causidicus, SA, respectively (Note 4) and a decrease of 6,664 thousand euros as a consequence of the takeover of Aquos El Realito, SA de CV. (note 5). Likewise, "Variation of loans granted" shows a decrease of 57,005 thousand euros in Concessió Estacions Aeroport L9, SA due to the aforementioned transfer to non-current assets held for sale (Note 4).

In 2019, "Conversion differences and other movements" shows a decrease of 25,671 thousand euros in the Cedinsa group as a result of its takeover (Note 5), and decreases of 35,222 thousand euros and 12,704 thousand euros, respectively, of Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. under the partner agreements whereby the former was fully consolidated after the takeover, and the latter was posted as a financial asset at fair value after the loss of significant influence (Note 5).

The assets, liabilities, turnover and profit/(loss) for 2020 and 2019 are presented below, in proportion to the shareholding in the capital of each associate.

	2020	2019
Non-current assets	1,376,407	1,514,972
Current assets	580,197	540,230
Non-current liabilities	1,312,770	1,363,696
Current liabilities	270,310	290,542
Revenue	420,691	473,334
Operating profit/(loss)	84,191	116,380
Profit/(loss) before tax	43,360	67,179
Profit attributable to the Parent Company	23,344	47,131

Regarding the 37.40% stake in the Realia Business group, it should be noted that the stake value based on the stock market price as of 31 December 2020 amounted to 206,269 thousand euros, lower than its book value of 278,104 thousand euros as of 31 December 2020 (276,540 thousand euros as of 31 December 2019) and that both in the current year and in the previous year, no dividends were distributed. However, it is considered that the recoverable value is higher than its accounting value, as there are latent capital gains in real estate assets, supported by third-party valuations. Below is the condensed financial information of the Realia group at 31 December 2020 and 2019 by relevance and once standardised to comply with the accounting policies applied by the Group, to which the equity method has been applied:

	Balance Sheet	
	2020	2019
Non-current assets	1,013,251	1,009,857
Current assets	440,637	459,373
Cash and equivalents	74,822	75,895
Other current assets	365,815	383,478
TOTAL ASSETS	**1,453,888**	**1,469,230**
Equity	**792,233**	**797,326**
Equity Parent Company	**676,035**	**671,926**
Capital	196,864	196,864
Reserves	480,813	459,153
Own Shares	(7,526)	(3,277)
Profit/(Loss) Parent Company	7,694	21,675
Valuation adjustments	(1,810)	(2,490)
Non-controlling interests	**116,197**	**125,401**
Non-current liabilities	**576,696**	**600,508**
Non-current financial liabilities	533,602	566,441
Other non-current liabilities	43,094	34,067
Current liabilities	**84,959**	**71,396**
Current financial liabilities	47,278	34,715
Other current liabilities	37,681	36,681
TOTAL LIABILITIES	**1,453,888**	**1,469,230**

	Income statement	
	2020	2019
Revenue	**85,893**	**76,104**
Other income	**18,543**	**18,805**
Operating expenses	(66,655)	(35,975)
Depreciation of fixed and non-current assets	(12,441)	(12,151)
Other operating income/(losses)	(2,979)	5,458
Operating profit/(loss)	**22,361**	**52,241**
Financial income	10,609	1,188
Finance cost	(15,741)	(15,633)
Miscellaneous financial results	524	970
Financial Profit/(Loss)	**(4,608)**	**(13,475)**
Profit/(loss) of equity-accounted affiliates	813	1,702
Net income from impairment of fixed and non-current assets	0	0
Profit/(loss) before tax from continuing operations	**18,566**	**40,468**
Income tax	(4,005)	(10,527)
Profit/(loss) for the year from continuing operations	**14,562**	**29,941**
Profit/(loss) from interrupted operations	–	–
PROFIT/(LOSS) FOR THE YEAR	**14,562**	**29,941**
Profit/(Loss) Parent Company	7,692	21,676
Profit/(loss) non-controlling interests	6,869	8,265

It should be noted that adjustments were made to the previous financial statements of the Realia group for the purpose of standardisation in order to apply the equity method and record it in the consolidated financial statements, since said group applies the option allowed in IAS 40 "Real estate investments" to value its real estate assets at fair value, an accounting policy that the Group does not apply.

13. Joint agreements. Jointly controlled operations

As indicated in Note 2.b) section "Joint agreements", the Group companies carry out part of their activity by participating in contracts that are jointly operated with other partners outside the Group, mainly through temporary mergers of companies and other similar entities. These contracts were added proportionally to the accompanying financial statements.

Below are the key figures of the jointly operated contracts that are included in the different headings of the accompanying balance sheet and consolidated income statement, in proportion to their participation, as at 31 December 2020 and 2019.

	2020	2019
Non-current assets	208,784	214,777
Current assets	1,206,073	1,367,070
Non-current liabilities	67,603	70,787
Current liabilities	1,354,315	1,445,679
Results		
Revenue	1,194,580	1,501,259
Gross Operating Profit	48,541	126,331
Net operating profit	18,406	98,249

Contracts managed through temporary joint ventures, joint ventures and other entities with similar characteristics imply that shareholders must share the joint responsibility for the activity carried out.

In relation to contracts managed jointly with third parties outside the Group, it should be noted that guarantees have been provided for an amount of 1,551,830 thousand euros (1,393,614 thousand euros in 2019), mostly before public bodies and private customers, to ensure the successful completion of urban sanitation works and contracts.

The joint ventures do not have relevant property, plant and equipment acquisition commitments.

14. Non-current financial assets and other current financial assets

There are no "Non-current financial assets" or "Other significant non-current financial assets" in default. The most significant items in the attached consolidated balance sheet of the aforementioned headings present the following breakdown:

a) Non-current financial assets

Non-current financial assets at 31 December 2020 and 2019 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2020					
Equity instruments	–	34,640	–	–	34,640
Derivatives	–	–	5	104	109
Collection rights concession arrangements	397,267	–	–	–	397,267
Deposits and guarantees	62,115	–	–	–	62,115
Other financial assets	86,743	–	–	–	86,743
	546,125	**34,640**	**5**	**104**	**580,874**

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2019					
Equity instruments	–	35,711	–	–	35,711
Derivatives	–	–	9	22	31
Collection rights concession arrangements	566,917	–	–	–	566,917
Deposits and guarantees	166,116				166,116
Other financial assets	93,920	468	–	–	94,388
	826,953	**36,179**	**9**	**22**	**863,163**

In 2020, the decrease in "Collection rights from concession agreements" was 131,106 thousand euros due to the transfer to non-current assets held for sale by the Cedinsa Group (Note 4).

Likewise, the decrease in "Deposits and bonds" mainly concerns the transfer to non-current assets held for sale of the collection right derived from grants issued, not yet collected, corresponding to the Cedinsa subgroup for the amount of 103,136 thousand euros.

The breakdown of the "Equity instruments" heading at 31 December 2020 and 2019 is detailed below:

	% Effective ownership	Fair value
2020		
Participations equal to or greater than 5%:		
Shariket Miyeh Djinet, S.p.a (note 4)	13.01%	10,400
Cafasso Consortium, N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consorcio Traza, S.A.	16.60%	3,628
Rest		1,959
Participations below 5%:		
Rest		1,112
		34,640
2019		
Participations equal to or greater than 5%:		
Shariket Miyeh Djinet, S.p.a (note 4)	13.01%	11,142
Cafasso Consortium, N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consorcio Traza, S.A.	16.60%	3,629
Rest		2,296
Participations below 5%:		
Rest		1,103
		35,711

The due dates for "Deposits and bonds", "Collection rights of concession agreements" and "Other financial assets" are as follows:

	2022	2023	2024	2025	2026 and beyond	Total
Deposits and guarantees	2,815	370	441	902	57,587	62,115
Collection rights concession agreement (notes 3.a) and 11)	28,534	28,269	28,906	29,412	282,146	397,267
Non-commercial loans and other financial assets	6,949	7,595	4,660	4,642	62,897	86,743
	38,298	**36,234**	**34,007**	**34,956**	**402,630**	**546,125**

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing, mainly in the water services activity, that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those made by legal or contractual obligations in the development of the activities of the Group companies, such as deposits for electrical connections, for the guarantee in the execution of works, for rental of real estate, etc.

b) Other current financial assets

This heading of the attached consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (Note 11) maturing within less than twelve months, current financial investments made for more than three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of "Other Current Financial Assets" at 31 December 2020 and 2019 is as follows:

	Financial assets at amortised cost
2020	
Collection rights concession arrangements	53,252
Deposits and guarantees	56,879
Other financial assets	118,521
	228,652
2019	
Collection rights concession arrangements	31,329
Deposits and guarantees	80,836
Other financial assets	77,401
	189,566

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the amount of 20,427 thousand euros (20,938 thousand euros in 2019), current loans to third parties for 30,477 thousand euros (29,711 thousand euros in 2019) and deposits in credit institutions amounting to 35,417 thousand euros (18,197 thousand euros in 2019).

The average rate of return obtained by these items is in market returns according to the term of each investment.

15. Inventories

The breakdown of "Inventory net of impairment" at 31 December 2020 and 2019 was as follows:

	2020	2019
Real estate	452,633	365,415
Raw materials and other supplies	225,880	220,409
Construction	102,914	87,117
Cement	71,236	77,421
Integrated Water Management	22,474	28,123
Environmental Services	27,907	26,258
Concessions	197	196
Corporation	1,152	1,294
Finished goods	14,813	18,009
Advances	72,278	124,979
	765,604	**728,812**

The "Real estate" item includes plots for real estate development. Likewise, "Real estate" in production is also registered under production, for which there are sales commitments for a final value of delivery to customers of 51,021 thousand euros (42,505 thousand euros in 2019). The advances that some customers have paid on behalf of the aforementioned "Real Estate" are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force. Below is the breakdown of the main real estate products:

	2020	2019
Estates and promotions Tres Cantos (Madrid)	200,366	121,439
Estates and promotions Arroyo Fresno (Madrid)	59,406	53,052
Estates and promotions Sant Joan Despí (Barcelona)	66,889	46,576
Estates and promotions Badalona (Barcelona)	35,804	35,171
Viviendas Pino Montano (Sevilla)	6,956	8,150
Finca Las Mercedes (Madrid)	7,016	7,016
Other properties and developments	76,196	94,011
	452,633	**365,415**

The increases observed in the table above with respect to the year 2020 are due to new ongoing developments and the materialisation of commitments to purchase plots during the year.

The real estate inventory is valued at their acquisition or production cost, corrected where appropriate to the market value when this is lower, mainly based on the references of the end market, by calculating the residual value of the land compared to the existing market value in the location in which it is located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their valuation.

The Group used an independent third party (GESVALT) to estimate the fair value of the main assets that comprise its real estate portfolio. The valuations were made following the criteria of IVSC (International Valuation Standards Committee). The Dynamic Residual, comparison and cash flow discount methods were applied as the best approximation of the value. These fair values are extremely sensitive to stress situations or needs to make the asset liquid in a shorter period than that of the appraisal. In particular, there was a decrease in the value of the Group's main real estate assets, although this did not lead to any significant impairments, since there was some slack in the valuations of previous years.

In financial year 2020, the total accumulated balance of impairments in real estate stocks amounts to 174,795 thousand euros.

There are no significant commitments to purchase real estate assets at year-end.

The "Raw materials and other supplies" include facilities necessary for the execution of works pending incorporation, building materials and storage elements, spare parts, fuel and other materials necessary in the development of activities.

16. Commercial debtors, other accounts receivables and other current assets

a) Trade receivables for sales and services

This heading of the attached consolidated balance sheet includes the value of the production and services rendered pending collection, valued as indicated in note 3.r), which provide the various Group activities and which are the basis of the operating profit/(loss).

The following is the breakdown of "Receivables external to the Group" at 31 December 2020 and 2019:

	2020	2019
Progress billings receivable and trade receivables for sales	934,499	799,543
Completed output pending certification	589,130	572,461
Warranty retainers	67,336	72,793
Production billed to associated and jointly controlled companies	60,129	60,002
Trade receivables for sales and services	1,651,094	1,504,799
Advances received for orders (Note 22)	(403,626)	(380,695)
Total trade receivables for sales and services	**1,247,468**	**1,124,104**

The total amount corresponds to the net balance of receivables having considered the corrections for insolvency risk amounting to 246,764 thousand euros (258,919 thousand euros as of 31 December 2019) and deducting the item of advances received for orders listed under the heading "Trade payables and other accounts payable" of the liability side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

The loans for commercial operations in default are as follows:

	2020	2019
Construction	51,739	55,481
Environmental Services	276,540	270,222
Water	113,744	64,888
Corporation	111	166
TOTAL	**442,134**	**390,757**

Balances are considered to be in default when their due date has passed and they have not been paid by the counterpart. However, it must be taken into account that given the different characteristics of the different sectors in which the FCC Group operates, although certain assets are in default, there is no risk of default, since most of its clients are public clients, in which only delays in collections can occur, as it is entitled to claim the corresponding delay payment surcharges.

"Certified production pending collection and trade receivables" mainly includes the amount of the certifications issued to customers for works executed in the Construction segment in the amount of 341,737 thousand euros (249,646 thousand euros at 31 December 2019) and services provided by other segments in the amount of 592,762 thousand euros (549,897 thousand euros as of 31 December 2019), pending collection at the date of the consolidated balance sheet. In general, there are no disputes in relation to the above.

The difference between the amount of progress recorded at the origin of each of the works and contracts in progress, valued according to the criteria set out in note 3.r), and the amount certified to date from the consolidated financial statement is collected as "Completed output pending certification".

The "Completed output pending certification" section includes work executed pending certification corresponding to the construction contracts executed by the Group for the amount of 298,199 thousand euros (249,468 thousand euros at 31 December 2019). The aforementioned balance mainly includes the differences between the completed output, valued at the sale price, and the certification made to date under the current contract for the amount of 274,844 thousand euros (238,783 thousand euros as of 31 December 2019); that is, output recognised according to the degree of progress that originates in differences between the time at which the output of the work is executed, covered by the contract signed with the customer and approved by the latter, and the time at which the latter certifies it.

"Executed production pending certification" includes services provided in the Environment and Water activities that are billed more than once a month, basically corresponding to the work carried out as part of normal activity for the amount of 232,455 thousand euros (240,438 thousand euros as of 31 December 2019).

The amount of the transfer of customer loans to financial institutions without the possibility of recourse against the Group companies in the event of default amounts to 111,103 thousand euros at year-end (261,105 thousand euros at 31 December 2019). The impact on cash flows of loan assignments is reflected in the "Changes in working capital" heading of the Statement of Cash Flows. This amount has been reduced from the "Progress billings receivable and trade receivables for sales". The variation between the two years is due to the decrease in transfers without recourse of Environment activity in the amount of 155,035 thousand euros arising from financial optimisation policies (Note 20).

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2020 and 2019 was as follows:

	2020	2019
Public Administrations - VAT receivable (Note 24)	108,169	87,291
Public Administrations - Other taxes payable (Note 24)	61,896	54,892
Other receivables	115,496	114,941
Advances and credits to staff	1,561	2,219
Total other receivables	**287,122**	**259,343**

c) Other current assets

This heading mainly includes amounts disbursed by the Group in relation to certain contracts for the provision of services, which have not yet been recorded as expenses in the attached financial statement as they had not accrued at the close of these Financial Statements.

17. Cash and cash equivalents

This heading includes the Group's cash flow, as well as bank deposits and taxes with an initial due date of three months or earlier. These balances were remunerated at market interest rates in both 2020 and 2019.

The breakdown by currency of the cash and cash equivalents position for 2020 and 2019 is as follows:

	2020	2019
Euro	754,035	708,399
Pound sterling	185,751	138,408
United States dollar	95,609	161,967
Algerian dinar	27,317	51,949
Czech koruna	22,322	24,771
Romanian leu	21,532	27,037
Other European currencies	1,320	1,853
Latin America (various currencies)	61,544	27,645
Rest	52,679	76,515
Total	**1,222,109**	**1,218,544**

18. Equity

The accompanying Statement of Changes in Total Equity at 31 December 2020 and 2019 shows the evolution of equity attributed to the shareholders of the Parent Company and non-controlling interests in the respective years.

The Ordinary General Shareholders' Meeting held on 2 June 2020 resolved to distribute a scrip dividend by issuing new ordinary shares with a par value of 1 euro each, without a share premium, of the same class and series as the existing shares in circulation. This resolution also included an offer by the company to acquire the free allocation rights at a guaranteed price.

At its meeting on 8 June 2020, following the General Shareholders' Meeting, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to execute the scrip dividend distribution resolution adopted by the Shareholders' Meeting, the most significant characteristics of which are described below:

- Maximum value of the scrip dividend: 156,905,930.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euro per share.
- The number of free allotment rights required to receive a new share was set at 23. Shareholders who chose this option also received a compensatory cash dividend of 0.624 euro for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights on 22 June 2020, holders of 387,361,229 (98.75%) rights had chosen to receive new shares, while shareholders holding 4,903,597 rights opted to accept the company's offer to acquire their rights at the guaranteed price. Accordingly, a total of 16,841,792 bonus shares with a nominal value of 1 euro were issued, representing 4.29% of the share capital prior to the increase. The compensation mechanism described in the previous paragraph led to a Group disbursement of 10,475 thousand euros on 8 July 2020. The remaining 1.25% chose to collect in cash, which meant an additional cash outflow for the Group of 1,961 thousand euros, an amount that was paid on 24 June 2020.
- On 2 July 2020, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Mercantile Registry.

In addition, the Ordinary General Shareholders' Meeting held on 8 May 2019 resolved to distribute a scrip dividend, as follows:

- Maximum value of the scrip dividend: 151,530,202.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euro per share.
- The number of free allotment rights required to receive a new share was set at 28. Shareholders who chose this option also received a compensatory cash dividend of 0.638 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights on 28 May 2019, holders of 376,300,974 (99.33%) rights had chosen to receive new shares, while shareholders holding 2,524,532 rights had opted to accept the company's offer to acquire their rights at the guaranteed price. Pursuant to the foregoing, a total of 13,439,320 bonus shares with a nominal value of 1 euro were issued, representing 3.55% of the share capital prior to the increase.

On 29 June 2020, the investee company FCC Aqualia, S.A. acquired an additional 2% stake in Aquos el Realito, SA de CV, in which it previously held 49% and was consolidated by the equity method, giving the Group a 51% stake (Note 5). The aforementioned acquisition allowed Aquos el Realito, SA de CV to be controlled and fully consolidated, with 8,671 thousand euros posted under "Minority interests" in the attached consolidated balance sheet.

In July 2020, FCC Medio Ambiente UK, SL agreed to sell Icon Infrastructure Partners a minority percentage of 49% of the capital of its subsidiary Green Recovery Projects Limited (Note 5). The operation posted 60,718 thousand euros under "Minority interests" and 74,215 thousand euros in reserves. Valuation adjustments increased by 55,300 thousand euros as the proportional part of the aforementioned adjustments prior to the sale was attributed to minority interests.

At 31 December 2019, "Distribution of dividends" on the Statement of Changes in Total Equity showed a decrease of 44,100 thousand euros under "Non-controlling interests", attributable to the distribution of dividends approved by FCC Aqualia, S.A.

The takeover of Shariket Tahlya Mostaganem, S.p.a. and the Cedinsa group (Notes 5, 12 and 27) took place in 2019, occasioning a switch to full consolidation instead of the equity method in the past. These operations booked non-controlling interests in the amounts of 136,998 and 111,727 thousand euros respectively. Furthermore, in April 2019, FCC Aqualia, S.A. acquired a 49% share in AquaJerez, S.L., over which it already had control with a 51% holding (note 5). As this transaction involved equity, the difference between the acquisition price and the value of the net assets acquired was recognised directly against equity, representing a loss of 17,311 thousand euros in reserves in the consolidated financial statements.

The rest of the "Other changes in equity" in the attached Statement of Total Changes in Equity basically includes the distribution of the results obtained by the Group in the previous year.

I. Equity attributable to the Parent Company

a) Capital

The share capital of Fomento de Construcciones y Contratas, S,A. comprises 409,106,618 ordinary shares represented through book entries with a nominal value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the share capital of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

On 10 June 2020, Samede Inversiones 2010, SL, controlled 100% by Ms. Esther Koplowitz Romero de Juseu, transferred the 100% stake that it held in Dominum Dirección y Gestión, SL, which in turn owns FCC shares representing 15.43% of the capital, to Control Empresarial de Capitales, SA de CV.

On 27 November 2020, Dominum Dirección y Gestión, S.L. transferred shares in FCC representing 7% of its share capital to Finver Inversiones 2020, S.L.U.

Following the aforementioned changes, in relation to the part of the capital held by other companies, directly or through its subsidiary companies, when it is more than 10%, according to the information provided, the company Control Empresarial de Capitales, S.A. de C.V. (acquiring company of Inversora Carso, S.A. de C.V.), controlled by the Slim family, holds 69.61% directly and indirectly, at the date on which these statements were drawn up. Furthermore, as indicated in the previous paragraph, the company Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 7% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.536% of the capital. Esther Koplowitz Romero de Juseu also holds 133,269 direct shares in Fomento de Construcciones y Contratas, S.A.

b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2020 and 2019 is as follows:

	2020	2019
Reserves of the Parent	1,441,078	1,230,126
Consolidation reserves	469,660	371,158
	1,910,738	**1,601,284**

b.1) Reserves of the Parent

This corresponds to the series of reserves set up by Fomento de Construcciones y Contratas, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions.

The breakdown at 31 December 2020 and 2019 is as follows:

	2020	2019
Share premium	1,673,477	1,673,477
Legal reserve	78,453	75,765
Reserve for redeemed capital	6,034	6,034
Voluntary reserves and losses from previous years	(316,886)	(525,150)
	1,441,078	**1,230,126**

Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

As a result of the capital increase arising from the scrip dividend mentioned at the start of this note, the Board of Fomento de Construcciones y Contratas, S.A. decided to provide an additional amount of 3,368 thousand euros as legal reserve in the distribution of 2020 profit.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002 and 2008 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

Voluntary reserves

Reserves for which there is no type of limitation or restriction on their availability, freely constituted through profits and capital gains of the Parent Company once the distribution of dividends has been applied and the provision to legal reserve or other unavailable reserves in accordance with the current legislation.

b.2) Consolidation reserves

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 “Consolidated financial statements”, those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 “Employee benefits”, this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2020 and 2019 is as follows:

	2020	2019
Environment	130,288	147,827
Water	145,213	86,704
Construction	29,715	83,579
Cement	36,416	36,119
Corporation	128,028	16,929
	469,660	**371,158**

c) Shares and equity interests

This heading includes the Parent Company shares owned by this or other Group companies valued at the cost of acquisition.

The Board of Directors and the subsidiaries are authorised by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. to buy back treasury shares within the limits and pursuant to the requirements set out in Article 144 et seq. of the Capital Companies Law.

The movement and balance of treasury shares at 31 December are set out below:

Balance at 31 December 2018	**(11,723)**
Acquisitions	(4,345)
Balance at 31 December 2019	**(16,068)**
Acquisitions	(1,944)
Balance at 31 December 2020	**(18,012)**

	2020		2019	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	1,544,773	(18,012)	1,250,837	(16,068)
TOTAL	**1,544,773**	**(18,012)**	**1,250,837**	**(16,068)**

As at 31 December 2020, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.38% of the capital stock (0.32% as of 31 December 2019).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2020 and 2019 was as follows:

	2020	2019
Changes in the fair value of financial instruments	(125,966)	(123,851)
Translation differences	(149,733)	(169,072)
	(275,699)	**(292,923)**

d.1) Changes in the fair value of financial instruments:

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (Note 14) and of cash flow hedging derivatives (Note 23) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2020 and 2019 is as follows:

	2020		2019	
Financial assets at fair value with changes in other comprehensive income		7,785		7,739
Vertederos de Residuos, S.A.	7,657		7,657	
Rest	128		82	
Financial derivatives		(133,751)		(131,590)
Concessió Estacions Aeroport L9, S.A. (Note 4)	(83,369)		(79,230)	
Cedinsa Group (note 4)	8,054		6,555	
Urbs Iudex et Causidicus, S.A. (Note 4)	(29,749)		(31,934)	
FCC Group - PFI Holdings	(9,479)		(9,004)	
Green Recovery Group	(7,236)		–	
Ibisan Sociedad Concesionaria, S.A.	(2,429)		(2,798)	
FM Green Power Investments, S.L,	(2,181)		(5,203)	
Rest	(7,362)		(9,976)	
		(125,966)		**(123,851)**

d.2) Conversion differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2020 and 2019 is as follows:

	2020		2019	
European Union:				
FCC Environment Group (UK)	(55,100)		(143,381)	
Green Recovery Group (Note 5)	(52,281)		–	
Dragon Alfa Cement Limited	(3,453)		(3,152)	
Rest	(15,091)	(125,925)	(3,946)	(150,479)
United States of America:				
FCC Group Construcción de América	11,911		6,924	
Giant Cement Holding, Inc.	(2,526)		(1,458)	
Rest	(6,354)	3,031	890	6,356
Egypt:				
Orasqualia Devel. Waste T.P. S.A.E.	(6,380)		(5,921)	
Egypt Environmental Services, S.A.E.	(3,764)		(3,664)	
Rest	(2,725)	(12,869)	(1,537)	(11,122)
Tunisia				
Societé des Ciments d'Enfidha	(25,927)		(24,769)	
Rest	(833)	(26,760)	(844)	(25,613)
Latin America:				
FCC Group Construcción de América	2,790		3,443	
Rest	9,366	12,156	3,238	6,681
Other Currencies				
Rest	634	634	5,105	5,105
		(149,733)		**(169,072)**

The main change in this heading in 2020 was due to the sale of 49% of the subsidiary Green Recovery Projects Limited, which led to an increase in translation differences for an amount of 47,938 thousand euros as the part proportional to minority interests (Note 5).

The net investment before deducting non-controlling interests in currencies other than the euro (converted to euros in accordance with note 3.j), grouped by geographic markets is as follows:

	2020	2019
United Kingdom	287,053	301,710
Algeria	146,935	185,222
Latin America	124,810	104,967
Czech Republic	70,126	71,012
United States of America	67,082	56,570
Rest	109,425	148,975
	805,431	**868,456**

e) Earnings per share

The basic earnings per share is obtained as a quotient between the profit/(loss) attributed to the Parent Company and the weighted average of ordinary shares outstanding during the year, the result per share being 0.66 euros in 2020 (0.69 euros in 2019).

	2020	2019
Profit/(loss)		
Attributed profit/(loss) parent	262,179	266,704
Outstanding shares		
Weighted average shares	399,978,217	385,001,230
Earnings per share (in euros)	**0.66**	**0.69**

As at 31 December 2020 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

II. Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those companies in which the Group's non-controlling shareholders have ownership interests.

The breakdown of the balance of non-controlling interests of the main companies at the close of 2020 and 2019 is as follows:

	Equity			
	Capital	Reserves	Results	Total
2020				
FCC Aqualia Group	71,050	283,182	67,884	422,116
Cedinsa Group	118,912	(14,260)	4,611	109,263
Green Recovery Group (Note 5)	5	59,175	306	59,486
Cementos Portland Valderrivas Group	1,869	17,955	2,370	22,194
Rest	6,844	(5,772)	6,250	7,322
	198,680	**340,280**	**81,421**	**620,381**
2019				
FCC Aqualia Group	71,050	246,028	67,003	384,081
Cedinsa Group	118,912	(6,824)	(361)	111,727
Cementos Portland Valderrivas Group	2,145	19,486	1,348	22,979
Rest	5,701	(7,221)	5,230	3,710
	197,808	**251,469**	**73,220**	**522,497**

The main variation in this heading is due to the sale of 49% of the capital of the subsidiary Green Recovery Projects Limited mentioned above (Note 5).

In 2019, Shariket Tahlya Mostaganem, S.p.a and the Cedinsa group were taken over, leading to the recognition of minority interests in the amounts of 136,998 and 111,727 thousand euros respectively.

19. Non-current and current provisions

The detail of the provisions at 31 December 2020 and 2019 is as follows:

	2020		2019	
Non-current		**1,064,384**		**1,130,199**
Liabilities for long-term employee benefits	24,347		21,649	
Dismantling, removal and restoration of fixed assets	98,496		100,250	
Environmental actions	261,913		256,547	
Litigation	53,548		164,727	
Contractual and legal guarantees and obligations	70,769		66,149	
Actions to improve or expand the capacity of concessions	167,280		194,172	
Other provisions for risks and expenses	388,031		326,705	
Current		**195,152**		**249,581**
Close-outs and losses on construction contracts	175,456		226,898	
Other provisions	19,696		22,683	

The changes in the provisions heading in 2020 and 2019 were as follows:

	Non-current provisions	Current provisions
Balance at 31/12/2018	**1,161,989**	**209,264**
Asset withdrawal or dismantling expenses	8,952	–
Change of obligations for employee benefits for actuarial profits and losses	4,262	–
Actions to improve or expand the capacity of concessions	10,993	–
Endowments/(Reversals)	16,740	65,567
Applications (payments)	(116,886)	(55,862)
Change of scope, conversion differences and other movements	44,149	30,612
Balance at 31/12/2019	**1,130,199**	**249,581**
Asset withdrawal or dismantling expenses	11,180	–
Change of obligations for employee benefits for actuarial profits and losses	4,889	–
Actions to improve or expand the capacity of concessions	34,442	–
Endowments/(Reversals)	86,053	(4,943)
Applications (payments)	(111,568)	(46,699)
Change of scope, conversion differences and other movements	(90,811)	(2,787)
Balance at 31/12/2020	**1,064,384**	**195,152**

Within the “allocations (reversals)” item, the allocations for environmental actions for 35,844 thousand euros (35,324 thousand euros as at 31 December 2019) are noteworthy, as well as provisions for future replacement actions or major repairs in concessions for 23,485 thousand euros (19,199 thousand euros as at December 2019).

December 2019) for environmental actions, and for replacement actions and major repairs in concessions, respectively, which affects the "Other receipts/(payments) of operating activities" in the Consolidated Statement of Cash Flows. Moreover, 12,419 thousand euros (14,044 thousand euros as of 31 December 2019), and 9,112 thousand euros (10,027 thousand euros as of 31 December 2019) are included for action to improve or expand capacity in concessions, and provisions for the dismantling and removal of fixed assets, respectively. These amounts have an impact on the "Payments for investments of property, plant and equipment, intangible assets and real estate investments" heading of the Consolidated Statement of Cash Flows.

The movement of current provisions is mainly due to losses from works in the Construction activity.

The heading "Changes in scope, translation differences and other movements" includes 59,716 thousand euros as a result of the transfer to non-current liabilities held for sale of provisions belonging to the Cedinsa subgroup (Note 4).

The provisions contained in the accompanying consolidated balance sheet are considered to hedge liabilities that may arise in the development of the various activities of the Group.

The schedule of expected payments at 31 December 2020, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	More than 5 years	Total
Liabilities for long-term employee benefits	3,466	20,881	24,347
Dismantling, removal and restoration of fixed assets	68,413	30,083	98,496
Environmental actions	46,279	215,634	261,913
Litigation	35,695	17,853	53,548
Contractual and legal guarantees and obligations	46,404	24,365	70,769
Actions to improve or expand the capacity of concessions	84,723	82,557	167,280
Other provisions for risks and expenses	242,555	145,476	388,031
	527,535	**536,849**	**1,064,384**

Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 25.

Dismantling, removal and restoration of fixed assets

The "Expenses for the withdrawal or dismantling of assets" item includes the counterpart of the highest asset value corresponding to the updated value of the expenses that will be incurred at the time the asset stops being used.

Actions to improve or expand the capacity in concessions

The "Actions to improve or expand the capacity of concessions" item includes both the counterpart of the highest value of fixed and non-current assets corresponding to the updated value of the actions on the infrastructure that the concessionaire will carry out during the concession period for improvements and capacity expansion, as well as the cost of future replacement actions or major repairs in concessions of the intangible model.

Environmental actions

The FCC Group develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities the Group carries out.

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2020, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 29 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Aqualia Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. Any litigation, which may be significant in number according to estimates made on its final outcome, is not expected to have an impact on the Group's equity.

Appeal proceedings against the sale of Alpine Energie Holding AG terminated in March 2020.

Contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provision for settlement and loss of works

Relating to the losses budgeted for in works in accordance with the valuation principles set forth in note 3.r) and to the expenses derived from the time they are completed until they are paid in full, systematically determined according to a percentage of the value of the output throughout the execution of the works according to the experience in the construction activity.

Other provisions for risks and expenses

This heading includes those items not included in the previous denominations, including certain provisions related to Alpine for 24,384 thousand euros, which are discussed in greater detail in the following paragraphs.

The amount of the Other provisions for risks and expenses not related to Alpine covers various risks arising from the Group's activity to which it is exposed in the normal course of its business, mainly construction defects or discrepancies in the services provided for the amount of 194,964 thousand euros (149,419 thousand euros as at December 2019), as well as tax claims amounting to 28,874 thousand euros (14,707 thousand euros as at December 2019). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or implicit obligations in relation to the investment in the associate, for an amount of 33,933 thousand euros (48,277 thousand euros at December 2019), with the remaining provisions being less relevant and related to the normal operation of the Group.

In relation to the provisions and risks arising from the winding up of the Alpine Group, 2020 saw no significant changes in terms of the amount reported in the Group's 2019 Financial Statements.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company, and liquidation of the company commenced on 25 June 2013. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, declaring AH's bankruptcy and liquidation.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, thereby interrupting consolidation.

On the reporting date, the administrators recognised liabilities of approximately EUR 1,669 million in AB and EUR 550 million in AH as part of the corresponding receivership proceedings. The current share in the AB bankruptcy assets amounts to 15%, whereas in AH's bankruptcy the bankruptcy administrator has not been able to estimate or determine the share.

Immediately after the bankruptcy of both companies, in July 2013 a bondholder filed a complaint with the Central Public Prosecutor's Office for Economic Crimes and Corruption (Wirtschafts- und Korruptions-Staatsanwaltschaft). This not only gave rise to the opening of criminal proceedings in July 2013 (for alleged fraud, criminal bankruptcy, and concealment of assets) in which some 480 private prosecutions, mainly relating to bondholders, (Privatbeteiligte) were filed, alleging damages totalling 378 million euros plus legal interest, but also other proceedings brought by the insolvency administrators against the auditors, against FCC Construcción S. A. and against various executives and proceedings brought by the bondholders against the banks mediating in the acquisition of bonds. In 2010, 2011 and 2012, AH carried out three bond issues admitted for trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of 290 million euros.

In the context of all these legal proceedings, various reports were issued in order to determine the date on which AB and AH were presumed bankrupt. Therefore, in September 2014, the firm BDO Financial Advisory Services GmbH issued a report at the request of the insolvency administrators of AH and AB, according to which AB had been in insolvency at least since October 2010. Subsequently, in July 2015, the court dealing with AB's bankruptcy granted the insolvency administrator's request to commission a report to determine the date on which AB was deemed to be in a situation of over-indebtedness with insolvency relevance. The expert appointed was Mr Schima who, on the basis of the report of BDO, a firm of which he was still a partner at the date of the report, came to the same conclusions, stating that AB had been insolvent since October 2010. Contrary to these conclusions maintained by the bankruptcy administrators and used in various legal proceedings, other expert reports were issued in the various proceedings, such as that of Mr Konecny for the Anti-Corruption Prosecutor's Office, that of AKKT for the Banks, Ms Ponesch Urbanek as an expert witness in the lawsuit brought by the banks against the Austrian tax authorities for the loans given to Alpine under State guarantee, Mr Wundsam as court expert in the proceedings brought by the bankruptcy administrator against Deloitte Audit Wirtschaftsprüfungs GmbH, Mr Rohatschek for this company and E&Y for FCC, all of which differ from the conclusions reached by BDO/Schima.

In particular, in 2017, the anti-corruption prosecutor's expert, a Doctor of Law and an Audit Expert, issued his fourth and final report. The expert's reports concluded that (i) there had been no concealment of assets; (ii) it could not be said that there had been fraud in the individual financial statements of AB and AH and the consolidated financial statements of AH; and (iii) the date of definitive insolvency of AB and AH was 18 June 2013. Together with the 3 reports that preceded it, this report contributed to a large extent to the dismissal of the criminal proceedings opened by the Anti-Corruption Prosecutor's Office.

In July 2019, the Vienna Supreme Court of Justice dismissed in their entirety the various appeals lodged by bondholders and other private prosecutors against the closure of the preliminary proceedings.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and certain of its operating subsidiary companies to bid for and/or be awarded work contracts. As of 31 December 2020, provision for this item amounted to 24,384 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. As at 31 December 2020, two sets of commercial proceedings and one set of employment proceedings were still in progress, affecting FCC either directly or indirectly:

1) In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were allegedly provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. The bankruptcy administrator filed an appeal for procedural defects in September 2018, which was challenged by FCC Construcción S.A. in October 2018.

2) In April 2019, the Provincial Court of Vienna handed down a decision in which it upheld the procedural defect in the taking of testimony given by the claimant, and ordered the remand of the proceedings with the indication that said testimony be taken and that a judgment be handed down in accordance with the result. In May 2019, FCC lodged an appeal against this ruling at the Supreme Court, which confirmed in April 2020 the need to return the case files to the Court of First Instance so that the witness evidence could be taken in person before the Judge of First Instance. These witness statements have been scheduled for June 2021, unless developments in the pandemic caused by Covid-19 make transfers and courtroom proceedings inadvisable.

3) In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which the bankruptcy administrator made a joint and several claim against the former finance director at Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of 19 million euros for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidence phase, and the court expert has issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have had any adverse impact on AB. This report is currently being examined by the parties.

Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The plaintiff argues that this amount represents the damage to the bankruptcy assets caused by the alleged delay in initiating insolvency proceedings. A hypothetical conviction of the administrator could in a remote scenario raise a subsidiary liability of the FCC Group pursuant to the explanation in Note 26 on contingent liabilities.

In relation to these disputes, the FCC Group and its legal advisors do not believe there will be any future outflows of cash prior to the issuance of the financial statements; therefore, no provisions have been set aside, as the Group believes that they represent contingent liabilities (Note 26).

20. Non-current and current financial liabilities

The general policy of the FCC Group is to provide all companies with the most adequate financing for the normal development of their activity.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (Note 23).

In certain financings, and especially in structured financing without recourse, the funder includes a contractual clause stating that there must be some type of interest rate coverage, studying the best hedging instrument according to the profile of the cash flows presented by the project, as well as the debt repayment schedule.

a) Non-current and current obligations and loans

The breakdown of the issues of current obligations and loans is as follows:

	Non-current	Current	Total
2020			
FCC Aqualia, S.A.	1,350,000	15,301	1,365,301
FCC Servicios Medio Ambiente Holding, S.A.U.	1,094,868	123,107	1,217,975
Fomento de Construcciones y Contratas, S.A.	–	302,300	302,300
Smvak	205,830	2,460	208,290
FCC Medio Ambiente Reino Unido	130,237	6,178	136,415
	2,780,935	**449,346**	**3,230,281**
2019			
FCC Aqualia, S.A.	1,350,000	15,227	1,365,227
FCC Servicios Medio Ambiente Holding, S.A.U.	1,093,658	1,042	1,094,700
Fomento de Construcciones y Contratas, S.A.	–	300,000	300,000
Smvak	212,537	2,541	215,078
FCC Medio Ambiente Reino Unido	144,150	5,794	149,944
	2,800,345	**324,604**	**3,124,949**

The details of the non-current and current obligations and loans formalised by the Group are detailed below:

- On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. One for 700 million euros, with an annual remuneration of 1.413% and due in 2022, and the second for 650 million euros, with an annual remuneration of 2.629% and due in 2027.

  Both issues have the following guarantees:

  – Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplan 11, S.A. and Aigues de Vallirana, S.A. Unipersonal, and 97% of the shares of Entemanser, SA.

  – Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech, S.L.

  – Pledge on 98% of the shares of Acque di Caltanisseta S.p.A., pending formalisation to extend the pledge to 99.5%; and on 100% of Aqualia Mexico, SA de CV.

  – Pledge on the collection rights over certain accounts.

  The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch rating agency. This rating was ratified on 17 September 2020, with an upward review of its outlook from Stable to Positive.

  The balance as of 31 December 2020 for this item amounts to 1,365,301 thousand euros (1,365,227 thousand euros in 2019), including 15,301 thousand euros for accrued and unpaid interest (15,227 thousand euros in 2019).

  At 31 December 2020, the 700 million euro bond was listed at 101.556% and the 650 million euros bond was listed at 109.341%.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two simple bond issues. One for 600 million euros, with an annual remuneration of 0.815% and due in 2023, and the second for 500 million euros, with an annual remuneration of 1.661% and due in 2026.

  Both issues have the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

  Both bonds were issued and circulated in December 2019, and they were admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on 3 December 2020, with a stable outlook.

  Both issues have an opinion by an independent institution, CICERO Shades of Green, stating that the governance procedures of the Company were rated as “Good” and the Bond issues were rated as “Light Green” issues. On the anniversary of the issue, November 2020, certification body DNV GL confirmed that some 75% of the total funds obtained had already been applied to eligible and sustainable environmental projects.

  The balance as of 31 December 2020 for this item amounts to 1,096,075 thousand euros (1,094,700 thousand euros in 2019), including 1,207 thousand euros for accrued and unpaid interest (1,042 thousand euros in 2019).

  At 31 December 2020, the 600 million euro bond was listed at 102.082% and the 500 million euros bond was listed at 105.227%.

  Likewise, in July 2020 FCC Servicios Medioambiente Holding, S.A.U. registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market (Euronext Dublin) in the amount of 300 million euros, at a fixed interest rate and maximum maturity one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

  At 31 December 2020 the outstanding balance on this programme was 121.9 million euros, with maturities ranging from 3 to 5 months.

- Fomento de Construcciones y Contratas, S.A. has had a promissory note programme, Euro Commercial Paper Programme (ECP), registered since November 2018 on the Irish stock exchange (Euronext Dublin) for a maximum amount of 600 million euros as at December 2020, at a fixed interest rate and with a maximum maturity of one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet general financial need of major Group companies.

As of 31 December 2020, the outstanding balance was 302,300 thousand euros (300,000 thousand euros at 31 December 2019), distributed between different maturity terms, from 2.5 to 6 months.

- Severomoravské Vodovody a Kanalizace Ostrava, A.S. (Smvak) issued a local bond in July 2015 to repay another one issued in 2005, with its main characteristics being a fixed rate, a term of 7 years and for an amount of 5,400,000 thousand CZK, with a coupon of 2.625% and with an investment grade rating from the Fitch rating agency.

  The balance at 31 December 2020 covered by this item amounts to 208,290 thousand euros (as of 31 December 2019 it was 215,078 thousand euros), including 2,460 thousand euros of accrued and unpaid interest (2,541 thousand euros in 2019). The price of these obligations as of 31 December 2020 was 99.354%.

  There is no collateral for this issue.

- In the context of the Azincourt refinancing process carried out in June 2018, FCC Medio Ambiente Reino Unido issued debt in the total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

  One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4.145%, both due on 17 June 2038. 5,136 thousand pounds were repaid in 2020.

  The guarantees of this issue are detailed in section 3. of this note.

  The balance as of 31 December 2020 for this item amounts to 136,415 thousand euros (149,944 thousand euros in 2019).

b) Non-current and current bank borrowings

The breakdown at 31 December 2020 and 2019 is as follows:

	Non-current	Current	Total
2020			
Credits and loans	20,011	156,079	176,090
Debts without recourse to the parent	204,697	19,690	224,387
Debts with limited recourse for project financing	382,891	36,652	419,543
FCC Medio Ambiente Reino Unido	178,886	10,516	189,402
Aquajerez	52,946	4,730	57,676
Rest	151,059	21,406	172,465
	607,599	**212,421**	**820,020**
2019			
Credits and loans	61,679	27,196	88,875
Debts without recourse to the parent	379,343	42,058	421,401
Debts with limited recourse for project financing	878,245	86,146	964,391
Cedinsa Group	533,925	21,143	555,068
FCC Medio Ambiente Reino Unido	198,263	53,663	251,926
Rest	146,057	11,340	157,397
	1,319,267	**155,400**	**1,474,667**

The previous table shows three different Debt groups:

1. Credits and loans

In December 2019, Fomento de Construcciones y Contratas, S.A. made a voluntary early repayment of all syndicated financing signed in 2018 in the amount of 1.2 billion euros. This repayment was made using a large part of the funds obtained from the issuance of FCC Servicios Medioambiente Holding S.A.U. bonds explained in the previous section, along with funds from new bilateral lines signed up.

This operation enabled FCC to successfully complete a debt reduction and financial reorganisation process initiated five years ago, with which it has achieved a much more solid and efficient capital structure, with amounts, terms and financing costs in line with the nature of its different business areas (Note 30).

As of 31 December 2020, as in 2019, this section mainly includes the financing facilities of FCC, SA in the form of credit policies and bilateral loans signed in the amount of 648.5 million (500 million euros at 31 December 2019) with different local financial institutions. At 31 December 2020, the balance drawn down from these loans was 175 million euros (87 million euros at 31 December 2019).

2. Debts without recourse to the parent

Item that mainly incorporates the financing corresponding to the Cementos Portland Valderrivas (CPV) group.

CPV financing is implemented in a senior financing contract for an original amount of approximately 455.7 million euros, which includes partial maturities and a final maturity of five years (July 2021). On 29 July 2020, a contract for the novation and ratification of guarantees was signed in which a new repayment schedule was included to extend the last instalment payable on 29 July 2021, i.e. to 29 July 2022, and adapt the financial covenants.

The interest rate applicable to this loan is Euribor plus a differential of 2.43%, with the possibility of reduction depending on the performance of the leverage.

During the financial year 2020, debt was repaid in advance voluntarily for a total amount of 119.2 million euros, 108.2 million euros on account of the repayment instalments planned for the financial year 2021 and the final instalment.

As of 31 December 2020, the entire debt balance had been classified as non-current and the total outstanding balance of this loan amounts to 115.5 million euros (234.7 million euros as of 31 December 2019).

This financing requires compliance with a series of financial ratios until its maturity. As of 31 December 2020, the required ratios were met, and since the Gross Debt Financing / EBITDA Ratio is less than 2x, the interest rate margin in 2021 will fall from 2.43% to 2% per year.

CPV also has a subordinated financing contract for an original amount of 79.5 million euros, maturing 6 months after the expiry of the senior financing contract. On 29 July 2020, in parallel to signature of the novation of the senior financing contract, a modifying agreement was signed to the agreement signed on 29 July 2016, in which the extension of maturity was agreed, setting it at 78 months from the date of the contract, that is, as of 29 January 2023.

At 31 December 2020 and 2019, the outstanding balance of this loan is 70.4 million euros.

As at 31 December 2020, the guarantees granted in relation to said financing only affect shares of CPV Group investees.

The rest of the debt in this section is accounted for by the debt of the Water area and the Services area, mainly from the FCC Environment CEE subgroup.

Additionally, at 31 December 2020 FCC Medio Ambiente SAU and the FCC Environment CEE subgroup held signed and undrawn credit agreements in the amounts of 323.5 and 32.9 million euros, respectively.

3. Debts with limited recourse for project financing

Covering all financings that are only guaranteed by the project itself and by its cash generation capacity, which will bear the total payment of the debt service and which, under no circumstance, will be guaranteed by the Fomento de Construcciones y Contratas, S.A. parent company or any other company of the FCC Group.

As of 31 December 2020, this section does not include the Cedinsa Group's debt, which as of 31 December 2019 amounted to 555,068 thousand euros, as a result of its transfer to non-current assets held for sale (Note 4).

- FCC Medio Ambiente Reino Unido. The full debt of Azincourt Investment, S.L. was repaid in 2019 (a company wholly owned by FCC, SA, and in turn holding 100% of the shares of FCC Environment UK). The company currently has a revolving line of credit in the amount of 30 million pounds, not drawn down as at 31 December 2020.

  In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued debt in the amount of 207.4 million pounds. This debt has a term of 20 years (maturing on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145 million pounds described in section a) of this note, and a commercial tranche of 62.4 million pounds. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project.

  2.2 million pounds were repaid from commercial tranche in 2020.

  Being project funding, the financing of FCC Energy includes the standard guarantees for this type of financing, such as the pledging of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

  In October 2016, FCC Environment signed a 142 million pound contract to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC) in Midlothian, located on the outskirts of Edinburgh. The plant originally had two syndicated loans, one amounting to 75.71 million pounds, repayable in August 2042, and another for 36.9 million pounds which came due in May 2020. The margins of the loan due to be repaid in 2042 range from 3% to 3.5%. At the end of 2020, the debt drawn down from the project was 72.8 million pounds corresponding to the syndicated loan due to be repaid in 2042.

  By way of a summary of the foregoing, at 31 December 2020, of the total FCC Medio Ambiente Reino Unido debt with credit institutions, FCC Energy Ltd accounts for 58.8 million euros, and FCC E&M (Edinburgh) for 80.0 million euros; the rest of the debt with limited resource for project financing, up to the total amount of 189.4 million euros, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- The financing of Aquajerez, SL was signed in 2016 and amounted to 40 million euros, with a term of 15 years with semi-annual repayments from January 2017. During 2019 FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial credit to 65 million euros. As of 31 December 31 2020, this debt amounts to 57.7 million euros (61.9 million in 2019).

  This financing is associated with a mandatory interest rate hedging of 15 years on 70% of the nominal, as shown in note 23 of derivative financial instruments. This hedging was also renewed in line with the credit increase.

- "Rest of Debts with limited recourse for project financing" includes companies with project financing from the Water areas - Aquos El Realito, SA de CV with 40.3 million euros; Servicios Medioambientales, Gipuzkoa Ingurumena Bi, S.A. with 24.5 million euros; and Concessions, Autovía Conquense, SA with 26.9 million euros.

As at 31 December 2020 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2021.

The guarantees granted on these loans are real and are based on the financed assets that repay the debt with own flows, without additional guarantees granted by the Parent Company to pledge the shares in the vehicle companies that own the aforementioned financial assets that may have been granted.

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2020 and 2019 is as follows:

	Euros	US dollars	Pounds Sterling	Czech koruna	Rest	Total
2020						
Credits and loans	175,227	851	–	–	12	176,090
Debt without recourse to the parent	206,877	507	–	8,741	8,263	224,388
Debts with limited recourse for project financing	128,376	–	189,402	–	101,765	419,543
	510,480	**1,358**	**189,402**	**8,741**	**110,040**	**820,021**
2019						
Credits and loans	87,252	1,623	–	–	–	88,875
Debt without recourse to the parent	341,256	–	–	7,206	72,939	421,401
Debts with limited recourse for project financing	695,428	–	251,926	–	17,037	964,391
	1,123,936	**1,623**	**251,926**	**7,206**	**89,976**	**1,474,667**

Credits and loans in US dollars mainly finance assets in the Construction and Services area; those contracted in sterling correspond to the asset financing of FCC Medio Ambiente UK; those contracted in CZK finance the operations of FCC Environment CEE in the Czech Republic; and in the rest of currencies, the financing of Aquos El Realito, SA de CV in Mexican pesos for an amount of 40,309 thousand and Shariket Tahlya Mostaganem, S.p.A. in Algerian dinars for the amount of 32,903 thousand euros.

c) Other non-current financial liabilities

	2020	2019
Non-current		
Lease debt (Note 10)	376,487	405,391
Third party financial debts outside the group	115,374	282,887
Derivative financial liabilities (Note 23)	38,504	168,171
Deposits and guarantees received	41,990	39,788
Other concepts	16,399	14,421
	588,754	**910,658**

The decrease in "Third party financial debts outside the group" at 31 December 2020 is mainly due to the transfer to non-current liabilities held for the sale of the financial debt of the Cedinsa Group companies with the Generalitat de Catalunya, in the amount of 206,466 thousand euros as of 31 December 2019 (Note 4).

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps. The decrease with respect to the previous period is noteworthy as the derivatives of the Cedinsa Group are not incorporated as a consequence of the aforementioned transfer to non-current liabilities held for sale (Notes 4 and 23).

d) Other current financial liabilities

	2020	2019
Current		
Lease debt (Note 10)	68,599	78,985
Interim dividend payable	18,457	1,536
Third party financial debts outside the group	22,008	24,987
Suppliers of fixed assets and bills payable	35,002	31,332
Debts with associated companies and joint ventures	4,120	4,366
Derivative financial liabilities (Note 23)	5	3,033
Deposits and guarantees received	60,772	53,456
Other concepts	3,713	5,912
	212,676	**203,607**

"Guarantees and deposits received" includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, owned by a company linked to the majority shareholder of the Parent Company. The sale is subject to conditions precedent, not fulfilled at the date of formulation of these consolidated annual accounts.

e) Schedule of expected due dates

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

	2022	2023	2024	2025	2026 and beyond	Total
2020						
Debt instruments and other marketable securities	911,407	618,999	6,679	7,175	1,236,675	2,780,935
Non-current bank borrowings	186,201	119,395	36,593	27,066	238,344	607,599
Other financial liabilities	72,170	40,317	36,983	39,701	399,583	588,754
	1,169,778	**778,711**	**80,255**	**73,942**	**1,874,602**	**3,977,288**

f) Changes in financial liabilities that affect cash flows from financing activities

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

			With no impact on cash flows				
	Balance at 1 January 2020	Cash flows from financing activities	Exchange differences	Change in fair value	Change consolidation method	Other changes	Balance at 31 December 2020
Non-current	**5,030,270**	**(68,305)**	**(60,635)**	**31,320**	**153,446**	**(1,108,808)**	**3,977,288**
Debt instruments and other marketable securities	2,800,345	1,425	(22,177)	–	7,732	(6,390)	2,780,935
Bank borrowings	1,319,267	(96,469)	(32,695)	–	75,144	(657,648)	607,599
Other financial liabilities	910,658	26,739	(5,763)	31,320	70,570	(444,770)	588,754
Current	**683,611**	**(219,865)**	**(7,675)**	**223**	**23,216**	**394,933**	**874,443**
Debt instruments and other marketable securities	324,604	64,981	(703)	–	311	60,153	449,346
Bank borrowings	155,400	(109,815)	(3,454)	–	132	170,158	212,421
Other financial liabilities	203,607	(175,031)	(3,518)	223	22,773	164,622	212,676

			With no impact on cash flows				
	Balance at 1 January 2019	Cash flows from financing activities	Exchange differences	Change in fair value	Change consolidation method	Other changes	Balance at 31 December 2019
Non-current	**3,900,432**	**1,297,983**	**22,309**	**13,372**	**961,856**	**(1,165,682)**	**5,030,270**
Debt instruments and other marketable securities	1,702,631	1,092,639	9,981	–	–	(4,906)	2,800,345
Bank borrowings	1,988,629	172,347	17,328	–	592,864	(1,451,901)	1,319,267
Other financial liabilities	209,172	32,997	(5,000)	13,372	368,992	291,125	910,658
Corrientes	**380,902**	**(1,529,516)**	**5,253**	**11,123**	**32,142**	**1,783,707**	**683,611**
Obligaciones y otros valores negociables	23,308	255,211	318	–	–	45,767	324,604
Deudas con entidades de crédito	211,455	(1,592,587)	958	–	20,277	1,515,297	155,400
Otros pasivos financieros	146,139	(192,139)	3,977	11,123	11,865	222,642	203,607

In 2020, the decrease in "Other movements" mainly addresses the transfer to non-current liabilities held for sale of the Cedinsa subgroup (Note 4) in the amount of 861,282 thousand euros.

In 2019, "Change consolidation method" shows 918,137 thousand euros contributed by the Cedinsa Group and 52,805 thousand euros contributed by Shariket Tahlya Miyah Mostaganem, S.p.A. as a result of the full consolidation method implemented after the takeover (Note 4). In addition, "Other movements" shows the debt arising as a result of the first application of IFRS 16 "Leases" for an amount of 388,462 thousand euros in "Other non-current financial liabilities" and 43,805 thousand euros in "Other current financial liabilities" (Notes 2, 3 and 10).

21. Other non-current liabilities

This heading mainly includes the performance obligations under the Buckinghamshire plant concession (Note 11) arising from the collection of the intangible component according to the conditions established in the contract for the amount of 118,375 thousand euros at 31 December 2020 (128,806 thousand euros at 31 December 2019).

22. Trade and other accounts payable

The breakdown of the "Trade and other accounts payable" heading in the liability side of the balance sheet as at 31 December 2020 and 2019 is as follows:

	2020	2019
Suppliers	1,055,643	1,157,753
Current tax liabilities (Note 24)	8,939	14,951
Other payables to Public Administrations (Note 24)	316,883	287,993
Customer advances (Note 16)	403,626	380,695
Remuneration payable	69,841	71,970
Other payables	418,800	456,598
	2,273,732	**2,369,960**

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, establishing measures to combat late payment in commercial transactions, in 2019 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2020 in the sectors in which the Group operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) Payments to suppliers under agreements entered into by the Group with the public authorities, pursuant to article 228.5 of the CTPSCL, and b) Payments to remaining suppliers under the Second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the "deferral of the payment for objective reasons" taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Group operates.

The Group also acknowledges and pays suppliers, always by mutual agreement, any late-payment interest agreed in the contracts, providing negotiable payment methods accompanied by exchange procedures. Such agreements, aside from being expressly provided for, as mentioned, in the CTPSCL, are admissible under Directive 2011/7/EU, of 16 February, of the European Parliament and the Council.

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of the lines contracted stood at 91,583 thousand euros at 31 December 2020 (90,525 thousand euros at 31 December 2019), and the balance available was 7,830 thousand euros at 31 December 2020 (29,454 thousand euros at 31 December 2019). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014:

	2020	2019
	Días	Días
Average payment period to suppliers	104	101
Ratio of paid operations/transactions	97	94
Ratio of operations/transactions pending payment	126	124
	Amount	Amount
Total payments made	1,429,479	1,600,334
Total payments pending	445,894	446,476

23. Derivative financial instruments

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in note 3) of this Report, that is, they are operations that hedge real positions.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

At 31 December 2020, the fully consolidated FCC Group companies had entered into hedging operations with derivative instruments in the overall notional amount of 335,672 thousand euros (807,271 thousand euros at 31 December 2019), mainly materialised in interest rate swaps (IRS), where Group companies pay fixed rates and receive floating rates.

Below is a breakdown of the hedges and their fair value for companies consolidated by global integration:

	Derived type	Hedging type	% hedge	Notional 31.12.20	Notional 31.12.19	Valuation at 31.12.20	Appreciation at 31/12/19	Due date
Companies consolidated by global integration								
FCC Medio Ambiente S.A.U.	IRS	FE	57%	8,211	9,185	(770)	(1,002)	02/04/2024
	IRS	FE	22%	3,448	3,582	(68)	(81)	02/04/2024
	Option	FE	57%	8,211	9,185	108	31	02/04/2024
RE3 Ltd.	IRS	FE	82%	18,721	21,415	(4,136)	(4,406)	30/09/2029
FCC Energy Ltd.	IRS	FE	100%	9,681	10,646	(1,179)	(748)	17/06/2038
	IRS	FE	100%	60,446	66,450	(7,476)	(4,765)	17/06/2038
FCC Wrexham PFI Ltd.	IRS	FE	95%	17,508	19,538	(5,250)	(5,402)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	FE	50%	7,254	8,226	(998)	(859)	30/09/2032
	IRS	FE	50%	7,254	8,226	(1,004)	(867)	30/09/2032
FCC (E&M) Ltd.	IRS	FE	50%		21,336		28	06/05/2020
	IRS	FE	50%		21,336		28	06/05/2020
	IRS	FE	50%	40,826	44,495	(4,385)	(2,064)	06/05/2042
	IRS	FE	50%	40,826	44,495	(4,475)	(2,186)	06/05/2042
Integraciones Ambientales de Cantabria, S.A.	IRS	FE	75%	3,830	5,926	(158)	(339)	31/12/2022
Aquajerez	IRS	FE	70%	22,708	24,175	(1,143)	(721)	15/07/2031
	IRS	FE	30%	18,145	19,761	(503)	(91)	15/07/2031
Gipuzkoa Ingurumena	IRS	FE	38%	9,378	9,715	(956)	(668)	30/06/2034
	IRS	FE	38%	9,378	9,715	(950)	(642)	30/06/2034
Qatarat	IRS	FE	100%	11,610		(790)		07/06/2026
	IRS	FE	100%	480		(6)		25/03/2021
	IRS	FE	100%	4,816		(206)		28/11/2024
Aquos El Realito S.A. de C.V	IRS	FE	100%	32,941		(3,847)		22/01/2025
Cedinsa Eix. Llobregat	IRS	FE	70%		117,013		(37,113)	01/05/2033
Cedinsa Eix. Transversal	IRS	FE	80%		301,271		(99,078)	30/10/2033
Cedinsa d'Aro	IRS	FE	85%		31,580		(10,065)	01/05/2033
Total global integration				**335,672**	**807,271**	**(38,192)**	**(171,010)**	

At 31 December 2020, this section does not include derivatives of the Cedinsa subgroup companies whose assets and liabilities have been transferred and held for sale (Note 4).

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2020 and broken down in the previous table:

	2021	2022	2023	2024	2025 and beyond
Companies consolidated by global integration	23,759	23,786	22,571	33,724	231,831

At 31 December 2020, the total notional hedging of companies consolidated by the equity method amounted to 186,256 thousand euros (623,984 thousand euros at 31 December 2019) and fair value was (24,874) thousand euros - (175,222) thousand euros at 31 December 2019. The derivatives of the concessionaires detailed in Note 4 are not included in this section.

At 31 December 2020, the hedging of derivatives of companies whose assets and liabilities have been transferred as held for sale (Note 4) had a total notional of 844,043 thousand euros and a fair value of (294,109) thousand euros. The details of the hedges and their fair value are presented below:

	Derived type	Hedging type	% hedge	Notional 31.12.20	Notional 31.12.19	Valuation at 31.12.20	Appreciation at 31/12/19	Due date
Cedinsa Eix. Llobregat	IRS	EF	70%	114,730	117,013	(36,561)	(37,113)	01/05/2033
Cedinsa Eix. Transversal	IRS	EF	80%	291,800	301,271	(96,946)	(99,079)	30/10/2033
Cedinsa d'Aro	IRS	FE	85%	30,943	31,580	(9,777)	(10,065)	01/05/2033
Total integración global				**437,473**	**449,864**	**(143,284)**	**(146,257)**	
Urbs Iudex et Causidicus, S.A.	IRS	EF	100%	59,432	61,676	(39,666)	(42,579)	30/12/2033
Concessió Estacions Aeroport L9	IRS	EF	Various	347,138	353,728	(111,159)	(105,640)	23/12/2033
Total método de la participación				**406,570**	**415,404**	**(150,825)**	**(148,219)**	

The following table details the financial derivatives that companies consolidated using global integration have entered into for hedging purposes, but which cannot be considered as such for accounting purposes:

	Derived type	Hedging type	Notional 31.12.20	Notional 31.12.19	Appreciation at 31.12.20	Appreciation at 31.12.19	Due date
Fully consolidated companies							
FCC Environment CEE GmbH	FX SWAP	ESP	19,938	13,255	(208)	(312)	22/11/2023
Total global integration			**19,938**	**13,255**	**(208)**	**(312)**	

Below are the maturities of the notional amount of those derivatives that do not meet the hedging conditions:

	Notional maturity				
	2021	2022	2023	2024	2025 and beyond
Companies consolidated by global integration	16,160	–	–	3,778	–

The following table provides a reconciliation of the change in the valuation of the derivatives, differentiating hedging from speculative and identifying those amounts that have been recorded in the attached consolidated income statement and those that have been recorded in "Other comprehensive income" of the consolidated statement of recognised income and expense:

	Balance at 1 January 2019	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the profit and loss statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2019
2020							
Hedging	**(171,010)**	(30,907)	–	16,149	–	147,576	(38,192)
Speculative	**(312)**	–	175	–	–	(71)	(208)

	Balance at 1 January 2018	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the profit and loss statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2018
2019							
Hedging	**(13,204)**	123	–	2,504	(4,331)	(156,102)	(171,010)
Speculative	**(3,150)**	–	(62)	–	–	2,900	(312)

"Other movements" for fiscal year 2020 basically includes the reclassification to liabilities held for sale of the Cedinsa subgroup (Note 4).

24. Tax matters

This Note describes the headings in the accompanying consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the corporation tax expense.

In accordance with file 18/89, the Parent Company of the FCC Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. In addition, part of the subsidiaries that carry out Water and Environmental Services in the United Kingdom and the FCC Environment Group in Austria also pay taxes in their own consolidated tax group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU, of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group in 2019 for a total amount (tax portion and late payment interest) of 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has recognised a negative tax base in favour of the FCC Group that has generated an activated tax credit for the amount of 63.2 million euros.

In June 2020, the Tax Administration announced that corporation tax checks were to be carried out on the tax group headed by FCC, SA between 2015 and 2017, on VAT from June 2016 to December 2017 for FCC, S.A., FCC Construcción, FCC Aqualia, FCC Industrial e Infraestructuras Energéticas and Cementos Portland Valderrivas, and withholdings/payments on account for work income and professional income corresponding to the period from June 2016 to December 2017 for FCC, S.A., FCC Construcción and FCC Aqualia, and between January and December 2017 in the case of Cementos Portland Valderrivas. In relation to the business years and taxes open for inspection, contingent tax liabilities could arise, the amount of which cannot be objectively quantified at present as the proceedings are at a very early stage. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

a) Deferred tax assets and liabilities

Deferred tax assets are mainly due to provision made, losses and impairment of assets held for sale, non-deductible financial expenses that will be tax-deductible against the Corporation Tax base in future years, deductions and tax bases pending application/offsetting, and differences between accounting and tax depreciation.

Specifically, the FCC Group has recorded deferred tax assets corresponding to the negative tax bases and deductions pending application, considering that there are no doubts about their recoverability, for an amount of 345,095 thousand euros (330,152 thousand euros at 31 December 2019). The increase in tax credits for tax loss carryforwards and deductions pending application, compared to 2019, is mainly due to a higher activation of tax loss carryforwards and deductions pending application in tax group 18/89 (FCC).

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted.

Pursuant to profit projections, it has been estimated that there will be sufficient positive tax bases to substantially absorb both the tax loss carryforwards recognised in the balance sheet and the deferred tax assets within an estimated period of around fourteen years.

The deferred tax liabilities recorded by the group mainly originate from:

- The differences between the tax and accounting valuation due to the fair value of assets derived from the corporate acquisitions in the different segments of the Group's activity, as indicated in notes 3.b). In general, these liabilities will not entail any future cash outflows because they revert at the same rate as the amortisation of revalued assets.
- From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.
- From the profits of temporary joint ventures that will be included in the tax base of the following year's Corporation Tax.

The Group, pursuant to the provisions of IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2020, deferred tax assets and liabilities were offset in the amount of 123,695 thousand euros (202,427 thousand euros at 31 December 2019).

The following table shows the breakdown of the main deferred tax assets and liabilities prior to offsetting:

	2020			2019		
ASSETS	**Tax Group Spain**	**Rest**	**TOTAL**	**Tax Group Spain**	**Rest**	**TOTAL**
Provisions and impairments	119,011	40,219	159,230	134,897	49,739	184,636
Tax loss carryforwards	332,327	12,768	345,095	316,989	13,163	330,152
Non-deductible financial expense	21,817	5,626	27,443	51,239	72,293	123,532
Pension plans	455	2,214	2,669	459	1,375	1,834
Amortisation/depreciation differences	12,514	9,822	22,336	13,405	8,124	21,529
Other	112,002	33,615	145,617	107,910	32,773	140,683
Total	**598,126**	**104,264**	**702,390**	**624,899**	**177,467**	**802,366**

	2020			2019		
LIABILITIES	**Tax Group Spain**	**Rest**	**TOTAL**	**Tax Group Spain**	**Rest**	**TOTAL**
Fair value assets from allocation of acquisition differences (IFRS 3)	60,907	68,524	129,431	62,402	136,605	199,007
Accelerated amortisation/ depreciation	1,698	89,242	90,940	5,514	75,555	81,069
Profit/(loss) Temporary Joint Ventures	11,914	6,332	18,246	11,302	5,371	16,673
Tax impairment of goodwill	1,175	–	1,175	3,342	–	3,342
Deferred tax of conversion differences	–	–	–	–	–	–
Financial leasing	4,837	1,993	6,830	4,889	2,026	6,915
Other	19,667	6,199	25,866	24,852	12,881	37,733
Total	**100,198**	**172,290**	**272,488**	**112,301**	**232,438**	**344,739**

Below are the expected maturity dates of the deferred taxes:

	2021	2022	2023	2024	2025 and beyond	Total
Assets	67,374	71,600	57,760	50,846	454,810	**702,390**
Liabilities	19,936	21,606	16,647	17,211	197,088	**272,488**

The Group has tax credits corresponding to negative tax bases (NTBs), which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 183.3 million euros. The estimated due date of the tax credits for non-activated NTBs is as follows:

Maturity time frame	Tax credits (millions of euros)
From 2021 to 2025	33.5
From 2026 to 2030	19.6
From 2031 onwards	45.1
No maturity	85.1
	183.3

Meanwhile, the Group has non-activated tax credits corresponding to tax deductions that have been accredited and are pending application for a total amount of 9.6 million euros.

b) Public administrations

The breakdown at 31 December 2020 and 2019 of the current assets and liabilities included under the "Public administrations" heading is as follows:

Current assets

	2020	2019
Value Added Tax receivable (Note 16)	108,169	87,291
Current tax	101,235	72,664
Other tax items (Note 16)	61,896	54,892
	271,300	**214,847**

Current liabilities

	2020	2019
Value Added Tax payable (Note 22)	93,616	69,518
Current tax (Note 22)	8,939	14,951
Social Security payable and other tax items (note 22)	223,268	218,475
Deferrals	257	84
	326,080	**303,028**

c) Corporation tax expense

The corporation tax expense incurred in the year amounted to 86,273 thousand euros (149,067 thousand euros in 2019), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and accrued tax payment:

	2020			2019		
Consolidated accounting profit for the year before taxes from continuing activities			**429.873**			**488.990**
	Additions	**Reductions**		**Additions**	**Reductions**	
Permanent differences	74,606	(123,814)	(49,208)	164,964	(210,375)	(45,411)
Adjusted consolidated accounting profit/(loss) of continuing activities			**380,665**			**443,579**
Temporary differences						
– Arising in the year	179,277	(96,207)	83,070	176,825	(94,345)	82,480
– Arising in prior years	112,651	(286,239)	(173,588)	113,617	(355,745)	(242,128)
Profit/(loss) directly attributed to Equity						
Consolidated tax base of continuing activities (taxable profit/(loss)			**290,147**			**283,931**

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount to be paid will be determined in the tax settlement that will be carried out in 2021, so the final settlement may vary as explained in note 3.p) of this Report.

In 2019, permanent differences, as increases, include the amount of the impairment recorded in the Uniland goodwill (note 7) amounting to 70,011 thousand euros.

Below is the reconciliation of the expense for corporation tax:

	2020	2019
Adjusted consolidated accounting profit/(loss) of continuing activities	380,665	443,579
Profit tax	(95,802)	(108,952)
Tax credits and tax relief	3,585	1,490
Other adjustments	5,944	(41,604)
Corporation tax	**(86,273)**	**(149,066)**

In 2020 the assets and liabilities of the Cedinsa group were reclassified as non-current assets held for sale and liabilities related to non-current assets held for sale respectively (Note 4), contributing to the attached income statement a result before tax of 19,518 thousand euros, and a tax on profits of (5,523) thousand euros.

The main components of the corporation tax, distinguishing between the current tax, i.e. tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

	2020	2019
Current tax	(71,412)	(78,019)
Deferred taxes	(14,861)	(71,047)
Corporation tax	**(86,273)**	**(149,066)**

25. Pension plans and similar obligations

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

The Parent Company has taken out insurance to cover death, permanent employment disability, retirement bonuses and pensions and other concepts for some executive directors and company officers. The contingencies that might give rise to compensation include the termination of the employment relationship for any of the following reasons:

a) Unilateral decision of the company.

b) Dissolution or disappearance of the Parent for any reason, including mergers or disposals.

c) Death or permanent disability.

d) Other causes of physical or legal incapacitation.

e) Substantial modification of professional conditions.

f) Termination after reaching the age of 60, at the request of the officer and in agreement with the company.

g) Termination after reaching the age of 65 at the officer's sole discretion.

No new contributions were made in the form of premiums for this insurance in 2020 and 2019, and 3,459 thousand euros were received in 2019 in the form of rebates on premiums previously paid. As at 31 December 2020, the fair value of the premiums provided covers all the actuarial obligations entered into.

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, and in 2020 a premium of 1,474 thousand euros was paid over (489 thousand euros in 2019).

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounts to 6 thousand euros (7 thousand euros in 2019).

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (Note 19).

The main benefits referred to in the preceding paragraph are the following:

- The companies in the FCC Environment (UK) group that are resident in the United Kingdom incorporate the benefits undertaken with their employees, represented by assets, in the accompanying consolidated balance sheet in accordance with the plans to pay the benefits, whose fair value amounts to 62,478 thousand euros (59,501 thousand euros as of 31 December 2019), with an actuarial value of the accrued obligations amounting to 70,758 thousand euros (64,939 thousand euros as of 31 December 2019). The net difference represents a liability of 8,280 thousand euros (5,438 thousand euros as of 31 December 2019), which has been included in the accompanying consolidated balance sheet as non-current provisions. The "Staff expenses" heading of the accompanying consolidated profit and loss statement includes a cost of 420 thousand euros (367 thousand euros as of 31 December 2019) for the net difference between the cost of services and returns on assets affected by the plan. The average actuarial rate used was 1.5% (2.0% in 2019).
- In 2019, Telford & Wrekin Services, Ltd., resident in the United Kingdom, settled the pension plan that it had committed to in order to complement the retirement benefits of its employees. In accordance with current international accounting regulations, the result of this settlement must be recorded in the profit and loss statement, which meant recognising income of 6,730 thousand euros.

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

2020

Actual performance of the current value of the obligation

	FCC Environment Group (UK)	Telford & Wrekin Services
Balances of obligations at the beginning of the year	**64,939**	
Cost of services for the current year	201	
Interest costs	1,210	
Contributions of the participants	17	
Actuarial profits/losses	9,669	
Exchange differences	(3,484)	
Benefits paid during the year	–	
Cost of past services	25	
Settlements	(1,819)	
Balance obligations at end of year	**70,758**	**–**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)	Telford & Wrekin Services
Affected active balances at the beginning of the year	**59,501**	
Expected return on assets	1,116	
Actuarial profits/losses	5,202	
Exchange differences	(3,192)	
Contributions made by the employer	1,754	
Contributions made by the participant	16	
Benefits paid	(1,919)	
Settlements	–	
Balance of affected assets at the end of the year	**62,478**	**–**

Actual performance of the current value of the obligation

	Grupo FCC Environment (UK)	Telford & Wrekin Services
Net balance obligations less affected assets t the end of the year	**8,280**	**–**

2019

Actual performance of the current value of the obligation

	FCC Environment Group (UK)	Telford & Wrekin Services
Balances of obligations at the beginning of the year	**55,369**	**31,525**
Cost of services for the current year	174	107
Interest costs	1,663	231
Contributions of the participants	19	22
Actuarial profits/losses	6,837	2,498
Exchange differences	2,846	1,620
Benefits paid during the year	(1,969)	(270)
Settlements	–	(35,733)
Balance obligations at end of year	**64,939**	**–**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)	Telford & Wrekin Services
Affected active balances at the beginning of the year	**51,825**	**26,359**
Expected return on assets	1,566	193
Actuarial profits/losses	3,631	1,025
Exchange differences	2,663	1,355
Contributions made by the employer	1,861	–
Contributions made by the participant	19	22
Benefits paid	(2,064)	(272)
Settlements	–	(28,682)
Balance of affected assets at the end of the year	**59,501**	**–**

Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet

	Grupo FCC Environment (UK)	Telford &Wrekin Services
Saldo neto obligaciones menos activos afectos al final del ejercicio	**5,438**	**–**

26. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2020, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 3,833,058 thousand euros (3,941,877 thousand euros at 31 December 2019).

Additionally, the Group has granted letters of indemnity to certain directors with management and administration duties at subsidiaries, without the any risks for which provisions should be set aside identified during the preparation of these financial statements. Such letters of indemnity are a common practice in multinational companies that expatriate employees due to their double status as company employees and executives of the subsidiary, and are of subsidiary execution in the event that the respective directors' policies do not fully cover the contingency. Letters of indemnity were granted to five executives in relation to the businesses that were maintained by the Group in Alpine.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (Note 19). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, give proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

The possible financial effects of the main contingent liabilities derived from the bankruptcy of the Alpine subgroup would be the cash outflows indicated in the respective lawsuits detailed in Note 19 of this report.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, notification was received of the decisions handed down by the Spanish National Appellate Court, upholding the administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both FCC Group investees, against the CNMV ruling imposing various penalties for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

In April 2019, the National Court issued a judgment in relation to the price of EUR 6 per share applied in the takeover bid made in 2017 by Fomento de Construcciones y Contratas, S.A. for Cementos Portland Valderrivas, S.A., with the National Securities Market Commission (CNMV) asking for the price to be recalculated. This ruling was appealed by the Group and also by the CNMV, as it did not agree with the contents. In November 2020, the Supreme Court issued a ruling, now firm, favourable to FCC and the CNMV, revoking the ruling of the National Court and validating the processing of the takeover bid and the price set.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014 amounting to USD 82 million that might not be justified and may therefore be illegal. These acts were uncovered as a result of application of the procedures in the FCC Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" anti-corruption principle that permeates FCC's entire Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 resolved to investigate FCC Construcción, S.A. and two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. Proceedings are still ongoing and it is not yet possible to determine whether charges will eventually be filed against these companies, and, if so, what their scope will be. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group for the amount of 806,479 thousand euros. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 13).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

27. Income and expenditure

a) Operating income

The Group records operating income under the "Revenue" heading, including revenue from interest on the collection rights of the concessions financial model under IFRIC 12 for 38,269 thousand euros at 31 December 2020 (33,200 thousand euros at 31 December 2019), except for work carried out for own fixed and non-current assets and other operating income.

Note 28 "Information by activity segments" shows the contribution of the activity areas to the consolidated revenue.

Operating income from performance obligations met or partially met in previous years was recognised in 2020 for 35,327 thousand euros (55,795 thousand euros at 31 December 2019), mainly in the Construction segment.

In 2020, 229,065 thousand euros (156,342 thousand euros at 31 December 2019) were recognised as revenue, previously recorded as advance payments made by clients and work certified in advance (Notes 16 and 22) that were included as liabilities under "Trade and other accounts payable", mainly in the Construction segment.

The breakdown of the other operating income for 2020 and 2019 is as follows:

	2020	2019
Income from sundry services	115,526	85,255
CO_2 emission rights (Note 29)	58,909	5,776
Reimbursement from insurance compensation	6,782	5,742
Grants related to income	18,130	21,424
Other income	93,958	96,130
	293,305	**214,327**

"Income from sundry services" mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. The "Other income" heading mainly includes income from leases when the Group acts as lessor in operating leases and provision excesses.

At the end of 2020, the Group has outstanding execution obligations, mainly from the provision of services in the Environmental Services segment, and derived from construction contracts, mainly in the Construction and Water segments, for 14,434,994 thousand euros expected to be recognised as income according to the following schedule:

	up to 1 year	2 to 5 years	more than 5 years	Total
Environmental Services	1,310,559	3,619,584	4,254,122	**9,184,265**
Construction	1,602,978	3,552,796	–	**5,155,774**
Integrated Water Management	81,844	13,111	–	**94,955**
	2,995,381	7,185,491	4,254,122	**14,434,994**

b) Procurements

The breakdown of the balance of supplies and other external expenses as at 31 December 2020 and 2019 is as follows:

	2020	2019
Subcontracting and work performed by other companies	1,397,896	1,313,848
Purchases and procurements	902,346	1,025,714
	2,300,242	**2,339,562**

c) Staff costs

Below is a breakdown of staff expenses for 2020 and 2019:

	2020	2019
Wages and salaries	1,498,269	1,477,635
Social security contributions	432,248	423,082
Other staff costs	40,593	25,017
	1,971,110	**1,925,734**

Information regarding the number of employees and their distribution by functional levels and gender is provided in the Statement of Non-Financial Information that forms part of the Management Report that accompanies these financial statements.

d) Impairment and gains/(losses) on disposal of fixed and non-current assets

The breakdown of the balance of the impairments and profit/(loss) due to the disposal of fixed and non-current assets in 2020 and 2019 is as follows:

	2020	2019
Impairment of the commercial fund (note 7)	–	(70,011)
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 7 and 8)	3,955	4,325
Profit/(loss) from disposals of other tangible and intangible assets	2,357	5,571
Other concepts	558	351
	6,870	**(59,764)**

Impairment of the goodwill of Corporación Uniland was booked in the amount of 70,011 thousand euros in 2019 (Note 7).

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

e) Financial income and finance cost

The breakdown of the financial income, according to the assets that generate said income, in 2020 and 2019 is as follows:

	2020	2019
Financial assets at fair value with changes in other comprehensive income	325	4,693
Financial assets at amortised cost	16,430	15,670
Other financial income	16,715	30,704
	33,470	**51,067**

"Other financial income" mainly includes the impact of financial costs agreed in relation to the deferred payment for work in the Construction segment in the amount of 6,316 thousand euros (22,067 thousand euros at 31 December 2019) and late-payment interest concerning concessionaires in the Cedinsa subgroup, in the amount of 3,070 thousand euros.

The breakdown of financial expenses in 2020 and 2019 is as follows:

	2020	2019
Debt instruments and other marketable securities	53,761	39,800
Credits and loans	41,689	46,804
Debts with limited recourse for project financing	24,869	18,946
Creditors from leases	12,644	13,037
Assignment of credits	9,691	27,519
Financial update of provisions and other liabilities	23,704	20,101
Other financial expenses	21,071	29,580
	187,429	**195,787**

f) Other financial profit/(loss)

The breakdown of other financial expenses in 2020 and 2019 is as follows:

	2020	2019
Change in fair value of current financial instruments	175	(10.051)
Exchange differences	(51,259)	14,814
Impairment and profits/losses on disposal of financial Instruments	27	(3,308)
	(51,057)	**1,455**

The decrease in exchange differences is mainly due to devaluation of the US dollar and the Mexican peso.

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

g) Profits/(losses) of companies accounted for by the equity method

The breakdown for this heading is as follows:

	2020		2019	
Profits/(losses) for the year (Note 13)		61,514		78,946
Joint ventures	38,169		31,815	
Associates	23,345		47,131	
Profits/(losses) on disposals and others		635		41,695
		62,149		**120,641**

The line "Profit from disposals and others" includes, in the year 2020, a positive result of 635 thousand euros from the takeover of the company Aquos El Realito, SA de CV (Notes 5 and 12), due to the fair value of the stake prior to control and due to the allocation of the results of the valuation adjustments. In 2019 this line mainly includes the profit from the takeover of the Cedinsa subgroup (Notes 5 and 12) for a positive amount of 36,588 thousand euros from the recognition at fair value of the shareholding prior to the takeover and from the allocation to results of the valuation adjustments of derivative financial instruments recorded at the date of the takeover. It also includes the operation carried out in Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. by virtue of which they ceased to be consolidated under the equity method (Notes 5 and 12), which had a negative impact of 6,122 thousand euros due to the fair value of the shareholding prior to the change in consolidation method and for the allocation to results of valuation adjustments due to conversion differences (Note 18).

h) Profit/(loss) attributable to non-controlling interests

At 31 December 2020, the result attributed to minority interests amounted to 81,421 thousand euros, mainly due to the amount corresponding to the 49% held by the minority shareholder of the Aqualia subgroup, a segment that contributed 67,883 thousand euros at 31 December 2020 (66,966 thousand euros at 31 December 2019) (Note 28).

28. Information by activity segments

a) Segmentos de actividad

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out operational support tasks and the exploitation of the aforementioned companies whose management is not attached to any of the business areas, and which primarily carry on real estate business.

"Eliminations" includes the elimination of operations between different activity segments.

Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for 2020 and 2019:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.
- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(losses) of the companies accounted for under the equity method.
- Corporation tax payable corresponding to the transactions carried out by each segment.
- "Contribution to the profit/(loss) of the FCC Group" contains the contribution of each area to the equity attributed to the shareholders of Fomento de Construcciones y Contratas, S.A.

2020	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
Revenue	6,158,023	2,888,150	1,188,348	1,610,990	382,639	123,532	98,355	(133,991)
From external customers	*6,158,023*	*2,882,658*	*1,182,248*	*1,552,026*	*376,232*	*123,532*	*41,327*	*–*
From transactions with other segments	*–*	*5,492*	*6,100*	*58,964*	*6,407*	*–*	*57,028*	*(133,991)*
Other income	327,161	91,180	60,833	189,726	64,717	10,911	64,821	(155,027)
From external customers	*327,161*	*89,983*	*59,871*	*73,214*	*64,679*	*10,909*	*28,505*	*–*
From transactions with other segments	*–*	*1,197*	*962*	*116,512*	*38*	*2*	*36,316*	*(155,027)*
Operating expenses	(5,437,685)	(2,528,479)	(966,252)	(1,747,133)	(307,503)	(39,812)	(137,527)	289,021
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(477,342)	(233,826)	(117,776)	(34,718)	(32,929)	(39,069)	(19,205)	181
Other operating income/(losses)	2,583	(1,368)	2,257	2,071	(116)	(166)	9	(104)
Operating Profit/(Loss)	**572,740**	**215,657**	**167,410**	**20,936**	**106,808**	**55,396**	**6,453**	**80**
Percentage of turnover	*9,30%*	*7,47%*	*14,09%*	*1,30%*	*27,91%*	*44,84%*	*6,56%*	*(0,06%)*
Financial income	33,471	3,403	37,940	24,075	705	10,685	163,122	(206,459)
Finance cost	(187,430)	(74,457)	(47,405)	(23,011)	(10,069)	(33,969)	(53,154)	54,635
Miscellaneous financial results	(51,057)	(4,478)	(2,525)	(42,819)	(1,368)	88	71,678	(71,633)
Profit/(loss) companies accounted for using the equity method	62,149	15,045	1,707	922	(2,607)	20,573	26,510	(1)
Profit/(loss) before tax from continuing operations	**429,873**	**155,170**	**157,127**	**(19,897)**	**93,469**	**52,773**	**214,609**	**(223,378)**
Income tax	(86,273)	(27,859)	(33,338)	1,261	(21,858)	(9,186)	4,751	(44)
Profit/(loss) for the year from continuing operations	**343,600**	**127,311**	**123,789**	**(18,636)**	**71,611**	**43,587**	**219,360**	**(223,422)**
Consolidated profit/(loss) for the year	**343,600**	**127,311**	**123,789**	**(18,636)**	**71,611**	**43,587**	**219,360**	**(223,422)**
Non-controlling interests	81,421	6,148	67,883	481	2,370	4,539	–	–
Profit attributable to the parent company	**262,179**	**121,163**	**55,906**	**(19,117)**	**69,241**	**39,048**	**219,360**	**(223,422)**
Contribution to the profit/(loss) of the FCC Group	**262,179**	**121,163**	**55,906**	**(19,117)**	**69,241**	**39,048**	**219,360**	**(223,422)**

2019	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
Revenue	6,276,231	2,915,243	1,186,881	1,719,330	413,213	49,818	66,357	(74,611)
From external customers	*6,276,231*	*2,907,665*	*1,181,117*	*1,666,761*	*405,829*	*49,818*	*65,041*	–
From transactions with other segments	–	*7,578*	*5,764*	*52,569*	*7,384*	–	*1,316*	*(74,611)*
Other income	264,173	88,188	60,440	97,210	15,214	6,627	92,123	(95,629)
From external customers	*264,173*	*87,453*	*60,110*	*90,098*	*15,141*	*6,627*	*4,744*	–
From transactions with other segments	–	*735*	*330*	*7,112*	*73*	–	*87,379*	*(95,629)*
Operating expenses	(5,514,601)	(2,510,885)	(965,600)	(1,716,345)	(342,048)	(24,603)	(124,042)	168,922
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(449,109)	(237,365)	(106,360)	(33,327)	(35,357)	(16,902)	(20,103)	305
Other operating income/(losses)	(65,080)	3,286	4,885	10,481	(71,040)	(2,921)	–	(9,771)
Operating Profit/(Loss)	**511,614**	**258,467**	**180,246**	**77,349**	**(20,018)**	**12,019**	**14,335**	**(10,784)**
Percentage of turnover	*8,15%*	*8,87%*	*15,19%*	*4,50%*	*(4,84%)*	*24,13%*	*21,60%*	*14,45%*
Financial income	51,067	6,573	37,579	26,300	2,013	7,026	72,969	(101,393)
Finance cost	(195,787)	(78,795)	(45,800)	(26,428)	(11,391)	(10,314)	(80,949)	57,890
Miscellaneous financial results	1,455	(2,992)	289	10,442	885	98	213,228	(220,495)
Profit/(loss) companies accounted for using the equity method	120,641	17,719	(2,625)	17,919	(10,098)	64,250	33,413	63
Profit/(loss) before tax from continuing operations	**488,990**	**200,972**	**169,689**	**105,582**	**(38,609)**	**73,079**	**252,996**	**(274,719)**
Income tax	(149,066)	(40,152)	(46,149)	(35,078)	(7,049)	(3,706)	(17,221)	289
Profit/(loss) for the year from continuing operations	**339,924**	**160,820**	**123,540**	**70,504**	**(45,658)**	**69,373**	**235,775**	**(274,430)**
Consolidated profit/(loss) for the year	**339,924**	**160,820**	**123,540**	**70,504**	**(45,658)**	**69,373**	**235,775**	**(274,430)**
Non-controlling interests	73,220	4,785	66,996	560	1,355	(476)	–	–
Profit attributable to the parent company	**266,704**	**156,035**	**56,544**	**69,944**	**(47,013)**	**69,849**	**235,775**	**(274,430)**
Contribution to the profit/(loss) of the FCC Group	**266,704**	**156,035**	**56,544**	**69,944**	**(47,013)**	**69,849**	**235,775**	**(274,430)**

The contribution of the "Corporation" segment to the results of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under "Other operating income", the impairment of the investments on the parent companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these concepts, as transactions with Group companies, are eliminated as shown under "Eliminations". Likewise, the "Corporation" segment includes the financial expenses for debts with credit institutions detailed in note 20.

Balance sheet by segments

2020	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
ASSETS								
Non-current assets	**7,130,413**	**2,792,235**	**2,541,973**	**953,282**	**1,082,897**	**388,476**	**4,210,876**	**(4,839,326)**
Intangible assets	2,437,859	836,432	870,909	77,945	448,025	253,633	7,254	(56,339)
Additions	*118,940*	*87,847*	*28,670*	*34*	*448*	*73*	*1,868*	–
Property, plant and equipment	2,810,199	1,493,773	456,512	137,603	527,285	45	213,258	(18,277)
Additions	*646,492*	*242,515*	*116,383*	*31,019*	*14,018*	*19*	*242,538*	–
Real Estate investments	–	–	–	–	–	–	–	–
Additions	*42*	–	*42*	–	–	–	–	–
Investments accounted for using the equity method	722,786	163,983	68,269	37,860	35,514	111,913	304,472	775
Non-current financial assets	580,874	223,597	1,115,194	329,324	7,545	14,800	3,555,700	(4,665,286)
Deferred tax assets	578,695	74,450	31,089	370,550	64,528	8,085	130,192	(100,199)
Current assets	**5,704,189**	**1,304,234**	**901,513**	**1,391,258**	**185,434**	**1,472,069**	**768,784**	**(319,103)**
Non-current assets held for sale	1,392,268	–	–	–	–	1,392,268	–	–
Inventory	765,604	31,442	37,449	172,914	82,262	205	446,701	(5,369)
Trade and other receivables	2,039,451	841,458	283,234	751,333	79,992	11,624	120,828	(49,018)
Other current financial assets	228,652	74,420	90,251	125,655	5,442	2,165	195,435	(264,716)
Other current assets	56,105	32,989	4,458	19,261	1,973	86	(2,662)	–
Cash and other cash equivalents	1,222,109	323,925	486,121	322,095	15,765	65,721	8,482	–
Total assets	**12,834,602**	**4,096,469**	**3,443,486**	**2,344,540**	**1,268,331**	**1,860,545**	**4,979,660**	**(5,158,429)**

2020	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
LIABILITIES								
Equity	**2,908,694**	**456,785**	**726,720**	**796,793**	**876,661**	**464,401**	**2,841,248**	**(3,253,914)**
Non-current liabilities	**5,531,296**	**2,749,342**	**2,048,129**	**275,622**	**300,127**	**260,504**	**1,482,490**	**(1,584,918)**
Subsidies	192,961	4,243	44,364	–	100	144,253	–	1
Non-current provisions	1,064,384	466,145	140,026	234,302	28,321	39,099	156,491	–
Non-current financial liabilities	3,977,288	2,023,120	1,812,827	21,599	197,507	77,137	1,325,594	(1,480,496)
Deferred tax liabilities	148,794	111,729	47,148	19,721	74,199	15	405	(104,423)
Other non-current liabilities	147,869	144,105	3,764	–	–	–	–	–
Current liabilities	**4,394,612**	**890,342**	**668,637**	**1,272,125**	**91,543**	**1,135,640**	**655,922**	**(319,597)**
Liabilities related to non-current assets held for sale	1,051,285	–	–	–	–	1,051,285	–	–
Current provisions	195,152	4,900	13,274	169,393	3,081	1,431	3,073	–
Current financial liabilities	874,443	276,694	99,975	39,261	19,593	76,337	606,875	(244,292)
Trade and other payables	2,273,732	598,044	555,388	1,063,471	68,869	6,587	56,354	(74,981)
Internal relations	–	10,704	–	–	–	–	(10,380)	(324)
Total liabilities	**12,834,602**	**4,096,469**	**3,443,486**	**2,344,540**	**1,268,331**	**1,860,545**	**4,979,660**	**(5,158,429)**

2019	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
ASSETS								
Non-current assets	**8,529,551**	**2,815,460**	**2,461,787**	**902,785**	**1,112,526**	**1,754,581**	**3,669,047**	**(4,186,635)**
Intangible assets	3,458,398	827,011	808,476	77,991	447,815	1,345,127	8,317	(56,339)
Additions	*55,225*	*35,668*	*15,394*	*92*	*41*	*1*	*4,029*	–
Property, plant and equipment	2,863,892	1,524,556	428,160	154,194	547,783	894	226,762	(18,457)
Additions	*285,894*	*191,821*	*49,916*	*32,192*	*8,198*	*462*	*3,305*	–
Real Estate investments	2,635	–	–	2,635	–	–	–	–
Additions	–	–	–	–	–		–	–
Investments accounted for using the equity method	741,524	116,737	87,620	48,315	37,160	146,186	306,119	(613)
Non-current financial assets	863,163	278,390	1,108,482	259,228	7,843	248,930	2,959,543	(3,999,253)
Deferred tax assets	599,939	68,766	29,049	360,422	71,925	13,444	168,306	(111,973)
Current assets	**4,044,589**	**1,166,465**	**815,865**	**1,432,640**	**199,282**	**147,828**	**529,079**	**(246,570)**
Non-current assets held for sale	–	–	–	–	–		–	–
Inventory	728,812	31,326	52,969	201,943	89,175	202	359,505	(6,308)
Trade and other receivables	1,836,806	713,641	266,741	700,215	80,910	41,112	100,611	(66,424)
Other current financial assets	189,566	93,596	69,654	125,497	12,599	8,299	53,759	(173,838)
Other current assets	70,861	35,048	4,976	30,049	937	522	(671)	–
Cash and other cash equivalents	1,218,544	292,854	421,525	374,936	15,661	97,693	15,875	–
Total assets	**12,574,140**	**3,981,925**	**3,277,652**	**2,335,425**	**1,311,808**	**1,902,409**	**4,198,126**	**(4,433,205)**

2019	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
LIABILITIES								
Equity	**2,473,759**	**339,032**	**640,964**	**744,462**	**808,630**	**444,123**	**2,234,155**	**(2,737,607)**
Non-current liabilities	**6,797,228**	**2,717,785**	**1,995,178**	**250,207**	**408,568**	**1,358,569**	**1,515,372**	**(1,448,451)**
Subsidies	333,802	4,421	55,870	–	111	273,400	190,578	(190,578)
Non-current provisions	1,130,199	456,747	124,996	206,756	27,825	111,674	1,318,345	(1,116,144)
Non-current financial liabilities	5,030,270	1,974,923	1,776,700	25,108	305,157	973,480	6,448	(31,546)
Deferred tax liabilities	142,311	124,998	33,662	18,343	75,475	15	1	(110,183)
Other non-current liabilities	160,646	156,696	3,950	–	–	–	–	–
Current liabilities	**3,303,153**	**925,108**	**641,510**	**1,340,756**	**94,610**	**99,717**	**448,599**	**(247,147)**
Liabilities related to non-current assets held for sale	–	–	–	–	–		–	–
Current provisions	249,581	4,286	18,335	214,451	6,590	2,207	3,711	1
Current financial liabilities	683,611	216,318	50,724	26,668	18,191	79,138	466,200	(173,628)
Trade and other payables	2,369,961	619,015	572,451	1,110,251	69,829	11,632	61,183	(74,400)
Internal relations	–	85,489	–	(10,614)	–	6,740	(82,495)	880
Total liabilities	**12,574,140**	**3,981,925**	**3,277,652**	**2,335,425**	**1,311,808**	**1,902,409**	**4,198,126**	**(4,433,205)**

Cash flows by segment

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
2020								
Operating activities	605,074	265,338	223,652	(53,175)	136,557	117,457	179,146	(263,901)
Investment activities	(401,548)	(221,009)	(75,839)	19,926	(3,658)	(18,111)	(221,634)	118,777
Financing activities	(138,437)	(6,151)	(83,484)	(4,273)	(132,192)	(92,506)	35,045	145,124
Other cash flows	(61,524)	(7,107)	268	(15,319)	(603)	(38,813)	50	–
Cash flows for the year	**3,565**	**31,071**	**64,597**	**(52,841)**	**104**	**(31,973)**	**(7,393)**	**–**
2019								
Operating activities	630,550	454,027	206,722	(154,077)	75,069	55,047	42,359	(48,597)
Investment activities	(359,235)	(256,060)	(33,096)	122,857	(18,457)	6,545	1,066,023	(1,247,047)
Financing activities	(345,735)	(116,981)	(190,857)	(59,894)	(57,251)	(13,517)	(1,202,879)	1,295,644
Other cash flows	26,767	7,391	2,353	16,158	377	269	219	–
Cash flows for the year	**(47,653)**	**88,377**	**(14,878)**	**(74,956)**	**(262)**	**48,344**	**(94,278)**	**–**

b) Activities and investments by geographic markets

The Group performs approximately 40% of its activity abroad (45% in 2019).

Revenue made abroad by the Group companies for 2020 and 2019 is distributed among the following markets:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
2020								
United Kingdom	668,618	605,328	–	10,651	52,639	–	–	–
Czech Republic	285,251	184,605	100,644	2	–	–	–	–
Rest of Europe and Others	802,884	307,285	83,322	379,110	27,803	–	5,845	(481)
US and Canada	84,999	75,133	–	9,866	–	–	–	–
Latin America	176,598	–	57,256	116,292	941	2,055	–	54
Middle East and Africa	467,404	–	162,809	246,231	63,369	–	–	(5,005)
	2,485,754	**1,172,351**	**404,031**	**762,152**	**144,752**	**2,055**	**5,845**	**(5,432)**
2019								
United Kingdom	735,049	682,025	–	77	52,947	–	–	–
Czech Republic	286,787	185,420	101,312	55	–	–	–	–
Rest of Europe and Others	733,555	304,155	81,618	312,842	25,253	–	9,770	(83)
US and Canada	89,545	41,921	–	38,636	8,988	–	–	–
Latin America	388,894	–	86,360	300,868	9,223	2,308	–	(9,865)
Middle East and Africa	576,850	63	113,232	401,546	67,363	–	–	(5,354)
	2,810,680	**1,213,584**	**382,522**	**1,054,024**	**163,774**	**2,308**	**9,770**	**(15,302)**

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2020								
ASSETS								
Intangible assets	2,437,859	1,398,446	462,520	2,111	251,362	22,603	254,385	46,432
Property, plant and equipment	2,810,199	1,426,708	619,374	298,248	307,572	122,881	16,867	18,549
Real Estate investments	–	–	–	–	–	–	–	–
Deferred tax assets	578,695	522,830	25,076	4,251	14,990	–	8,460	3,088
2019								
ASSETS								
Intangible assets	3,458,398	2,481,538	495,659	1,894	260,058	306	218,942	1
Property, plant and equipment	2,863,892	1,517,994	664,105	301,007	310,370	18,575	29,378	22,463
Real Estate investments	2,635	–	–	–	2,635	–	–	–
Deferred tax assets	599,939	546,022	21,368	4,050	13,594	1,683	10,109	3,113

The table above shows a decrease in "Intangible assets" in Spain, mainly the transfer to non-current assets held for sale in relation to the Cedinsa subgroup (Note 4).

c) Personnel

The average number of people employed in 2020 and 2019 by business areas is as follows:

	2020	2019
Environmental Services	40,362	39,657
Integrated Water Management	10,296	8,487
Construction	7,936	8,906
Cement	1,049	1,076
Concessions	158	28
Corporation	328	278
	60,129	**58,432**

29. Environmental information

During the meeting held on 3 June 2009, the FCC Board of Directors approved the Environmental Policy of the FCC Group, which responded to the initial objectives of the Corporate Responsibility Master Plan reinforcing the socially responsible commitment in the FCC Group strategy, which is very involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.

b) The reduction of environmental impacts through proper planning.

c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

a) The identification of environmental aspects and applicable legislation.

b) Impact evaluation criteria.

c) The measures to be taken.

d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services area is aimed at the protection and conservation of the environment, not only through productive activity (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2020, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services area amounted to 2,330,205 thousand euros (2,351,566 thousand euros at 31 December 2019). Environmental provisions, mainly for landfill sealing and closing costs, amount to 396,384 thousand euros (393,715 thousand euros as of 31 December 2019).

The activities performed by Aqualia are directly tied to environmental protection, since the nexus of its operations is, in collaboration with different public authorities, the efficient management of the end-to-end water cycle and the search for guarantees to provide water resources that enable the sustainable growth of the towns in which it provides its services. One of the fundamental objectives of FCC Aqualia is the continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services, and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes.

At year-end, the Cementos Portland Valderrivas group held investments related to the environmental activity recorded in “Intangible assets” and “Property, plant and equipment” for a total amount of 137,178 thousand euros (135,831 thousand euros in 2019), and amortisation/depreciation was 98,447 thousand euros (93,440 thousand euros in 2019). Likewise, in 2020 it incurred expenses to guarantee protection and improvement of the environment in the amount of 2,437 thousand euros (2,920 thousand euros in 2019), booked as “Other operating expenses” on the accompanying profit and loss statement.

For the cement activity, the Group receives free CO_2 emission rights in accordance with the corresponding national allocation plans. In this regard, it should be noted that in 2020, emission rights equivalent to 5,200 thousand tons per year were received (3,686 thousand tons per year in 2019), corresponding to the companies Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

The “Operating Income” heading of the accompanying consolidated profit and loss statement includes the income obtained from the sales of greenhouse gas rights in 2020 for an amount of 58,909 thousand euros (5,776 thousand euros in 2019).

The Construction area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an “Environmental performance code” that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as of 31 December 2020 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information the Group publishes annually, among other channels, on the web page www.fcc.es.

30. Financial risk management policies

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

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

a) Capital risk I

To manage capital, the main objective of the Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The fundamental basis that the Group considers as capital is found in the Equity of the Balance Sheet, which, for the purposes of its management and follow-up, excludes both the "Changes in the fair value of financial instruments" items and the "Conversion differences" item.

The first of these headings is discarded for management purposes as it is considered within the interest rate management, being the result of the valuation of the instruments that transform the debt from a variable rate to a fixed rate. Conversion differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

Proof of the foregoing are the extensions made in 2014 for 1,000,000 thousand euros and in 2016 for 709,519 thousand euros, both aimed at strengthening the capital structure of the Company.

As described in Note 20 on Non-current and current financial liabilities, two simple bonds were issued in December 2019 by FCC Servicios Medioambiente Holding, S.A.U. in the amount of 1.1 billion euros. In July 2020, FCC Servicios Medioambiente Holding, S.A.U. registered 300 million euros on a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market, and since November 2018 Fomento de Construcciones y Contratas, SA has operated a promissory note programme - Euro Commercial Paper Programme (ECP) - in the same market in the amount of 600 million euros. The balance drawn at 31 December 2020 amounts to 302 million euros. In 2020 new financing facilities were also taken out in the form of lines of credit and bilateral loans.

Likewise, during fiscal year 2020, Cementos Portland Valderrivas SA repaid total debt of 119.2 million euros, of which 108.2 million euros were repaid voluntarily through the repayment instalments for the year 2021 and the final payment. Additionally, a contract for the novation and ratification of guarantees was signed in which a new repayment schedule was included to extend the last instalment payable on 29 July 2021, for an additional year, i.e. to 29 July 2022, and adapt the financial covenants for the extra year.

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

The General Finance Department, which is responsible for the management of financial risks, regularly reviews the debt-equity ratio and compliance with financing covenants, together with the capital structure of the subsidiaries.

b) The FCC Group is exposed to currency 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 arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is mainly found in debt denominated in foreign currency, except when this entails a natural hedge of the assets financed since they are denominated in the same currency, in investments in international markets, and in collections and payments in currencies other than the euro.

The following shows the composition by currencies of the Group's gross debt:

	CONSOLIDATED (thousands of euros)							
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Rest	TOTAL
Gross debt	3,495,272	34,670	364,911	216,329	9,283	69,862	58,199	4,248,527
Financial assets	(854,559)	(108,364)	(217,134)	(43,048)	(27,904)	(79,320)	(120,433)	(1,450,761)
Total consolidated net indebtedness	**2,640,714**	**(73,693)**	**147,777**	**173,281**	**(18,621)**	**(9,458)**	**(62,234)**	**2,797,766**
% Net Debt of the total	94.4%	(2.6%)	5.3%	6.2%	(0.7%)	(0.3%)	(2.2%)	100.0%

Note 17 of these Financial Statements breaks down the Cash and Equivalents by currency, showing how 61.7% are denominated in euros (58.1% as of 31 December 2019).

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

Below is a summarised table of the sensitivity to changes in exchange rate conversion for the two main currencies in which the Group operates (Note 18):

	+ 10%	
	Profit and Loss	Net Equity
Pound sterling	33	28.739
US Dollar	(2,489)	4,219
Algerian dinar	1,353	16,046
Czech koruna	1,703	8,716
Total	**600**	**57,720**

	- 10%	
	Profit and Loss	Net Equity
Pound sterling	(33)	(28,739)
US Dollar	2,489	(4,219)
Algerian dinar	(1,353)	(16,046)
Czech koruna	(1,703)	(8,716)
Total	**(600)**	**(57,720)**

The impact on the pound sterling is mainly due to the conversion of the net assets corresponding to the investment held in the FCC Medio Ambiente Reino Unido subgroup.

c) The FCC Group is exposed to interest rate risk

The FCC Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, totalling 88.7% of the Group's total gross debt at the end of the year, including hedging on structured project financing.

The following table shows a breakdown of the gross debt of the FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Construction	Environmental Services	Cement	Integrated Water Management	Concessions	Corporation
Total Gross External Debt	4,248,527	20,614	1,722,880	189,549	1,749,585	81,731	484,168
Hedging and Financing at fixed rate at 31,12,20	(3,766,822)	(1,425)	(1,675,326)	(4,136)	(1,681,468)	(74,930)	(329,539)
Total variable rate debt	**481,705**	**19,189**	**47,554**	**185,413**	**68,117**	**6,801**	**154,630**
Ratio: Variable-rate debt / Gross External Debt at 31.12.20 11.3%	**11.3%**	**93.1%**	**2.8%**	**97.8%**	**3.9%**	**8.3%**	**31.9%**

The table below summarises the effect on the Group's profit and loss statement of the changes in the interest rate curve with respect to gross debt, excluding fixed rate debt associated with hedging arrangements:

	Gross indebtedness		
	+25 pb	+50 pb	+100 pb
Impact on profit or loss	1,248	2,496	4,992

d) Solvency risk

At 31 December 2020, the net financial indebtedness of the FCC Group contained in the attached balance sheet amounted to 2,797,766 thousand euros as shown in the following table:

	2020	2019
Bank borrowings	820,021	1,474,667
Debt instruments and other loans	3,230,281	3,124,950
Other interest-bearing financial debt	198,225	387,238
Current financial assets	(228,652)	(189,566)
Treasury and cash equivalents	(1,222,109)	(1,218,544)
Net interest-bearing debt	**2,797,766**	**3,578,745**
Net debts with limited recourse	**(2,696,161)**	**(3,591,450)**
Net indebtedness with recourse	**101,605**	**(12,705)**

The decrease in net financial indebtedness as well as in net debt with limited recourse, is mainly motivated by the held-for-sale classification of the Cedinsa group (Note 4) and by repayments made by the Cementos Portland Valderrivas group in 2020 (Note 20).

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The ability of the FCC Group to obtain financing depends on many factors, a lot of which are beyond their control, such as general economic conditions, the availability of funds in financial institutions, the depth and availability of the capital markets and the monetary policy of the markets in which they operate. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group's capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2020, the Group had the following schedule of maturities of external gross debt, which amounts to 705,194 thousand euros for 2021:

2021	2022	2023	2024 and beyond	TOTAL
705.194	1.133.860	760.588	1.648.884	4.248.527

A significant part of gross financial debt, 3,743,745 thousand euros, has no recourse to the Parent Company, with debt in the Integral Water Management segment in the amount of 1,749,585 thousand euros, and in the Environmental Services segment in the amount of 1,722,880 thousand euros as of 31 December 2020.

At 31 December 2020, the Group had working capital of 1,309,577 thousand euros (741,436 thousand euros at 31 December 2019).

In order to manage liquidity risk, at 31 December 2020, the Group had 863.2 million euros in undrawn bilateral financing lines, and 1,155,738 thousand euros in cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Otros activos financieros corrientes	228,652	43,472	25,311	13,360	146,510

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Equivalentes de tesorería	66,371	275	0	66,096

f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- Products: The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2020 the weight of the external activity has been 40% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2020 as shown in the following table:

Financial credits granted	955,601
Trade and other receivables (Note 16)	2,039,451
Derivative financial assets (note 23)	108
Cash and cash equivalents (Note 17)	1,222,109
Guarantees granted (Note 26)	3,873,617
TOTAL	**8,090,886**

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Corporation activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

In terms of credit quality, the Group applies its best criteria to impair financial assets that are expected to incur credit losses throughout their life (Note 3.h). The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

In 2020, despite the impact of Covid-19, there was no significant increase in insolvency risk, and the FCC Group kept the average collection periods in line with past experience.

Risk hedging financial derivatives

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in these financial statements. The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing three bullish scenarios of the basic Euro interest rate curve, coming in at around -0.3% in the medium/long term as at 31 December 2020, assuming an increase of 25 bp, 50 bp and 100 bp..

Below are the amounts (in thousands of euros) obtained in relation to the derivatives in force at the end of the year with an impact on equity, after applying, if applicable, the shareholding.

	Hedging derivatives		
	+25 pb	+50 pb	+100pb
Impact on Equity:			
Global consolidation	5,135	10,134	19,747
Equity method	5,030	9,793	18,703
Activities held for sale (Note 4)	15,237	30,366	60,000

h) Brexit risk

The activity that the Group carries out in the United Kingdom is basically concentrated in the Environmental Services business area, mainly through the shareholding in the FCC Medio Ambiente Reino Unido subgroup dedicated to the treatment, disposal and collection of waste, as well as to the management of waste recovery and incineration plants. Additionally, although to a lesser extent, the Group maintains a presence in the country through the export of cement and construction projects. At year-end, the Group posted 668,018 thousand euros in turnover (Note 28) and held total assets of 712,455 thousand euros in the United Kingdom.

Net investment held in pounds amounted to 287,053 thousand euros (Note 18.d). The following is a sensitivity analysis that reflects the possible impact on the Group's results and equity in the event the exchange rate of the pound against the euro increases or decreases by 10%:

	Profit and Loss Statement	Net Equity
+ 10%	33	28,739
- 10%	(33)	(28,739)

The gross financial debt held in pounds amounts to 364.9 million euros as at 31 December 2020 and is concentrated in the aforementioned FCC Medio Ambiente Reino Unido subgroup, consisting of various loans and project financing bonds at a fixed or variable rate hedged by hedging derivatives that make them fixed at a weighted average rate of 4.5%. Below is a summarised table with the effect that the changes in the interest rate curve of the debt denominated in pounds over gross indebtedness would have on the profit and loss statement of the FCC Group once the debt associated with hedging contracts has been excluded (in thousands of euros):

	Gross indebtedness			
	-25 pb	+25 pb	+50 pb	+100 pb
Impact on profit or loss	(12)	12	24	47

Exposure to Brexit is mitigated by the natural hedge of keeping assets and liabilities in the same currency. At the date on which these financial statements were drawn up, the activities carried out by the Group showed favourable returns.

i) Covid-19 risk

The Covid-19 pandemic has had a series of impacts on the accompanying consolidated financial statements both in operational and liquidity terms, which has also led to an update of the main estimates that affect the half-yearly financial statements.

In operational terms, the impact of the Covid-19 crisis on the FCC Group was limited, since the Water and Environment areas, which represent the most substantial part of the Group's revenues and earnings, include activities that the various national authorities have considered essential without significant interruptions in activity or loss of profitability in most of the assets. In relation to other activities, such as Construction, which has a smaller weighting in the Group's total activity, the pandemic has led to the temporary interruption of part of the backlog of construction contracts in progress as well as, where applicable, some inefficiencies in the supply chain, circumstances that inevitably have an impact on project costs as well as on project delivery times. Measures have been adopted to adapt costs to the new levels of activity and to date practically all has been resumed, so no significant non-provisioned impairment is expected. The Cement area performed well, especially during the second half of the year, with some slowdown in growth, but contributing positive EBITDA with no deviations from the pre-Covid estimates.

In this regard, as shown in the attached consolidated income statement, the Group maintained a positive "Operating Income" of 572,740 thousand euros, 9.3% of net turnover. "Cash flows from operational activities" amounted to 605,074 thousand euros as can be seen in the attached consolidated statement of cash flows.

In terms of liquidity, as specified in this note and in Note 20 "Non-current and current financial liabilities", despite the disruption in financial markets, the Group has embarked upon some new lines of financing, ensuring a comfortable financial position against potential liquidity tensions.

As a result of the situation created by the Covid-19 crisis, the Group proceeded to conduct an analysis with regard to the main estimates that affect the accompanying consolidated financial statements:

- Goodwill: The Group updated the various impairment tests for goodwill items posted without significant impacts, given the good performance of the units concerned, mainly Environment and Cement. Note 7 includes additional disclosures for this concept.
- Rest of fixed assets. The recoverable value of the main fixed assets that could show signs of impairment has been reviewed and, in particular, of those associated with the concession businesses (Notes 7, 8 and 9).
- Financial instruments: The recoverable value of the main financial instruments has been reviewed, with special attention paid to investments accounted for applying the equity method (Note 12).
- Furthermore, with regard to trade receivables, no significant payment default problems were identified. There are no unimpaired doubtful material trade receivables. The collection periods are in line with previous years.
- Deferred tax assets: The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2019, have been updated, with the result that under the same criteria used on that date, the impact of Covid-19 does not involve a reversal of the assets for deferred tax or a significant modification of recovery periods.

- Provisions: The level of provision (Note 19) is considered suitable to cover all risks considered probable.
- Appraisal of real estate assets: "Inventories" includes real estate assets whose net book value amounts to 452,633 thousand euros (Note 15). In this regard, during the year the fair value estimates of some of the main real estate assets were updated through an independent third party. Although a decrease in value was identified compared to December 2019, there was no need to record significant impairments because excesses were sufficient.
- Recognition of income in construction contracts: The Group reassessed its forecast results in the Construction segment at conservative ranges in the light of current circumstances. In this sense, provisions make it possible to cover the risks associated with average scenarios, in the context of current uncertainty. In any case, it should be noted that the Group has not registered unapproved income derived from cost overruns, delays or claims on third parties as a result of the situation caused by Covid-19, which has caused, in many geographic regions, inefficiencies and delays, with the consequent impact in terms of profitability.

Due to all of the above and taking into account the limited impact, the measures taken to guarantee the assets and liquidity gaps, the Group prepared the financial statements as per the principle of a going concern, since the continuity of the Group is not in doubt.

31. Information on transactions with related parties

a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2020 and 2019, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2020	2019
Fixed remuneration	525	525
Other payments	1,420	1,308
	1,945	**1,833**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 1,832 thousand euros (1,819 thousand euros in 2019).

2020	
Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

2019	
Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

Note 25 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and senior managers.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or corporate name of the director	Company name of the Group entity	Position
EAC INVERSIONES CORPORATIVAS, S.L.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIR
	REALIA BUSINESS, S.A.	DIRECTOR
INMOBILIARIA AEG, S.A. DE C.V.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHIEF EXECUTIVE OFFICER
	REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AQUALIA, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
ÁLVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	CHAIRMAN
ANTONIO GÓMEZ GARCÍA	FCC AMÉRICAS, S.A. DE C.V.	ALTERNATE DIRECTOR
PABLO COLIO ABRIL	FCC MEDIO AMBIENTE, S.A.U.	CHAIRMAN
	FCC AQUALIA, S.A.	MEMBER OF THE BOARD, MEMBER OF THE AUDIT AND CONTROL COMMITTEE, OF THE INVESTMENT COMMITTEE, AND OF THE DELEGATED REGULATORY COMPLIANCE COMMITTEE
	FCC CONSTRUCCIÓN, S.A.	CHAIRMAN
	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO S.L.U.	DEPUTY CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	DEPUTY CHAIRMAN
	FCC CONCESIONES, S.A.U.	CHAIRMAN
	GUZMAN ENERGY O&M, S.L.	CHAIRMAN
	FCC AUSTRIA ABFALL SERVICE AG	MEMBER OF THE SUPERVISORY BOARD

These directors hold posts or exercise functions and/or hold ownership interests of less than 0.01% in any case in other FCC Group companies, in which Fomento de Construcciones y Contratas, S.A. holds the majority of the voting rights, directly or indirectly.

In 2020, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements related to remuneration or appointment of positions. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the attached consolidated income statement includes 180,131 thousand euros (277,375 thousand euros in 2019) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 22,714 thousand euros (15,878 thousand euros in 2019) are also included in the Group's consolidated financial statements

d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

– Execution of construction and service contracts by FCC Construcción, S.A. and FCC Industrial e Infraestructuras Energéticas, S.A.U. relating to companies in the Realia subgroup, as follows:

Corporate name of the significant shareholder	Corporate name of the group company	2020	2019
Realia Business, S.A.	FCC Construcción, S.A.	23,911	12,373
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,397	1,209
Valaise S.L.U.	FCC Construcción, S.A.		4,899
		25,308	**18,481**

– Agreements between FC y C, S.L. Unipersonal and Realia Business, S.A. for the management and marketing of three real estate developments: Plot "10B" in Badalona, Barcelona, for the construction of 141 collective dwellings available for resale and parking spaces; Plot "RCL 1B" in Tres Cantos, Madrid, for the construction of 85 collective dwellings available for resale and parking spaces: Parce-la "RLU 2ª" in Tres Cantos, Madrid, for the construction of 30 single-family homes, for a total amount of 1,954 thousand euros. Signature by FC y C, SL Unipersonal and Realia Business, S.A. of the following exclusive marketing contracts: Plot RU2A in Tres Cantos (marketing of 30 single-family dwellings), Plot RC1B in Tres Cantos (marketing of 85 dwellings available for resale), Plot 10 in Badalona (marketing of 141 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 144 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 42 single-family dwellings), Plot in El Berzal (marketing of 40 single-family dwellings).

– Service provision agreements between FCC Industrial e Infraestructuras Energéticas, S.A.U. and Realia Patrimonio, S.L.U. for annual preventive maintenance of generator units in buildings: Offices on Calle Acanto 22 and 4 units in office buildings at Avda. Del Sur del Aeropuerto de Barajas, 28, 30, 32 and 34 in Madrid (Eisenhower Business Center in Madrid) for an amount of 3 thousand euros, basic annual preventive maintenance of the equipment of the Uninterruptible Power Supply of the buildings: Offices at Paseo de la Castellana 216 in Madrid; Offices on Calle Acanto 22, and 2 units in office buildings on Avda. Del Sur del Aeropuerto de Barajas, 28 and 34, Madrid, for an amount of 2 thousand euros.

– Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 338 thousand euros.

- Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 175 thousand euros.
- In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with carrying amount at 31 December 2020 of 69,857 thousand euros. The finance costs incurred in the year totalled 2,076 thousand euros.
- Financing provided by the financial group Inbursa for FCC Construcción, S.A. for Line 2 of the Panama Metro, through the acquisition of construction certificates, amounting to 3,818 thousand euros.

Furthermore, other transactions are carried out under market conditions, mainly telephone and internet access services, with parties related to the majority shareholder for a non-significant amount.

e) Mechanisms established to detect, determine and resolve possible conflicts of interests between the parent and/or its Group and its directors, executives or significant shareholders

FCC Group has established specific mechanisms to detect, determine and resolve any possible conflicts of interest between the Group companies and their directors, executives and significant shareholders, as indicated in article 20 and thereafter of the Board of Directors' Rules.

32. Fees paid to auditors

Fees for audit services accrued in 2020 and 2019 relating to audit services and other verification services, as well as other professional services, provided to the different Group companies and joint management that comprise the FCC Group by the main auditor and other auditors participating in the audit of the different Group companies, and by associated entities, both in Spain and abroad, are shown in the following table:

	2020			2019		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	3,386	718	4,104	3,477	599	4,076
Other assurance services	261	1,220	1,481	522	571	1,093
Total audit and related services	**3,647**	**1,938**	**5,585**	**3,999**	**1,170**	**5,169**
Tax advisory services	–	1,887	1,887	–	1,466	1,466
Other services	20	610	630	–	1,527	1,527
Total professional services	**20**	**2,497**	**2,517**	**–**	**2,993**	**2,993**
	3,667	**4,435**	**8,102**	**3,999**	**4,163**	**8,162**

33. Events after the closing date

There have been no significant events between the end of the year and the date of preparation of these financial statements.

Annex I Fully consolidated subsidiaries

Company	Registered office	% Effective ownership	Auditor
SERVICIOS MEDIOAMBIENTALES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Aparcamientos Concertados, S.A.	Av. Aiguera, 1 – Benidorm (Alicante)	100.00	
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	51.00	
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	
Beootpad d.o.o. Beograd	Serbia	100.00	
Castellana de Servicios, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Compañía Catalana de Servicios, S.A.	Balmes, 36 – Barcelona	100.00	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62	Deloitte
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Egypt Environmental Services, S.A.E.	Egypt	100.00	Deloitte
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	66.60	Capital Auditors
Enviropower Investments Limited	United Kingdom	100.00	Deloitte
Europea de Tratamiento de Residuos Industriales, S.A.	Federico Salmón, 13 – Madrid	100.00	
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Environment Portugal, S.A.	Portugal	100.00	Deloitte
FCC Environment Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environmental Services Florida Llc.	USA	100.00	
FCC Environmental Services Nebraska Llc.	USA	100.00	
FCC Environmental Services Texas Llc.	USA	100.00	

Company	Registered office	% Effective ownership	Auditor
FCC Environmental Services (USA) Llc.	USA	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Servicios Medio Ambiente Holding, S.A.U.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	85.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	80.00	Centium
Gipuzkoa Ingurumena BI, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	82.00	Ernst & Young
Golrib, Soluções de Valorização de Residuos Lda.	Portugal	55.00	
FCC Group - CEE			
.A.S.A. Hódmezövásárhely Köztisztasági Kft	Austria	61.83	Deloitte
ASMJ s.r.o.	Austria	51.00	Deloitte
FCC Abfall Service Betriebs GmbH	Czech Republic	100.00	
FCC Austria Abfall Service AG	Slovakia	100.00	Deloitte
FCC BEC s.r.o.	Hungary	100.00	Deloitte
FCC Bratislava s.r.o.	Czech Republic	100.00	Deloitte
FCC Centrum Nonprofit Kft.	Czech Republic	100.00	Deloitte
FCC Ceska Republika s.r.o.	Czech Republic	100.00	Deloitte
FCC Ceské Budêjovice s.r.o.	Serbia	75.00	Deloitte
FCC Dacice s.r.o.	Poland	60.00	Deloitte
FCC Eko d.o.o.	Poland	100.00	Deloitte
FCC EKO Polska sp. z.o.o.	Polonia	100.00	Deloitte
FCC Eko-Radomsko sp. z.o.o.	Polonia	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	100.00	Deloitte
FCC Environment CEE GmbH	Austria	100.00	Deloitte
FCC Environment Romania S.R.L.	Romania	100.00	Deloitte
FCC Freistadt Abfall Service GmbH	Austria	100.00	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	100.00	Deloitte
FCC HP s.r.o.	Czech Republic	100.00	Deloitte
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC Inerta Engineering & Consulting GmbH	Austria	100.00	
FCC Kikinda d.o.o.	Serbia	80.00	Deloitte
FCC Liberec s.r.o.	Czech Republic	55.00	Deloitte
FCC Litovel s.r.o.	Czech Republic	49.00	
FCC Lublienec sp. z.o.o.	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Deloitte
FCC Mostviertel Abfall Service GmbH	Austria	100.00	Deloitte
FCC Neratovice s.r.o.	Czech Republic	100.00	Deloitte
FCC Neunkirchen Abfall Service GmbH	Austria	100.00	Deloitte
FCC Podhale sp. z.o.o.	Poland	100.00	Deloitte
FCC Prostejov s.r.o.	Czech Republic	75.00	Deloitte
FCC Regios AS	Czech Republic	99.99	Deloitte
FCC Slovensko s.r.o.	Slovakia	100.00	Deloitte
FCC Tarnobrzeg.sp. z.o.o.	Poland	59.72	Deloitte
FCC Textil2Use GmbH	Austria	100.00	
FCC Trnava s.r.o.	Slovakia	50.00	Deloitte
FCC Uhy s.r.o.	Czech Republic	100.00	Deloitte
FCC Únanov s.r.o.	Czech Republic	66.00	Deloitte
FCC Vrbak d.o.o.	Serbia	51.00	
FCC Wiener Neustadt Abfall Service GmbH	Austria	100.00	
FCC Zabcice s.r.o.	Czech Republic	80.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Zabovresky s.r.o.	Czech Republic	89.00	Deloitte
FCC Zisterdorf Abfall Service GmbH	Austria	100.00	Deloitte
FCC Znojmo s.r.o.	Czech Republic	49.66	Deloitte
FCC Zohor.s.r.o.	Slovakia	85.00	Deloitte
Miejskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	80.00	Deloitte
Obsed a.s.	Czech Republic	100.00	Deloitte
Quail spol. s.r.o.	Czech Republic	100.00	Deloitte
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	
FCC Environment Group (UK)			
3C Holding Limited	United Kingdom	100.00	Deloitte
3C Waste Limited	United Kingdom	100.00	Deloitte
Allington O & M Services Limited	United Kingdom	100.00	Deloitte
Allington Waste Company Limited	United Kingdom	100.00	Deloitte
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Deloitte
Anti-Waste Limited	United Kingdom	100.00	Deloitte
Arnold Waste Disposal Limited	United Kingdom	100.00	Deloitte
BDR Property Limited	United Kingdom	80.00	Deloitte
BDR Waste Disposal Limited	United Kingdom	100.00	Deloitte
Darrington Quarries Limited	United Kingdom	100.00	Deloitte
Derbyshire Waste Limited	United Kingdom	100.00	Deloitte
East Waste Limited	United Kingdom	100.00	Deloitte
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environment Limited	United Kingdom	100.00	Deloitte
FCC Environment Lostock Limited	United Kingdom	100.00	
FCC Environmental Services Limited	United Kingdom	100.00	
FCC Recycling (UK) Limited	United Kingdom	100.00	Deloitte
FCC Waste Services (UK) Limited	United Kingdom	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
Finstop Limited	United Kingdom	100.00	
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Deloitte
Integrated Waste Management Limited	United Kingdom	100.00	Deloitte
Landfill Management Limited	United Kingdom	100.00	Deloitte
Lincwaste Limited	United Kingdom	100.00	Deloitte
Norfolk Waste Limited	United Kingdom	100.00	Deloitte
Pennine Waste Management Limited	United Kingdom	100.00	Deloitte
T Shooter Limited	United Kingdom	100.00	Deloitte
Waste Recovery Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Deloitte
Wastenotts O & M Services Limited	United Kingdom	100.00	Deloitte
Welbeck Waste Management Limited	United Kingdom	100.00	Deloitte
WRG (Midlands) Limited	United Kingdom	100.00	Deloitte
WRG (Northern) Limited	United Kingdom	100.00	Deloitte
WRG Acquisitions 2 Limited	United Kingdom	100.00	Deloitte
WRG Environmental Limited	United Kingdom	100.00	Deloitte
WRG Waste Services Limited	United Kingdom	100.00	
FCC Group - PFI Holdings			
FCC Lostock Holdings Limited	United Kingdom	100.00	Deloitte
FCC PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
RE3 Holding Limited	United Kingdom	100.00	Deloitte
RE3 Limited	United Kingdom	100.00	Deloitte
Green Recovery Group			
FCC (E&M) Holdings Ltd.	United Kingdom	51.00	Deloitte
FCC (E&M) Ltd.	United Kingdom	51.00	Deloitte
FCC Buckinghamshire Holdings Limited	United Kingdom	51.00	Deloitte
FCC Buckinghamshire Limited	United Kingdom	51.00	Deloitte
FCC Buckinghamshire (Support Services) Limited	United Kingdom	51.00	
FCC Energy Holdings Ltd	United Kingdom	51.00	Deloitte
FCC Energy Limited	United Kingdom	51.00	Deloitte
FCC Environment (Lincolnshire) Ltd.	United Kingdom	51.00	Deloitte
FCC Environment Developments Ltd.	United Kingdom	51.00	Deloitte
Green Energy Finance Solutions Ltd	United Kingdom	51.00	Deloitte
Green Recovery Projects Ltd	United Kingdom	51.00	Deloitte
Kent Energy Limited	United Kingdom	51.00	Deloitte
Kent Enviropower Limited	United Kingdom	51.00	Deloitte
Wastenotts (Reclamation) Limited	United Kingdom	51.00	Deloitte
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Deloitte
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	90.00	Deloitte
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Deloitte
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid)	100.00	Deloitte
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	80.00	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Gerona	75.00	Cataudit Auditors Associats
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	60.00	Capital Auditors

Company	Registered office	% Effective ownership	Auditor
Servicios de Levante, S.A.	Camino Pla de Museros, s/n – Almazora (Castellón)	100.00	Deloitte
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	100.00	Deloitte
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	75.00	
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Vizcaya)	100.00	Centium
AQUALIA			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio De Abrantes, S.A.	Portugal	30.60	Oliveira, Reis & Asociados
Acque di Caltanissetta, S.p.a.	Italy	50.22	Deloitte
Agua y Gestión del Ciclo Integral, S.L.U.	Av. Diego Martínez Barrio, 4 – Seville	51.00	
Aguas de Alcázar Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real)	26.71	Capital Auditors
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 – Vallirana (Barcelona)	51.00	
Aqua Campiña, S.A.	Blas Infante, 6 – Écija (Seville)	45.90	Centium Auditores
Aquaelvas – Aguas de Elvas, S.A.	Portugal	51.00	Deloitte
Aquafundalia – Agua do Fundäo, S.A.	Portugal	51.00	Deloitte
Aquajerez, S.L.	Cristalería, 24 – Cádiz	51.00	Ernst & Young
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
Aqualia Desalación Guaymas, S.A. de C.V.	Mexico	51.00	Deloitte
Aqualia France	France	51.00	SNR Audit
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51.00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51.00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51.00	ABC AUDIT, sro
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51.00	
Aqualia Infraestructuras Pristina LLC.	Kosovo	51.00	

Company	Registered office	% Effective ownership	Auditor
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
Aqualia Latinoamérica, S.A.	Colombia	51.00	Sn Audit And Consulting Colombia Sas
Aqualia Mace Contracting, Operation & General Maintenance LLC.	United Arab Emirates	26.01	Deloitte
Aqualia Mace Qatar	Qatar	26.01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51.00	Deloitte
Aqualia New Europe B.V.	Netherlands	51.00	RSM
Aqualia Portugal, S.A.	Portugal	51.00	Ernst & Young
Aqualia Villa del Rosario, SA	Colombia	51.00	Sn Audit And Consulting Colombia Sas
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51.00	Deloitte
Aquos El Realito, S.A. de C.V.	Mexico	26.01	Deloitte México
C.E.G. S.P.A. Simplifiée	France	51.00	SNR Audit
Cartagua, Aguas do Cartaxo, S.A.	Portugal	30.60	Oliveira, Reis & Asociados
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30.60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51.00	Deloitte
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51.00	Capital Auditors
Ecosistema de Morelos S.A. de C.V.	Mexico	51.00	
Empresa Gestora de Aguas Linenses, S.A.	Federico Salmón, 13 – Madrid	51.00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35.70	
Entemanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49.47	Deloitte
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
FCC Aqualia América, S.A.U.	Uruguay, 11 – Vigo (Pontevedra)	51.00	
FCC Aqualia U.S.A. Corp	USA	51.00	Berkowitz Pollack Brant
Flores, Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
H.A.A. & CO. Integrated Services	Saudi Arabia	26.01	Ernst & Young
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 – Seville	51.00	Deloitte
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	51.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
Qatarat Saquia Desalination	Saudi Arabia	26.01	Ernst & Young
Servicios Hídricos Agricultura y Ciudad, S.L.U.	Alfonso XIII – Sabadell (Barcelona)	51.00	
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	Czech Republic	51.00	Deloitte
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	13.01	Samir Hadj Ali
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4 – Madrid	51.00	Deloitte
Sociedad Ibérica del Agua, S.A. Unipersonal	Federico Salmón, 13 – Madrid	51.00	
Societè des Eaux de Fin d'Oise, S.A.S.	France	51.00	SNR Audit
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 – Madrid	51.00	Deloitte
Vodotech, spol. s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Water Sur, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego	Portugal	100.00	
Agregados y Materiales de Panamá, S.A.	Panama	100.00	Deloitte
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100.00	Capital Auditors
Colombiana de Infraestructuras, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
Concesiones Viales S. de R.L. de C.V.	Mexico	100.00	
Concretos Estructurales, S.A.	Nicaragua	100.00	
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100.00	
Consorcio FCC Iquique Ltda.	Chile	100.00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00	
Construcciones Hospitalarias, S.A.	Panama	100.00	Deloitte
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Deloitte
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Deloitte
Corporación M&S de Nicaragua, S.A.	Nicaragua	100.00	
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00	
Edificadora MSG, S.A. (Panama)	Panama	100.00	

Company	Registered office	% Effective ownership	Auditor
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100.00	
FCC Américas, S.A. de C.V.	Mexico	50.00	Deloitte
FCC Américas Colombia, S.A.S.	Colombia	50.00	
FCC Américas Panamá, S.A.	Panama	50.00	Deloitte
FCC Colombia, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100.00	Deloitte
FCC Construcción América, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción de México, S.A. de C.V.	Mexico	100.00	Deloitte
FCC Construcción Perú, S.A.C.	Peru	100.00	
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Australia Pty Ltd	Australia	100.00	
FCC Construction Inc.	USA	100.00	
FCC Construction International B.V.	Netherlands	100.00	
FCC Construction Ireland DAC	Ireland	100.00	Deloitte
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Deloitte
FCC Construçoes do Brasil Ltda.	Brazil	100.00	
FCC Edificadora CR, S.A.	Costa Rica	100.00	
FCC Electromechanical LLC.	Saudi Arabia	100.00	Ernst & Young
FCC Elliott Construction Limited	Ireland	100.00	Deloitte
FCC Industrial de Panamá, S.A.	Panama	100.00	
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
FCC Industrial Perú, S.A.	Peru	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	Deloitte
FCC Inmobilien Holding GmbH	Germany	100.00	
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100.00	
Fomento de Construcciones Colombianas, S.A.S.	Colombia	100.00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Guzmán Energy O&M, S.L.	Av. Camino de Santiago, 40 – Madrid	52.13	Deloitte
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100.00	Deloitte
Meco Santa Fe Limited	Belize	100.00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100.00	Deloitte
Megaplás Italia, S.p.A.	Italy	100.00	Collegio Sindicale
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
Ramalho Rosa Cobetar Sociedade de Construçoes, S.A.	Portugal	100.00	Deloitte
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	
CEMENT			
Áridos de Navarra, S.A.	Estella, 6, Pamplona (Navarra)	65.47	
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarre)	69.46	Deloitte
Carbocem, S.A.	María Tubau, 9 – 4 planta – Madrid	69.15	
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87.35	Deloitte
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarre)	99.20	Deloitte
Dragon Alfa Cement Limited	United Kingdom	87.35	Deloitte
Dragon Portland Limited	United Kingdom	99.20	Deloitte
Prebesec Mallorca, S.A.	Conradors (P.I. Marratxi) - Marratxi (Balearic Islands)	67.77	
Select Beton, S.A.	Tunisia	87.13	Deloitte - Guellaty
Société des Ciments d'Enfidha	Tunisia	87.16	Deloitte - Guellaty
Tratamiento Escombros Almoguera S.L.	María Tubau, 9 - 4 planta - Madrid	50.62	
Uniland Acquisition Corporation	USA	99.20	
Uniland International B.V.	Netherlands	99.20	
Uniland Trading B.V.	Netherlands	99.20	

Company	Registered office	% Effective ownership	Auditor
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Bvefdomintaena Beteiligungsverwaltung GmbH	Austria	100.00	
Cemark - Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	PricewaterhouseCoopers
Concesionaria Atención Primaria, S.A.	Gremi de Sabaters, 21 (Loc. A. 15.2) - Palma de Mallorca (Balearic Islands)	82.50	Deloitte
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	Deloitte
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
FC y C, S.L. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Concesiones, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Midco, S.A.	Luxembourg	100.00	
FCC Topco, S.A.R.L.	Luxembourg	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Per Gestora, S.L.	Federico Salmón, 13 – Madrid	100.00	
PPP Infraestructure Investments B.V.	Países Bajos	100.00	
Vela Boravica Koncern d.o.o.	Croacia	100.00	
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
Grupo Cedinsa Concessionària			
Cedinsa Concessionària, S.A.	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Conservació, S.L. Unipersonal	Ctra. C-16 – Puig-Reig (Barcelona)	51.00	Deloitte
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A.Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte

Annex II Companies jointly controlled with third parties outside the Group
(consolidated using the equity method)

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental. S.A.	Viriato. 47 – Barcelona	9,808	11,933	50.00	Ernst & Young
Beacon Waste Limited	United Kingdom	1,250	1,361	50.00	Deloitte
Ecoparc del Besós. S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	7,803	6,638	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres. S.L.	Av. de les Alegries. s/n – Lloret de Mar (Gerona)	138	153	50.00	
Electrorecycling. S.A.	Ctra. BV – 1224 Km. 6.750 – El Pont de Vilomara i Rocafort (Barcelona)	1,284	1,294	33.34	Audinfor
Empresa Mixta de Limpieza de la Villa de Torrox. S.A.	Plaza de la Constitución. 1 – Torrox (Málaga)	360	400	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria. S.A.	Barrio Las Zorreras. 8 – Rincón de la Victoria (Málaga)	316	275	50.00	Audinfor
Fisersa Ecoserveis. S.A.	Alemanya. 5 – Figueres (Gerona)	165	164	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro. S.L.	De la Tecnología. 2. P.I. Los Olivos – Getafe (Madrid)	322	476	50.00	Deloitte
Ingeniería Urbana. S.A.	Calle I esquina calle 3. P.I. Pla de la Vallonga – Alicante	4,210	4,261	35.00	Deloitte
Mediaciones Comerciales Ambientales. S.L.	Av. Barcelona. 109. P.5 – Sant Joan Despí (Barcelona)	359	793	50.00	
Mercia Waste Management Ltd.	United Kingdom	11,781	10,682	50.00	Deloitte
Palacio de Exposiciones y Congresos de Granada. S.A.	Paseo del Violón. s/n – Granada	(1,969)	(1,850)	50.00	Hispanobelga Economistas Auditores. S.L.P.
Pilagest. S.L.	Ctra. BV – 1224 Km. 6.750 – El Pont de Vilomara i Rocafort (Barcelona)	211	212	50.00	
Reciclado de Componentes Electrónicos. S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	1,924	2,125	37.50	KPMG
Servicios de Limpieza Integral de Málaga III. S.A.	Camino Medioambiental (Ed. Limasa). 23–Málaga	–	1,965	26.01	PricewaterhouseCoopers
Servicios Urbanos de Málaga. S.A.	Av. Camino de Santiago. 40 – Madrid	3,216	668	51.00	

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
Severn Waste Services Limited	United Kingdom	199	209	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos. S.A.	Rambla Cataluña. 91 – Barcelona	1,580	1,119	33.33	Castellà Auditors Consultors. S.L.P.
Zabalgarbi. S.A.	Camino Artigabidea. 10 – Bilbao (Vizcaya)	16,060	17,234	30.00	KPMG
AQUALIA		**–**	**–**		
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Langreo (Asturias)	909	885	24.99	Capital Auditors and Consultants. S.L.
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	237	722	25.50	
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciutadans, 11 – Gerona	162	162	13.71	Cataudit Auditors Associats. S.L.
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	296	302	24.99	Audinfor
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,996)	(2,995)	12.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1,584	1,745	25.50	Audinfor
Girona, S.A.	Travesía del Carril, 2 – Gerona	1,701	1,672	17.14	Cataudit Auditors Associats. S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	992	1,132	25.25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(100)	(110)	25.50	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	11,943	11,700	25.50	Deloitte
Orasqualia Operation and Maintenance, S.A.E.	Egypt	1,130	1,797	25.50	Deloitte
CONSTRUCTION					
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	108	143	50.00	
Altos del Javier, S.A.	Panama	–	–	50.00	
Consorcio Tramo Dos S.A. DE C.V.	Mexico	8	–	50.00	
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	5,734	5,521	49.00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	–	–	24.50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1,403	1,613	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(29,993)	(34,403)	40.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,114	1,528	50.00	Grant Thornton
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	–	–	50.00	

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
Dragados FCC Canada Inc.	Canada	–	(862)	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. Camino de Santiago, 40 – Madrid	2	2	50.00	
Integral Management Future Renewables, S.L.	A Condomiña, s/n – Ortoño (La Coruña)	3,488	3,257	50.00	Deloitte
North Tunnels Canada Inc.	Canada	(1,674)	(1,782)	50.00	
OHL Co Canada & FCC Canada Ltd. Partnership	Canada	(65,044)	(62,695)	50.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	–	–	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	119	136	51.00	
CEMENT					
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229.5 - Subirats (Barcelona)	3,243	2,706	49.50	Deloitte
OTHER ACTIVITIES					
Ibisan Sociedad Concesionaria, S.A	Av. Isidor Macabich, s / n. Sant Rafel de Sa Creu (Balearic Islands)	8,204	7,291	50.00	Deloitte
MDM-Teide, S.A.	Panama	161	175	50.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	22,572	21,248	50.00	Deloitte
Teide-MDM Quadrat, S.A.	Panama	60	65	50.00	
Grupo FM Green Power Investments		16,462	17,074	49.00	
Enestar Villena. S.A.	Maestro Chanzá, 3 – Villena (Alicante)	–	–	49.00	Ernst & Young
Estructuras Energéticas Generales. S.A. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	
Ethern Electric Power. S.A.	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
FM Green Power Investments. S.L.	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
Guzmán Energía. S.L.	Portada, 11 – Palma del Río (Córdoba)	–	–	34.30	Ernst & Young
Helios Patrimonial 1. S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
Helios Patrimonial 2. S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
Olivento. S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)		**40,842**	**38,141**		

Annex III Associates (consolidated using the equity method)

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1,117	1,016	32.17	
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	12	15	12.00	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	609	611	33.00	
Betearte, S.A.U.	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Vizcaya)	(91)	(376)	33.33	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,298	5,208	49.00	DULA Auditores, S.L.P.
Giref Generación Renovable	Pedro Lafayo, 6 - Ibiza	–	–	20.00	
FCC Group - CEE		**6,310**	**6,264**		
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	–	–	25.50	Interauditor
ASTV s.r.o.	Czech Republic	–	–	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	–	–	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	–	–	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	49.00	ConVisio
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	49.00	ConVisio
Killer GmbH	Austria	–	–	50.00	Rittmann
Killer GmbH & Co KG	Austria	–	–	50.00	Rittmann
Recopap s.r.o.	Slovakia	–	–	50.00	Deloitte
FCC Group - PFI Holdings	**United Kingdom**	**22,766**	**9,797**		
CI III Lostock Efw Limited	United Kingdom	–	–	40.00	
Lostock Power Limited	United Kingdom	–	–	40.00	
Lostock Sustainable Energy	United Kingdom	–	–	40.00	

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
Tirme Group		**6,783**	**7,423**		
Balear de Trituracions, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	–	–	20.00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic islands)	–	–	14.00	Deloitte
Mac Insular Segunda, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	–	–	15.00	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Balearic islands)	–	–	20.00	Deloitte
Sogecar, S.A.	Polígono Torrelarragoiti – Zamudio (Vizcaya)	499	482	30.00	
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	62	75	24.48	Centium Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	440	408	16.83	Audinfor
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	179	161	20.40	
Aguas de Priego, S.L.	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)	(33)	(16)	24.99	Audinfor
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3,910	4,094	24.98	
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Gerona)	38	68	8.40	Cd Auditors Auditoria I Consulting SL
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	–	–	0.52	Deloitte
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	509	503	24.99	Gm Auditors SL
Aquos El Realito, S.A. de C.V.	Mexico	–	7,499	24.99	Deloitte México
Codeur, S.A.	Mayor, 22 – Vera (Almería)	6,560	6,504	13.26	
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	1,208	1,243	25.50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,396)	(5,395)	12.50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	320	356	24.99	Centium Auditores
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	77	88	24.99	Deloitte
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	13	6	24.99	Centium Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	153	151	24.99	Next Auditores y Consultores
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	198	279	24.99	Centium Auditores

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaén)	92	68	24.99	Centium Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 - Ibiza (Balearic Islands)	83	65	20.40	
Omán Sustainable Water Services SAOC	Oman	953	1,030	24.99	
Operadora El Realito, S.A. de C.V.	Mexico	278	316	7.65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	12.50	
Proveïments d'Aigua, S.A.	Astúries, 13 - Gerona	603	571	7.71	Antoni Riera Economistes Auditors
Sera Q A Duitama E.S.P., S.A.	Colombia	8	13	15.61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	9,136	10,376	25.51	Deloitte Mexico
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,194	2,108	50.00	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	7,193	6,905	24.68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	3,518	3,391	45.00	
Construcciones y Pavimentos, S.A.	Panama	4	4	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(4)	(4)	24.50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	(1,548)	(1,683)	50.00	Deloitte
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	(60)	(63)	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	422	8,915	14.28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	6	7	25.00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	319	379	45.00	
FCC Tarrio TX-1 Construçao Ltda	Brazil	–	-	70.00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42.50	Deloitte
N6 (Construction) Limited	Ireland	(38,413)	(38,413)	42.50	Deloitte
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25.00	
Roadbridge FCC JV Limited	Ireland	951	143	50.00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	2	14.28	Deloitte
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	32	27	14.28	Deloitte

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	504	654	34.29	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	(370)	(389)	49.60	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria)	303	317	34.94	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	1,327	–	62.00	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	414	408	49.60	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	857	666	49.60	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarra)	2,369	2,356	39.68	
Hormigones Galizano, S.A.	Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria)	146	150	43.68	
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	833	713	49.60	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516,5- Sabiñánigo (Huesca)	5,941	5,886	49.60	KPMG
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	8,065	8,041	27.78	KPMG
Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	525	565	33.06	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	125	134	33.06	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	1,195	1,230	32.99	
Terminal Cimentier de Gabes-Gie	Tunisia	33	35	29.05	Ernst & Young
Vescem-LID, S.L.	Valencia, 245 - Barcelona	27	27	24.75	
Giant Group		**9,973**	**13,661**		
Coastal Cement Corporation	USA	–	–	44.64	
Dragon Energy LLC.	USA	–	–	44.64	
Dragon Products Company Inc.	USA	–	–	44.64	
Giant Cement Company	USA	–	–	44.64	
Giant Cement Holding Inc.	USA	–	–	44.64	Deloitte
Giant Cement NC Inc.	USA	–	–	44.64	
Giant Cement Virginia Inc.	USA	–	–	44.64	

Company	Registered office	Carrying amount of the backlog 2020	Carrying amount of the backlog 2019	% Effective ownership	Auditor
Giant Resource Recovery Inc.	USA	–	–	44.64	
Giant Resource Recovery - Arvonia Inc.	USA	–	–	44.64	
Giant Resource Recovery - Attalla Inc.	USA	–	–	44.64	
Giant Resource Recovery - Harleyville, Inc.	USA	–	–	44.64	
Giant Resource Recovery - Sumter Inc.	USA	–	–	44.64	
Keystone Cement Company	USA	–	–	44.64	
Sechem Inc.	USA	–	–	44.64	
OTHER ACTIVITIES		**–**	**–**		
Concessió Estacions Aeroport L9, S.A.	Av. Carrilet, 3 Edificio D – L'Hospitalet de Llobregat (Barcelona)	–	6,122	49.00	Deloitte
Future Valleys Project Co. Limited	United Kingdom	13	–	42.50	
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	971	975	20.00	
Metro de Lima Línea 2, S.A.	Peru	26,215	25,704	18.25	Ernst & Young
Sigenera, S.L.	Av. Linares Rivas, 1 – La Coruña	380	376	37.40	
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	10,137	9,319	24.01	Ernst & Young
Grupo Realia Business		278,103	276,540	37.40	
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	–	–	18.70	Ernst & Young
Boane 2003, S.A. Unipersonal	Paseo de la Castellana, 41 – Madrid	–	–	18.25	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	–	–	37.40	
Hermanos Revilla, S.A.	Paseo de la Castellana, 41 – Madrid	–	–	18.25	Ernst & Young
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Ayala, 3 – Madrid	–	–	12.48	
Planigesa, S.A.	Av. Camino de Santiago, 40– Madrid	–	–	28.42	
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	–	–	37.40	Ernst & Young
Realia Contesti, S.R.L.	Romania	–	–	37.40	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	–	–	37.40	Ernst & Young
TOTAL VALUE OF CONSOLIDATED COMPANIES USING HE EQUITY METHOD (ASSOCIATED COMPANIES)		**382,126**	**390,841**		

Annex IV Changes in the scope of consolidation

ADDITIONS	
Company	**Registered office**
FULLY CONSOLIDATED	
Aqualia Latinoamérica, S.A.	Colombia
Aqualia Portugal, S.A.	Portugal
Aqualia Villa del Rosario, SA	Colombia
Ecosistema de Morelos S.A. de C.V.	Mexico
FCC Concesiones, S.A. Unipersonal	Federico Salmón, 13 – Madrid
FCC Construction Australia Pty Ltd	Australia
FCC Energy Holdings Ltd	United Kingdom
Green Energy Finance Solutions Ltd	United Kingdom
Green Recovery Projects Ltd	United Kingdom
H.A.A. & CO. Integrated Services	Saudi Arabia
Miejskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland
Qatarat Saquia Desalination	Saudi Arabia
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland
JOINT VENTURES	
Consorcio Tramo Dos S.A. DE C.V.	Mexico
ASSOCIATES	
Future Valleys Project Co. Limited	United Kingdom

DERECOGNITIONS	
Company	**Registered office**
FULLY CONSOLIDATED	
Ecoeffect DZZD-Consortium [2]	Bulgaria
Ekostone Áridos Siderúrgicos, S.L. [3]	Superpuerto – Dique de Poniente. Punta Lucero, 5 – Ziérbana (Vizcaya)
FCC Bulgaria E.O.O.D. [2]	Bulgaria
RSUO Dobritch [2]	Bulgaria
Tema Concesionaria, S.A. [3]	Porto Pi, 8– Palma de Mallorca (Balearic Islands)
Zona Verde – Promoçao e Marketing Limitada [4]	Portugal
JOINT VENTURES	
Servicios de Limpieza Integral de Málaga III, S.A. [5]	Camino Medioambiental (Ed. Limasa), 23–Málaga

CHANGES IN THE SCOPE OF CONSOLIDATION		
Company	**Change in the consolidation method (current method)**	**Change in the consolidation method (previous method)**
Aquos El Realito, S.A. de C.V.	Fully consolidated	Equity method (associate)
Hormigones de la Jacetania, S.A.	Equity method (associate)	Fully consolidated

(1) Derecognition due to a merger with FCC Aqualia, S.A.
(2) Derecognition due to disposal
(3) Derecognition due to liquidation
(4) Derecognition due to merger with Cemark - Mobiliario Urbano e Publicidade, S.A.
(5) Derecognition due to remunicipalisation of the service

Annex V Joint ventures, economic interest groups and other enterprises jointly managed with third parties outside the Group

	Proportional integration at 31 December 2020
ENVIRONMENTAL SERVICES	
Puerto JV	50.00
Absa JV - Perica	60.00
Absa – Perica II JV	60.00
A Coruña Limpieza JV	70.00
Aeropuerto VI JV	50.00
Agarbi JV	60.00
Agarbi Bi JV	60.00
Agarbi Interiores JV	60.00
Aizmendi JV	60.00
Akei JV	60.00
Alcantarillado Melilla JV	50.00
Alella JV	50.00
Alumbrado Tias JV	67.00
Arazuri 2016 JV	50.00
Arazuri 2020 JV	50.00
Arcos JV	51.00
Artigas JV	60.00
ARUCAS II JV	70.00
Bailin Etapa 2 JV	60.00
Baix Ebre-Montsià JV	60.00
Berango JV	60.00

	Proportional integration at 31 December 2020
Bilboko Saneamendu JV	50.00
Bilboko Saneamendu Bi JV	50.00
Bilketa 2017 JV	60.00
Biocompost de Álava JV	50.00
Bizkaiako Hondartzak JV	50.00
Boadilla JV	50.00
Cabrera de Mar JV	50.00
Cana Putxa JV	20.00
Carma JV	50.00
Castellana – Po JV	50.00
Cgr Guipuzcoa JV	35.14
Chipiona JV	50.00
CMG2 Lanak JV	82.00
CMG2 Kudeaketa JV	82.00
Contenedores las Palmas JV	30.00
Contenedores Madrid JV	38.25
Contenedores Madrid 2 JV	36.50
CTR - Vallès JV	20.00
Ctr. de lalt Empordà JV	45.00
Cua JV	50.00
Donostiako Garbiketa JV	70.00
Dos Aguas JV	35.00

	Proportional integration at 31 December 2020
Eco A Coruña JV	85.00
Ecogondomar JV	70.00
Ecoparque Cáceres JV	50.00
Ecourense JV	50.00
Efic. Energ. Puerto del Rosario JV	60.00
Energía Solar Onda JV	25.00
Enllumenat Sabadell JV	50.00
Envases Ligeros Málaga JV	50.00
Epeleko Konposta JV	60.00
Epeleko Planta JV	35.00
Epremasa Provincial JV	55.00
Eretza JV	70.00
Es Vedra JV	25.00
Etxebarri JV	60.00
FCC - Ers Los Palacios JV	50.00
FCC – Hijos de Moreno, S.A. JV	50.00
FCC Perica I JV	60.00
FCC - SuFI Majadahonda JV	50.00
FCC-Mcc Santiago del Teide JV	80.00
F.L.F. La Plana JV	47.00
F.S.S. JV	99.00
Fuentes las Palmas JV	25.00
Gestió Integral de Runes del Papiol JV	40.00
Gestión Instalación III JV	34.99
Giref JV	20.00
Goierri Garbia JV	60.00
Guipuzkoako Hondartzak 2020 JV	60.00

	Proportional integration at 31 December 2020
Guipuzkoako Portuak 2019 JV	40.00
Icat Lote 7 JV	50.00
Icat Lote 11 JV	50.00
Icat Lote 15 JV	50.00
Icat Lote 20 and 22 JV	70.00
Bilbao Interiors JV	80.00
Bilbao Interiors II JV	70.00
Jardineras 2019 JV	60.00
Jardines Mogán JV	51.00
Jardines Pto del Rosario JV	78.00
Jard. Universitat Jaume I JV	50.00
Jerez JV	80.00
Jundiz II JV	51.00
Kimaketak JV	50.00
Kimaketak Hiru JV	50.00
Kimeketak Bi JV	50.00
la Lloma del Birlet JV	80.00
Lagunas II JV	33.34
Lagunas de Arganda JV	50.00
Las Caldas Golf JV	50.00
Legio VII JV	50.00
Lekeitioko Mantenimendua JV	60.00
Lezo Garbiketa 2018 JV	55.00
Limpieza Santa Coloma JV	50.00
Limpieza y RSU Lezo JV	55.00
Logroño Limpio JV	50.00
Luze Vigo JV	40.00

	Proportional integration at 31 December 2020
LV RSU Vitoria-Gasteiz JV	60.00
LV y RSU Arucas JV	70.00
LV Zumaia JV	60.00
LV Zumarraga JV	60.00
Mant. Edificios Valencia JV	55.00
Manteniment Lot 12 JV	75.00
Mantenimiento Reg Cornellà JV	60.00
Mantenimiento Breña Alta JV	50.00
Marepa – Carpa Pamplona JV	50.00
Melilla JV	50.00
Mnto. Mediterranea FCC JV	50.00
Mnto. Edifici Mossos Esquadra	70.00
Muérdago JV	60.00
Muskiz JV	60.00
Neteja Illes Balears JV	50.00
Onda Exploitation JV	33.33
Pájara JV	70.00
Pamplona JV	80.00
Parla JV	50.00
Parques Infantiles LP JV	50.00
Pasaia JV	70.00
Pasaiako Portua BI JV	55.00
Piscina Cubierta Paiporta JV	90.00
Plan Residuos JV	47.50
Planta Estabilizac. Tudela JV	55.00
Planta Rsi Tudela JV	60.00
Planta Transferencia FTV 2 JV	70.00

	Proportional integration at 31 December 2020
Planta Tr. Fuerteventura JV	70.00
Planta Tratamiento Valladolid JV	90.00
Platges Vinarós JV	50.00
Playas Gipuzkoa JV	55.00
Playas Gipuzkoa II JV	55.00
Playas Gipuzkoa III JV	55.00
Poniente Almeriense JV	50.00
Portmany JV	50.00
Puerto II JV	70.00
Puerto de Pasaia JV	55.00
Puerto de Pto del Rosario JV	70.00
RBU Els Ports JV	50.00
RBU Villa-Real JV	47.00
Recollida Segrià JV	60.00
Reg Cornellà JV	60.00
Residencia JV	50.00
Residuos 3 Zonas Navarra JV	60.00
RSU Bilbao II JV	60.00
RSU Chipiona JV	50.00
RSU Inca JV	80.00
RSU LV S. Bme. Tirajana JV	50.00
RSU Málaga JV	50.00
RSU Sestao JV	60.00
RSU Tolosaldea JV	60.00
S.U. Alicante JV	33.33
S.U. Benicassim	35.00
S.U. Bilbao	60.00

	Proportional integration at 31 December 2020
S.U. Oropesa del Mar	35.00
Saneamiento Urbano Castellón JV	65.00
Saneamiento Vitoria-Gasteiz JV	60.00
Sanejament Cellera de Ter JV	50.00
San Miguel-Anaka JV	50.00
SAV – FCC Tratamientos JV	35.00
Seguretat Urbicsa JV	60.00
Selectiva Urola Kosta II 2017 JV	60.00
Selectiva las Palmas JV	55.00
Selectiva Sanlucar JV	50.00
Selectiva San Marcos II JV	63.00
Selectiva Urola Kosta JV	60.00
Sellado Vertedero Logroño JV	50.00
Solares Ceuta JV	50.00
Son Espases JV	50.00
Tolosako Garbiketa JV	40.00
Tolosako Garbiketa 2020 JV	40.00
Tolosaldea RSU 2018 JV	60.00
Transp. y Elim. RSU JV	33.33
Transporte RSU JV	33.33
Txingudiko Garbiketa JV	73.00
Urola Erdia JV	60.00
Urretxu Garbiketa JV	60.00
Urretxu y Zumarraga JV	65.00
Vertedero Gardelegui III JV	70.00
Vertresa JV	10.00
Vidrio Melilla JV	50.00

	Proportional integration at 31 December 2020
Vigo Recicla JV	70.00
Vilomara II JV	33.33
Vinaroz JV	50.00
Zamora Limpia JV	30.00
Zaragoza Delicias JV	51.00
Zarauzko Garbieta JV	60.00
Zumaia JV	60.00
Zurita II JV	50.00
AQUALIA	
A.I.E. Costa Brava Abastament Aqualia-Sorea	50.00
A.I.E. Itam Delta de la Tordera	50.00
A.I.E. Sorea Aqualia	37.50
Abastament en Alta Costa Brava Empresa Mixta, S.A.	26.00
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51.00
Empresa Mixta d'Aigües de la Costa Brava, S.A.	25.01
Empresa Mixta de Aguas y Servicios, S.A.	41.25
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75.00
Consortium O&M Alamein	65.00
Abastecimiento Picadas Almoguera JV	95.00
Abu Rawash Construccion JV	50.00
Agua Santo Domingo JV	70.00
Aguas Alcalá JV	50.00
Aguas del Doramás JV	50.00
Alkhorayef-FCC Aqualia JV	51.00
Expansion SWDP Melilla JV	50.00

	Proportional integration at 31 December 2020
Badajoz Zona Este JV	50.00
Badajoz Zona Oeste JV	50.00
Calle Cruz JV	80.00
Cap Djinet JV	50.00
Cons. Gestor Ptar Salitre JV	30.00
Costa Tropical JV	51.00
Costa Tropical II JV	51.00
Costa Tropical III JV	51.00
Depuración Poniente Almeriense JV	75.00
Edar A Guarda 2013 JV	50.00
Edar Baeza JV	50.00
Edar Gijón JV	60.00
Edar Tablada JV	50.00
Explotación Itam Tordera JV	50.00
Gestión Cangas JV	70.00
Groupement Solidaire Jerba JV	50.00
Guadiana Pueblonuevo JV	51.00
Hidc - Hidr. – Inv Do Centr. Ace JV	50.00
Ibiza JV	50.00
Idam San Antoni JV	50.00
Idam Sant Antoni II JV	50.00
SWDP Santa Eulalia JV	50.00
UTE Idga Saneca	70.00
Infilco JV	50.00
Louro JV	65.00
Mostaganem JV	50.00
Obra Edar Argamasilla de Calatrava JV	70.00

	Proportional integration at 31 December 2020
OYM CAP Djinet JV	50.00
OYM Mostaganem JV	50.00
Ptar Ambato JV	60.00
Puebla Reina JV	65.00
SCC Sice JV	50.00
SEAFSA Lanzarote JV	60.00
Sentinas JV	50.00
TSE Riad JV	51.00
Vigo Piscinas JV	50.00
Zafra JV	65.00
CONSTRUCTION	
ACE Caet Xxi Construçoes	50.00
ACE Ribeiradio-Ermida	55.00
Consorcio Cobra – FCC Industrial	43.00
Consorcio FCC Construcción-Ferrovial Agroman Ltda.	50.00
Fast Consortium Limited LLC	35.92
ACP du Port de la Condamine	45.00
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A	49.50
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B	49.50
Asoc. FCC Azvi Straco S. Atel-Micasasa	55.00
Asocierea FCC-Astaldi-Convensa, Tronson 3	50.50
Associate FCC Azvi S. Sighisoara - Atel	55.00
Astaldi - FCC JV	50.00
Atraque Ribera Fondo CS Ute	50.00
BSV Mersey Joint Venture Uninc	50.00

	Proportional integration at 31 December 2020
CJV-UJV	35.92
Consorcio Antioquía al Mar	40.00
Consorcio Centenario de Panamá Sociedad Accidental	50.00
Consorcio Chicago II	60.00
Consorcio CJV Constructor Metro Lima	25.50
Consorcio Epc Metro Lima	18.25
Consorcio FCC Americas	50.00
Consorcio FCC-FI	50.00
Consorcio FCC – Corredor de las Playas	51.00
Consorcio FCC – Corredor de las Playas II	51.00
Consorcio FCC-JJC (Puerto Callao)	50.00
Consorcio FCC Meco Santa Fe de Costa Rica	50.00
Consorcio Ica – FCC – Meco Pac-4	43.00
Consorcio Línea 2	40.00
Consorcio Línea 2 Ramal	40.00
Consorcio Línea Uno	45.00
Consorcio M&S Santa Fe Mca	50.00
Consorcio Nueva Esperanza	63.00
Consorcio Remos Fase I	60.00
Fast 5 – U.J.V.	28.25
FCC - Yuksel – Archidoron – Petroserv J.V.	50.00
Groupement FCC - Ingenium	93.00
J.V. Asocierea Arad-Timisoara FCC-Astaldi	50.00
J.V. Astaldi-FCC-UTI-Activ. Magistrala	37.00
J.V. Bypass Constata	50.00
J.V. Centure Otopeni Overpass	40.00
J.V Estension of Line 2 to Antohoupoli	50.01

	Proportional integration at 31 December 2020
J.V. FCC, Hochtief Un Acb – Aeropuerto Riga	36.00
J.V. SFI Leasing Company	30.00
Merseylink Civil Contractors J.V.	33.33
Metro Bucarest J.V.	47.50
RokFCC JV	80.00
Shimmick Co. Inc. FCC Co. Impregilo Spa JV	30.00
Sisk FCC Gg Ppp	50.00
Thv Cafasso Construction	50.00
TJV-UJV	16.16
2nd Phase Sphinx Dam JV	35.00
Accesos a La Estación de La Sagrera JV	37.50
Acceso Norte A Vigo Nueva Estación JV	50.00
Acceso Puerto Seco Monforte JV	50.00
Adif Bancada 2018 JV	50.00
Adolfo Suárez Airport JV	50.00
Aeropuerto de Castellón JV	50.00
Alameda de Cervantes en Lorca JV	60.00
Alta Capacidad 2020 JV	50.00
Alumbrado Alameda JV	20.00
Anaga JV	33.33
Andenes L1-L9 Tram Benidorm JV	65.00
Aparatos Atocha JV	39.97
Arroyo del Fresno JV	50.00
Aucosta Conservación JV	50.00
Auditorio de Lugo JV	50.00
Autovía A-33 Jumilla JV	65.00
Autovía el Batán – Coria JV	50.00

	Proportional integration at 31 December 2020
Autopista Cartagena – Vera JV	50.00
Ave Alcántara-Garrovillas JV	85.00
Ave Eje Sur JV	25.00
Ave Girona JV	40.00
Ave Maside JV	67.00
Avenoreste1 JV	25.00
Avenoreste2 JV	25.00
Badajoz Sur JV	50.00
Barbados JV	50.00
Barcience JV	50.00
Belltall JV	40.00
Bergara Antzuola JV	50.00
Boetticher Clima JV	50.00
Boetticher Electricidad JV	50.00
Boquilla Sur Túnel Vigo – Das Maceira JV	50.00
Bombeo Fuente Alamo JV	60.00
Brazatortas JV	33.34
C&F Jamaica JV	50.00
Cáceres Norte JV	50.00
Cáceres Plasencia JV	50.00
Calders-Vilaseca JV	20.00
Campo Gibraltar JV	80.00
Canal Principal de Orbigo JV	50.00
Cárcel Marcos Paz JV	35.00
Carretera Ibiza - San Antonio JV	50.00
Castuera JV	33.34
Catlántico JV	25.00

	Proportional integration at 31 December 2020
Cecoex JV	20.00
Centro Salud Tui JV	50.00
Chuac JV	50.00
Cierre Anillo Insular Tfe JV	85.00
Circuito JV	70.00
Circunvalación Lucentum JV	50.00
Ciutat de la Justícia JV	30.00
Conexión Corredor Mediterráneo JV	40.00
Conexión Molinar JV	70.00
Conservacion Ex-A1 JV	50.00
Conservación Malpartida JV	50.00
Conservacion Plasencia JV	50.00
Construcción Tranvía Zaragoza JV	50.00
Control Mogán JV	33.33
Club de Mar Mallorca JV	70.00
Creaa JV	50.00
Suministros Puente Río Ozama JV	50.00
Deancentro JV	60.00
Dean Plasencia JV	60.00
Deansur JV	60.00
Desaladora Bajo Almanzora JV	60.00
Desarrollo Puerto de Avilés Fase I JV	80.00
Desdoblamiento C.V. – 309 en Sagunto JV	50.00
Dique Este JV	35.00
Dique Torres JV	27.00
Districte Administratiu Lot 2 JV	99.99
Donostialdea 2014 JV	60.00

	Proportional integration at 31 December 2020
Donostialdea 2018 JV	60.00
Drenajes Adamuz JV	33.33
Duplicacion Calzada N-338 JV	60.00
Edificio Terminal JV	40.00
Efw South Humber JV	50.00
Electrification La Sagrera JV	50.00
Encauzamiento Barranco de Fraga JV	60.00
ErtMS Rodalíes Bcn JV	22.00
Esclusa Sevilla JV	70.00
Estación Girona JV	40.00
Estacions Line 9 JV	33.00
Estacions Terrassa JV	36.00
Ezkio Itsaso JV	40.00
Facultad de Filosofía JV	60.00
Fase II Pabellón Reyno de Navarra JV	50.00
FCC Industrial - Aton JV	90.00
FCCi-Orbe JV	70.00
F.I.F. GNL FB 301/2 JV	35.96
Fgv Linea 9 Calp-Teulada JV	62.50
Fuente de Cantos JV	50.00
Galindo - Beurko JV	60.00
Gc – 1 Puerto de Rico – Mogán JV	40.00
Girona Norte II JV	70.00
Girona Norte 2014 JV	70.00
Goián JV	70.00
Granadilla II JV	50.00
Guadarrama 3 JV	33.33

	Proportional integration at 31 December 2020
Guadarrama 4 JV	33.33
Helios I JV	74.50
Helios 2 JV	74.50
Hospital Alcázar JV	60.00
Hospital Campus de la Salud JV	80.00
Hospital de Cartagena JV	70.00
Hospital del Sur, Segunda Fase JV	40.00
Hospital FCC - Vvo JV	80.00
Hospital Norte Tenerife JV	80.00
Hospital Son Dureta JV	33.00
Hospital Universitario de Murcia JV	50.00
Lecisa-FCC / Cpd de Consell Mallorca JV	50.00
Lecisa-FCC/Interfonia En Estaciones JV	50.00
Impermeabilización Túnel Pajares Norte JV	50.00
Instalaciones Madrid Este JV	46.25
Instalaciones Metro Málaga JV	54.00
Instalaciones Urbanas Este JV	50.00
Juan Grande JV	50.00
La Aldea JV	35.00
La Robla JV	30.00
Línea 2 JV	50.00
Línea 9 JV	33.00
Llovio 2012 JV	70.00
Lot 2 Pmi Bcn JV	80.00
Lot 3 Pmi Bcn JV	80.00
Lot 5 Glories JV	37.50
M-407 JV	50.00

	Proportional integration at 31 December 2020
Madrid Sevilla Ave JV	60.00
Manteniment Rondes 2012 JV	70.00
Mantenimiento Aranjuez II JV	76.00
Mantenimiento Aranjuez III JV	76.00
Mantenimiento Córdoba JV	49.00
Mantenimiento Córdoba II JV	49.00
Mantenimiento Júcar JV	50.00
Mantenimiento Sistemas Metro Málaga JV	35.00
Mantenimiento Tdm 2018 JV	50.00
Mantenimiento Tranvía Zaragoza JV	50.00
Mantenimiento Vía Aranjuez JV	50.00
Maquinaria Pesada 2015 JV	50.00
Medinaceli JV	22.40
Mejora Estructuras Mora JV	39.97
Metro Línea 12 JV	95.00
Metro Málaga JV	36.00
Metro Madrid JV	70.00
Miv Centro JV	19.00
Miv Sur JV	27.00
MOLL ADOSSAT 3ª FASE JV	37.50
Monforte JV	24.00
Mora - Calatrava JV	39.97
Muelle Baleares JV	70.00
Muelle de la Química JV	70.00
Muelle Poniente Norte de Pto Palma JV	75.00
Murcia JV	40.00
Mursiya Mantenimiento JV	85.00

	Proportional integration at 31 December 2020
Nave Frío Cilsa JV	50.00
Nudo de Mollet JV	50.00
Nuevo Estadio Vcf JV	49.00
Nuevo Hospital de Cáceres JV	50.00
Nuevo Puerto de Igoumenitza JV	50.00
Operadora Termosolar Guzmán JV	67.50
Osorno 2019 JV	60.00
Pabellón Arena JV	50.00
Pabellón Reyno de Navarra JV	50.00
Pago de Enmedio JV	75.00
Palacio de Congresos de León JV	50.00
Parque Tecnológico JV	60.00
Pasaia Berri JV	50.00
Pasaia Berri Instalaciones JV	80.00
Pedralba - Ourense JV	75.00
Pizarro JV	99.00
Pla de Na Tesa JV	70.00
Plataforma Tpte Pbco Castellón JV	55.00
Plataforma Tte.Pub. Tramo I Columbretes JV	55.00
Pola de Lena JV	70.00
Polígono Bobes JV	50.00
Pont de Candi JV	75.00
Presa Enciso JV	50.00
Presas Itoiz JV	33.00
Prevención Incendios Patrimonio JV	20.00
Prim Barrio San Anton – Elche JV	80.00
Proser – Geocontrol JV	60.00

	Proportional integration at 31 December 2020
Proser – Geocontrol II JV	62.00
Psir Castro Urdiales JV	50.00
Puente del Rey JV	33.33
Puente Río Ozama (Dfc-Cocimar) JV	35.00
Puerto de Granadilla JV	50.00
Port of Laredo JV	50.00
Puertollano JV	50.00
Radiales JV	35.00
Red Arterial Palencia Fase I JV	80.00
Reforma Plaza España JV	80.00
Regadíos Río Flumen JV	60.00
Rehabilitación Parque la Gavia JV	75.00
Ruta Nacional Haití JV	55.00
Sagunto JV	60.00
Saneamiento Arco Sur JV	56.50
Saneamiento de Villaviciosa JV	80.00
Santa Maria D'oló-Gurb JV	60.00
Sector M-5 2012 JV	70.00
Serv. Energ. Piscina Cub. S. Caballo JV	50.00
Sica JV	60.00
Sica II JV	50.00
Simulator APBA JV	50.00
Sotiello JV	50.00
Ssaa Ap - 7 JV	50.00
Tarragona Litoral JV	70.00
TF-5 2ª FASE JV	70.00
Tindaya JV	50.00

	Proportional integration at 31 December 2020
Torquemada JV	50.00
Torre Don Jimeno JV	50.00
TS Villena JV	88.00
Túnel Aeroport JV	49.00
Túnel Aeroport II JV	49.00
Túnel Atocha Chamartín JV	40.00
Túnel C.E.L.A. JV	50.00
Túnel de Pajares 1 JV	50.00
Túnel Fira JV	49.00
Tunnel La Aldea JV	50.00
Túneles Bolaños JV	47.50
Túneles de Barajas JV	50.00
Túneles de Guadarrama JV	33.33
Túneles de Sorbes JV	67.00
Ue 1 Arroyo del Fresno JV	50.00
Ue 2 Arroyo del Fresno JV	50.00
Unquera – Pendueles JV	80.00
Urbanització Girona JV	40.00
Urbanización Parc Sagunt JV	50.00
Urbanizacion Vara del Rey JV	57.50
Urbanización Via Parque Tramo Av. Carb.-P JV	60.00
Valdeviviendas II JV	33.33
Vandellós JV	24.00
Variante Mancha Real JV	67.00
Velódromo JV	60.00
Vertedero Castañeda JV	62.50
Vía Pajares JV	50.00

	Proportional integration at 31 December 2020
Viaductos Prefabricados Metro Riyad JV	50.00
Vigo-Das Maceiras JV	50.00
Vilariño (Via izquierda) JV	90.00
Villar - Plasencia JV	70.00
Yeltes JV	75.00
Yesa JV	33.33
OTHER ACTIVITIES	
F C y C Harri Iparra JV	50.00
Mel 9 JV	49.00
Operación Tranvía de Murcia JV	50.00
Sagunto Parcela M17-3 JV	50.00

Management report

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2020

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1. Status of the entity

1.1. Status of the entity: organisational structure and decision-making process in management

The organisational structure of the FCC Group is based on a first level made up of areas, which are divided into two large groups: operational and functional.

The operating areas include all those activities related to the productive line. The FCC Group has the following operating areas, as discussed in greater detail in Note 1 of the notes to the consolidated financial statements and in Section 2.1. of the Non-Financial Information Statement:

i. **Environmental Services.**

ii. **End-to-End Water Management.**

iii. **Construction.**

iv. **Cement Business.**

v. **Concessions.**

Each of these operating areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional areas, which carry out support tasks for the operational ones:

1) **Administration and Finance:** Ithe Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the FCC Group and has the following duties, among others, in relation to Information Systems and Internal Control:

i. General accounting.

ii. Accounting standardisation.

iii. Consolidation.

iv. Tax advice.

v. Tax procedures.

vi. Tax compliance.

vii. Administrative procedures.

2) **Internal Audit and Risk Management:** its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of FCC, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

   It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

   The areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.
- **Appointments and Remuneration Committee:** supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.
- **Managing Committee:** each of the business units has a Managing Committee with similar duties.

Further information on the duties of the FCC Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.3 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

FCC is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 40.3% of its turnover generated in international markets, mainly Europe (28.5%), the Middle East (4.7%), Latin America (2.8%), North Africa (2.8%) and the United States (1.3%).

Environmental Services

The Environmental Services area has a strong presence in Spain, having maintained a leadership position in the provision of urban environmental services for over 110 years.

At a national level, FCC provides environmental services in municipalities and bodies in all the autonomous communities, serving a population of over 22 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 64% of revenue. They are followed, in order of importance, by disposal of wastes with 14%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. In terms of client types, more than 86% of the activity is carried out with public clients.

The Covid-19 pandemic has had a very limited impact on the business in 2020, since most of its services are classified as "essential", with the focus mainly being on specific problems of falls in tonnage. Nonetheless, the COV-2020/0173 certification of action protocols, for our activities to help reduce the spread of Covid-19, has been obtained as a reinforcement measure. We have also been awarded the seal of the Ministry for Ecological Transition and Demographic Challenge's (MITECO) "Register of carbon footprint, offsetting and CO_2 absorption projects".

The international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leadership position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy. With a growing emphasis on treatment, recycling and renewable energy generation activities and a gradual reduction of disposal in controlled landfills.

In Central and Eastern Europe, FCC provides services to a population of 4.8 million inhabitants, 1,360 municipalities and almost 55,000 industrial clients. The range of services provided and the geographical dispersion is very diverse and balanced. It includes municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow clearance, recycling, outsourcing, building cleaning, soil decontamination works, etc. This broad diversification ensures a large degree of business stability and is one of the reasons why the economic impact of Covid-19 on the organisation has not been so pronounced.

The Environmental Services area also specialises in the integrated management of industrial and commercial waste, the recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies with a wide network of management and revaluation facilities. All of this enables proper waste management, ensuring the protection of the environment and people's health. In 2020, this activity represented just over 7% of all activity.

At an international level, the growth in the US stands out, where urban solid waste collection, management and treatment activities are carried out. This was the first year of activity in the collection service of Volusia County (Florida) in Daytona Beach, and the one of the largest contract in the country in Omaha (Nebraska) that will also act as a regional base to open up the Mid-West market. Despite the delay that Covid-19 has caused in the bidding processes, in the last quarter of 2020 a resumption of these processes has already been noticed and it is expected that in 2021 there will be a continuation in the growth of the business, the backlog and the geographical expansion. FCC Environmental Services has managed to position itself, in a very short time, as one of the main operators in the US, where it already serves more than 8 million people.

As it has already done for a number of years now, the strategy in Spain will focus on maintaining competitiveness and a leadership position, combining technical knowledge and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint).

The incorporation of new technologies will enable the company to gain a foothold in the waste recycling and revaluation markets in Europe and to position itself as a key player in the circular economy. As far as the United States is concerned, in the coming years the consolidation of the company's presence will continue through growth in more residential contracts and the strengthening of commercial collection activity.

In general, there is a broad commitment to climate change, for example with the issuance of green bonds to finance the operation and acquisition of assets developed with the activity.

End-to-End Water Management

FCC Aqualia serves over 23 million users and provides services in over 1,100 municipalities in 21 countries, offering the market all the solutions for the needs of public and private entities and organisations in all stages of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity focuses on concessions and services, including distribution network concessions, BOT ("Build-Operate-Transfer"), operation and maintenance services and irrigation, as well as technology and network activities, including EPC ("Engineering-Procurement-Construction") contracts and industrial water treatment activities.

In 2020 the market in Spain represents 66% of revenue. The impact of the pandemic has led to a 2.4% drop in the volumes of water billed and 1.4% in the amounts, with particular incidence in tourist and coastal areas. The reduction in the volume of consumption has been partially offset by an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a greater volume of execution of various works related to concession contracts.

In the public sector, there is still a low level of bidding for hydraulic infrastructure concessions, which increases the deficit in the renovation and expansion of existing infrastructure. Despite this, tenders have been won and contracts have been extended for the end-to-end cycle concessions; such as that in Vigo, FCC Aqualia's largest contract. The contract renewal loyalty rate remains at very high levels (close to 100%) in those municipalities where it operates In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

The international market reached a turnover of 34%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in more than 15 countries at present.

The year 2020 also presented an operational challenge for Aqualia throughout Europe due to the impact of Covid-19 on end-to-end water cycle management. Despite the impact on non-residential consumption, which was more marked in the Czech Republic, the business remained at very high levels in terms of activity, quality and continuity of service. In addition to the management of the municipal concession services in the Czech Republic, Italy and Portugal, works were also carried out to integrate the new business in France.

FCC Aqualia seeks to maintain its competitive position in those comprehensive water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with comprehensive cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in comprehensive water cycle management for business opportunities in countries with a stable political and social balance.

Construction

FCC Construcción focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2020, 47% of the total income comes from abroad, namely the execution of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro, Haren prison complex (Belgium), line 2 of the Lima Metro, Grangegorman University (Dublin-Ireland), the A-9 motorway Badhoevedorp-Holendrecht (Netherlands), the Bacau airport runway (Romania) and the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3.

Highlights in the 2020 business year, were the awarded contracts for the design, construction and maintenance of section 2 of the Maya Train (Mexico) for an amount of 339.2 million euros, the extension of the A-465 motorway in Wales (UK) for an amount of 667 million euros, the design and construction of the E-6 Ulsberg-Vidasliene motorway (Norway) for an amount of 238.8 million euros, as well as the construction of the Mapocho Río Park (Chile) for an amount of 53.8 million euros.

Cement

The FCC Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its main activity is the manufacturing of cement, which in 2020 accounted for approximately 91% of the Group's total income. The remaining percentage was contributed by the concrete, mortar and aggregates businesses.

In terms of geographical diversification, by 2020, 38% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and the United Kingdom. In addition, the Group also exports from these three countries to Africa, Europe and America.

The Cementos Portland Valderrivas Group has a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

2. Business performance and results

2.1. Operating performance

2.1.1. Significant events

FCC Medio Ambiente is the most highly rated company for the Barcelona cleaning and collection contract

Last October, FCC Medio Ambiente was the highest-rated company in terms of technical criteria in the tender for the cleaning and waste collection for the city of Barcelona. In this tender, the ie-Urban, a new internally developed, 100% electric, modular chassis-platform electric collection truck, played a key role in the proposal to enhance urban sustainability and minimise environmental impact. If this award is confirmed, the contract will represent more than 800 million euros in revenues not included in the backlog at the end of 2020.

FCC Aqualia renews several end-to-end water cycle contracts in Spain

Among the various renewals obtained, last December the municipality of Vigo approved the concession to FCC Aqualia of a five-year extension of the supply and sanitation management contract, for 259.6 million euros. This expansion is linked to the implementation of an investment plan that will improve the current high levels of service. In addition, all the renewals obtained have allowed us to enjoy a good loyalty rate in 2020, which remains at very high levels (close to 100%). The operational stability of this area resulted in a "positive" annual credit rating perspective on behalf of Fitchratings, obtained last July.

FCC Construcción will build a new hospital in the United Kingdom for 590 million euros

Last September, a consortium in which FCC Construcción participates was awarded the contract for the design and construction of a new hospital in Jersey. The design is valued at 26.4 million euros and the execution period will be one and a half years. The construction phase will then begin, valued at a further 550 million euros.

Among other important projects, the company was awarded the E6 motorway in Norway for 238.8 million euros, which includes the design and construction of a new 25-kilometre section of the E6 motorway, with an execution period of 47 months. Special mention should go to the award this year of the design, construction and maintenance of section 2 of the Maya Train (Mexico), jointly with Carso Infraestructuras y Construcción. The project consists of a 200-kilometre section valued at close to 700 million euros with an execution period of 28 months to which a further five years of maintenance has been added.

FCC Medio Ambiente finalises the entry of a minority financial partner in the UK

Last July, an agreement was reached with the investment group Icon Infrastructure Partners for the purchase of 49% of the capital of the new subsidiary company Green Recovery Projects Limited (GRP), header and owner of five energy recovery plants ("EfW") of FCC Medio Ambiente subsidiary in the United Kingdom (located in Kent, Nottinghamshire, Buckinghamshire, Edinburgh and Lincolnshire), for an amount totalling 198 million pounds sterling. This meant an enterprise value of the company, at 100%, of 650 million pounds including its debt. The transaction was completed last November.

The head of the area, FCC Servicios Medio Ambiente Holding, maintains control of GRP and its global consolidation, as well as a 50% stake in the incinerator in Mercia and a 40% stake in the one in Lostock.

FCC as licensee for the construction and operation of a motorway in the United Kingdom

FCC, through its company FCC Concesiones, has been selected for the extension of the A465 motorway in Wales (United Kingdom). FCC is part of the Future Valleys consortium along with other local and international partners in the project, which will be developed under the PPP model. The project is key to improving connectivity and development in the region and has a planned investment of more than 600 million euros.

FCC has agreed to the sale of certain infrastructure concessions for more than 400 million euros

On 3 October, FCC agreed to sell its entire stake in three concessions located in Spain to Vauban Infrastructure Partners, within its policy of rotation and selective development of projects in this activity. These three concessions are included in the portfolio of the FCC Group, which has a stake in 14 transport infrastructure concessions. When signed, the agreement will mean the transfer of 51% in the Cedinsa Group, which manages the concession of four dual carriageways in Catalonia, 49% in Ceal 9, the concessionaire of the stations on section 1 of line 9 of the Barcelona Metro, and 29% in Urbicsa, the operator for the Ciudad de Justicia (City of Justice), also in Barcelona. The price to be paid by Vauban for all of FCC's stakes in these concessions amounts to 409.3 million euros, enabling the deconsolidation of 690.7 million euros of net financial debt at the close of the third quarter and will improve the Group's treasury position. The closure of the agreement is pending obtaining the usual authorisations for this type of transaction.

2.1.2. Executive Summary

- In 2020 as a whole, the FCC Group achieved 6.158 million euros in revenues, 1.9% lower than in 2019. This sustained level of revenues was supported by the good performance of the Utilities activities (Environment and Water), thanks to their being considered essential services, which alleviated the decline in the Construction and Cement areas, which were affected by the restrictions taken by the government since last March to combat the health crisis. This is in addition to a higher contribution of revenues in Concessions due to the change in the consolidation method of the concession company Cedinsa.
- Gross operating profit increased by 2.1%, reaching 1.047.5 million euros. This increase is due to the higher contribution in the Concessions area, together with the increase in profits from the sale of surplus emission rights in the Cement area, which offset the fall in Construction. Adjusted for the sale of CO_2 rights, Ebitda for the business year was only 3.1% lower than the previous year.
- Attributable net income reached 262.2 million euros, 1.7% lower than the previous business year. Again, as throughout the business year, it includes the differential behaviour of the exchange differences recorded, -51.3 million euros this year compared with a positive contribution of 14.8 million euros in 2019.

- The Group's financial debt fell by 21.8% compared to the end of the previous year, mainly due to the exclusion of the debt linked to the transport infrastructure concession assets, the sale of which was agreed last October, from the GRP minority stake sale in UK, and the early partial repayment of the debt linked to the Cement area. As a result, the net financial debt balance amounted to 2.797.8 million euros in December 2020.
- Net assets increased substantially by 17.6% to 2.908.7 million euros at business year-end, thanks to the stability of net profit and the very high percentage of shareholders who once again chose to reinvest their annual scrip dividend in new shares in the entity.
- At the end of December 2020, the Group's revenue portfolio stood at 29.411.7 million euros, which still does not include significant contracts provisionally awarded mainly in the Environment area.

KEY FIGURES

(Millions of Euros)

	Dec. 20	Dec. 19	Var. (%)
Net turnover (NT)	6,158.0	6,276.2	-1.9%
Gross Operating Profit (EBITDA)	1,047.5	1,025.8	2.1%
EBITDA Margin	17.0%	16.3%	0.7 p.p
Net Operating Profit (EBIT)	572.7	511.6	11.9%
EBIT Margin	9.3%	8.2%	1.1 p.p
Income attributable to the parent company	262.2	266.7	-1.7%
Equity	2,908.7	2,473.8	17.6%
Net financial debt	2,797.8	3,578.7	-21.8%
Backlog	29,411.7	31,038.4	-5.2%

2.1.3. Summary by business area

(Millions of Euros)

Area	Dec. 20	Dec. 19	Chg. (%)	% s/ 20	% s/ 19
REVENUE BY BUSINESS AREA					
Environment	2,888.2	2,915.2	-0.9%	46.9%	46.4%
Water	1,188.3	1,186.9	0.1%	19.3%	18.9%
Construction	1,611.0	1,719.3	-6.3%	26.2%	27.4%
Cement	382.6	413.2	-7.4%	6.2%	6.6%
Concessions	123.5	49.8	148.0%	2.0%	0.8%
Corporate serv. and others	(35.6)	(8.2)	n/a	-0.6%	-0.1%
Total	**6,158.0**	**6,276.2**	**-1.9%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	3,672.3	3,465.6	6.0%	59.6%	55.2%
Rest of Europe and Others	803.0	733.9	9.4%	13.0%	11.7%
United Kingdom	668.6	734.9	-9.0%	10.9%	11.7%
Middle East & Africa	467.4	576.8	-19.0%	7.6%	9.2%
Czech Republic	285.2	286.8	-0.6%	4.6%	4.6%
Latin America and USA	261.5	478.2	-45.3%	4.2%	7.6%
Total	**6,158.0**	**6,276.2**	**-1.9%**	**100.0%**	**100.0%**
EBITDA					
Environment	450.9	492.5	-8.4%	43.0%	48.0%
Water	282.9	281.7	0.4%	27.0%	27.5%
Construction	53.6	100.2	-46.5%	5.1%	9.8%
Cement	139.9	86.4	61.9%	13.4%	8.4%
Concessions	94.6	31.8	197.2%	9.0%	3.1%
Corporate serv. and others	25.6	33.2	-22.9%	2.4%	3.2%
Total	**1,047.5**	**1,025.8**	**2.1%**	**100.0%**	**100.0%**

(Millions of Euros)

Area	Dec. 20	Dec. 19	Chg. (%)	% s/ 20	% s/ 19
OPERATING PROFIT/(LOSS)					
Environment	215.7	258.5	-16.6%	37.7%	50.5%
Water	167.4	180.2	-7.1%	29.2%	35.2%
Construction	20.9	77.3	-73.0%	3.6%	15.1%
Cement	106.8	(20.0)	n/a	18.6%	-3.9%
Concessions	55.4	12.0	n/a	9.7%	2.3%
Corporate serv. and others	6.5	3.6	80.6%	1.1%	0.7%
Total	**572.7**	**511.6**	**11.9%**	**100.0%**	**100.0%**
NET FINANCIAL DEBT					
With Recourse	101.6	(12.8)	-893.7%	3.6%	-0.4%
Without Recourse					
Environment	1,330.2	1,332.2	-0.2%	47.5%	37.2%
Water	1,177.6	1,214.5	-3.0%	42.1%	33.9%
Construction	0.0	0.0	n/a	0.0%	0.0%
Cement	173.7	293.0	-40.7%	6.2%	8.2%
Concessions	14.7	751.8	-98.0%	0.5%	21.0%
Total	**2,797.8**	**3,578.7**	**-21.8%**	**100.0%**	**100.0%**
BACKLOG					
Environment	9,184.3	10,366.2	-11.4%	31.2%	33.4%
Water	15,025.9	15,018.3	0.1%	51.1%	48.4%
Construction	5,155.8	5,623.2	-8.3%	17.5%	18.1%
Real Estate	45.7	30.7	49.0%	0.2%	0.1%
Total	**29,411.7**	**31,038.4**	**-5.2%**	**100.0%**	**100.0%**

2.1.4. Income Statement

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Net turnover (NT)	**6,158.0**	**6,276.2**	**-1.9%**
Gross Operating Profit (EBITDA)	**1,047.5**	**1,025.8**	**2.1%**
EBITDA Margin	***17.0%***	***16.3%***	***0.7 p,p***
Provision for amortisation of fixed and non-current assets	(488.9)	(458.4)	6.7%
Other operating income	14.1	(55.8)	-125.3%
Net Operating Profit (EBIT)	**572.7**	**511.6**	**11.9%**
EBIT margin	***9.3%***	***8.2%***	***1.1 p,p***
Financial income	(154.0)	(144.7)	6.4%
Miscellaneous financial results	(51.1)	1.5	-3506.7%
P/L of companies accounted for by the equity method	62.1	120.6	-48.5%
Profit/(loss) before tax from continuing activities	**429.9**	**489.0**	**-12.1%**
Company tax on profits	(86.3)	(149.1)	-42.1%
Income from continuing operations	**343.6**	**339.9**	**1.1%**
Net Income	**343.6**	**339.9**	**1.1%**
Non-controlling interests	(81.4)	(73.2)	11.2%
Income attributable to the parent company	**262.2**	**266.7**	**-1.7%**

2.1.4.1. Net Revenue

Consolidated Group income amounted to 6.158 million euros for the entire year, 1.9% lower than in the previous year. All activities reflect, to a varying degree, the measures decreed by governments since the middle of last March in most of the countries in which the Group operates to address the health crisis caused by COVID-19. However, the Concessions area recorded an increase in its contribution as a result of the acquisition of a majority in the Cedinsa group in November last year, together with very stable performance experienced in the Water and Environment areas due to its clear nature as an essential service for its customers.

According to the different business areas, the largest contributor, Environment, has enjoyed sustained performance levels, recording a slight contraction in revenues of 0.9%, centred on the impact of lower volumes in the waste treatment area in the United Kingdom. This, however, is combined with the good performance in the waste collection, treatment and street cleaning activity in most geographical areas, with a greater contribution from the USA.

Revenues in the Water area remained stable, with an increase of 0.1%, due to the greater contribution of the new concession contracts incorporated abroad, which compensated for the lower activity in Technology and Networks due to the slower pace of execution of construction projects, also mainly in the international area.

In Construction, turnover declined by 6.3%, due to delays and project stoppages caused by strict lockdown measures, mainly in Latin America and the Middle East. In Spain and Europe, a higher level of activity in new contracts remained stable, which largely made it possible to compensate for the stoppage intervals registered in the year in this geographical area.

Likewise, in the Cement area, revenues decreased by 7.4%, due to lower volumes shipped in the local markets of Spain and Tunisia, mainly in the months of March and April, which was partially offset by the recovery recorded in the last months of the year.

Revenue Breakdown by Geographical Area *(Millions of Euros)*

	Dec. 20	Dec. 19	Chg. (%)
Spain	3,672.3	3,465.6	6.0%
Rest of Europe and Others	803.0	733.9	9.4%
United Kingdom	668.6	734.9	-9.0%
Middle East & Africa	467.4	576.8	-19.0%
Czech Republic	285.2	286.8	-0.6%
Latin America and USA	261.5	478.2	-45.3%
Total	**6,158.0**	**6,276.2**	**-1.9%**

By business area in Spain, revenues increased their contribution by 6% to 3.672.3 million euros. Environment had an increase of 0.8%, due to stability in the municipal waste management cycle as a whole, which compensated for the decrease in non-essential urban services in certain periods due to the measures taken by the government to combat the pandemic. Water recorded a 2.5% decline due to a slight reduction in amounts invoiced as a result of a drop in activity in non-residential customers, together with lower contribution from Technology and Networks associated with concessions. The Construction area rose by a remarkable 27.6%, where the good pace in the development of projects awarded in the previous year allowed it to overcome the effect of the reduced activity recorded between March and May. Similarly, the Cement area, which was affected in the same period by the restriction measures, leading to a decrease in the amounts invoiced, partially recovered its pace of activity, with a drop of 4.6% for the year as a whole. Lastly, it is worth mentioning the increase in the contribution of the Concessions area, up to 121.5 million euros, due to the effect of incorporating the Cedinsa subgroup into the scope using the full consolidation method.

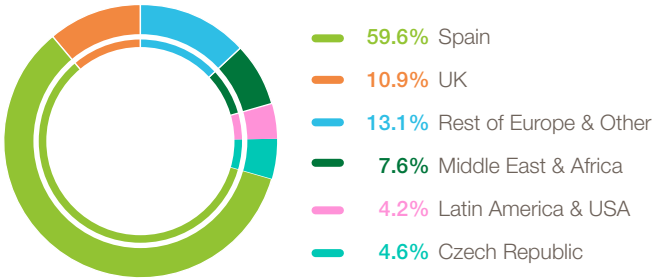
In the other regions, within the EU, there was a 9.4% increase in Rest of Europe and Others to 803 million euros, due to the higher contribution in Construction of a new contract in the Netherlands and the contribution of Aqualia France acquired in June 2019, together with very stable performance in the Central European countries in which the Environment area operates. In the Czech Republic, there was a small reduction of 0.6% due to a fall in the exchange rate during the period (-2.9%), with very stable operating conditions both for Environment and Water.

In the United Kingdom, revenues generated mostly in the Environment area fell by 9% to 668.6 million euros, due to lower volumes in the tertiary waste treatment and reduction business, linked to lockdown measures due to the health crisis and a lower contribution from the Edinburgh treatment and recovery plant following the completion of its construction phase in the middle of the previous year.

The Middle East and Africa area saw its revenues reduced by 19%, mainly due to the effect of the strict lockdown measures in those countries where the Construction area operates. This was mainly in Saudi Arabia, and which mitigated a higher activity in the Water area, both due to the contribution of two companies acquired in Saudi Arabia and to the increased activity in Technology and Networks.

Revenues in Latin America and the US dropped by 45.3%, due to the slower pace of project execution in both Construction and Water, again as a result of the effect of the strict lockdown measures implemented to tackle the pandemic. However, in the United States, revenues, concentrated in the Environment area, increased significantly due to the entry into operation of new contracts in Florida for municipal waste collection services, an essential service activity that avoided the effects caused by lockdowns and their impact on certain economic activities.

% Revenue by Geographical Area



2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Profit for the year was 1.047.5 million euros, an increase of 2.1% compared to the previous year. This increase is largely down to the combination of the higher result from the sale of emission rights in the Cement area together with the increased contribution from the Concessions area and the sustained performance of the Water area.

By business area, the most noteworthy developments have been:

Environment decreased by 8.4% to 450.9 million euros, due to lower volumes in treatment plants and waste reduction, mainly in the United Kingdom, together with the lower price of generated electricity and other by-products and higher expenses associated with scheduled maintenance shutdowns and extraordinary repairs.

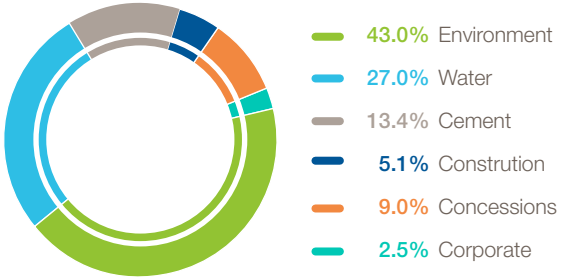
The Water area reached 282.9 million euros, similar to that generated in the previous year, supported by an increased contribution of the concessions and services activity due to the incorporation of new contracts which offset the reduced contribution of the Technology and Networks activity. Overall, the operating margin remained at a similar level (23.8% for the year).

In Concessions, the differential contribution from the Cedinsa concession group, which amounted to 75.3 million euros, drove up EBITDA to 94.6 million euros. This is compared to 31.8 million euros in the previous year, when it only contributed to profit for two months.

Meanwhile, the Construction area suffered more strongly from the impact of the aforementioned general restriction measures. So it totalled 53.6 million euros, compared to 100.2 million euros in the previous year, mainly as a result of a downturn in activity in some countries in the international area and the cost structure associated with the projects, with a 3.3% reduction in margins in the year.

In Cement, it is worth mentioning the contribution from the sale of CO_2 rights, totalling 58.9 million euros compared to 5.8 million euros in the previous year. This, together with a significant drop in the cost of energy, led to a remarkable 61.9% increase in Ebitda for the period.

% EBITDA by Business Area



As a result of the performance in several utilities areas, Environment and Water (together with Concessions) maintained a high contribution to operating profit reaching 79.1% for the period, compared to 20.9% from those linked to demand for the construction of infrastructure, building and other activities.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to 572.7 million euros, 11.9% more than in the previous year. Ebit reflects the effect of the development of the gross operating profit together with two components. Firstly, the higher provision for amortisation corresponding to the transport concession assets assigned to the operating activity following their entry into consolidation at the end of 2019, as well as a contribution from other operating income of 14.1 million euros this year compared to -55.8 million euros the previous year due to the impairment of 70 million euros that was made to the value of goodwill of the cement activity in 2019.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Profit before tax for continued activities stood at 429.9 million euros, 12.1% down on 2019, due to the fact that positive developments in operational processes were accompanied by a sustained negative impact on the exchange rate in 2020 compared to the positive contribution it made in the previous year. In addition, lower profits were generated by companies accounted for using the equity method, due to the change in the consolidation method of the Cedinsa subgroup mentioned above.

2.1.4.4.1. Financial income

The financial result amounted to -154 million euros, compared to -144.7 million euros in the previous business year. The increase is mainly due to higher project finance expenses in the Concessions area of the Cedinsa subgroup, since its entry into consolidation in November 2019.

2.1.4.4.2. Miscellaneous financial results

This epigraph includes an amount of -51.1 million euros this year, compared with -1.5 million euros last year. The difference is mainly due to the impact from developments in the exchange rate for certain currencies, with negative exchange differences amounting to -51.3 million euros recorded in this year compared to +14.8 million euros recorded for the previous year.

2.1.4.4.3. Profit/(loss) of equity-accounted affiliates

The contribution from co-managed and investee companies amounted to 62.1 million euros, compared to 120.6 million euros the previous business year. This is mainly due to the effect of the change to full consolidation of the Cedinsa subgroup, mentioned above, and the decreased contribution due to the completion of certain projects in Construction.

2.1.4.5. Income attributable to the parent company

The net attributable profit for the year was 262.2 million euros, a slight decrease o f 1.7% compared to 2019. This profit is accounted for by the contribution to EBT from the following items:

A corporate income tax expense of -86.3 million euros, in line with the profit before tax obtained, together with profit attributable to minority shareholders of 81.4 million euros compared to 73.2 million euros the previous year, mainly concentrated in the Water area (with 67.9 million euros) and largely reflecting the participation of a minority shareholder in this area.

2.1.4.6. Profit and loss statement figures on a pro rata basis

A continuación se presentan las magnitudes más relevantes de la cuenta de pérdidas y ganan-The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Dec. 20	Dec. 19	Chg. (%)
Net turnover (NT)	**6,132.6**	**6,368.5**	**-3.7%**
Gross Operating Profit (EBITDA)	**1,032.7**	**1,132.4**	**-8.8%**
EBITDA Margin	*16.8%*	*17.8%*	*-0.9 p.p*
Net Operating Profit (EBIT)	**567.7**	**597.4**	**-5.0%**
EBIT margin	*9.3%*	*9.4%*	*-0.1 ,.p*
Income attributable to the parent company	**262.2**	**266.7**	**-1.7%**

2.1.5. Balance Sheet

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Intangible fixed and non-current assets	2,437.9	3,458.4	(1,020.5)
fixed and non-current assets/Property, Plant and Equipment	2,810.2	2,866.5	(56.3)
Equity-accounted affiliates	722.8	741.5	(18.7)
Non-current financial assets	580.9	863.2	(282.3)
Deferred tax assets and other non-current assets	578.7	599.9	(21.2)
Non-current assets	**7,130.4**	**8,529.6**	**(1,399.2)**
Non-current assets held for sale*	1,392.3	0.0	1,392.3
Inventory	765.6	728.8	36.8
Trade and other receivables	2,095.6	1,907.7	187.9
Other current financial assets	228.7	189.6	39.1
Cash and cash equivalents	1,222.1	1,218.5	3.6
Current assets	**5,704.2**	**4,044.6**	**1,659.6**
TOTAL ASSETS	**12,834.6**	**12,574.1**	**260.5**
Equity attributable to shareholders of the parent company	2,288.3	1,951.3	337.0
Non-controlling interests	620.4	522.5	97.9
Equity	**2,908.7**	**2,473.8**	**434.9**
Subsidies	193.0	333.8	(140.8)
Non-current provisions	1,064.4	1,130.2	(65.8)
Long-term financial debt	3,543.3	4,448.7	(905.4)
Other non-current financial liabilities	434.0	581.6	(147.6)
Deferred tax liabilities and other non-current liabilities	296.7	303.0	(6.3)
Non-current liabilities	**5,531.3**	**6,797.2**	**(1,265.9)**
Liabilities relating to non-current assets held for sale*	1,051.3	0.0	1,051.3
Current provisions	195.2	249.6	(54.4)
Short-term financial debt	705.2	538.2	167.0
Other current financial liabilities	169.2	145.4	23.8
Trade and other payables	2,273.7	2,370.0	(96.3)
Current liabilities	**4,394.6**	**3,303.2**	**1,091.4**
TOTAL LIABILITIES	**12,834.6**	**12,574.1**	**260.5**

* See epigraph 5.2

2.1.5.1. Investments accounted for using the equity method

The epigraph entitled investments accounted for using the equity method amounted to 722.8 million euros at the end of the year, with the following breakdown of the most significant investments in equity:

1) 278.1 million euros for the 36.9% stake in Realia.
2) 74.3 million euros for participation in various transport infrastructure and equipment concessions.
3) 102.3 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
4) 35.2 million euros for stakes in companies in the Water area, largely concessionary companies managing services abroad (North Africa and Mexico).
5) 35.5 million euros from the subsidiaries of the parent company in the Cement area.

This epigraph also includes a further 197.4 million euros for the remaining investments in own funds for other participations together with loans granted to subsidiaries.

2.1.5.2. Assets held for sale

This epigraph is included in current assets, for an amount of 1.392.3 million euros, with its corresponding counterpart in liabilities, all of the assets corresponding to certain participations in the concessions activity whose sale was agreed in the third quarter of the business year and until it leaves the consolidated perimeter when the transaction is closed.

2.1.5.3. ECash, cash equivalents and available lines of credit

The balance for the Cash and cash equivalents epigraph amounted to 1.222.1 million euros as at the end of the business year, with 72.9% for companies and non-recourse perimeters and the remaining 27.1% for the Group's parent company and its recourse perimeter.

The cash balance has remained very stable and in line with the previous year, so that together with the available lines of credit, at business year-end the FCC Group had:

1) In the recourse perimeter, cash and equivalents of 330.6 million euros and lines of credit of 473.4 million euros, totalling 804 million euros.

2) In the non-recourse perimeters, cash and equivalents of 891.5 million euros and lines of credit of 389.8 million euros, totalling 1.281.3 million euros.

This took the FCC Group's total for cash, cash equivalents and available lines of credit at the end of the business year to 2.085.3 million euros, compared to a total short-term financial debt (maturing before 12 months) at the same date amounting to 705.2 million euros. This represents a volume of three times the amount of existing maturities until 31 December 2021.

Epigraph 5.5 details the nature and amounts of short-term financial debt for a better understanding of the Group's financial position in the short term.

2.1.5.4. Equity

Equity at business year-end amounted to 2.908.7 million euros, compared with 2.473.8 million euros at the end of the previous business year. This substantial increase is mainly due to the contribution of net attributable profit of 262.2 million euros achieved in the year and to a lesser extent to the increase in non-controlling interests up to 620.4 million euros.

2.1.5.5. Financial debt

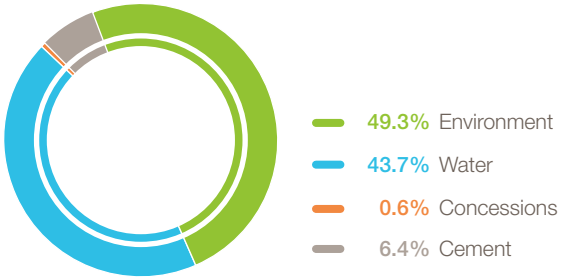
(Mililons of Euros

	Dec. 20	Dec. 19	Chg. (Mn€)
Bank borrowings	820.0	1,474.7	(654.7)
Debt instruments and other loans	3,230.3	3,125.0	105.3
Payables due to financial leases	50.2	63.8	(13.6)
Other financial liabilities	148.0	323.4	(175.4)
Gross Financial Debt	**4,248.5**	**4,986.9**	**(738.4)**
Treasury and other current financial assets	(1,450.7)	(1,408.2)	(42.5)
Net Financial Debt	**2,797.8**	**3,578.7**	**(780.9)**
Net financial debt with recourse	*101.6*	*-12.8*	*114.4*
Net financial debt without recourse	*2,696.2*	*3,591.5*	*(895.3)*

With regard to gross financial debt, 16.6% has short-term maturity, equivalent to 705.2 million euros. 449.4 million of these relates to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and the Environment area. A further 212.4 million euros is due to various credit lines with banks, including both bilateral corporate financing and non-recourse projects, and another 43.4 million euros of financial debt with third parties.

Almost all of the net financial debt is without recourse and is allocated to business areas, totalling 2.696.2 million euros at the end of the business year. The parent company had a net debt position of 101.6 million euros, only 3.6% of the Group's total.

Breakdown of Net Financial Debt without recourse by Business Area



Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area accounts for of 1.177.6 million euros, of which, in addition to corporate bond financing in the parent company, another 189.9 million euros correspond to the Czech Republic business, and the rest to various concessions of the end-to-end water cycle; (ii) the Cement area accounts for 173.7 million euros; (iii) the Environment area accounts for 1.330.2 million, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, another 167.2 million euros correspond to the activity in the United Kingdom, and the rest, 55 million euros, to financing three waste processing and recycling plant projects in Spain; (iv) 14.7 million euros is accounted for by the concessions area, after deconsolidation amounting to 698.5 million euros, corresponding to the Cedinsa concessionary group's project debt.

2.1.5.6. Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals 603.2 million euros at the end of the business year. Its balance mainly includes the item suppliers of fixed and non-current assets for operating leases amounting to 394.9 million euros. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Gross Operating Profit (EBITDA)	**1,047.5**	**1,025.8**	**2.1%**
(Increase)/decrease in working capital	(302.0)	(183.3)	64.8%
Corporate income tax (paid)/received	(96.7)	(173.0)	-44.1%
Other operating cash flow	(43.7)	(39.0)	12.1%
Operating cash flow	**605.1**	**630.5**	**-4.0%**
Investment payments	(541.2)	(546.6)	-1.0%
Divestment receipts	75.9	28.5	166.3%
Other investing cash flows	63.8	158.9	-59.8%
Investing cash flow	**(401.5)**	**(359.2)**	**11.8%**
Interest paid	(151.4)	(136.8)	10.7%
(Payment)/receipt of financial liabilities	(142.6)	(97.4)	46.4%
Other financing cash flow	155.6	(111.5)	n/a
Financing cash flow	**(138.4)**	**(345.7)**	**-60.0%**
Exchange differences, change in consolidation scope, etc.	(61.5)	26.8	n/a
Increase/(decrease) in cash and cash equivalents	3.6	(47.7)	n/a

2.1.6.1. Operating cash flow

The operating cash flow generated during the business year amounted to 605.1 million euros, 4% less than in the previous business year. Operating working capital was up 302 million euros compared to 183.3 million in the last business year, largely due to the elimination of the balance of non-recourse loan assignments in the Environment area in order to optimise the financial cost.

The epigraph collections/(payment) of company tax shows an outflow of 96.7 million euros compared to 173 million euros at the end of the previous business year. This difference was due to the payment of 92.1 million euros in the previous year to adjust the tax incentives applied by the Group in previous business years.

The epigraph other operating cash flow includes an outflow of 43.7 million euros compared to 39 million euros the previous business year, due to the application of provisions mainly in the Construction and Environment area.

2.1.6.2. Investing cash flow

The investment cash flow represents an application of 401.5 million euros compared to 359.2 million euros in the previous business year. In the Environment area, in Spain, the investment for the construction of the Loeches treatment plant in Madrid, for an amount of 54.6 million euros, stands out. In the international area, among the most significant investments is the one made in the United Kingdom for the development of the Lostock energy recovery plant for 49.4 million euros. In the USA, the investment in the contract for the collection of municipal solid wastes in Omaha, Nebraska, worth 34 million euros, is also worth mentioning.

In the Water area, of particular note are the payments for investments corresponding to the acquisition in Saudi Arabia of 51% of the companies Qatarat and Haaisco, for a combined amount of 16.1 million euros, as well as the payment of 14.1 million euros for the acquisition of three end-to-end water cycle companies in the region of Córdoba, in the north of Colombia. In Spain, 23 million euros were invested in the Rambla Morales desalination plant in Almería.

Proceeds from disposals amounted to 75.9 million euros compared to 28.5 million euros the previous business year, including 30.8 million euros corresponding to the sale of 49% of the long-term loan of the Edinburgh incineration plant to the investment group Icon, once the sale of 49% of the capital of the new subsidiary company Green Recovery Projects Limited to this group had been completed.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and receipts, is as follows:

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Environment	(283.1)	(301.2)	18.1
Water	(134.1)	(124.5)	(9.6)
Construction	(7.6)	30.5	(38.1)
Cement	(10.4)	(8.3)	(2.1)
Concessions	(24.9)	(59.0)	34.1
Corporate serv. etc. & adjustments	(5.2)	(55.6)	50.4
Net investments (Payments - Receipts)	**(465.3)**	**(518.1)**	**52.8**

The epigraph other investment flows includes an inflow of 63.8 million euros at the end of the year, where the most important item in the Environment area is the collection of the concession right for the Edinburgh incineration plant for an amount of 42.3 million euros, which has been applied in its entirety to reduce its financial debt. To this we must add movements for smaller amounts in loans to third parties and investee companies.

2.1.6.3. Financing cash flow

The consolidated cash flow from financing throughout the year represents an application of 138.4 million euros compared to 345.7 million euros in the previous business year. The interest payment item shows an outflow of 151.4 million euros, mainly concentrated in the Environment, Water and Concessions areas.

The epigraph Proceeds from/(payments on) financial liabilities includes an application of 142.6 million euros in the year, compared to 97.4 million euros in the previous year. The most significant item was the decrease in the financial debt of the Cement area, entirely without recourse to the Group's parent company, amounting to 118.5 million euros, of which 108 million euros correspond to the early partial repayment of the main credit facility for the area.

Other financing cash flows amounted to an inflow of 155.6 million euros compared with an outflow of 111.5 million euros the previous business year. The most significant item was the payment of the sale of a minority stake to a financial partner of 49% of the capital of the new subsidiary Green Recovery Projects Limited, head of five energy recovery plants of the Environment subsidiary in the UK, for 188.4 million euros. Lastly, it is worth mentioning the payment of dividends to shareholders of the Group's parent company and minority third parties amounting to 36.6 million euros.

2.1.6.4. Exchange differences, change in consolidation scope, etc

This epigraph recorded an application of 61.5 million euros and includes two main items. Firstly, the transfer of the cash of the concession subgroup Cedinsa for 38.1 million euros to the epigraph "assets held for sale", following the sale agreement reached in the fourth quarter of the year and until its exit from the consolidated scope at the close of the transaction. This is in addition to the effect on cash of the variation in the exchange rate of various currencies against the euro, mainly concentrated in the Construction area.

2.1.6.5. Change in cash and cash equivalents

As a result of the development of the different components of the cash flow, FCC Group's cash position closed with an increase of 3.6 million euros compared to the end of the previous period, reaching a balance of 1.222.1 million euros at the end of the business year.

2.1.7. Analysis by business área

2.1.7.1. Environment

The Environment division contributed 43% of the Group's EBITDA in 2020. Some 79.9% of its activity is focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20.1% corresponds to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain, the management of municipal wastes and street cleaning are the most important activities, while in the United Kingdom the focus is on the processing, retrieval and disposal of municipal wastes. In central Europe, mainly Austria and the Czech Republic, FCC is present right across the waste management chain (collection, processing and disposal). FCC's activities in the USA include both the collection and comprehensive retrieval of municipal wastes.

2.1.7.1.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	2,888.2	2,915.2	-0.9%
Waste collection and street cleaning	*1,428.6*	*1,379.7*	*3.5%*
Waste processing	*879.0*	*960.1*	*-8.4%*
Other services	*580.6*	*575.4*	*0.9%*
EBITDA	450.9	492.5	-8.4%
EBITDA Margin	*15.6%*	*16.9%*	*-1.3 p.p*
EBIT	215.7	258.5	-16.6%
EBIT margin	*7.5%*	*8.9%*	*-1.4 p.p*

Turnover for the Environment area remained at similar levels to the last business year and amounted to 2.888.2 million euros in the period. The waste collection and street cleaning activity increased by 3.5% to 1.428.6 million euros, where a greater contribution from the USA after the entry into operation of new contracts stands out, together with very stable performance in all other regions.

Waste treatment activity declined by 8.4% to 879 million euros, because of a lower contribution in the United Kingdom due to the decreased volume of treatment activity of private customers, as well as a reduced contribution from the development of new plants, together with good performance in Spain and Central Europe.

Breakdown of revenue by geographical area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	1,715.8	1,701.7	0.8%
United Kingdom	605.3	682.0	-11.2%
Central Europe	464.6	466.9	-0.5%
US and others	102.5	64.6	58.6%
Total	**2,888.2**	**2,915.2**	**-0.9%**

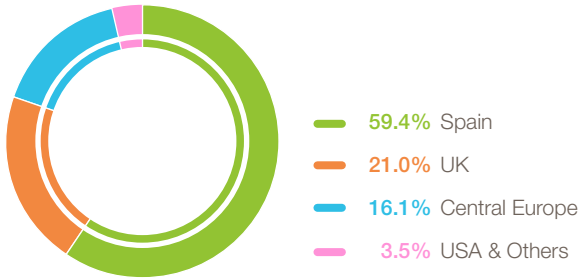
By geographical area, revenues in Spain increased by 0.8% compared to the previous business year to 1.715.8 million euros, due to stability in municipal waste collection and street cleaning activities deemed to be essential. This is together with higher revenues linked to the development phase of treatment plants that have offset the decrease in non-essential municipal services due to the measures taken by the government to combat the pandemic during the first half of the business year.

In the United Kingdom, turnover decreased by 11.2% to 605.3 million euros, due to lower volumes in the waste treatment and reduction activity, concentrated in tertiary clients and the decreased contribution of the treatment and recovery plant in Edinburgh, following the completion of the construction phase and the start of the operational phase since mid last year (which resulted in a reduction of 25.7 million euros).

In Central Europe, revenues remained stable at 464.6 million euros, where the increase in activity in Poland has almost entirely offset lower levels of activity in countries such as Bulgaria and Slovakia.

Lastly, turnover in the USA and other markets increased by a remarkable 58.6% due to a greater contribution from the Palm Beach and Volusia contracts, both in Florida.

Breakdown of Revenue by Geographical Area



Gross operating profit (EBITDA) decreased by 8.4% to 450.9 million euros, caused by the developments in revenue described above together with decreased performance in the incineration plants in the United Kingdom due to shutdowns scheduled in their maintenance together with extraordinary repairs.

The net operating profit (EBIT) decreased by 16.6% over the previous year to 215.7 million euros, thanks to the development of the different components mentioned in the Ebitda.

Breakdown of Backlogs by Geographical Area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	4,872.2	5,354.5	-9.0%
International	4,312.1	5,011.7	-14.0%
Total	**9,184.3**	**10,366.2**	**-11.4%**

At the end of December, the backlog for the area fell by 11.4% to 9.184.3 million euros. In Spain, it amounts to 4.872.2 million, where a significant number of contracts are still being extended, although an increase in bidding activity is now being noted. The awarding of the eight-year urban sanitation contract for Barcelona is worth mentioning, with an estimated value of more than 800 million euros, after FCC Medioambiente was deemed the entity with the best technical qualification. In the international area, the backlog declined 14%, largely due to the depreciation of sterling and the dollar against the euro at the end of the business year.

2.1.7.1.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Net Financial Debt without recourse	1,330.2	1,332.2	(2.0)

There was no appreciable variation to Net financial debt without recourse to the header at the end of the business year. The main balance corresponds to the issue of two green bonds in the amount of 600 million euros and 500 million euros by the parent company in the fourth quarter of 2019 and that have obtained confirmation of its investment grade in its annual revision. Of the rest, 167.2 million euros correspond to activity in the United Kingdom together with another 55 million euros mainly linked to funding of three waste treatment and recycling plant projects in Spain.

2.1.7.2. End-to-End Water Management

The Water area contributed 27% of FCC Group EBITDA in the period. 85.6% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 14.4% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 850 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France. In Latin America, the Middle East and Africa it is present through the design, equipping and operation of processing plants. All in all, the Water area provides supply and/or sanitation services to more than 25 million inhabitants.

2.1.7.2.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	1,188.3	1,186.9	0.1%
Concessions and services	*1,016.6*	*982.2*	*3.5%*
Technology and networks	*171.7*	*204.7*	*-16.1%*
EBITDA	282.9	281.7	0.4%
EBITDA Margin	*23.8%*	*23.7%*	*0.1 p.p*
EBIT	167.4	180.2	-7.1%
EBIT margin	*14.1%*	*15.2%*	*-1.1 p.p*

Revenues remained stable and reached 1.188.3 million euros. The Concessions and Services business increased by 3.5% year-on-year to 1.016.6 million euros, due to the increased contribution of activity and contracts in France, Colombia and Saudi Arabia and despite the decrease in consumption in Spain due to the impact of the pandemic. However, Technology and Networks decreased by 16.1%, due to the slower pace of execution of both construction projects associated with national concessions and international projects

Breakdown of revenue by geographical area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	784.3	804.4	-2.5%
Middle East, Africa and Others	163.1	113.3	44.0%
Central Europe	105.0	111.7	-6.0%
Rest of Europe (France, Portugal and Italy)	78.5	71.2	10.3%
Latin America	57.4	86.3	-33.5%
Total	**1,188.3**	**1,186.9**	**0.1%**

By geographic area, revenues in Spain amounted to 784.3 million euros, 2.5% less than at the end of the previous business year, due to a decrease in amounts invoiced to non-domestic customers and in tourist areas, together with the entry into operation of new contracts, such as the peripheral sewerage contract in Madrid. Technology and Networks has experienced lower activity due to the slower pace of execution of some projects associated with concessions.

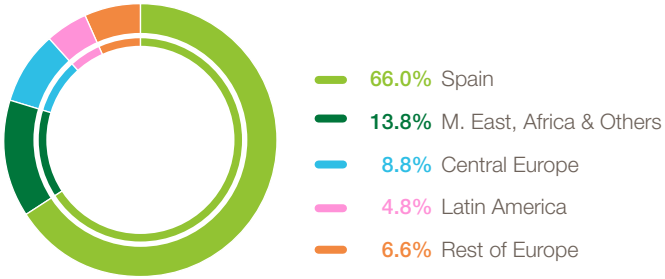
In the international arena, in the Middle East, Africa and Others, revenues increased by an outstanding 44% to 163.1 million euros, due both to the good pace of execution in the construction of a wastewater treatment plant in Egypt, and to the increase in concession activity resulting from the contribution of the companies acquired in Saudi Arabia during the business year.

Central Europe saw its revenues fall by 6% to 105 million euros, mainly due to the reduced activity of Technology and Networks regarding the completion of projects in Montenegro and Serbia. End-to-end cycle activity in the Czech Republic remained stable due to an update in rates that largely offset the slight fall in consumption caused by the health crisis.

In the Rest of Europe, revenues increased by 10.3% to 78.5 million euros as a result of the contribution by the company Aqualia France acquired in June 2019, which compensated for a downturn in infrastructure activity in the Caltanisetta concession in Italy.

In Latin America, revenues fell by 33.5% to 57.4 million euros, due to the completion or slower pace of construction of plants in Ecuador and Colombia, which were not offset by the contribution of new contracts, such as in Mexico.

Breakdown of Revenue by Geographical Area



Gross operating profit (EBITDA) slightly increased by 0.4% and totalled 282.9 million euros, where the incorporation of new contracts in concessions and services helped to offset the aforementioned decrease in volumes and activity in Technology and Networks, due to the interruption and delay in the progress of some projects due to the health crisis. The margin, at 23.8%, remained stable compared to 2019.

The net operating profit (EBIT) decreased 7.1% compared to the previous business year, to 167.4 million euros, mainly due to the increase in the amortisation provision allocated due to an increase in the asset base and new areas of operations.

Breakdown of Backlogs by Geographical Area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	7,224.7	7,813.1	-7.5%
International	7,801.2	7,205.2	8.3%
Total	**15,025.9**	**15,018.3**	**0.1%**

Figures for the backlog were similar to those to December of the previous year, totalling 15.025.9 million euros, due to new contracts in the international area, mainly in Colombia, Mexico, Saudi Arabia and Qatar, which compensated for the downturn in Spain, caused by delays in the renewal of some contracts.

2.1.7.2.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Net Financial Debt without recourse	1,177.6	1,214.5	(36.9)

Net financial debt, entirely without recourse to the Group's parent company, decreased by 36.9 million euros compared to December the previous year, totalling 1.177.6 million euros. Most of the debt balance is for long-term bonds issued by the area's parent company, with a gross balance of 1.346.4 million euros.

2.1.7.3. Construction

The Construction area contributed 5.1% of the Group's EBITDA in the business year. Activities were focused on the design and construction of large civil engineering, industrial and complex building works. Special mention should go to participation in major works like railways, tunnels, bridges and football stadiums that constituted a major part of the activity.

2.1.7.3.1 Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	1,611.0	1,719.3	-6.3%
EBITDA	53.6	100.2	-46.5%
EBITDA Margin	*3.3%*	*5.8%*	*-2.5 p.p*
EBIT	20.9	77.3	-73.0%
EBIT margin	*1.3%*	*4.5%*	*-3.2 p.p*

The area's revenues decreased by 6.3% to 1.611 million euros due to the slower pace of execution and the suspension that temporarily affected some ongoing projects, mainly in Latin America and the Middle East. This could not be fully offset by a higher volume of activity linked to contracts won and developed in Europe, which overall experienced a lower level of disruptions during the business year.

Breakdown of revenue by geographical area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	848.8	665.3	27.6%
Europe and others	390.0	313.1	24.5%
Middle East and Africa	246.2	401.5	-38.7%
Latin America and USA	126.0	339.4	-62.9%
Total	**1,611.0**	**1,719.3**	**-6.3%**

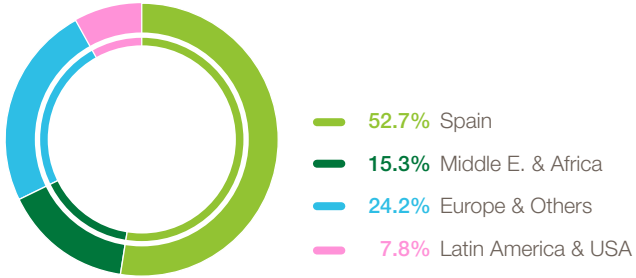
By geographical area, in Spain turnover increased by 27.6% to 848.8 million euros, due to the good pace sustained in the development of projects. The most significant of these is the remodelling of the Santiago Bernabéu football stadium, as well as in other minor projects recently awarded, which to a large extent compensated for the effects of the temporary measures taken to suspend the activity in its planned course of development.

Similarly, in Europe and other markets, turnover grew by 24.5% over the previous business year to 390 million euros, thanks to increased activity in new projects started in EU countries, including the A-9 motorway in the Netherlands, the A-6 in Norway, the modernisation of the Bacau airport runway in Romania and the pace of progress in the development of the Haren prison complex in Belgium.

In the Middle East and Africa, revenues decreased by 38.7% to 246.2 million euros, mainly due to the lower activity registered in the construction of the Riyadh metro in Saudi Arabia as a result of the strict lockdown measures decreed because of the pandemic together with the high degree of progress of the work as a whole.

In Latin America and the USA, turnover fell by 62.9% at business year-end, mainly due to the lower contribution from the completion of Line 2 of the Panamá Metro and the Gerald Desmond Bridge in Los Angeles (USA), together with the slowdown in the development of other projects underway in various countries, due to the strict lockdown measures decreed in these countries.

Breakdown of revenue by geographical area



The gross operating profit (EBITDA) decreased by 46.5% compared to the previous business year and amounts to 53.6 million euros. This development is the result of the combined effect in the international area of higher provisions, as a preventive measure, as well as higher costs, all in an environment marked by a temporary slowdown in activity stemming from the exceptional situation created by the health emergency measures. However, the higher level of activity executed in Europe mitigated this impact and the operating margin was 3.3%.

Net operating profit stands at 20.9 million euros compared to 77.3 million euros for the previous year, reflecting developments already commented on at the gross operating income level.

Breakdown of Backlogs by Geographical Area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	1,628.4	2,010.3	-19.0%
International	3,527.4	3,612.9	-2.4%
Total	**5,155.8**	**5,623.2**	**-8.3%**

The area's income backlog decreased 8.3% at the end of December compared to the previous business year, to 5.155.8 million euros. In Spain, it fell to 1.628.4 million euros, as a good pace in terms of project progress was not matched by the addition of new contracts in a business year that saw a low level of public tenders. In the international area, the backlog decreased by 2.4%, mainly due to the decline in the contract of the "Ciudad de la Salud" Health Centre in Panama, together with a reduction in the scope of works on other projects, which was largely offset by other contracts obtained in Europe and Mexico.

Breakdown of the Backlog by Activity Segment *(Millions of Euros)*

	Dec. 20	Dec. 19	Chg. (%)
Civil engineering works	4,121.5	3,991.6	3.3%
Building	695.0	1,251.6	-44.5%
Industrial Projects	339.3	380.0	-10.7%
Total	**5,155.8**	**5,623.2**	**-8.3%**

By type of activity, the civil engineering works backlog accounted for 80% of the total and increased by 3.3%, due to new contracts in the international area, mainly in Europe, which offset the low public tenders in Spain, reaching 4.121.5 million euros. Building activity declined significantly, due both to the aforementioned adjustment in the Panama backlog and to the aforementioned drop in activity as a result of the health crisis.

2.1.7.4. Cement

The Cement area contributed 13.4% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focusses on the manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 44.6% in Giant Cement, which operates a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	382.6	413.2	-7.4%
Cement	*345.2*	*374.5*	*-7.8%*
Other	*37.4*	*38.7*	*-3.4%*
EBITDA	139.9	86.4	61.9%
EBITDA Margin	*36.6%*	*20.9%*	*15.7 p.p*
EBIT	106.8	(20.0)	n/a
EBIT margin	*27.9%*	*-4.8%*	*32.8 p.p*

Revenues for the area decreased by 7.4% to 382.6 million euros compared to December of the previous year, due to a decrease in volumes invoiced in local markets in Spain and Tunisia, as a consequence of the lockdown measures applied due to the pandemic, as well as a drop in exports from both markets.

Breakdown of revenue by geographical area *(Millions of Euros)*

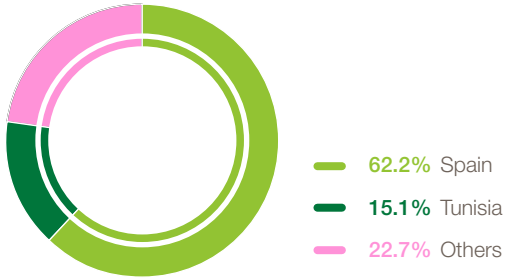
	Dec. 20	Dec. 19	Chg. (%)
Spain	237.9	249.4	-4.6%
Tunisia	57.8	57.9	-0.2%
Miscellaneous (exports)	87.0	105.9	-17.9%
Total	**382.6**	**413.2**	**-7.4%**

By geographic area, revenues in Spain declined by 4.6% to 237.9 million euros, as the lockdown measures decreed due to the pandemic caused a decrease in volumes in the first half of the year, which was mitigated by good price performance. It should be noted that in the second half of the year there was a progressive recovery of activity with a more stable performance in terms of demand.

In the Tunisian local market, revenues remained stable at 57.8 million euros, where the decrease in volumes was offset by both price increases and the appreciation of the Tunisian dinar. Similarly, there was a progressive improvement in activity levels in the second part of the business year.

Export earnings fell by 17.9% amounting to 87 million euros due to a decrease in shipments made both from Spain and from Tunisia.

Breakdown of revenue by geographical area



The gross profit income increased by a remarkable 61.9% to 139.9 million euros, due to two main factors. The sale of CO_2 rights amounted to 58.9 million euros in the business year, compared to 5.8 million euros the previous year, and the aforementioned drop in volumes and revenues was offset by the fall in energy prices, both for fuels and electricity. Therefore, without taking into account the CO_2 component in both business years, Ebitda would have improved slightly by 0.4% in 2020 compared to the previous business year.

The net operating profit amounted to 106.8 million euros, as a result of the aforementioned development of the gross operating profit.

2.1.7.4.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Net financial debt without recourse	173.7	293.0	-119.3

Net financial debt, entirely without recourse to the Group's parent company, decreased significantly by 119.3 million euros to 173.7 million euros, of which 108 million euros correspond to the early partial repayment of the area's main credit facility, which has no significant ordinary maturity until 2022.

2.1.7.5. Concessions

As a result of a sale agreement reached in October 2020 and in accordance with accounting standards (IFRS 5), the assets and liabilities relating to the investees to be transferred from the concession activity have been classified as held for sale in the FCC Group's balance sheet. The consolidation method is maintained in the income statement in the same way, until the operation is closed and the shares transferred.

The Concessions area accounts for 9% of the Group's EBITDA in the year as a whole. Its activities focussed on the development, operation and maintenance of transport and non-residential infrastructures. At the close of the business year, the Cedinsa subgroup maintained its contribution to turnover, which together with other smaller entities represents a total of 18 concessionary companies in the portfolio and with different degrees of participation.

2.1.7.5.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	123.5	49.8	148.0%
EBITDA	94.6	31.8	197.2%
EBITDA Margin	*76.6%*	*63.9%*	*12.7 p.p*
EBIT	55.4	12.0	n/a
EBIT margin	*44.8%*	*24.1%*	*20.8 p.p*

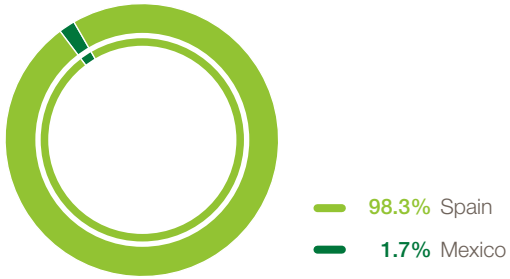
The area's revenues were 123.5 million euros this business year, as compared to 49.8 million euros for the first half of the previous business year. This change is mainly due to the contribution of the Cedinsa subgroup, after acquiring control of the majority of its capital in November 2019 and incorporating it since then through full consolidation.

Breakdown of revenue by geographical area *(Millions of Euros)*

	Dec. 20	Dec. 19	Chg. (%)
Spain	121.5	47.5	155.7%
Mexico	2.1	2.3	-11.3%
Total	**123.5**	**49.8**	**148.0%**

By geographical area, almost all of the revenues are concentrated in Spain, revenues totalling 121.5 million euros, 76.5% of which was contributed by the Cedinsa subgroup. The Coatzacoalcos Tunnel concession in Mexico remains practically unchanged compared to the previous business year and its contribution reflects the depreciation effect of the Mexican peso during this period (-12.1%).

Breakdown of revenue by geographical area



Gross operating income totalled 94.63 million euros, 79.6% corresponding to the Cedinsa concession group.

2.1.7.5.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Net financial debt without recourse	14.7	751.8	-737.1

At the end of last December, consolidated net financial debt had suffered a substantial reduction to 14.7 million euros compared to the balance at the end of 2019. This was due to the aforementioned effect from the application of accounting regulations, which after the sale agreement reached by various concessionary companies led to the reclassification of its gross financial debt under the single epigraph of liabilities held for sale amounting to 736.6 million euros.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 30 to the consolidated financial statements and in section 7 of the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance to the FCC Group of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.
- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.
- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.
- Observation of the environment and innovation: To identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.
- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. To share experience of the best practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

2.3. Business performance. Personnel

Details are attached of the FCC Group's staff at year-end, by business area:

Areas	Spain	Abroad	Total	%/Total
2020				
Environment	33,206	7,126	40,332	68%
Water Management	6,675	3,849	10,524	18%
Construction	3,944	3,379	7,323	12%
Cement	785	251	1,036	2%
Concessions	154	71	225	0%
Central Services and Others	306	0	306	1%
TOTAL	**45,070**	**14,676**	**59,746**	**100%**

3. Liquidity and capital resources

Liquidity

In order to optimise its financial position, the FCC Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The FCC Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 17 to the consolidated financial statements) and detailed financing (see note 20 to the consolidated financial statements).

Note 30 to the consolidated financial statements sets forth the policy implemented by the FCC Group to manage liquidity risk and the factors mitigating said risk.

Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

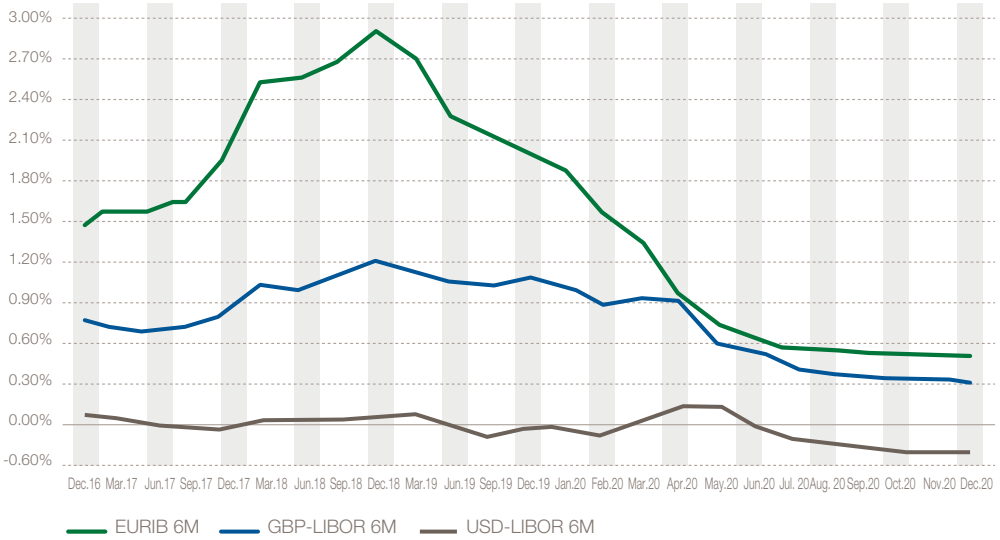
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. In 2019, new funding facilities were arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U., also registered a 300 million euros promissory notes programme.

Likewise, in 2020, Cementos Portland Valderrivas, S.A. repaid debt of 119 million euros, of which 108 million euros were voluntarily repaid (note 20 of Non-current and current financial liabilities of the notes to the 2020 financial statements).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the FCC Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.



This section is discussed in greater detail in note 30 to the consolidated financial statements.

4. Major risks and uncertainties

4.1. Risk Management Policy and System

The FCC Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The system covers the risk scenarios considered, which have been classified into four groups: Operational, Compliance, Strategic and Financial.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

4.2. Major risks and uncertainties

The FCC Group operates worldwide and in different sectors and, therefore, its activities are subject to a variety of environmental, socio-economic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects in which it participates, which could affect the achievement of its objectives.

Details of the main strategic, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 6.2 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the FCC Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 30 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 6.2 of the Non-Financial Information Statement

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 6.2 and 7 of the Non-Financial Information Statement.

5. Acquisition and disposal of own shares

At 31 December 2020, the FCC Group owned, directly and indirectly, a total of 1,544,773 shares of FCC S.A. (0.38% of the company's capital stock).

Transactions involving the acquisition and disposal of own shares during the year are detailed in note 18 to the consolidated financial statements.

6. Significant events occurring after the end of the year

There have been no significant events between the end of the year and the date of preparation of these financial statements.

7. Outlook

The outlook for the performance of FCC Group's main business areas in 2021 is given below.

Environmental Services

In the countries where it operates, the sector is undergoing a major process of transformation, due to the environmental requirements of each country deriving from the European Directives (new opportunities based on the ambitious targets set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

In Spain, moderate growth is expected in the start up of operations of the disposal facilities that were under construction and the initial operation of newly awarded contracts. No significant changes are expected in the domestic market, the aim being focused on gradually replacing the linear production model with circular models (Plan PEMAR 2016-2022, España Circular 2030 [State Waste Framework Plan for Spain's Circular Economy]).

In Portugal, business opportunities related to soil decontamination activities and new urban sanitation contracts stand out.

In the United Kingdom in 2020, the economic forecasts for 2021 are marked by the impact of its departure from the EU and the effects of the Covid-19 pandemic, which will continue to weigh down its performance during the first half of 2021. To respond to this uncertainty, the UK Government has announced an extension of financial aid until at least March 2021. In the environmental area, once its membership of the EU ends, the UK will nevertheless remain committed to the EU's circular economy objectives and recycling goals, therefore no sudden changes are expected. Additionally, the Government is promoting new measures to encourage the recycling of plastics with the introduction of a tax on packaging and supporting measures to reduce CO 2 emissions. The sector, strongly conditioned by environmental legislation, will continue to await legislative developments in these aspects. In the short term, the market for recycled products has become more restrictive, prioritising quality and experiencing price volatility; the export of refuse-derived fuel (RDF) to Europe will be affected by trade barriers and by the development of new treatment plants, a process in which our division in the United Kingdom is already involved, continuing with its production strategy of energy through waste treatment.

Moderate organic growth is expected in Central and Eastern Europe. Although the economic indicators show significant growth compared to 2020, a lower budget allocation is expected in many municipalities (in activities such as street cleaning, gardening, pruning, winter services) due to the need to allocate funds to other activities due to Covid-19. The start of several major soil decontamination projects will probably also be delayed for the same reason. Similarly, many businesses will suffer the financial consequences of the end of public aid and it is very likely that normal economic activity will not restart again until the second semester since, even with the existence of vaccines, the logistical challenge of their application will probably include new periods of restrictions in almost all territories.

In relation to the implementation of the business model, Austria is a mature and fully developed market while the other three most important countries, the Czech Republic, Slovakia and Poland, must gradually transform their business model, reducing volumes in landfills and increasing treatment and recycling activities in order to adapt to European Union directives. In principle, this process is more medium term (2026-2030) but, given that the obtaining of permits and the final construction of treatment plants or incinerators is long term, various projects that could be started in the short term have already begun to be analysed.

As far as the USA is concerned, it represents a market with high development potential for a company with the know-how, experience and use of the most advanced and efficient technologies in providing quality environmental services, as FCC has.

End-to-End Water Management

Expectations for 2021 are for a growing recovery in the levels of activity that have been affected by the Covid-19 pandemic, mainly in regions where demand is more closely linked to tourism and second homes. In this regard, we expect a recovery from the second half of the 2021 business year, which will be reinforced by the new contracts added to the scope during 2020, as well as by the maintenance of the high contract renewal rates that Aqualia consistently achieves at their expiration. This increase in revenues will lead to an improvement in profits, reinforced by the continuation of cost optimisation actions and operational optimisation measures in the contracts included in the management scope.

In **Spain** in the area of Service **concessions** for the End-to-end Water Cycle, for 2021 it is worth mentioning the expectation of maintaining similar renewal rates to those of 2020, exceeding 90%, although many new contracting opportunities are not expected due market apathy.

With regard to Europe, in **Portugal**, prospects of a slight reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, a further increase in the growth of operation and maintenance contracts is expected to be promoted by the public companies belonging to Aguas de Portugal. It is expected that the proper authorities will continue with the search for solutions to the management of sludge from the country's wastewater treatment plants.

In **France** new tenders are expected for the assignment of public services due to the termination of the contractual deadline for some of the existing contracts in the country.

In **Saudi Arabia** the process of modernisation and provision of the country's hydraulic infrastructures will continue, promoted by the Government in the Vision 2030 programme, by means of public-private collaboration. The infrastructure concession contracts tendered in 2020 will be definitively awarded and the bid for new BOT projects in the field of desalination and purification is expected to take place. Bids for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided will also begin.

In 2021, Aqualia will consolidate the operation of the new sanitation contract for **Abu Dhabi** and that for the WWTP in Al Dhakira, in **Qatar.**

In LATAM, the construction phase of the Guaymas SWDP (**Sonora, Mexico**), will be completed, giving way to a 20-year period of operation, and of the PTAR Salitre (**Colombia**). In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora and for purification within the Bogotá river decontamination programme.

Finally, in **Peru** the preparation of the significant private initiatives declared in favour of Aqualia will continue (5 treatment plants and 1 desalination plant) and in the **USA**, there will be a presentation of the projects currently under study to their corresponding clients under the formula of "unsolicited proposals", for their evaluation and, if accepted, for subsequent execution.

Construction

In the international market, FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking into account the above, it is estimated that in 2021, the turnover obtained in Spain will remain similar to that obtained in 2020.

Cement

The Bank of Spain forecasts a fall of 11% in the Spanish economy for 2020, demonstrating its permeability to major international crises. The economic outlook is conditioned by how the situation with the virus evolves and although the progress in obtaining vaccines significantly reduces the unknowns, uncertainty remains about when the pandemic will be completely overcome. The Bank of Spain in its intermediate scenario forecasts that the Spanish economy will grow by 6.8% in 2021 and 4.2% in 2022 with unemployment rates of 18.3% and 15.6%, respectively. The Spanish economy will not recover its pre-pandemic levels until 2023.

According to the Association of Infrastructure Contractors and Concessionaires (Seopan), it is estimated that public contracting fell by 39.7% in 2020. According to Oficemen, the trend in cement market consumption in 2021 will be in range of between -3.0% and 3%. In Tunisia, growth of 5%, up to 6.1 million tonnes, is estimated in the domestic market for 2021, after the strong contraction suffered in 2020 where it fell by 10% to around 5.8 million tonnes.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

8. R&D+I activities

The FCC Group's R&D&I activities in 2020 have resulted in more than 40 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business areas of the FCC Group.

The activities of the different Business areas and the main projects developed throughout 2020 are detailed below.

Environmental services

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

- **VISION.**
- **BICISENDAS.**
- **INSECTUM.**
- **H2020 SCALABLE TECHNOLOGIES FOR BIO-URBAN WASTE RECOVERY (SCALIBUR).**
- **LIFE 4 FILM.**

In addition, new ones have been launched during 2020, which are summarised below:

- **DEEP-PURPLE:** it consists of the conversion of complex molecules present in the organic matter of urban solid waste into sustainable materials and products in bio-refineries through the metabolism of the "Purple Photosynthetic Bacteria". Thermal hydrolysis is used to extract the organic matter from the separate collection and incorporate it into the liquid phase.
- **RECYGAS:** it delves into the research of waste gasification and enables the use of clean synthetic gas obtained from the gasification process to initiate chemical synthesis routes (whose products would no longer have the status of waste) or its use in high-efficiency electricity generation cycles. The technology that the project incorporates would allow it to climb up the waste management hierarchy towards recycling.
- **B-FERTS:** the main aim is to integrate the revaluation of bio-waste in agriculture by creating new value chains of bio-based circular economy, coming from municipal solid wastes and the agricultural industrial sector and aimed at the production of mineral and organo-mineral fertilisers, developing the nutrient mixes suitable for their application. Its aim is to change the traditional value chain of fertiliser production and evolve from a linear manufacturing system to a lean manufacturing system, based on a circular economy that will be developed in B-FERST.
- **LIFE-PLASMIX:** the main objective is the practical demonstration on a semi-industrial scale of an innovative recovery and recycling process of the MIX fraction of MSW, the revaluation of polypropylene (PP) and polystyrene (PS) in the form of high quality pellets ready to be used in the manufacture of new products, such as packaging.
- **LIFE- LANDFILL BIOFUEL:** this project pursues the technical demonstration of a profitable system for the production of vehicular biomethane from landfill biomethane through the implementation of new techniques for the exploitation of landfill cells and the use of an innovative upgrading technique that combines filtering with membranes and the PSA vacuum adsorption system. This holistic approach implies the revaluation of landfill biogas as an alternative fuel for light and heavy lorries, carrying out break-in tests on them.

End-to-end Water Management

FCC Aqualia's innovation activity is in line with European policies for the transition to a circular economy with a zero carbon footprint, seeking the development of new smart management tools and new proposals for sustainable services. In this way, the Department of Innovation and Technology (DIT) supports the company in achieving the United Nations Sustainable Development Goals (SDGs), towards an affordable and high quality water and sanitation service (SDG 6), optimising its energy balance (SDG 7) and avoiding its impact on the climate (SDG 13) through sustainable production and consumption (SDG 12).

The projects developed by the DIT during 2020 seek to strengthen FCC Aqualia's technological proposal in four lines of work: Quality, Eco-Efficiency, Smart Management and Sustainability.

The major projects in 2020 are listed below:

- **RIS3 VALORASTUR:** with the aim of achieving eco-efficient wastewater treatment, the RIS-3 programme of the Institute of Economic Development of the Principality of Asturias (IDEPA) has supported FCC Aqualia's collaboration with two large public companies and the SME Ramso. Together with the Institute of Carbon Science and Technology (INCAR - part of the Spanish National Research Council (CSIC) in Oviedo), new low-cost adsorption materials (at less than €500/t) have been developed from dried sewage sludge, with activation by pyrolysis.

  The project also implemented the optimisation of the nutrient removal process at the San Claudio WWTP. The reduction in electricity costs, in the minimisation of the purchase of iron salts (by optimising the biological elimination of phosphorus), and in mud production, is close to 30k €/year, which means that the costs of improving the automated control system can be amortised in less than a year.
- **INTERCONECTA ADVISOR:** co-financed by the CDTI with FEDER funds, the project has implemented new pre-treatment and co-digestion methodologies for meat waste (Maguisa) at the WWTP managed by FCC Aqualia in Guijuelo, supported by municipality and with the collaboration of AINIA. A new digester control system based on LIDAR (Laser Imaging Detection and Ranging) technology is also being developed to detect foams.

  ADVISOR has been selected as one of 101 business actions of the 2020 #PorElClima (For The Climate) community, and its CO_2 reduction impact has been certified by the Carbon Fund for a Sustainable Economy (FES-CO_2) of the CLIMA Programme of the Ministry for the Ecological Transition (Miteco).

- **LIFE ICIRBUS:** led by the Intromac technology centre and with six other partners from Extremadura, the project has developed a prototype at the wastewater treatment plant in Lobón (Extremadura), managed by FCC Aqualia, to demonstrate the adsorption of metals contained in some wastewater treatment plant sludge by biomass fly ashes from the company ENCE. The process was protected with a utility model, and the treated ashes are integrated as aggregates in building materials, while the residual sludge reduces its odours, and is added to a compost that was used for different crops.
- **LIFE METHAMORPHOSIS:** as part of this project led by FCC Aqualia, together with five other entities (Área Metropolitana de Barcelona AMB, FCC Medio Ambiente, Naturgy, Icaen and SEAT), two biomethane production demonstration plants were implemented.

  Development continues with the LIFE Infusion project to prepare design parameters for future AMB resource recovery plants, and to evaluate technologies in Asturias with another waste management contractor (Cogersa).
- **H2020 MIDES:** the project, with eleven partners from seven countries, has led to the setting up of two demonstration units of a new biological desalination technology, patented by FCC Aqualia and IMDEA Agua, in plants operated by FCC Aqualia in Dénia/Alicante and Guía de Isora/Tenerife. This microbial desalination cell (MDC) reduces the energy cost of desalination by up to ten times compared to traditional seawater reverse osmosis. Instead of electrical energy, residual organic matter from effluents is used to activate bacteria that generate a difference in power without external energy input, to move salts through ion exchange membranes, at the same time as the treatment of wastewater effluent that serves as fuel.

  The project has also contributed to the construction of the Desalination Innovation Centre in Denia, where a platform has been built to evaluate various pre-treatments, with multi-membrane and media filtration pilots. In addition, re-mineralisation post-treatments and alternative disinfection methods without resorting to hypochlorite are optimised.
- **RIS3 RE-CARBÓN:** financed by IDEPA with FEDER funds, and led by the engineering company INGEMAS with two SMEs (Biesca and InCo), Aqualia supports the MCAT institutes (Microwaves and Carbons for Technological Applications) of the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre Foundation) in the investigation of methods of adsorption of pollutants by regenerated activated carbon and biochar. The aim is the cost-effective supply of a sustainable adsorbent for water or gas applications.

  The feasibility of cleaning biogas at the Jerez, Chiclana and Lleida WWTPs and deodorisation at the San Claudio and Luarca WWTPs is being tested. The adsorption of micro-pollutants and new sensors that allow real-time monitoring at the Grado WWTP and the Cabornio DWTP are also being studied.
- **JPI MARADENTRO:** the project "Managed Aquifer Recharge: Addressing The Risks of Regenerated Water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks2018 programme, with the participation of partners in France, Italy and Sweden.

  A 400 m^2 infiltration system will be built at the Medina del Campo WWTP for the advanced treatment of treated water and its reuse in recharging aquifers. With the scientific institutes, system design and simulation tools will be developed, optimising the operation and costs of processing contaminant removal compared to conventional tertiary treatment.
- **H2020 SABANA:** the University of Almeria leads eleven partners from five countries (including the Czech Republic and Hungary) with three large companies: FCC Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project optimises the production of new biofertilisers and bio-stimulants from algae, and work is nearing completion on two cultivation units totalling five hectares and corresponding bio-refineries at the WWTPs of Mérida and Hellín (Albacete).
- **H2020 RUN4LIFE:** led by FCC Aqualia, a consortium of fifteen entities in seven countries implements in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsing-borg/Sweden and Vigo/Spain) new concepts of nutrient retrieval from the separation of grey and black waters.

  In Vigo's Free Trade Zone, FCC Aqualia operates an MBR in an office building for grey waters, which is reused in the toilets, and an AnMBR in black waters to produce bioenergy. Various nutrient recovery options are tested, followed by advanced oxidation to remove viruses and processing contaminants, and by evaluating the quality and safety of effluents and by-products as fertilisers through greenhouse cultivation trials.

  A larger installation is being prepared at the Balaídos industrial estate with effluent from Citroën, and the bioelectrochemical FBBR technology (Elsar patented process) is being evaluated for the direct treatment of sewage, using the inoculum from the Guijuelo reactor as biomass.

An important part of the project is the dialogue with the users of new services and by-products to optimise services and water and energy consumption through decentralised management of these systems and to assess the effect of new fertilisers.

- **H2020 SCALIBUR**: the project led by the Itene technology centre and involving twenty-one partners from ten countries, reached its halfway point in 2020. Since the end of 2018 and with a duration of four years, it has focused on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

  Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), with improvements in thickening (Orege system) and dual digestion in two stages, and simplifying mud stabilisation without heated concrete structures. The project has facilitated initial innovation activities at SmVaK in the Czech Republic, to convert organic matter into by-products and bioenergy.

- **BBI DEEP PURPLE:** led by FCC Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carrousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

  A first FCC Aqualia prototype is operating at Toledo-Estiviel, and a demonstration reactor 10 times larger is planned for the Linares WWTP. Parallel activities are also being prepared at the SmVaK WWTP in the Czech Republic.

- **BBI B-FERST:** with Fertiberia as the leader, and with ten partners from six different countries, FCC Aqualia is involved in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of recovered raw materials in the production of fertilisers in three countries (Spain, Italy and the Czech Republic) is analysed, and a struvite precipitation system is developed at the Jerez WWTP to incorporate recovered phosphorus in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.

- **LIFE INTEXT:** the project is led by FCC Aqualia, with the AIMEN and CENTA technology centres and the Aarhus University in Denmark supporting SMEs in Germany, Greece and France to optimise low-cost wastewater treatment technologies in small towns. The aim is to minimise energy costs, carbon footprint and waste, and to provide ecologically and economically sustainable solutions. The construction of a demonstration platform for these technologies at the Talavera WWTP operated by FCC Aqualia is in its final phase.

- **LIFE ULISES:** the project coordinated by FCC Aqualia is supported by three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria. To optimise and transform conventional WWTPs into “energy production factories”, eliminating their carbon footprint, anaerobic pretreatment with the PUSH reactor is being implemented at the El Bobar WWTP in Almeria, operated by Aqualia, which is also being evaluated at two WWTPs in Portugal. Digestion is improved by hydrolysis and biogas is used as a vehicle fuel with an ABAD BioEnergy refining system and a biomethane dispenser.

- **LIFE INFUSION:** after the completion of the Life Methamorphosis project, the Barcelona Metropolitan Area wanted to extend the project to prepare the designs for several new resource recovery plants. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system will be optimised with FCC Aqualia, AnMBR and ELAN technologies, with the addition of an ammonia stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to evaluate the options for implementing the solutions in their plants.

- **LIFE PHOENIX:** the project, led by FCC Aqualia and supported by the technology centres CETIM and CIESOL, will optimise tertiary treatment to achieve the most ambitious aims of the new European regulation on water reuse (EU 2020/741). In order to evaluate various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, three mobile plants have been designed, a 50 m3/h physical-chemical treatment plant, a 30 m3/h filtration plant and a 20 m3/h ultrafiltration plant.

- **LIFE ZERO WASTE WATER:** the project, led by FCC Aqualia, will demonstrate at the Valdebebas WWTP, with Canal Isabel II as a partner, the combined treatment of Urban Wastewater and of Organic Fraction of Municipal Solid Waste (OFMSW) with the AnMBR anaerobic reactor, followed by ELAN in the water line, for 50 m3/d, allowing water treatment with a neutral carbon footprint. The management of OFMSW at a municipal level and the possibility of connection with the sewer system for the transport of the mixture in a single stream.

- **H2020 SEA4VALUE:** led by the EureCat technology centre, and with 14 partners from seven countries, the project focuses on recovering resources from concentrated brine in seawater desalination plants (SWDPs), with basic scientific developments funded 100% by the EU. At its Desalination Innovation Centre in Denia, FCC Aqualia will continue to develop solutions for the revaluation of brine and new desalination methods, with solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimisation of the re-mineralisation of permeate with micronised calcite, reducing CO_2 consumption, turbidity and the size of the installation. The implementation of pilot units in the various WWTPs operated by FCC Aqualia will be evaluated, with an analysis of the technical and economic impact.
- **H2020 ULTIMATE:** in the "Smart Water Economy" call for proposals, FCC Aqualia participates in two of the five selected consortia, which receive up to 15 million euros of support per project. In Ultimate, led by the Dutch technology centre KWR, nine demonstrations of synergies between water utilities and industries are implemented with 27 partners.

  At the Mahou WWTP in Lleida, operated by FCC Aqualia, the comparison of the FBBR (Elsar) and AnMBR anaerobic reactors at a 20 m3/h scale is being prepared to recover biomethane and power a fuel cell. The co-digestion of yeast is also being studied, as well as support for FCC Aqualia's other client partner, Aitasa.
- **H2020 REWAISE:** the Rewaise project has the largest business participation of the five projects selected in the "Smart Water Economy" call for proposals, and FCC Aqualia leads the twenty-four partners including water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) and 7 SMEs to implement new circular economy and digital management solutions in nine "living labs" including FCC Aqualia's implementations in Badajoz, Canary Islands, Denia and Vigo.

  Rewaise reinforces FCC Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of water quality, processes and networks.

In addition, in 2020, four new patents were granted. The first one related to the Anaerobic Membrane Reactor. The second was granted for the Bio-electrochemical Fluidised Bed. The third on a Photobioreactor with purple bacteria and finally the fourth on the Microbial Desalination Cell.

Construction

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the FCC Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the FCC Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

Some of the projects are carried out in a consortium formed with Public Administrations, as is the case of the European Project **LIFE ZERO IMPACT**, *Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines*, in which the Administrator of Railway Infrastructures (Adif) participates.

The projects highlighted in 2020 are listed below:

- **ZERO IMPACT:** the aim here is the development of a bird anti-collision screen, with a design based on free-standing tubes.
- **ROBIM:** project within the CIEN programme financed by CDTI (Centre for the Development of Industrial Technology) the objective of which is autonomous robotics for the inspection and evaluation of existing buildings with BIM integration, with the development of an automated, active and multidisciplinary technology for the inspection, evaluation and diagnosis of the composition and state of conservation and energy efficiency of the enclosures of the building assets, which facilitates obtaining accurate and sufficiently detailed information on the construction systems and pathologies as well as an in-depth analysis of the building.

- **PWDRON:** project financed by CDTI (Centre for the Development of Industrial Technology), the objective of which is the development of a centralised system for the automated monitoring of the execution of infrastructures in linear civil engineering works, using drones with advanced technological features, as well as the development of a new technological platform for the exchange, processing and distribution of data in BIM.
- **REFORM2:** project presented with the help of the Catalan Waste Agency and whose objective is the recovery of by-product (of 0/6 porphyry, a by-product that originates from the generation of ballast and gravel) from quarry extraction through its incorporation into thermoset and thermoplastic matrices for different applications.
- **BIMCHECK:** innovation project approved by CDTI consisting of the implementation of a secure and automated technological management environment based on BIM and Blockchain for FCCCO's quality processes.
- **BICI SENDAS:** project within the 2018 CIEN programme from CDTI, the aim of which is the development of a sustainable, energy self-sufficient, intelligent, decontaminating, integrated and safe cycle lane.
- **POTAMIDES:** MATINSA project and approved by CDTI whose objective is the development of a new technologically advanced universal tool that allows the decision-making in the comprehensive management of the hydraulic public domain at a hydrographic basin level, with the purpose of optimising the availability and quality of the resource guaranteeing the satisfaction of demands.
- **PIELSEN:** belonging to the Challenges-Partnership programme, seeks to create a homoeostatic 3D wrap-around architecture to create intelligent adaptive sensitive skin on Building Facades.
- **SAFE:** project of the Challenges-Partnership programme, where the objective is the Development of an Autonomous System for Anchoring Structures in Maritime Construction Work. This smart system makes it possible to reduce dependence on human resources, minimise risk, maximise efficiency and increase the safety of field manoeuvres.
- **STARPORTS**: project of the INNTERCONECTA programme (Canary Islands) of CDTI, which will develop a Distributed Wireless System of monitoring, prevention and action for Coastal Management. It consists of the development of a smart platform capable of providing detailed information on the state of any maritime infrastructure in real time. It is also intended to develop advanced sensor networks that can be integrated within the same infrastructure and allow significant and reliable data on the state of the infrastructure to be obtained.
- **RESALTO:** project financed by CDTI with the aim of researching and developing sustainable road elements for speed reduction. Three main objectives are investigated; power generation, safety signalling and environmental connectivity.
- **SAFETY 4D:** project financed by CDTI and the objective of which is to develop an advanced and high performance process for occupational hazard prevention in construction with the implementation of the BIM methodology.
- **ONLYBIM:** a Project of the IDEPA of the Principality of Asturias regional programme, the aim of which is the development of a module for the design and execution of Non-Lineal Works under BIM methodology
- **GAUDI:** project approved in the call for projects in collaboration with CDTI and consisting of the development of a Knowledge Management platform based on Artificial Intelligence algorithms and Content Curation techniques.

FCC Construcción participates in many European and national R&D organisations that share the objective of coordinating the company's role as a driving force for research, development and technological innovation in the building area, in accordance with the proposals of the European Union's current H2020 programme.

Cement

In 2020, Cementos Portland Valderrivas Group continued its collaboration in the European R&D project, **BIORECO2VER**, in which it is a leading partner.

This project aims to obtain alternative processes for the production, on a commercial scale, of certain chemical products (like isobutene or lactic acid) in a more sustainable way from the capture of industrial CO_2 emissions.

The ultimate goal is to use this industrial CO_2 as a raw material and stop depending on fossil resources for the manufacture of these products.

In 2019, Cementos Portland Valderrivas Group made its main contribution, the characterisation of the emission gases, capturing them "in situ" and sending them to its partners, LTU and Enobraq. Currently, part of the captured gases remain in custody at the El Alto factory in case new tests, analysis, etc., are necessary.

9. Other relevant information. Share performance and other information

9.1. Share Data

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2020	Jan. – Dec. 2019 10.52
Closing price (€)	8.80	10.52
Change in the period	-16.3%	-3.4%
Maximum (€)	11.96	12.80
Minimum (€)	7.17	10.36
Average daily trading (nº of shares)	74,593	46,163
Average daily trading (million euro)	0.7	0.5
Capitalisation at end of period (million euro)	3,600	4,127
No. of shares circulating at closure	409,106,618	392,264,826

9.2. Dividends

The Company's Board of Directors resolved to execute the decision adopted at FCC's General Shareholders' Meeting on 2 June 2020, under item six on the Agenda, to distribute a scrip dividend. On 24 June, a cash payment of 0.40 euros gross per share was made to those shareholders who requested it. On 2 July, the bonus issue of 16.841,792 shares was registered, bringing the capital stock to 409.106,618 shares, which were listed on 10 July 2020.

10. Definition of alternative performance measures according to ESMA regulations (2015/1415en)

Ebitda

We define EBITDA as earnings from continuing operations before tax, results of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, subsidies, net changes in provisions and other non-recurring revenues and expenses. The reconciliation of EBITDA to the income statement headings is as follows:

	Dec. 2020	Dec. 2019
Operating profit/(loss)	**572.7**	**511.6**
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	477.3	449.1
Impairment and gains/(losses) on disposal of fixed and non-current assets	(6.9)	59.8
Other gains/(losses)	4.4	5.3
EBITDA	**1,047.5**	**1,025.8**

Ebit

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

Backlog

The FCC Group uses backlog as an extra accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction business areas because these businesses are characterised by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or customer orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

In the Environment area, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with customers and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end customer.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect price and schedule changes that are agreed with clients. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate area, the FCC Group calculates the backlog as the amount of the collection corresponding to the sales of homes pending completion at year-end.

Net financial debt

Como deuda financiera neta se considera el total de la deuda financiera bruta (corriente y no corriente), menos los activos financieros corrientes, la tesorería y otros activos financieros corrientes. El cálculo de la deuda neta se facilita en la nota 29 de la Memoria consolidada.

Voluntary turnover rate

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

Fomento de Construcciones y Contratas, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2020 and Directors' Report, together with Independent Auditor's Report

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.

Deloitte.

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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.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in total equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª C.I.F.: B-79104469
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on Corporación Uniland goodwill

Description	Procedures applied in the audit
The consolidated balance sheet includes goodwill associated with the Corporación Uniland cash-generating unit (CGU) of the Cement area, the carrying amount of which at 31 December 2020 totalled EUR 326 million. The Group tests these assets for impairment each year. Management's assessment of the possible impairment is a key matter in our audit, since the assessment is a complex process that requires a significant number of estimates, judgements and assumptions to be made both in determining the valuation method used, which was the discounted future cash flow method, and in evaluating the key assumptions, mainly in relation to the calculation of the discount rate, and the cash flows in the projected period, the cash flows used for calculating the residual value and the perpetuity growth rate, among others.	Our audit procedures included, among others, the performance of substantive tests based on the obtainment of the impairment test performed by management, and the verification of the clerical accuracy of the calculations made, evaluating the reasonableness of the main assumptions considered therein. In this connection, the review of the impairment test included, inter alia, the identification of the key assumptions included therein and the evaluation of the reasonableness thereof, including their consistency with available external and internal evidence and with historical performance. These key assumptions include the discount rate used, which our internal experts evaluated based on general market indicators, the reasonableness of which was evaluated by questioning and checking the calculations detailed by Group management. We also retrospectively reviewed the projections made in prior years in order to identify bias in Group management's assumptions, and evaluated the Group's historical achievement of budgets in order to determine the reliability of the estimates made by management. In addition, we reviewed the sensitivity analyses of the key assumptions. Lastly, we focused our work on reviewing Notes 3-e and 7-b to the accompanying consolidated financial statements, which contain information relating to the impairment test, in particular, the detail of the main assumptions, and on analysing the high sensitivity of the conclusions to possible variances in the key assumptions in the tests carried out.

Recoverability of deferred tax assets of the Spanish tax group

Description	Procedures applied in the audit
At 31 December 2020, the Group recognised deferred tax assets in relation to the Spanish tax group amounting to EUR 598 million (see Note 24). At year-end, Group management prepares financial models to assess the recoverability of the deferred tax assets recognised, taking into account the applicable regulatory framework and the most recent business plans approved for the various business areas, in addition to the estimated reversal periods for the temporary differences recognised in the consolidated balance sheet. We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, basically in connection with the projections of business performance and the estimation of the reversal periods for the temporary differences recognised, which affect the assessment of the recoverability of the deferred tax assets recognised in the consolidated balance sheet.	Our audit procedures to address this matter included, among others, the performance of tests on the design and implementation of the relevant controls that mitigate the risks associated with the process of assessing the recoverability of the deferred tax assets recognised, as well as verification that the aforementioned controls operate effectively. In addition, we performed substantive tests based on the obtainment of the financial models prepared by the Group to evaluate the recoverability of the deferred tax assets recognised and the supporting documentation used as the basis for their preparation. We reviewed the financial models obtained, analysing, among other matters, the consistency of the pre-tax profits projected for the coming years with historical and actual data for the current year. Also, we analysed the estimated reversal periods for the temporary differences recognised in the consolidated balance sheet and involved our internal tax experts in analysing the most significant estimates affecting income tax for the current year. Notes 3-p and 24 to the accompanying consolidated financial statements contain the disclosures relating to the Group's deferred taxes.

Provisions and contingent liabilities relating to Alpine

Description	Procedures applied in the audit
As a result of the process of liquidating the Alpine Group that started in 2013, a series of lawsuits were initiated against the Group, some of which are for a significant amount. Group management has to assess whether these claims constitute contingent liabilities or whether, on the other hand, a provision should be recognised in the consolidated balance sheet. This was a key matter in our audit, since this assessment requires Group management to make significant judgements, especially regarding the probability of there being an outflow of resources in the future or the possibility of measuring the amount of the obligation reliably. These judgements and estimates are made by Group management based on the opinions of the internal legal advisory department and its external legal counsel, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.	Our audit procedures included, among others, the review of the evolution of each of the lawsuits affecting the Group as a result of the liquidation of the Alpine Group. To this end, we obtained confirmations from its internal and external legal counsel in order to analyse the current status of the proceedings in progress and discussed with Group management its assessment of the related risk, classifying the risk as "remote", "possible" or "probable". Also, we evaluated whether the Group's disclosures in the consolidated financial statements in relation to the claims currently in progress were adequate, in accordance with the applicable regulatory framework, and checked whether the details thereof were consistent with the evidence gathered in the course of our tests. Notes 3-m, 19 and 26 to the accompanying consolidated financial statements contain the detail of the provisions and disclosures regarding the contingent liabilities relating to the claims associated with Alpine.

Revenue recognition in certain long-term contracts in the Construction area

Description	Procedures applied in the audit
For a significant proportion of the long-term construction contracts in the Construction area the Group recognises the revenue earned over time by reference to the stage of completion of the contracts in economic terms. This revenue recognition method was a key matter in our audit, as it affects a significant amount of total consolidated revenue, as well as the measurement of the amounts to be billed for work performed, and requires Group management to make highly significant estimates relating mainly to the expected outcome of the contract, the amount of costs yet to be incurred and the accounting, where appropriate, for modifications to the initial contract, all of which fall within the framework of the criteria established in IFRS 15, Revenue from Contracts with Customers. These judgements and estimates are made by the persons in charge of performing the construction work, are subsequently reviewed at the various levels of the organisation and are submitted to controls to ensure the consistency and reasonableness of the criteria applied.	Our audit procedures included the performance of an in-depth, itemised analysis of a selection of projects in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group with an impact on the revenue recognised in the year which include, among others, the determination of the transaction price, the allocation of the transaction price to the various performance obligations, the treatment for accounting purposes of any modifications approved by the customer and the recognition of variable consideration. In addition, we evaluated, with the additional support, where appropriate, of internal experts in infrastructure projects, the reasonableness of the assumptions and hypotheses used by the Group to update the estimated costs, and to measure progress towards satisfaction of the performance obligations. We also reviewed the consistency of the estimates made by the Group in 2019 with the actual data for the contracts in 2020. Lastly, we reviewed the disclosures made by the Group in relation to these matters. Notes 3-r and 16-a to the accompanying consolidated financial statements contain relevant information relating to the recognition of revenue from long-term construction contracts and additional disclosures in relation to balances corresponding to amounts to be billed for work performed.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2020, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Control Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Fomento de Construcciones y Contratas, S.A. and subsidiaries for 2020, which comprise the XHTML file including the consolidated financial statements for 2020 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Fomento de Construcciones y Contratas, S.A. are responsible for presenting the annual financial report for 2020 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report was included for reference purposes in the consolidated directors' report.

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and control committee dated 25 February 2021.

Engagement Period

The Annual General Meeting held on 8 May 2019 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Raquel Martínez Armendáriz
Registered in ROAC under no. 20755

25 February 2021

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



Fomento de Construcciones y Contratas, S.A.

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Balance sheet at closure of the 2020

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2020 (in thousands of euros)

ASSETS	31/12/2020		31/12/2019	
NON-CURRENT ASSETS		**3.430.846**	**3.320.421**	
Intangible assets (Note 5)		**7,198**		**34,452**
Property, plant and equipment (Note 6)		**30,249**		**102,875**
Land and buildings	11,811		11,870	
Other intangible assets	18,438		91,005	
Long-term investments in Group and associates (Notes 9.a and 19.b)		**3,315,779**		**3,059,014**
Equity instruments	2,936,096		2,775,433	
Loans to companies	379,683		283,581	
Long-term financial investments (Note 8.a)		**22,950**		**23,161**
Deferred tax assets (Note 16)		**54,670**		**100,919**
CURRENT ASSETS		**257,961**		**168,096**
Inventories		**364**		**537**
Commercial debtors and other receivables		**98,419**		**112,955**
Trade receivables for sales and services (Note 10)	2,126		10,283	
Clients, Group companies and associates (Note 19.b)	17,419		33,925	
Receivables from the public administrations (Note 16)	78,620		66,258	
Other loans	254		2,489	
Short-term investments in Group and associates (Notes 9.b and 19.b)		**149,785**		**42,968**
Short-term financial investments (Note 8.b)		**1,166**		**1,173**
Cash and other cash equivalents		**8,227**		**10,463**
TOTAL ASSETS		**3,688,807**		**3,488,517**

Notes 1 to 22 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2020 business year.

Balance sheet at closure of the 2020

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2020 (in thousands of euros)

EQUITY AND LIABILITIES	31/12/2020		31/12/2019	
EQUITY (Note 11)		**2,084,142**		**1,847,777**
Shareholders' equity		**2,084,142**		**1,847,777**
Capital		**409,107**		**392,265**
Issued capital	409,107		392,265	
Share premium		**1,673,477**		**1,673,477**
Reserves		**2,161,520**		**1,949,424**
Shares and equity interests		**(18,012)**		**(16,068)**
Accumulated losses		**(2,392,774)**		**(2,392,774)**
Profit/(loss) for the year		**250,824**		**241,453**
NON-CURRENT LIABILITIES		**985,512**		**1,080,136**
Long-term provisions (Note 12)		**137,849**		**182,740**
Non-current payables (Note 13)		**40,799**		**88,269**
Bank borrowings	20,000		61,667	
Other financial liabilities	20,799		26,602	
Long-term payables to Group and associated companies (Note 9.c)		**806,479**		**806,485**
Deferred tax liabilities (Note 16)		**385**		**2,642**
CURRENT LIABILITIES		**619,153**		**560,604**
Short-term provisions		**1,623**		**1,675**
Current payables (Note 13)		**464,343**		**342,625**
Debt instruments and other marketable securities	302,300		300,000	
Bank borrowings	155,228		25,528	
Other financial liabilities	6,815		17,097	
Short-term payables to Group companies and associates (Notes 9.d and 19.b)		**127,631**		**188,687**
Trade and other payables		**25,556**		**27,617**
Suppliers	4,713		4,048	
Suppliers, Group companies and associates (Note 19.b)	2,736		3,393	
Other payables to public administrations (Note 16)	720		1,332	
Other payables	17,387		18,844	
TOTAL EQUITY AND LIABILITIES		**3,688,807**		**3,488,517**

Notes 1 to 22 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2020 business year.

Income statements corresponding to the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2020 (in thousands of euros)

	31/12/2020	31/12/2019
CONTINUING OPERATIONS		
Revenue (Note 18)	**336.576**	**170.426**
Trade receivables for sales and services	74,465	84,007
Income from interests in Group companies and associates (Note 19.a)	254,353	64,534
Financial income from marketable securities and other financial instruments in Group companies and associates (Notes 18 and 19.a)	7,758	21,885
Procurements	**(5,689)**	**(12,168)**
Other operating income	**37,969**	**41,428**
Staff expenses (Note 18)	**(33,902)**	**(32,850)**
Other operating expenses	**(59,056)**	**(69,590)**
Fixed and non-current asset amortisation and allocation of subsidies (Notes 5 and 6)	**(8,629)**	**(13,546)**
Provision surpluses (Note 12)	**25,989**	**1**
OPERATING PROFIT/(LOSS)	**293,258**	**83,701**
Financial income (Note 18)	**226**	**1,281**
Interests in equity instruments in third parties	29	29
From marketable securities and other financial instruments of third parties	197	1,252
Financial expenses	**(34,641)**	**(78,755)**
Payables to Group companies and associates (Note 19.a)	(29,319)	(31,090)
On payables to third parties	(4,819)	(43,371)
Interest cost relating to provisions	(503)	(4,294)
Change in fair value of financial instruments (Note 18)	**–**	**(7,067)**
Exchange differences	**(4,640)**	**1,405**
Impairment losses and gains/(losses) on disposal of financial instruments (Note 9)	**4,600**	**230,461**
FINANCIAL PROFIT/(LOSS)	**(34,455)**	**147,325**
PROFIT/(LOSS) BEFORE TAX	**258,803**	**231,026**
CORPORATION TAX (Note 16)	**(7,979)**	**10,427**
PROFIT/(LOSS) FOR THE BUSINESS YEAR FROM CONTINUING OPERATIONS	**250,824**	**241,453**
PROFIT/(LOSS) FOR THE BUSINESS YEAR	**250.824**	**241.453**

Notes 1 to 22 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2020 business year.

Statement of changes in net equity for business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2020 (in thousands of euros)

A) Acknowledged income statement

	31/12/2020	31/12/2019
Statement of profit and loss	250,824	241,453
Income and expenses recognised directly in equity	–	–
Write-offs to profit and loss statement	–	–
TOTAL RECOGNISED INCOME AND EXPENDITURE	250,824	241,453

Notes 1 to 22 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2020 business year.

Statement of changes in net equity for business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2020 (in thousands of euros)

B) Statement of changes in equity

	Capital stock (Note 11.a)	Share premium (Note 11.b)	Reserves (Note 11.c)	Own shares (Note 11.d)	Accumulated losses	Profit/(loss) for the year	Valuation adjustments	Grants	Equity
Equity as at 31 December 2018	**378,826**	**1,673,477**	**1,140,784**	**(11,723)**	**(2,392,774)**	**831,723**	**6,843**	**524**	**1,627,680**
Total recognised income and expenditure						**241,453**			**241,453**
Transactions with partners or owners	**13,439**		**(23,083)**	**(4,345)**					**(13,989)**
Capital increases (Notes 3 and 11)	13,439		(13,517)						(78)
Distribution of dividends (Note 11)			(9,566)						(9,566)
Transactions with shares or equity interests (net)				(4,345)					(4,345)
Other changes in net equity			**831,723**			**(831,723)**	**(6,843)**	**(524)**	**(7,367)**
Equity as at 31 December 2019	**392,265**	**1,673,477**	**1,949,424**	**(16,068)**	**(2,392,774)**	**241,453**			**1,847,777**
Total recognised income and expenditure						**250,824**			**250,824**
Transactions with partners or owners	**16,842**		**(29,357)**	**(1,944)**					**(14,459)**
Capital increases (Notes 3 and 11)	16,842		(16,921)						(79)
Distribution of dividends (Note 11)			(12,436)						(12,436)
Transactions with shares or equity interests (net)				(1,944)					(1,944)
Other changes in net equity (Note 3)			**241,453**			**(241,453)**			
Equity as at 31 December 2020	**409,107**	**1,673,477**	**2,161,520**	**(18,012)**	**(2,392,774)**	**250,824**			**2,084,142**

Notes 1 to 22 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2020 business year. In particular, note 11 “Net equity” contains further details on this statement.

Cash flow statement for the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2020 (in thousands of euros)

	31/12/2020		31/12/2019	
Profit/(loss) for the year before tax		**258,803**		**231,026**
Adjustments to profit/(loss)		**(240,202)**		**(212,458)**
Depreciation and amortisation (Notes 5 and 6)	8,629		13,546	
Impairment loss allowances (Note 9)	(4,140)		(230,348)	
Changes in provisions (Note 12)	(23,806)		7,688	
Financial income (Note 18)	(262,337)		(87,700)	
Financial expenses	34,642		78,754	
Exchange differences	4,640		(1,405)	
Change in fair value of financial instruments	–		7,067	
Other income and expenses	2,170		(60)	
Changes in working capital		**3,693**		**(4,766)**
Trade and other receivables	2,136		(19,753)	
Trade and other payables	(365)		15,064	
Miscellaneous current assets and liabilities	1,922		(77)	
Other cash flows from operating activities		**205,860**		**(71,611)**
Interest paid	(33,834)		(72,408)	
Interest and dividend collections	230,470		78,830	
Corporation tax refunded/(paid) (Note 16.i)	33,031		(72,649)	
Other collections and payments	(23,807)		(5,384)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**228,154**		**(57,809)**

Notes 1 to and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2020 business year.

Cash flow statement for the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. a 31 de diciembre de 2020 (en miles de euros)

	31/12/2020		31/12/2019	
Payments due to investments		**(221.003)**		**(141.233)**
Group companies and associates (Note 9)	(214.749)		(118.114)	
Intangible fixed and non-current asset and property, plant and equipment (Notes 5 and 6)	(6.222)		(22.849)	
Other financial assets	(32)		(270)	
Proceeds from disposals		**5.514**		**1.062.513**
Group companies and associates (Note 9)	4.519		1.060.970	
Intangible fixed and non-current asset and property, plant and equipment (Notes 5 and 6)	769		172	
Other financial assets	226		1.371	
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES		**(215.489)**		**921.280**
Proceeds and payments from equity instruments		**(2.023)**		**(4.423)**
Issuance of equity instruments (Note 11)	(79)		(78)	
Acquisition of equity instruments (Note 11.d)	(1.944)		(4.345)	
Proceeds from (payments on) financial liabilities (Note 13)		**573**		**(909.318)**
Issuance of:				
Debt instruments and other marketable securities	780.100		939.000	
Bank borrowings	173.320		189.140	
Payables to Group and associated companies	49.728		47.140	
Other payables	1		2	
Repayment and amortisation of:				
Debt instruments and other marketable securities	(777.800)		(639.000)	
Bank borrowings	(85.173)		(1.324.136)	
Payables to Group and associated companies	(134.956)		(117.054)	
Other payables	(4.647)		(4.410)	
Dividend payments (Note 11)		**(12.436)**		**(9.565)**
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**(13.886)**		**(923.306)**
Effect of changes in exchange rates		**(1.015)**		**612**
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS		**(2.236)**		**(59.223)**
Cash and cash equivalents at the start of the period		**10.463**		**69.686**
Cash and cash equivalents at the end of the period		**8.227**		**10.463**

Notes 1 to and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2020 business year.

Notes to the financial statements at 2020 year-end

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. a 31 de diciembre de 2020 (en miles de euros)

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1. Company activity

Fomento de Construcciones y Contratas S.A., is a company constituted in Spain in accordance with the Spanish Limited Liability Companies Law. It is the holding company of FCC Group, which comprises a wide range of Spanish and foreign subsidiaries and associates performing a range of business activities, grouped into the following areas:

- Environmental Services. Services related to the collection and processing of solid waste and sanitation of public roads and drainage, the treatment of industrial waste, including both the construction and operation of plants, and energy recovery from waste.
- Integrated Water Management. Services relating to the integrated water cycle: collection, purification and distribution of water for human consumption; wastewater collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services, etc.
- Construction. Specialising in infrastructure, building and related sectors: motorways, highways, roads, tunnels, bridges, hydraulic works, ports, airports, urban developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.
- Cement. Operation of quarries and mineral sites, the manufacturing of cement, limestone, plaster and derivate pre-manufactured products and the production of concrete.
- Concessions. Mainly focusing on operation of contracts classified as concession arrangements, particularly motorways, tunnels and a wide range of other infrastructure.
- Real Estate. Its main activity is focused on housing development and the office rental market, both nationally and internationally.

Its registered office is at C/Balmes 36, Barcelona.

In the 2019 business year, the Company made a contribution to the subsidiary company FCC Medio Ambiente, S.A. of essential assets (spinoff) and as part of the corporate reorganisation within the Group of the Environmental Services activity (note 9). The beneficiary company subrogated the position of Fomento de Construcciones y Contratas, S.A. in relation to all of the assets, rights, actions, obligations, holdings, responsibilities and charges relating to the spun off assets and liabilities by universal succession. FCC Group undertook this operation to streamline its organisational structure by organising the entire environmental services business line under an independent entity to optimise commercial, business and financial risk management through greater specialisation and a sharper individual focus.

The spinoff took effect for accounting purposes on 1 January 2019, and therefore the spinoff balance sheet included in this transaction was that closed at 31 December 2018, with the net value of the equity divested amounting to 475,291 thousand euros. There was no effect on the consolidated financial statements of the FCC Group, since the beneficiary company is 100% owned directly and indirectly by Fomento de Construcciones y Contratas, S.A. Details of the spinoff, including the proportional integration of the spun off joint ventures, was as follows:

ASSETS	
NON-CURRENT ASSETS	**578,168**
Intangible fixed and non-current asset and property, plant and equipment (Notes 5 and 6)	383,455
Non-current investments in Group companies and associates	139,631
Rest of non-current assets	55,082
CURRENT ASSETS	**466,941**
Commercial debtors and other receivables	406,661
Rest of current assets	60,280
TOTAL ASSETS (A)	**1,045,109**

LIABILITIES	
NON-CURRENT LIABILITIES	**129,762**
Long-term provisions	69,449
Rest of non-current liabilities	60,313
CURRENT LIABILITIES	**432,689**
Current payables	124,972
Trade and other payables	239,266
Rest of current liabilities	68,451
TOTAL LIABILITIES (B)	**562,451**

DIVESTED NET ASSETS (A-B)	**482,658**
Valuation adjustments and grants received	7,367
CAPITAL INCREASE IN BENEFICIARY COMPANY	**475,291**

Subsequently, a corporate reorganisation was carried out within the environmental services area through the incorporation of a holding company, FCC Servicios Medio Ambiente Holding, S.A.U., which is 100% owned by Fomento de Construcciones y Contratas, S.A., to which the holding previously held in FCC Medio Ambiente, S.A., the company that benefited from the spinoff, was transferred (note 9).

In the corresponding notes of these notes to the financial statements, the most significant changes in the 2019 business year related to the above will be indicated under the epigraph “Spinoff of environmental activities”.

2. Basis of presentation of the financial statements

These financial statements were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures in which it is involved, pursuant to the Code of Commerce, Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law and the amendments introduced by Law 31/2014, of 3 December, and Royal Decree 1514/2007, which introduced the Spanish General Chart of Accounts, together with its amendment, incorporated by Royal Decree 602/2016, of 2 December. The accounting policies and standards contained in the regulatory amendments of Royal Decree 1159/2010, of 17 September, and sector plans, including Order EHA/3362/2010, enacting the accounting plan of public infrastructure concessionary companies, and all applicable obligatory standards, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) have also been included. Accordingly, these financial statements present a fair view the company’s equity, financial position, results and cash flows in the corresponding business year.

In particular, it should be noted that as a result of the publication in 2009 by the ICAC of a consultation relating to the accounting recognition of income from holding companies, “Income from investments in Group companies and associates” and “Finance income from marketable securities and other financial instruments of Group companies and associates” are recognised under “Revenue” in the accompanying income statement.

These financial statements, which have been prepared by the Company’s Board of Directors, will be submitted for approval by Annual Shareholders’ Meeting, and it is deemed that they will be approved without any modification. The 2019 financial statements were approved by the shareholders at the Annual General Meeting held on 2 June 2020.

The financial statements are expressed in thousands of euros.

Joint ventures and similar entities

The balance sheets, income statements, statements of changes in equity and cash flow statements of the joint ventures in which the company participates were incorporated by the proportional consolidation method, based on the shareholding of each joint venture.

The joint ventures were included through adjustments to unify the accounting period and the valuation methods, together with the reconciliations and reclassifications required and the appropriate eliminations, both of the asset and liability balances and of the reciprocal revenue and expenses. In the notes to the financial statements, the corresponding amounts are broken down when they are significant.

The balance sheet and income statement include the balance sheet aggregates at the shareholding in the joint ventures shown below:

	2020	2019
Revenue	53	1,864
Operating profit/(loss)	11	68
Non-current assets	28	29
Current assets	2,939	2,915
Non-current liabilities	2	2
Current liabilities	2,946	2,869

The joint ventures and shareholdings are listed in Annex II.

Grouping of epigraphs

Certain balance sheet, income statement and cash flow statement epigraphs have been grouped together so that they may be more easily understood; in any event, all significant information is broken down separately in the corresponding notes to the financial statements.

Going concern

At 31 December 2020, the Company has a negative working capital of 361,192 thousand euros, mainly as a result of the following debts: (i) with its subsidiary companies (127,631 thousand euros), (ii) from the issue of a Euro Commercial Paper Programme (ECP) on the Irish stock exchange (Euronext Dublin) for 302,300 thousand euros and (iii) relating to bank financing (credit facilities and others) of the Company (155,228 thousand euros). Despite this, the directors of Fomento de Construcciones y Contratas, S.A. prepare these financial statements on a going concern basis as there are no doubts as to the ability of the Group of companies, of which the Company is the parent, to continue to generate funds from its operations (consolidated operating profit of 572,740 thousand euros and cash position of 1,222,109 thousand euros). This is in addition to the ability to finance itself in the event of working capital requirements, as the promissory note issue programme (ECP) was extended to 600,000 thousand euros in March 2019, of which only the aforementioned 302,300 thousand euros have been drawn. This is further bolstered by the confidence deriving from the renewal of bank credit facilities granted amounting to 537,500 thousand euros, of which only 114,054 thousand euros had been drawn as at 31 December. The company also has the capital and financial support of its equity holders.

Consolidated financial statements

Fomento de Construcciones y Contratas, S.A. is the head of a group of companies forming FCC Group, so its directors are obliged to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS-EU), as set forth in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and all enacting provisions and interpretations. These 2020 consolidated financial statements of FCC Group, which have been prepared by its directors, will likewise be submitted for approval at the General Shareholders' Meeting.

The consolidated financial statements of Fomento de Construcciones y Contratas, S.A., prepared in accordance with International Financial Reporting Standards (IFRS) show a total volume of assets amounting to 12,835 million euros (12,574 million euros at 31 December 2019) and net equity attributable to the company's shareholders of 2,288 million euros (1,951 million euros at 31 December 2019). Likewise, consolidated sales amount to 6,158 million euros (6,276 million euros at 31 December 2019). Lastly, attributable consolidated profit was 262 million euros (267 million euros at 31 December 2019).

Restatements

No restatements were made in the current financial statements.

3. Distribution of profit

The Board of Directors of Fomento de Construcciones y Contratas, S.A. decided to make the mandatory allocation of profit to the legal reserve in the amount of 3,368 thousand euros, allocating the remaining profit for 2020 of 247,456 thousand euros to retained earnings; accordingly, it was not proposed to distribute or apply this profit to any other account.

In the 2019 business year, the Company made a profit of 241,453 thousand euros, broken down as follows: 2,688 thousand euros to the legal reserve and 238,765 thousand euros to voluntary reserves. After the preparation of these financial statement, the Ordinary General Shareholders' Meeting approved the distribution of a scrip dividend with an impact on voluntary reserves of 29,357 thousand euros (note 11).

4. Recognition and measurement standards

The main recognition and measurement bases used by the company in the preparation of the 2020 financial statements, in accordance with the Spanish General Chart of Accounts, were as follows:

a) Intangible assets

a.1) Concession arrangements

Concession arrangements are recognised pursuant to Order EHA/3362/2010, approving the rules for adapting the Spanish General Chart of Accounts to public infrastructure concessionary companies.

The Company has assets classified as concession agreements corresponding to assets from contracts operated jointly through temporary joint ventures, all of which are intangible assets under the intangible asset model, given that the demand risk is assumed by the concessionary company and this company does not have an unconditional entitlement to receive anything from the granting authority.

a.2) Other intangible assets

The remaining intangible assets, basically software applications, are recognised at their acquisition or production cost And, subsequently, at cost less any accumulated amortisation and any accumulated impairment losses. At year-end, no signs of losses in value were identified in any of the company's intangible assets related with this epigraph.

Maintenance costs are recognised in the income statement for the period in which they are incurred.

Generally, intangible assets are amortised over their useful lives on a straight-line basis.

b) Property, plant and equipment

Items of property, plant and equipment are measured initially at acquisition or production cost when the company has performed in-house work on its non-current assets, and are subsequently carried net of accumulated depreciation and any impairment losses. Upkeep and maintenance costs relating to property, plant and equipment are taken to the income statement in the business year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For property, plant and equipment that necessarily takes a period of more than twelve months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general purpose borrowings directly attributable to the acquisition or manufacturing of the assets.

The company's in-house work on property, plant and equipment is recorded at the accumulated cost resulting from external costs, in-house costs determined on the basis of the in-house consumption of materials, direct labour costs and general manufacturing overheads.

The company depreciates essentially all of its property, plant and equipment on a straight-line basis, using annual rates based on the years of estimated useful life of the assets, as follows:

	Years of estimated useful life
Buildings and other constructions	25 – 50
Technical installations and machinery	5 – 15
Other installations, tools and furniture	8 – 12
Other property, plant and equipment	4 – 10

c) Impairment of intangible assets and property, plant and equipment

All of the company's intangible assets and property, plant and equipment have a finite useful life and it therefore performs impairment tests to estimate the possible existence of losses that cause their recoverable amount to fall below their carrying amount.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. To calculate the recoverable amount of assets subject to impairment tests, the present value of the net cash flows originating from the associated cash-generating units (CGUs) is estimated, and a pre-tax discount rate is used to discount cash flows; this discount rate includes the current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on the assets is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior business years. The reversal of an impairment loss is recognised as income in the income statement.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the lessee. Other leases are classified as operating leases.

d.1) Finance leases

Fomento de Construcciones y Contratas, S.A., has finance lease contracts for cleaning and waste collection contracts in the USA. With regard to these contracts that could not be transferred in the spinoff carried out in 2019 (note 1), a negotiation process was initiated with the various awarding administrations to change the ownership of the contracts to the various American 100%-owned subsidiary companies of the FCC Group. At year-end almost all of these contracts had been transferred and with them all the associated assets and liabilities. However, in some cases it has not been possible to transfer the lease debt. In these cases, sublease agreements have been signed between the Company and the subsidiary companies so that these companies bear the actual payment for the assets. For this reason, in the balance sheet of Fomento de Construcciones y Contratas, S.A., the debt with the company that owns the assets under finance leases appears, together with a credit with the corresponding American subsidiary company to which the actual assets have been subleased under the lease agreement, which are recognised in the balance sheet of the subsidiary company that receives the profits and assumes the risks deriving from their use.

d.2) Operating leases

When the company acts as lessee, it recognises the expenses from operating leases in profit or loss in the business year in which they accrue.

When the company acts as lessor, revenue and expenses from operating leases are recognised in profit or loss in the year in which they accrue. The acquisition cost of the leased asset is presented in the balance sheet in accordance with the nature of the asset, increased by the amount of the investments arising from the directly attributable lease arrangements, which are expensed over the term of such arrangements, using the same method as applied for recognition of lease income.

Any collection or payment that may arise when an operating lease is concluded is treated as a collection or prepayment that is allocated to profit or loss over the leasing term as the benefits of the leased asset are transferred or received.

e) Financial instruments

e.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- Loans and receivables: Loans and receivables: financial assets arising on the sale of goods or the rendering of services in the course of the company's trade operations, or financial assets that are neither equity instruments nor derivatives, not arising on trade transactions, with fixed or determinable payments, and which are not traded in an active market.
- Equity investments in Group companies, associates and jointly controlled companies: Group companies are deemed to be those related to the company as a result of a control relationship and associates are companies over which the company exercises significant influence. Jointly controlled entities include companies over which joint control is exercised with one or more partners through an agreement.
- Financial assets available for sale: debt securities and equity instruments of other companies that are not classified in any of the previous categories.

Initial recognition

Financial assets are initially recognised at the fair value of consideration given, plus the directly attributable transaction costs, except in the case of assets held for trading and investments in Group companies granting control, the costs of which are taken directly to the income statement.

Subsequent measurement

- Loans and accounts receivable are measured at their amortised cost.
- Investments in Group companies, associates and jointly controlled companies are measured at cost, deducting any accumulated impairment losses. The impairment loss is measured as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. The investee's equity is taken into consideration, consolidated where appropriate, corrected for any unrealised gains at the measurement date, including any goodwill, unless better evidence of the recoverable amount of the investment is available.
- Available-for-sale financial assets are measured at fair value. Fair value net gains and losses are recognised in equity until the asset is disposed of, at which point the cumulative gains or losses previously recognised in equity are taken to the income statement, or until it is determined that they have become impaired, in which case, once the pre-existing profit previously recognised in equity has been written off, such assets are taken to profit or loss.

At least at the end of each reporting period, the company books the related impairment loss allowances for financial assets that are not carried at fair value when there is objective evidence of impairment if this value is lower than its carrying amount, in which case, the impairment is recognised in the income statement. In particular, the company calculates impairment loss allowances for trade and other receivables by carrying out a case-by-case analysis of the insolvency risk of each account receivable.

The Company derecognises financial assets when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred.

e.2) Financial liabilities

Financial liabilities are those payables and accounts payable that the Company has and that have resulted from the purchase of goods and services as a result of the Company's trade transactions, or those that, without having a commercial origin, cannot be considered as financial instruments.

Accounts payable are initially measured at the fair value of the consideration received. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them are extinguished.

e.3) Equity instruments

An equity instrument represents a residual interest in the company's equity after deducting all of its liabilities from its assets, and the securities issued are recognised in equity at the amount received, after deducting the issue charges, net of taxes.

Own shares acquired by the company during the business year are recognised at the value of the consideration paid and are deducted directly from equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the income statement.

f) Inventories

Inventories are stated at the lower of acquisition or production cost or net realisable value. Trade discounts, rebates, other similar items and interest included in the nominal amount for the payables are deducted when determining the acquisition cost.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and manufacturing overheads incurred.

Net realisable value represents the estimated selling price less all estimated costs of completion and the costs to be incurred in the marketing, sale and distribution of the product.

The Company posts impairment allowances, recognising an expense in the income statement when the purchase price or production cost of inventories exceeds the net realisable value.

g) Foreign currency transactions

The Company's functional currency is the euro. Consequently, transactions in other currencies are considered to be denominated in foreign currency and are translated at the exchange rates prevailing at the transaction date.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the closing exchange rate. Obvious profits or losses are directly recorded in the profit and loss account the business year they occur.

h) Corporation tax

The expense for corporation tax is calculated on the basis of profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The corresponding tax rate based on the applicable legislation is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit and taxable profit for corporate income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the business years in which they will foreseeably be reversed, without performing financial discounting at any time.

The company capitalises deferred tax assets corresponding to temporary differences and tax losses pending offset, except in cases in which reasonable doubts exist regarding their future recovery or such recovery extends over a period exceeding ten years.

i) Revenue and expenses

Income and expenses are allocated on an accrual basis, i.e. when the actual flow of goods and services they represent takes place, regardless of when the resulting monetary or financial flow occurs. Revenue is measured at the fair value of the consideration received, less discounts and tax.

Interest received on financial assets is recognised using the effective interest method, while dividends are recognised when the shareholder's right to receive payment has been established. In any case, interest and dividends on financial assets accrued subsequent to acquisition are recorded as income in the profit and loss account.

In keeping with the accounting principle of prudence, the company only recognises realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are booked as soon as they become known, through the posting of the appropriate provisions.

j) Provisions and contingencies

The company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events for which the company considers it probable that there will be an outflow of funds to settle them on maturity

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

Contingent liabilities resulting from possible obligations that might arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the company are not recognised in the financial statements, as the probability that such obligation will have to be met is remote.

k) Capital assets of an environmental nature

As indicated in Note 1, following the spinoff of its environmental activities in the 2019 business year, the company is now practically a holding company and the parent company of the FCC Group. It therefore has hardly any assets of an environmental nature on its balance sheet.

l) Pension and similar obligations

The Company has not established any pension plans to supplement the social security pension plans. Under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the company outsources its commitments to its employees in this area.

The company has taken out insurance to cover death, permanent employment disability, retirement bonuses and pensions and other concepts for some executive directors and company officers. Specifically, the contingencies giving rise to compensation are those involving the termination of the employment relationship for any of the following reasons:

- Unilateral decision of the company.
- Dissolution or disappearance of the Parent company for any reason, including mergers or disposals.
- Death or permanent disability.
- Other causes of physical or legal incapacitation.
- Substantial modification of professional conditions.
- Termination after reaching the age of 60, at the request of the officer and in agreement with the company.
- Termination after reaching the age of 65 at the officer's sole discretion.

Contributions made by the company are recognised under "Staff expenses" in the income statement.

m) Use of estimates

In the preparation of these financial statements, estimates were made by the company's directors to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The recoverability of deferred tax assets (notes 4.h and 16).
- The recoverability of investments in Group companies and associates, and loans and receivables with these, as well as financial assets with third parties (notes 4.e, 8 and 9).
- The measurement of possible impairment losses on certain assets (notes 4.c, 5 and 6).
- The useful life of property, plant and equipment and intangible assets (notes 4.a and 4.b).
- The calculation of certain provisions (notes 4.j and 12).

Although these estimates were drawn up on the basis of the best information available as at 31 December 2020, future events may require adjustments in coming years, where appropriate to be made in advance.

n) Related-party transactions

The company carries out all transactions with related parties at arm's length.

Note 19 "Related party transactions and balances" to these financial statements details the main transactions with the company's significant shareholders, its directors and senior executives, and between Group companies or entities.

ñ) Cash flow statement

The following terms are used in the statement of cash flows with the meanings specified:

- Cash flows: cash entries and withdrawals and their equivalents.
- Cash flows from operating activities: payments and collections from the company's principal revenue-producing activities and other activities that are not classified as investing or financing activities.

– Cash flows used in investing activities: payments and collections resulting from purchases and divestments of non-current assets.

– Cash flows from financing activities: payments and collections from the placement and settlement of financial liabilities, equity instruments and dividends.

5. Intangible assets

Changes in this epigraph in the accompanying balance sheet in the 2020 and 2019 business years were as follows:

	Concession agreements	Software applications	Other intangible assets	Accumulated amortisation	Total
Balance at 31/12/18	**137,375**	**49,772**	**37,850**	**(117,655)**	**107,342**
Receipts or endowments	—	3,973	1,189	(3,937)	1,225
Release, removals and transfers	—	(733)	—	733	—
"Divestment of environmental activities" (Note 1)	(137,322)	(3,309)	(36,690)	79,017	(98,304)
Transfers (Note 6)	24,113	97	—	(21)	24,189
Balance at 31.12.19	**24,166**	**49,800**	**2,349**	**(41,863)**	**34,452**
Receipts or endowments	—	1,875	(168)	(2,920)	(1,213)
Release, removals and transfers	(24,113)	(160)	(2,170)	402	(26,041)
Balance at 31.12.20	**53**	**51,515**	**11**	**(44,381)**	**7,198**

The epigraph "Concession agreements" included the assets related to the waste collection business in Houston (USA) amounting to 24,096 thousand euros. The contract associated with this asset has been assigned, with the consent of the assigning body, to the subsidiary company FCC Environmental Services Texas LLC (note 6) in 2020, which has been subrogated to the rights and obligations under it. Subsequently, Fomento de Construcciones y Contratas, S.A. and the aforementioned company agreed to purchase and sell the assets linked to the contract. This transaction has not generated any capital gains in the income statement.

The balance for "Software applications" relates mainly to implementation, development and improvement costs for the corporate information system, and costs related to information technology infrastructure.

The detail of intangible assets and of the related accumulated amortisation at 31 December 2020 and 2019 is as follows:

	Cost	Accumulated amortisation	Net
2020			
Concession agreements	53	(26)	27
Software applications	51,515	(44,344)	7,171
Other intangible fixed and non-current assets	11	(11)	—
	51,579	**(44,381)**	**7,198**
2019			
Concession agreements	24,166	(24)	24,142
Software applications	49,800	(41,526)	8,274
Other intangible fixed and non-current assets	2,349	(313)	2,036
	76,315	**(41,863)**	**34,452**

With regard to net intangible assets, only 28 thousand euros (29 thousand euros at 31 December 2019) relate to assets arising from arrangements operated jointly through joint ventures.

All intangible assets at year-end were used in production processes; however, some such intangible assets, basically software applications, had been fully amortised, in the amount of 39,431 thousand euros (31,464 thousand euros at 31 December 2019). The amount corresponding to joint ventures was insignificant.

At 31 December 2020, the company did not own any significant intangible assets pledged as security or purchase commitments of a significant amount.

6. Property, plant and equipment

Changes in this epigraph in the accompanying balance sheet in the 2020 and 2019 business years were as follows:

		Other intangible assets				
	Land and buildings	Technical installations and other PP&E	Advance payments and PP&E under construction	Accumulated amortisation	Impairment	Total
Balance at 31/12/18	**101,595**	**1,007,273**	**22,300**	**(744,563)**	**(5,145)**	**381,460**
Receipts or endowments	57	38,093	2,883	(10,102)	—	30,931
Release, removals and transfers	—	(11,799)	—	11,651	—	(148)
"Divestment of environmental activities" (Note 1)	(81,351)	(908,620)	(7,816)	712,579	57	(285,151)
Transfers (Note 5)	(2,397)	(4,453)	(17,367)	—	—	(24,217)
Balance at 31.12.19	**17,904**	**120,494**	**—**	**(30,435)**	**(5,088)**	**102,875**
Receipts or endowments	206	12,652	2,203	(5,733)	—	9,328
Release, removals and transfers	(267)	(100,815)	—	19,128	—	(81,954)
Transfers	—	2,070	(2,070)	—	—	—
Balance at 31.12.20	**17,843**	**34,401**	**133**	**(17,040)**	**(5,088)**	**30,249**

In the spinoff process carried out in 2019 (note 1), there were a number of cleaning and waste collection contracts in the USA that could not be transferred. With regard to these contracts, a negotiation process was initiated with the various awarding authorities to obtain a change of ownership of the contracts to various American subsidiary companies of the FCC Group. In the 2020 business year, almost all of these authorisations have been obtained and, as a result, the Company and the aforementioned subsidiary companies have agreed to purchase and sell the assets linked to the contracts, and these transactions have not generated any capital gains in the income statement. This accounted for the major part of the write-off of fixed and non-current assets in the 2020 business year for a net amount of 81,954 thousand euros. With regard to the 2019 business year, the additions of 37,708 thousand euros relating to the aforementioned contracts in the USA are worth mentioning.

The detail of property, plant and equipment and of the related accumulated depreciation at 31 December 2020 and 2019 is as follows:

	Cost	Accumulated amortisation	Impairment	Net
2020				
Land and buildings	17,843	(944)	(5,088)	11,811
Technical installations and other PP&E	34,401	(16,096)	—	18,305
Advance payments and PP&E under construction	133	—	—	133
	52,377	**(17,040)**	**(5,088)**	**30,249**
2019				
Land and buildings	17,904	(946)	(5,088)	11,870
Technical installations and other PP&E	120,494	(29,489)	—	91,005
	138,398	**(30,435)**	**(5,088)**	**102,875**

The company owns buildings, whose value separated from the net depreciation of said buildings and the value of land, at year-end, was as follows:

	2020	2019
Land	10,500	10,293
Buildings	1,311	1,577
	11,811	**11,870**

At the end of the 2020 and 2019 business years there are no significant assets from contracts operated jointly through joint ventures.

In the 2020 and 2019 business years, the company had not capitalised any finance costs under "Property, plant and equipment". It did not have any significant commitments to acquire property, plant and equipment. It also has no assets subject to significant ownership restrictions.

Most of the items of property, plant and equipment, at the closing date, are used in the various production processes. Part of said property, plant and equipment, however is fully depreciated, amounting to 2,677 thousand euros (1,569 thousand euros at 31 December 2019).

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At year-end, all items of property, plant and equipment had been fully insured against these risks.

7. Leases

a) Finance leases

As explained in note 4.d.1, the company has transferred the finance leases signed with companies engaged in this activity, which could not be transferred to the aforementioned subsidiary companies, to American subsidiary companies of the FCC Group through sublease contracts. The debt with the company owning the leased assets, recognised under "Other non-current and current financial liabilities", is associated with receivables from the aforementioned subsidiary companies and the actual leasing assets assigned to the contract are recognised in the subsidiary company's balance sheet. Note 13.b provides information on the balance and maturity of finance lease payables.

b) Operating lease

The amount recognised in the 2020 business year for operating lease expenses totalled 11,068 thousand euros (12,064 thousand euros at 31 December 2019).

Noteworthy among the operating lease arrangements signed by Fomento de Construcciones y Contratas, S.A., due to their size, were those relating to FCC Group's corporate headquarters:

– Office building in Las Tablas, Madrid.

  On 19 December 2010, the owner and the company signed a lease agreement on this building, with the rental arrangement beginning, once the building had been completed, on 23 November 2012. This arrangement has an 18-year term, extendable at the company's discretion by two periods of five years each, with annual rent adjusted annually in line with the CPI.

  On 21 September 2018, a non-extinguishing modifying Addendum to the original agreement was signed with the new owner, "Las Tablas 40 Madrid, S.L.U.". The modified terms and conditions mainly lead to a 5.6% reduction in rent and the possibility of sub-letting to third parties without the consent of the owner, provided that certain requirements are met.

– Office buildings at Federico Salmón 13, Madrid and Balmes 36, Barcelona.

  On 29 December 2011, the owners of these buildings and Fomento de Construcciones y Contratas, S.A. had signed two lease agreements for them, for a minimum committed period of 30 years, extendable, at the company's discretion, by two periods of five years each, with initial annual rent adjustable in line with the CPI. These buildings were transferred by the company to their current owner through a sale and leaseback arrangement. The owners, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can only be exercised at the end of the lease period, at fair value or at the amount of the sale adjusted by the CPI, if this is higher.

  On 1 June 2016, the company ceded its contractual position to Fedemes, S.L., wholly owned by it, which signed sub-lease agreements with the FCC Group companies that occupied the buildings, including Fomento de Construcciones y Contratas, S.A., with the same duration conditions as the original arrangement as indicated previously.

At year-end, there were non-cancellable future payment commitments amounting to 148,037 thousand euros (159,411 thousand euros in 2019). Details, by maturity, of the non-cancellable future minimum payments at 31 December 2020 and 2019 were as follows:

	2020	2019
Up to one year	10,413	10,835
Between one and five years	40,494	41,901
After five years	97,130	106,675
	148,037	**159,411**

As the lessor, when it is the holder of the lease arrangements, the company invoices FCC Group investees based on the use they make of such arrangements, recognising such revenue as operating income.

8. Current and non-current financial assets

a) Long-term financial investments

The balance of "Non-current financial assets" at 2020 and 2019 year-end is as follows:

	Equity instruments	Loans to third parties	Other financial assets	Total
2020				
Loans and receivables	—	1,488	21,351	22,839
Available-for-sale assets	111	—	—	111
	111	**1,488**	**21,351**	**22,950**
2019				
Loans and receivables	—	1,488	21,556	23,044
Available-for-sale assets	117	—	—	117
	117	**1,488**	**21,556**	**23,161**

Loans and receivables

The breakdown, by maturity, of loans and receivables is as follows:

	2022	2023	2024	2025	2026 and beyond	Total
Loans and receivables	11	—	—	—	22,828	22,839

The most significant amount recognised under "Loans and receivables" was the 17,555 thousand euro escrow deposit in relation to the sale of Global Vía Infraestructuras, S.A., formalised in the 2016 business year, the maturity of which was "2026 and beyond" in view of its indeterminate nature, since it was tied to the release of the collateral provided by the aforementioned company to third parties to meet financial commitments. This heading also includes guarantees and deposits for legal or contractual obligations in the development of the company's activities.

Available-for-sale assets

Virtually all of this corresponds to a 15.71% holding in the company Port Torredembarra S.A. for a value of 110 thousand euros (116 thousand euros at 31 December 2019).

b) Short-term financial investments

The amount shown under this epigraph corresponds to guarantees and deposits for legal or contractual obligations.

9. Investments and payables to Group companies and associates

a) Non-current investments in Group companies and associates

The detail of the non-current investments in Group companies and associates at 31 December 2020 and 2019 is as follows:

	Cost	Accumulated impairment	Total
2020			
Equity instruments in Group companies	4,129,025	(1,214,136)	2,914,889
Equity instruments of associates	261,834	(240,627)	21,207
Loans to Group companies	416,868	(37,209)	379,659
Loans to associates	24	—	24
	4,807,751	**(1,491,972)**	**3,315,779**
2019			
Equity instruments in Group companies	3,715,699	(1,220,103)	2,495,596
Equity instruments of associates	519,851	(240,014)	279,837
Loans to Group companies	320,411	(36,857)	283,554
Loans to associates	27	—	27
	4,555,988	**(1,496,974)**	**3,059,014**

Details of changes in these epigraphs is as follows:

	Equity instruments of Group companies	Equity instruments of associates	Loans to Group companies	Loans to associates	Impairment	Total
Saldo a 31.12.18	**5,221,459**	**539,805**	**552,112**	**841**	**(3,053,003)**	**3,261,214**
Receipts or endowments	739,260	—	1,337,058	28	(45,787)	2,030,559
Disposals and reversals	(2,283,029)	—	(1,386,792)	—	1,576,693	(2,093,128)
"Divestment of environmental activities" (Note 1)	(61,991)	(19,954)	(81,967)	(842)	25,123	(139,631)
Transfers	100,000	—	(100,000)	—	—	—
Balance at 31.12.19	**3,715,699**	**519,851**	**320,411**	**27**	**(1,496,974)**	**3,059,014**
Receipts or endowments	135,126	20,183	96,457	—	(66,631)	463,335
Disposals and reversals	—	—	—	(3)	71,633	(206,570)
Transfers	278,200	(278,200)	—	—	—	—
Balance at 31.12.20	**4,129,025**	**261,834**	**416,868**	**24**	**(1,491,972)**	**3,315,779**

Spinoff of environmental activities

In the 2019 business year, the changes in equity instruments, loans to companies and impairment were particularly significant, derived from the corporate reorganisation in the environmental services area (note 1) and detailed below:

- Subscription of new shares in FCC Medio Ambiente, S.A. for a value of 475,291 thousand euros in consideration for the spinoff of the environmental services activity.
- Sale to FCC Servicios Medio Ambiente Holding, S.A.U. of 99.99% of FCC Medio Ambiente, S.A. for an amount of 510,393 thousand euros, generating a credit right.
- Assignment to FCC Servicios Medio Ambiente Holding, S.A.U. of the debtor position in the loan of 136,606 thousand euros held by the company with FCC Medio Ambiente, S.A.
- Contribution of 14,530 thousand euros to FCC Servicios Medio Ambiente Holding, S.A.U.. to offset losses.
- As a result of the capitalisation of part of the credits generated in the operations indicated in the previous points, the Company subscribed new shares in FCC Servicios Medio Ambiente Holding, S.A.U. for a value of 200,571 thousand euros (115,101 thousand euros and 85,470 thousand euros corresponding to the sale and assignment of credits to FCC Servicios Medio Ambiente Holding, S.A.U., respectively), by capitalisation through the offseting of credits.
- Sale to FCC Servicios Medio Ambiente Holding, S.A.U. of 94.48% and to International Services Inc., S.A. of 5.5% of FCC Austria Abfall Service AG for 219,034 and 12,751 thousand euros respectively, generating credit rights for Fomento de Construcciones y Contratas, S.A. with the purchasing companies. The company's credit right for the company International Services Inc. SA, together with a loan for 5,000 thousand euros extended to FCC Austria Abfall Service AG was subsequently assigned to FCC Servicios Medio Ambiente Holding, S.A.U.
- Assignment to FCC Servicios Medio Ambiente Holding, S.A.U. of the debtor position in the 8,000 thousand euro principal loan between the company and FCC Environment CEE Gmbh (the lender). The amount assigned was 8,999 thousand euros, including accrued and unpaid interest.

- Sale to FCC Medio Ambiente Reino Unido, S.L.U. of 100% of the companies FCC PFI Holdings Limited, Enviropower Investments Limited, Azincourt Investment, S.L.U., for a total price of 245,576 thousand euros, generating a credit right for the Company.
- Assignment to FCC Medio Ambiente UK, S.L.U. of credit rights totalling 333,735 thousand euros with the companies FCC PFI Holdings Limited, Azincourt Investment, S.L.U., FCC Recycling (UK) Limited, FCC Lostock Holdings Limited and Enviropower Investments Limited.
- Assignment to FCC Servicios Medio Ambiente Holding, S.A.U. of a credit right for the amount of 579,311 thousand euros in relation to FCC Medio Ambiente UK, S.L.U., arising from the sale of shares and assignments of credits detailed in the previous two points.
- Assignment to FCC Servicios Medio Ambiente Holding, S.A.U. of a credit right amounting to 44,646 thousand euros in relation to FCC Ámbito, S.A.U.
- Granting of a 275,376 thousand euro subordinated loan to FCC Servicios Medio Ambiente Holding, S.A.U.
- Repayment of the 1,020,000 thousand euro debt that FCC Servicios Medio Ambiente Holding, S.A.U. had to the company (excluding the subordinated loan mentioned in the previous point), which originated mainly from the corporate restructuring operations mentioned in the previous points. This was repaid with funds from the issuance of two bonds by FCC Servicios Medio Ambiente Holding, S.A.U. for a total amount of 1,100,000 thousand euros (Note 13.b).

Equity instruments in Group companiesupo

The following significant changes occurred in the 2020 business year:

- Purchase from Per Gestora, S.L.U., 100% owned, of:
  - 56.16% of Asesoría Financiera y de Gestión, S.A. for 11,002 thousand euros, thereby reaching a 100% holding.
  - 7.33% of Fedemes, S.L. for 1,018 thousand euros, which also represents a 100% holding.
- Subscription of the capital increase of FC y C, S.L.U. by means of a non-monetary contribution consisting of a 36.98% holding in the capital stock of the associated company Realia Business, S.A., valued in the balance sheet at 278,200 thousand euros.
- Contribution to strengthen the equity of FC y C, S.L.U. and FCC Construcción, S.A. of 98,914 and 24,024 thousand euros, respectively.

  With regard to the 2019 business year, in addition to the reorganisation operations in the environmental services area described above, the following significant changes took place:
- Subscription of shares in the capital increase by Cementos Portland Valderrivas, S.A., as compensation for the 100,000 thousand euro subordinated loan granted by the company.
- Acquisition of shares in FC y C, S.L. (Unipersonal) belonging to FCC Construcción, S.A. for the amount of 48,780 thousand euros.

Details by company of the “Investments in Group companies and associates” headings are presented in Annexes I and III, respectively, indicating the following details for each company in which direct ownership interests are held: name, registered office, activity, share of capital directly or indirectly owned, amount of equity (capital, reserves and others), profit or loss, dividends received and whether the company is listed on the stock market, together with its carrying amount.

Equity instruments of associates

The following significant changes occurred in the 2020 business year

- Increase of the holding in Realia Business, S.A. (from 34.40% to 36.98%) as a result of the following acquisitions from other FCC Group companies:
  - 2.22% owned by Asesoría Financiera y de Gestión, S.L.U. for 17,024 thousand euros.
  - 0.36% owned by Per Gestora, SLU for 2,776 thousand euros.
- Derecognition of the entire backlog of Realia Business, S.A., representing 36.98% of its capital stock, contributed to the capital increase of the 100% owned subsidiary company FC y C, S.L.U., as mentioned in the previous point.
- Purchase of 50% of Sigenera S.L. from Per Gestora, S.L.U. Sole-shareholder company for 377 thousand euros.

The changes in 2019 corresponds to the spinoff of activity (Note 1).

Long-term loans to Group companies

The most significant balances were as follows:

	2020	2019
FCC Servicios Medio Ambiente Holding S.A.U.	352,619	275,376
FCC Versia, S.A.U	45,000	45,000
FCC Environmental Services Florida, LLC	19,107	—
Rest	142	35
GROSS TOTAL	**416,868**	**320,411**
Impairment:		
FCC Versia, S.A.U.	(37,209)	(36,857)
NET TOTAL	**379,659**	**283,554**

The following are noteworthy with regard to the balance at 31 December 2020:

– Loans granted to FCC Servicios Medio Ambiente Holding, S.A.U. for a total of 352,619 thousand euros.

  • Subordinated loan for a nominal value of 275,376 thousand euros granted in 2019 in connection with the corporate restructuring operations in the environmental services area discussed at the beginning of this note. As at 31 December 2020, the closing balance including interest is 282,261 thousand euros.

  • Subordinated loan of 69,827 thousand euros, generated in the 2020 business year from the transfer of assets from contracts in the USA (notes 5 and 6). FCC Servicios Medio Ambiente Holding, S.A.U. has been subrogated to the debtor position that the American subsidiary companies had with Fomento de Construcciones y Contratas, S.A. for the aforementioned transfer.

Both loans have a final maturity of 2034, no partial repayments and a fixed interest rate of 2.5% p.a., which will be capitalised. Any amount, whether interest or principal, to be collected by the lender will be subordinated to the full repayment of the bonds issued by the borrower (note 13).

– Participating loan of 45,000 thousand euros to FCC Versia, S.A., due to transformation of an ordinary loan on 25 November 2015. The initial maturity, 31 January 2018, could be tacitly extended for successive additional two-year periods, provided that neither of the parties stated their wish to terminate it at least two months in advance Since neither of the parties did this, its current maturity date is 31 January 2022. It is therefore classified under non-current assets in the balance sheet. The fixed interest rate is 1%. The interest rate also has a variable part calculated based on indicators of the borrower's profitability. The total maximum interest rate (fixed + variable) has a ceiling and will not exceed 10%. At year-end, interest of 450 thousand euros had accrued (the same as at 31 December 2019). This loan suffered impairment of 37,209 thousand euros at 31 December 2020 (36,857 thousand euros at 31 December 2019).

Impairment

The following significant changes have taken place:

– Reversal of the impairment of the holding in Cementos Portland Valderrivas, S.A. amounting to 67,833 thousand euros, mainly due to the Cementos Group's results for the period. In 2019, 45,250 thousand euros were provided for the decrease in equity due to the impairment of Uniland's commercial fund.

– Reversal of the impairment of the investment in FCC Construcción, S.A. amounting to 3,798 thousand euros in the 2020 business year (reversal of 165,704 thousand euros in 2019), due to the earnings for the period, among other factors.

– Impairment of Per Gestora, S.L.U.'s holding of 64,960 thousand euros in 2020 (reversal of 991 thousand euros in 2019), due to the distribution of voluntary reserves in the company in 2020.

– Impairment of FM Green Power Investments, S.L. amounting to 612 thousand euros (reversal of 9,847 thousand euros in 2019).

– In 2019 reversal of the impairment of FCC Servicios Medio Ambiente Holding, S.A.U. amounting to 85,863 thousand euros.

– The most significant events in 2019 in relation to the corporate reorganisation of environmental services include the derecognition of the impairment on the holding in Azincourt Investment, S.L.U., amounting to 1,300,109 thousand euros, and the derecognition of impairment of credits in FCC Medio Ambiente Holding SAU for 14,180 thousand euros.

b) Current investments in Group companies and associates

This section includes mainly the loans and other non-trade credits granted to Group companies and associates, among others, in line with certain specific cash situations, as well as other temporary financial assets, measured at the lower of cost or market value, increased by interest earned at a market rate. It also includes the balances generated by tax effects with the subsidiary companies in the tax consolidation Group, as well as outstanding dividends.

The most significant balances in this regard were as follows:

	2020	2019
FCC Servicios Medio Ambiente Holding S.A.U.	43,236	21,727
FM Green Power Investments, S.L.	26,411	—
FC y C, S.L.U.	23,113	11,461
FCC Concesiones e Infraestructuras, S.L.U.	22,824	—
Fedemes, S.L.U.	13,724	6,247
Cementos Portland Valderrivas, S.A.	11,533	400
Rest	8,944	3,133
	149,785	**42,968**

c) Non-current payables to Group companies and associates

The balance at 31 December 2020 corresponded completely to the loan extended by FCC Aqualia, S.A. (806,479 thousand euros) to the company, with the following characteristics:

- Loan amount: 806,479 thousand euros.
- Maturity: 28 September 2048.
- Interest periods: annual periods, except the final period which will end on 28 September 2048.
- Interest rate: 3.55%.
- Payment of annual interest when the borrower and its subsidiary companies, excluding the FCC Aqualia subgroup, hold "available cash" at 30 September which is not less than the amount of the accrued interest. Any unpaid matured interest will be capitalised and accrue interest, as regulated in article 317 of the Code of Commerce.
- Collateral: the guarantees mentioned in note 17 continued to be granted.

The aforementioned loan has accrued interest of 29,107 thousand euros in the business year (29,028 thousand euros at 31 December 2019).

d) Current payables to Group companies and associates

Payables to Group and associated companies include loans received by the Company which are remunerated at market prices, as well as the balances generated by the tax effect with the subsidiary companies of the tax consolidation Group. The most significant balances on the liabilities side of the accompanying balance sheet are as follows:

	2020	2019
FCC Construcción, S.A.	39,172	23,636
Fedemes, S.L.U.	34,674	25,453
Asesoría Financiera y de Gestión, S.A.U.	17,750	57,159
FC y C, S.L.U.	15,815	14,211
Cementos Portland Valderrivas, S.A.	4,354	11,112
Per Gestora Inmobiliaria, S.L.U.	61	50,413
Rest	15,805	6,703
	127,631	**188,687**

10. Trade receivables for sales and services

The breakdown of this epigraph in the accompanying balance sheet includes the value of the company's sales and services, as follows.

	2020	2019
Outstanding Invoiced Production	1,357	6,222
Production not yet invoiced	769	4,061
Trade receivables for sales and services	2,126	10,283
Customer advance payments	—	—
Total net customer balance	**2,126**	**10,283**

The total shown corresponds to the net balance of trade receivables, net of the item "Customer advance payments" included under the epigraphs "Other payables" and "Trade and other non-current accounts payable" on the liabilities side of the accompanying balance sheet.

The decrease in the balance between business years is almost entirely due to the transfer of the US contracts to American subsidiary companies (notes 5 and 6).

Of the total net trade receivables balance, 7 thousand euros (190 thousand euros at 31 December 2019) relate to balances arising from arrangements operated jointly through joint ventures.

The company did not have a significant volume of commercial operations in default that were not provisioned at 31 December 2020 and 2019. The company considers all balances overdue that have not been paid by the counterparty to be in default.

11. Equity

The Ordinary General Shareholders' Meeting held on 2 June 2020 resolved to distribute a scrip dividend by issuing new ordinary shares with a nominal value of 1 euro each, without a share premium, of the same class and series as the shares already in circulation. This resolution also included an offer by the company to acquire the free allocation rights at a guaranteed price.

At its meeting on 2 June 2020, following the General Shareholders' Meeting, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to execute the scrip dividend distribution resolution adopted by the Shareholders' Meeting, the most significant characteristics of which are described below:

- Maximum value of the scrip dividend: 156,905,930.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 23. Shareholders who chose this option also received a compensatory cash dividend of 0,624 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights on 22 June 2020, holders of 387,361,229 (98.75%) rights had chosen to receive new shares, while shareholders holding 4,903,597 rights had opted to accept the company's offer to acquire their rights at the guaranteed price. Accordingly, the final number of 1 euro bonus shares issued was 16,841,792 shares, corresponding to 4.29% of the capital stock prior to the increase, resulting in a cash outflow for the compensatory dividend, as well as for the rights acquired by the Company of 12,436 thousand euros.
- On 2 July 2020, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Mercantile Registry.

In addition, at the Ordinary General Shareholders' Meeting held on 8 May 2019 a decision was taken to distribute a scrip dividend, with the following characteristics:

- Maximum value of the scrip dividend: 151,530,202.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 28. Shareholders who chose this option also received a compensatory cash dividend of 0,638 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights on 28 May 2019, holders of 376,300,974 (99.33%) rights had chosen to receive new shares, while shareholders holding 2,524,532 rights had opted to accept the company's offer to acquire their rights at the guaranteed price. Accordingly, a total of 13,439,320 bonus shares with a nominal value of 1 euro were issued, representing 3.55% of the capital stock prior to the increase.

The following table shows the effect of distribution of the scrip dividend on the equity of Fomento de Construcciones y Contratas, S.A. in both business years:

	2020	2019
Capital stock increase	16,842	13,439
Capital stock	**16,842**	**13,439**
Capital stock increase	(16,842)	(13,439)
Costs, net of tax	(79)	(78)
Acquisition rights at guaranteed price	(1,961)	(1,010)
Compensatory dividend	(10,475)	(8,556)
Voluntary reserves	**(29,357)**	**(23,083)**
Change in equity	**(12,515)**	**(9,644)**

a) Capital

The capital of Fomento de Construcciones y Contratas, S,A. comprises 409,106,618 ordinary shares represented through book entries with a nominal value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the capital stock of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

On 10 June 2020, Samede Inversiones 2010, S.L., a company 100% owned by Esther Koplowitz Romero de Juseu, transferred the 100% holding it held in Dominum Dirección y Gestión, S.L., which in turn held shares in Fomento de Construcciones y Contratas, S.A. representing 15.43% of the capital stock at that date, to Control Empresarial de Capitales, S.A. de C.V.

On 27 November 2020, Dominum Dirección y Gestión, S.L. transferred shares in FCC representing 7% of its capital stock to Finver Inversiones 2020, S.L.U.

Following the aforementioned changes, in relation to the part of the capital held by other companies, directly or through its subsidiary companies, when it is more than 10%, according to the information provided, the company Control Empresarial de Capitales, S.A. de C.V. (acquiring company of Inversora Carso, S.A. de C.V.), controlled by the Slim family, holds 69.61% directly and indirectly, at the date of preparation of these statements. Furthermore, as indicated in the previous paragraph, the company Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 7% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4,536% of the capital. Esther Koplowitz Romero de Juseu also holds 133,269 direct shares in Fomento de Construcciones y Contratas, S.A.

b) Share premium

The Spanish Limited Liability Companies Law, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

c) Reserves

El desglose de este epígrafe para los ejercicios 2020 y 2019 es el siguiente:

	2020	2019
Legal reserve	78,453	75,765
Other reserves	2,083,067	1,873,659
	2,161,520	**1,949,424**

In accordance with the Spanish Limited Liability Companies Law, as amended, 10% of net profit for each business year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of capital stock and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

Noteworthy under "Other reserves" were restricted reserves amounting to 6,034 thousand euros, equivalent to the nominal value of the own shares redeemed in the 2002 and 2008 business years which, pursuant to article 335.c of the Spanish Limited Liability Companies Law, is restricted, except with the same requirements as for the capital reduction.

d) Own shares

Movements in the "Own shares" heading in the 2020 and 2019 business years were as follows:

Balance at 31 December 2018	**(11,723)**
Sales	—
Acquisitions	(4,345)
Balance at 31 December 2019	**(16,068)**
Sales	—
Acquisitions	(1,944)
Balance at 31 December 2020	**(18,012)**

Details of own shares at 31 December 2020 and 2019 were as follows:

2020		2019	
Number of shares	**Amount**	**Number of shares**	**Amount**
		1,250,837	(16,068)

At 31 December 2020, the company's shares represented 0.38% of the capital stock (0.32% at 31 December 2019).

12. Long-term provisions

The changes in the business year were as follows:

	Procedures related to infrastructure	Litigation	Liabilities and contingencies	Contractual and legal guarantees and obligations	Rest	Total
Balance at 31/12/18	**35,383**	**93,169**	**76,325**	**48,325**	**9,712**	**262,914**
Provisions	—	3,015	6,813	—	1,402	11,230
Applications/ reversals	—	—	(20,813)	—	(1,142)	(21,955)
"Divestment of environmental activities" (Note 1)	(35,383)	(166)	—	(29,170)	(4,730)	(69,449)
Balance at 31.12.19	**—**	**96,018**	**62,325**	**19,155**	**5,242**	**182,740**
Provisions	—	503	52,164	—	1,072	6,243
Applications/ reversals	—	(96,521)	(1,693)	—	(146)	(51,134)
Balance at 31.12.20	**—**	**—**	**112,526**	**19,155**	**6,168**	**137,849**

Provisions for procedures related to infrastructure

This provision relates to infrastructure that was linked to the environmental services activity that was spun off in 2019 (note 1).

Provisions for litigation

These provisions cover the company's risks as the defendant in certain disputes relating to liabilities arising from its activities.

The amount shown at 31 December 2019 corresponds in full to the challenged proceedings for the sale of Alpine Energie, which was closed in May 2020. The following paragraphs discuss the situation in more detail with the bankruptcy process of the Alpine subgroup, which is legally dependent on FCC Construcción, S.A.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary company, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company. On 25 June 2013, the liquidation of the company was initiated. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, which declared the bankruptcy and liquidation of AH.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, interrupting its consolidation.

On the reporting date, the administrators recognised liabilities of approximately EUR 1,669 million in AB and EUR 550 million in AH as part of the corresponding receivership proceedings. The share of the bankrupt estate in AB currently amounts to 15% whereas for AH's bankruptcy, the bankruptcy administrator has not been able to estimate and determine the share.

Immediately after the bankruptcy of both companies, in July 2013, a bondholder filed a complaint with the Central Public Prosecutor's Office for Economic Crimes and Corruption (Wirtschafts- und Korruptions-Staatsanwaltschaft). This not only gave rise to the opening of criminal proceedings in July 2013 (for alleged fraud, criminal act of bankruptcy, and concealment of assets) in which some 480 private prosecutions, mainly relating to bondholders, (Privatbeteiligte) were filed, alleging damages totalling 378 million euros plus legal interest, but also other proceedings brought by the insolvency administrators against the auditors, against FCC Construcción S. A. and against various executives and proceedings brought by the bondholders against the banks mediating in the acquisition of bonds. In 2010, 2011 and 2012, AH carried out three issues of bonds admitted to trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of 290 million euros.

In the context of all these legal proceedings, various reports were issued in order to determine the date on which AB and AH were presumed bankrupt. Therefore, in September 2014, the firm BDO Financial Advisory Services GmbH issued a report at the request of the insolvency administrators of AH and AB, according to which AB had been insolvent since at least October 2010. Subsequently, in July 2015, the court dealing with AB's bankruptcy granted the insolvency administrator's request to commission the preparation of a report to determine the date on which it should be understood that AB became over-indebted. The expert appointed was Mr Schima who, on the basis of the report from BDO, a firm of which he was still a partner at the date of the report, came to the same conclusions, stating that AB would have been insolvent since October 2010. Contrary to these conclusions maintained by the bankruptcy administrators and used in various legal proceedings, other expert reports were issued in the various proceedings, such as that of Mr Konecny for the Public Prosecutor's Office for Combating Economic Crimes and Corruption, that of AKKT for the Banks, Ms Ponesch Urbanek as an expert witness in the lawsuit brought by the banks against the Austrian tax authorities for the loans given to Alpine under State guarantee, Mr Wundsam as court expert in the proceedings brought by the bankruptcy administrator against Deloitte Audit Wirtschaftsprüfungs GmbH, Mr Rohatschek for this company and E&Y for FCC, all of which differ from the conclusions reached by BDO/Schima.

In particular, in 2017, the anti-corruption prosecutor's expert, a Doctor of Law and an Audit Expert, issued his fourth and final report. The expert's reports concluded that (i) there had been no concealment of assets; (ii) it could not be said that there had been fraud in the individual financial statements of AB and AH and the consolidated financial statements of AH; and (iii) the date of definitive date of insolvency of AB and AH was 18 June 2013. Together with the 3 reports that preceded it, this report contributed to a large extent to the dismissal of the criminal proceedings opened by the Public Prosecutor's Office for Combating Economic Crimes and Corruption.

In July 2019, the Vienna Supreme Court of Justice dismissed in their entirety the various appeals lodged by bondholders and other private prosecutors against the termination of the preliminary proceedings.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. At 31 December 2020, the amount provisioned for these items in FCC Construcción, S.A. amounts to 24,384 thousand euros.

Since AH and AB were declared bankrupt up until the preparation of financial statements for the 2020 business year, a number of proceedings were instigated the Group and directors of AH and AB. As at 31 December 2020, two (2) commercial proceedings and one (1) set of labour proceedings are still in progress, insofar as FCC may be directly or indirectly affected:

1. In April 2015, the administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. and other ex-executive of AB considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two issues of bonds in 2011 and 2012 that were allegedly provided by this company to its subsidiary company, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. The bankruptcy administrator filed an appeal for procedural defects in September 2018, which was challenged by FCC Construcción S.A. in October 2018.

2. In April 2019, the Provincial Court of Vienna handed down a decision in which it upheld the procedural defect in the taking of testimony given by the claimant, referring the cases back to the courts with the indication that said testimony be taken and that a judgment be handed down in accordance with the result. In May 2019, FCC lodged an appeal against this ruling before the Supreme Court, which confirmed in April 2020 the need to return the proceedings to the Court of First Instance so that the testimony could be taken in person before the Judge of First Instance. This testimony has been scheduled for June 2021, unless the development of the pandemic caused by COVID-19 makes transportation and courtroom proceedings inadvisable.

3. In April 2017, a Group company, Asesoría Financiera y de Gestión, S.A. was notified of a suit in which the bankruptcy administrator made a joint and several claim against the former finance director at Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of 19 million euros for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law The proceedings are still at the evidentiary phase, the court expert having issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have caused any damage to AB. This report is currently being examined by the parties.

Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Labour Court for 72 million euros. The claimant argues that this amount represents the damage to the bankruptcy estate caused by the alleged delay in initiating insolvency proceedings. A hypothetical conviction of the administrator could in a remote scenario involve a subsidiary liability for the FCC Group, given that letters of indemnity were granted to certain executives with management and administration duties.

In terms of these disputes, the FCC Group and its legal advisors do not believe there will be any future outflows of cash or prior to the issuance of the financial statements; therefore, no provisions have been set aside, as the Group believes that they represent contingent liabilities.

Provision for third-party liability

This item includes the risks arising for the company in the performance of its activities that are not included in other categories. These include the risks arising from international expansion, as well as tax risks. In the 2019 business year, the company applied provisions amounting to 20,186 thousand euros as part of the procedure initiated by the tax authorities for the recovery of state aid through the adjustment of the tax incentives applied by the FCC Group in previous years related to the tax amortisation of financial goodwill from the acquisitions of foreign shareholdings resulting from the indirect acquisition of shares (Note 16.g).

Provisions for guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Other provisions

This heading includes the items not classified in the foregoing accounts, such as provisions to cover environmental risks and risks arising from its procedures as the insurer itself.

13. Non-current and current payables

The balance of “Non-current payables” and “Current payables” was as follows:

	Long-term	Short-term
2020		
Debt instruments and other marketable securities	—	302,300
Bank borrowings	20,000	155,228
Finance lease payables (Note 7.a)	19,215	4,774
Other financial liabilities	1,584	2,041
	40,799	**464,343**
2019		
Debt instruments and other marketable securities	—	300,000
Bank borrowings	61,667	25,528
Finance lease payables (Note 7.a)	24,650	10,429
Other financial liabilities	1,952	6,668
	88,269	**342,625**

Details of “Non-current payables”, by maturity, are as follows:

	Maturity					
	2022	2023	2024	2025	2026 and beyond	Total
Bank borrowings	20,000	—	—	—	—	20,000
Finance lease payables	4,902	5,032	7,341	1,940	—	19,215
Other financial liabilities	640	366	366	212	—	1,584
	25,542	**5,398**	**7,707**	**2,152**	**—**	**40,799**

a) Bonds and other current marketable securities

Fomento de Construcciones y Contratas, S.A has had a promissory note programme, Euro Commercial Paper Programme (ECP), registered since November 2018 on the Irish stock exchange (Euronext Dublin) for a maximum amount of 600 million euros as at December 2020, at a fixed interest rate and with a maximum maturity of one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet general financial needs.

As at 31 December 2020 the outstanding amount is 302,300 thousand euros spread over different maturities, from 2.5 to 6 months.

b) Non-current and current bank borrowings

All of the syndicated financing arranged in 2018, amounting to 1,200 million euros, was repaid early and in full on 5 December 2019.

This repayment was largely financed with the funds obtained from the issuance of bonds in the investee company FCC Servicios Medioambiente Holding, S.A.U. (note 9.a) and funds from new bilateral facilities arranged.

This enabled Fomento de Construcciones y Contratas, S.A. and the FCC Group to successfully complete the debt reduction and financial reorganisation process initiated six years ago, resulting in a much more robust and efficient capital structure, with amounts, maturities and financing costs appropriate to the nature of its business areas.

At 31 December 2020, this epigraph mainly includes financing facilities in the form of credit facilities and bilateral loans with a maximum limit of 648.5 million euros with a number of financial institutions. At 31 December 2020, the drawn down balance of this financing amounts to 175 million euros.

14. Trade payables

In relation to the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, enacted in compliance with the Second final provision of Law 31/2014, of 3 December, which amends the Third additional provision of Law 15/2010, of 5 July, stipulating measures to combat late payment in commercial transactions, the following table provides information on the average payment period to suppliers for commercial transactions arranged since the date of entry into force of Law 31/2014, i.e. 24 December 2014:

	2020	2019
	Days	Days
Average payment period to suppliers	56	50
Ratio of paid operations/transactions	55	54
Ratio of operations/transactions pending payment	64	31
	Amount	Amount
Total payments made	59,408	49,496
Total payments pending	6,453	8,915

15. Information on the nature and level of risk of financial instruments

The concept of financial risk refers to changes in the financial instruments arranged by Fomento de Construcciones y Contratas, S.A., as a result of political, market and other factors and their impact on the financial statements. The risk management philosophy of the company and of FCC Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

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

a) Capital risk

To manage capital, the main objective of the company and of FCC Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The essential base considered by the company to be capital is recognised under "Equity" in the balance sheet. Given the sector in which they operate, the company and the Group are not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiary companies to enable an adequate distribution between debt and capital.

Proof of the foregoing are the extensions made in 2014 for 1,000,000 thousand euros and in 2016 for 709,519 thousand euros, both aimed at strengthening the capital structure of the Company.

In addition, in December 2019, two straight bonds were issued by the investee company FCC Servicios Medioambiente Holding, S.A.U. for 1,100 million euros. The resulting funds were mainly used for the voluntary early repayment of the syndicated financing of Fomento de Construcciones y Contratas, S.A., amounting to 1,200 million euros, arranged in September 2018. In November 2018, the company registered a 300 million euro promissory notes programme, which was subsequently expanded to 600 million euros in March 2019 (Note 13.a). In 2020, new funding facilities were arranged in the form of credit facilities and bilateral loans (Note 13.b).

These operations have enabled completion of the debt reduction and financial reorganisation process initiated five years ago and continuation of the policy of diversifying sources of funding. These measures have contributed to achieving a much more robust and efficient capital structure, with suitable volumes, terms and financing costs for the nature of the FCC Group.

The General Finance Department, which is responsible for the management of financial risks, regularly reviews the debt-equity ratio and compliance with financing covenants, together with the capital structure of the subsidiary companies.

b) Foreign currency 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 arranged in the same currency.

Although the benchmark currency in which the company and FCC Group mainly operate is the euro, they also hold financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than the euro.

FCC Group's general policy is to mitigate the adverse effect on its financial statements of exposure to foreign currencies as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

c) Interest rate risk

Fomento de Construcciones y Contratas, S.A. and FCC Group are exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the company and of FCC Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

The table below summarises the effect on the Company's income statement of increases in the interest rate curve with regard to gross debt:

	+25 pb	+50 pb	+100 pb
Impact on profit or loss	575	1.150	2.299

d) Solvency risk

The most suitable ratio for measuring solvency and debt repayment ability is Net debt/Ebitda.

The following table shows the development of the net financial indebtedness shown in the accompanying balance sheet.

	2020	2019
Bank borrowings (note 13)	175,228	87,194
Debt instruments and other marketable securities (Note 13)	302,300	300,000
Financial payables to Group and associated companies (notes 9.c and 9.d)	886,640	971,965
Other interest-bearing financial debt (note 13)	25,679	41,415
Financial loans with Group and associated companies (note 9.b)	(120,759)	(29,086)
Other current financial assets (note 8.b)	(1,166)	(1,172)
Treasury and cash equivalents	(8,227)	(10,463)
	1,259,695	**1,359,853**

e) Liquidity risk

Fomento de Construcciones y Contratas, S.A. performs its business in industrial sectors requiring a high level of financing, having so far obtained adequate financing for its operations. However, the company cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The ability of the company and of FCC Group to obtain new financing lines depends on many factors, a lot of which are beyond their control, such as general economic conditions, the availability of funds in financial institutions and the monetary policy of the markets in which they operate. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to develop the company's activities

Historically, FCC Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew loan arrangements depends on various factors, many of which are outside the control of FCC Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent FCC Group's capacity to renew its financing. Accordingly, FCC Group cannot guarantee its ability to renew its loan arrangements on economically attractive terms. The inability to renew such loans or to ensure adequate financing under acceptable terms may have a negative impact on the liquidity of Fomento de Construcciones y Contratas, S.A. and its Group companies, and on its ability to meet its working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all loans and credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

Notes 2 and 13 provide additional disclosures in relation to the Group's liquidity position.

f) Concentration risk

The risk arising from the concentration of lending transactions with common characteristics is distributed as follows:

- Funding sources: in order to diversify this risk, the company and FCC Group work with a large number of Spanish and foreign financial entities to obtain funds.
- Markets/geography (domestic, foreign): The Company and the FCC Group have a significant position in the domestic market, so the debt is mainly concentrated in euros.
- Products: the company uses various financial products, such as loans, credit facilities, promissory notes, syndicated loans, assignments and discounting.

FCC Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each business year.

Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The company and FCC Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various managing committees.

With regard to credit ratings, the Company and the FCC Group apply its best judgement to impair financial assets on which it expects to incur credit losses over their entire lives. The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

g) COVID-19 risk

The COVID-19 pandemic has had a series of impacts on the financial statements of the Company and the FCC Group, both in terms of operations and liquidity, which has also led to the updating of the main estimates affecting them.

In operational terms, the impact of the COVID-19 crisis on the FCC Group has been limited, given that the Water and Environment areas, which represent the most substantial part of the Group's revenues and earnings, include activities that the various national authorities have considered essential without significant interruptions in activity or loss of profitability for most of the assets. In relation to other activities, such as Construction, which has a smaller weighting in the Group's total activity, the pandemic has led to the temporary interruption of part of the backlog of construction contracts in progress as well as, where applicable, some inefficiencies in the supply chain, circumstances that inevitably have an impact on project costs as well as on project delivery times. Measures have been taken to adapt costs to the new levels of activity and to date virtually all activity has resumed, so no significant non-provisioned impairment losses are expected. The Cement division performed well, especially in the second half of the business year, with a certain slowdown in growth, but contributing positive EBITDA.

In terms of liquidity, new financing lines have been closed, securing its financial position against possible liquidity tensions. Notes 2 and 13 incorporate additional disclosures on this issue.

The Company and the FCC Group, in light of the situation created by the COVID-19 crisis, have carried out an analysis of the main estimates affecting the individual and consolidated financial statements. In relation to the estimates affecting the individual financial statements (note 4.m), the notes to these financial statements detail the effects in terms of impairments and provisions that the COVID-19 crisis has had on the financial information for the 2020 business year.

Taking into account the limited impact, the measures to secure the assets undertaken as well as the existing liquidity gaps, these individual financial statements have been prepared on a going concern basis, since the continuity of the company is not in doubt.

16. Deferred taxes and tax matters

a) Balances with public administrations and deferred taxes

a.1) Tax receivables

	2020	2019
Non-current		
Deferred tax assets	54,670	100,919
	54,670	**100,919**
Current		
Current tax assets	77,946	65,385
Other receivables from the public administrations	674	873
	78,620	**66,258**

The breakdown of the "Deferred tax assets" heading is as follows:

	2020	2019
Capitalisation of tax loss carryforwards	48,719	63,180
Non-deductible provisions	4,432	17,228
Non-deductible finance costs	—	18,978
Rest	1,519	1,533
	54,670	**100,919**

The "Capitalisation of tax loss carryforwards" item mainly arises from the state aid recovery procedure mentioned in section g of this note.

The management of Fomento de Construcciones y Contratas, S.A., the parent of the Tax Group 18/89 (Note 16.h), has assessed the recoverability of deferred tax assets by estimating future tax bases relating to the aforementioned Group, concluding that no doubts exist with respect to their recovery in a period not exceeding ten years. The projections used are based on the Group's estimated "Consolidated accounting profit for the year before tax from continuing operations", adjusting for the related permanent and temporary differences expected to arise each year. The projections show increased profit, as a result of continuing the measures taken to reduce costs and the reinforcement of the Group's financial structure, which have enabled a reduction in financial debt and lower interest rates, resulting in a significant reduction in finance costs.

a.2) Payable balances

	2020	2019
Non-current		
Deferred tax liabilities	385	2,642
	385	**2,642**
Current		
Other government/public administration credits/loans:		
Withholdings	251	249
VAT and other indirect taxes	138	230
Social Security bodies	330	851
Other concepts	1	2
	720	**1,332**

a.3) Changes in deferred tax assets and liabilities

Movements in deferred tax assets and liabilities in the 2020 and 2019 business years were as follows:

	Deferred tax assets	Deferred tax liabilities
Taxable temporary differences		
Balance at 31/12/18	**72,160**	**27,620**
Originating in previous business years	(17,230)	–
Other adjustments	45,989	(24,978)
Balance at 31.12.19	**100,919**	**2,642**
Arising in prior years (note 16.b)	(24,827)	–
Other adjustments	(21,422)	(2,257)
Balance at 31.12.20	**54,670**	**385**
Temporary differences arising in the balance sheet		
Balance at 31/12/18	**271**	**103**
Other adjustments	(271)	(103)
Balance at 31.12.19	**–**	**–**
Other adjustments	–	–
Balance at 31.12.20	**–**	**–**
Total balance at 31.12.20	**54,670**	**385**

"Other adjustments" in the 2020 business year mainly include the allocation to FCC Construcción, S.A. of the part of the tax credit corresponding to this company that arose in 2019 as a result of the events and circumstances described in section g) of this note.

b) Reconciliation of accounting profit and taxable income

The reconciliation between accounting profit and the taxable income for corporate income tax purposes is as follows:

	2020			2019		
Accounting profit/ (loss) before tax for the year			**258,803**			**231,026**
	Additions	**Reductions**		**Additions**	**Reductions**	
Permanent differences	76,002	(341,628)	(265,626)	60,116	(342,420)	(282,304)
Adjusted accounting profit/(loss)			**(6,823)**			**(51,278)**
Temporary differences						
– Arising in prior years (note 16.a)	–	(99,306)	(99,306)	–	(68,920)	(68,920)
Tax base (taxable profit/(loss)			**(106,129)**			**(120,198)**

Noteworthy in the table above were the permanent differences relating to both business years. which basically arise from:

- Impairment on investments of the Tax Group 18/89 and at the remaining investees (note 9).
- The exemption to avoid the double taxation of dividends. Corporation Tax Law 27/2014, of 27 November, applicable from 2015, eliminated the tax credit for double taxation of dividends, replacing it with the aforementioned exemption (note 19.a).

c) Tax recognised in equity

The taxes recognised in equity at year-end 2020 and 2019 were not significant.

d) Reconciliation of accounting profit to the corporate income tax expense

The reconciliation of accounting profit to the corporate income tax expense was as follows:

	2020	2019
Adjusted accounting profit/(loss)	(6,823)	(51,278)
Corporate income tax charge	(1,706)	(12,820)
Other adjustments	9,685	2,393
Corporate income tax expense/(income)	**7,979**	**(10,427)**

"Other adjustments" in the 2020 business year basically include the adjustment made to reverse non-activated deferred tax assets in prior years, together with the non-capitalisation of prepaid taxes and negative taxable amounts in the business year.

e) Breakdown of the corporate income tax expense

The breakdown of Corporate Income Tax expense for the 2020 and 2019 business years was as follows:

	2020	2019
Current tax	(21,582)	(22,573)
Deferred tax	29,561	12,146
Total tax expense	**7,979**	**(10,427)**

f) Tax loss carryforwards and unused tax credits

At year-end, the company had tax loss carryforwards from prior years pending offset amounting to 306,788 thousand euros, as a member of Tax Group 18/89, detailed as follows, by year:

	Amount
2013	194,998
2014	47,860
2016	58,389
2019	5,541
Total	**306,788**

The company has only recognised a deferred tax asset for the tax loss carryforwards from 2013 (section g) of this same note).

The company also has non-activated unused tax credits pending application from previous years amounting to 8,728 thousand euros. The breakdown is as follows:

Deductions	Amount	Application deadline
Reinvestment	4,668	15 years
R+D+I Activities	2,197	18 years
Internal double taxation relief	770	Indefinite
Rest	1,093	15 years
	8,728	

The company also has a potential uncapitalised tax asset, totalling 333 million euros, corresponding to the impairment test performed in prior years on its holding in Azincourt, S.L., the holding company for the shares of the British company FCC Environment (UK). The impairment, which was not deemed to be deductible from the taxable income for corporate income tax purposes, amounted to 1,333 million euros. This amount could be deducted for tax purposes in the future, in the event that Azincourt Investment, S.L. is wound up.

g) Financial years pending verification and inspection actions

Fomento de Construcciones y Contratas, S.A. has all the business years not yet statute-barred open for review by the tax authorities for the taxes applicable to them. In June 2020, the tax authorities notified the start of corporate income tax audits of the tax group headed by Fomento de Construcciones y Contratas, S.A., 2015 to 2017, the VAT corresponding to the period from June 2016 to December 2017 of Fomento de Construcciones y Contratas, S.A., FCC Construcción, S.A., FCC Aqualia, S.A., FCC Industrial e Infraestructuras Energéticas, S.A. and Cementos Portland Valderrivas, S.A., as well as withholdings/payments on account for employment income and income from professional services for the period from June 2016 to December 2017 of Fomento de Construcciones y Contratas, S.A., FCC Construcción, S.A. and FCC Aqualia, S.A. and for the period from January to December 2017 for Cementos Portland Valderrivas, S.A. In relation to the business years and taxes open to inspection, contingent tax liabilities could arise, the amount of which cannot be objectively quantified at present as the proceedings are at a very early stage. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU, of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior business years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The tax authorities filed a claim in 2019 for a total of 111 million euros, that included 19 million euros in interest, from Fomento de Construcciones y Contratas, S.A., parent company of the FCC Group (Note 18). Of the remaining 63 million euros, negative taxable amounts arising from the adjustment made by the tax authorities were capitalised (49 million euros in Fomento de Construcciones y Contratas, S.A. and the remainder in the Group company FCC Construcción, S.A. following the allocation made in 2020 as indicated in section a) of this note), deferred tax liabilities were reversed amounting to 9 million euros and a provision of 20 million euros was applied at the end of 2018 (note 12). The company has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The legal advisors of Fomento de Construcciones y Contratas, S.A. consider it likely that the amounts already paid in this recovery procedure will be returned. In addition, within the framework of this procedure and as indicated above, the tax authorities have recognised tax credits in favour of the FCC Group amounting to 63.2 million euros (see section f) of this note).

In relation to the rest of the business years and taxes open for review, as a result of the criteria that the tax authorities may adopt in the interpretation of the tax regulations, the outcome of the inspections currently under way, or those that may be performed in the future for the years open for review, could generate contingent tax liabilities whose amount cannot currently be quantified objectively. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

h) Tax Group

In accordance with file 18/89, as the parent, Fomento de Construcciones y Contratas, S.A. files consolidated income tax returns, including all the Group companies that comply with the requirements of the tax legislation.

i) Other tax information

The following table includes the details of the "Corporation tax refunded/(paid)" heading in the statement of cash flows for the 2020 and 2019 business years.

	2020	2019
Collections from/payments to Group companies for prior years' corporation tax charge and corporation tax prepayments in the year	44,448	25,183
Prior years' corporation tax	29,558	32,277
Prepayments	(40,766)	(38,008)
Recovery procedure for state aid	—	(92,034)
Withholdings and other	(209)	(67)
	33,031	**(72,649)**

17. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2020, Fomento de Construcciones y Contratas, S.A. provided guarantees visà-vis public bodies and private clients, mainly to secure the proper performance of the services under contracts in the United States of America, for 20,924 thousand euros (31,588 thousand euros at 31 December 2019). The decrease in the business year is mainly due to the transfer of part of the guarantees for certain contracts transferred to the American subsidiary companies (notes 5 and 6).

Also, at year-end, the company had provided securities and guarantees to third parties with respect to certain Group companies, totalling 83,816 thousand euros (237,148 thousand euros at 31 December 2019), essentially companies belonging to the Environmental Services division. The decrease in the business year is due to the transfer of guarantees to companies in the aforementioned activity, as a result of the spinoff process that took place in 2019 and that is discussed in note 1.

Fomento de Construcciones y Contratas, S.A. has also appeared as the respondent in some lawsuits. However, the company's directors consider that the resulting liabilities would not have a material effect on the company's equity.

The possible financial effects of the main contingent liabilities derived from the bankruptcy of the Alpine subgroup would be the cash outflows indicated in the respective lawsuits detailed in Note 12 of this report, a risk not considered likely.

In addition to the disputes related with Alpine, on 15 January 2015 the Competition Chamber of the Spanish National Markets and Competition Commission handed down a ruling with respect to proceedings S/0429/12, for an alleged breach of article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, notification was received of the decisions handed down by the Spanish National Appellate Court, upholding the administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both FCC Group investees, against the CNMV ruling imposing various penalties for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

In April 2019, the National Court issued a judgment in relation to the price of EUR 6 per share applied in the takeover bid made in 2017 by Fomento de Construcciones y Contratas, S.A. for Cementos Portland Valderrivas, S.A., with the National Securities Market Commission (CNMV) asking for the price to be recalculated. The aforementioned ruling was appealed by the Company and also by the CNMV, as it did not agree with the outcome. In November 2020, the Supreme Court ruled in favour of Fomento de Construcciones y Contratas, S.A. and the CNMV, overturning the ruling of the Spanish National Court and validating the takeover bid procedure and the price set.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014 initially estimated at 82 million dollars that might not be justified and may therefore be illegal. These acts were uncovered as a result of application of the procedures in the FCC Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" principle for corruption that permeates the entire FCC Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 resolved to investigate FCC Construcción, S.A. and two of its subsidiary companies, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. Proceedings are still ongoing and it is not yet possible to determine at this stage whether charges will eventually be filed against these companies, and, if so, what their scope will be. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

Additionally, the 2018 agreement for the sale of the FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent procedures. Accordingly, the company did not recognise any assets due to their contingent nature, nor has it recognised liabilities for claims that may arise against their interests, since it was not considered probable that material losses would occur and given their insignificant amount with respect to the transaction price.

This sale led to the formation of the companies FCC Topco, s.a.r.l. and its subsidiary company FCC Midco, S.A., with the latter having received securities representing 10% of the shares of FCC Aqualia, which is owned by the company. These shares are pledged to secure certain obligations to FCC Aqualia, primarily the repayment of the 806,479 thousand euro loan that the latter extended to Fomento de Construcciones y Contratas, S.A. (note 9.c). At the date of authorisation for issue of these financial statements, the company believes that there is no risk that these guarantees will be enforced.

The company is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The company's stake in joint operations managed through joint ventures, joint ownership, participation accounts and other similar arrangements means that participants share joint and several liability for the activities performed.

The company has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

18. Revenue and expenses

In addition to sales and services, revenue includes dividends and accrued interest arising from finance extended to investees (Note 2).

Of the total for "Sales and services", 17,388 thousand euros corresponds to contracts for environmental services located abroad, specifically in the USA (37,159 thousand euros at 31 December 2019), the contracts for which could not be transferred in the spinoff as their legal ownership was retained by Fomento de Construcciones y Contratas, S.A. (note 1). With regard to these contracts, on 25 September 2019, the company and FCC Medio Ambiente, S.A. signed an agreement for the assignment of economic rights and obligations to FCC MA, which was novated on 1 October. This agreement will remain in force until the effective transfer of the contracts once authorisations are obtained from the granting authorities, which occurred in 2020 (notes 5 and 6). The rest of the amount classified as sales and services relate to the invoicing of management support services provided to other Group companies.

Details of "Staff expenses" are shown below:

	2020	2019
Wages and salaries	28,051	29,840
Labour costs	5,851	3,010
	33,902	**32,850**

"Finance income from marketable securities and other financial instruments of Group companies and associates" includes the accrued interest arising from the financing granted to investees (Note 9), including most notably:

	2020	2019
FCC Servicios Medio Ambiente Holding S.A.U.	6,898	7,186
FCC Versia, S.A.U.	450	793
Azincourt Investments, S.L.U.	—	4,540
FCC Medio Ambiente, S.A.	—	3,965
Grupo FCC-PFI Holding	—	2,526
Enviropower Investments, Limited	—	1,957
Rest	410	918
	7,758	**21,885**

Additionally, in 2019 "Financial expenses for loans with third parties" includes 18,837 thousand euros in delay payment surcharges related to the state aid recovery procedure (Note 16.g).

Finally, in 2019, there was a loss of 8,280 thousand euros under the epigraph "Change in the fair value of financial instruments" due to an adjustment to the sale price of the company FCC Global Insurance Services, S.A. in 2009.

19. Transactions and balances with related parties

a) Transactions with related parties

Details of transactions with related parties in the 2020 and 2019 business years are as follows:

	(wholly owned) Group Companies	Joint ventures	Associates	Total
2020				
Provision of services	93,676	304	137	94,117
Receipt of services	11,721	—	157	11,878
Dividends	226,941	26,410	1,002	254,353
Financial expenses	29,319	—	—	29,319
Financial income	7,758	—	—	7,758
2019				
Provision of services	83,218	311	83	83,612
Receipt of services	14,570	—	162	14,732
Dividends	53,761	9,368	1,405	64,534
Financial expenses	31,085	5	—	31,090
Financial income	21,885	—	—	21,885

In addition to the above, during the 2020 business year the Company has sold certain intangible assets and property, plant and equipment to various subsidiary companies of the FCC Group located in the USA, as indicated in notes 5 and 6.

b) Balances with related parties

The detail of the balances with related parties at year-end was as follows:

	(wholly owned) Group Companies	Joint ventures	Associates	Total
2020				
Current investments (note 9.b)	123,374	26,411	—	149,785
Long-term financial investments (note 9.a)	3,294,548	16,463	4,768	3,315,779
Current payables (note 9.c)	127,628	2	1	127,631
Non-current payables (note 9.d)	806,479	—	—	806,479
Trade receivables	17,341	50	28	17,419
Trade payables	2,736	—	—	2,736
2019				
Current investments (note 9.b)	42,968	—	—	42,968
Long-term financial investments (note 9.a)	2,779,150	17,075	262,789	3,059,014
Current payables (note 9.c)	188,685	2	—	188,687
Non-current payables (note 9.d)	806,485	—	—	806,485
Trade receivables	33,854	52	19	33,925
Trade payables	3,391	1	1	3,393

The details of trade receivables from and trade payables to Group companies and associates are as follows:

	2020		2019	
Company	Receivables	Payable	Receivables	Payable
FCC Medio Ambiente, S.A.	10,466	394	10,834	1,987
FCC Aqualia, S.A.	3,243	91	3,149	188
Hidrotec Tecnología del Agua, S.L.U.	1,382	3	1,840	5
Fedemes, S.L.U.	614	725	1,235	912
FCC Construcción, S.A.	181	27	15,667	105
FCC Environmental Services (USA) Llc.	—	1,004	—	—
Rest	1,533	492	1,200	196
	17,419	**2,736**	**33,925**	**3,393**

c) Transactions with directors of the company and senior executives of the Group

The directors of Fomento de Construcciones y Contratas, S.A. accrued the following amounts at the company, in thousands of euros:

	2020	2019
Fixed remuneration	525	525
Other payments	1,147	1,041
	1,672	**1,566**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 1,832 thousand euros (1,819 thousand euros in the 2019 business years).

2020-2019	
Marcos Bada Gutierrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	General Manager of FCC Aqualia

The company had previously taken out insurance and paid a premium to settle contingencies related to the death, permanent employment disability, retirement bonuses and other items for certain executive directors and officers of Fomento de Construcciones y Contratas, S.A. (Note 4.l). No new contributions were made in the form of premiums for this insurance in the 2020 and 2019 business years, while in the 2019 business year, 3,459 thousand euros in revenue was received in the form of rebates on previously paid premiums.

Under article 38.5 of the Articles of Association, the company has taken out a third-party liability insurance policy covering directors and executives. This is a collective policy covering all the Group's executives, with a premium of 1,474 thousand euros being paid in 2020.

The company has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the business year amounted to 6 thousand euros.

Except as indicated in the preceding paragraphs, no other remuneration, advance payments, loans or guarantees were granted to the Board of Directors, nor were any obligations assumed in terms of pensions and life insurance policies by current and former members of the Board of Directors.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or corporate name of the director	Company name of the Group entity	Position
EAC INVERSIONES CORPORATIVAS, S.L.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIRMAN
	REALIA BUSINESS, S.A.	DIRECTOR
INMOBILIARIA AEG, S.A. DE C.V.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
MR GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHIEF EXECUTIVE OFFICER
	REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER
MR JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AQUALIA, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
MR ÁLVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
MR ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, SA DE CV
	FCC AQUALIA, S.A.	DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
	FCC SERVICIOS MEDIOAMBIENTALES HOLDING, S.A.U.	CHAIRMAN
MR ANTONIO GÓMEZ GARCÍA	FCC AMERICAS, S.A. DE CV	ALTERNATE DIRECTOR
MR PABLO COLIO ABRIL	FCC AQUALIA, S.A.	BOARD MEMBER, MEMBER OF THE AUDIT AND CONTROL COMMITTEE, MEMBER OF THE INVESTMENT COMMITTEE AND MEMBER OF THE REGULATORY COMPLIANCE COMMITTEE
	FCC CONSTRUCCIÓN, S.A.	CHAIRMAN
	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	DEPUTY CHAIRMAN
	FCC MEDIO AMBIENTE, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	DEPUTY CHAIRMAN
	FCC CONCESIONES, S.A.U.	CHAIRMAN
	GUZMAN ENERGY O&M, S.L.	CHAIRMAN
	FCC AUSTRIA ABFALL SERVICE AG	MEMBER OF THE SUPERVISORY BOARD

These directors hold posts or exercise functions and/or hold ownership interests of less than 0.01% in any case in other FCC Group companies, in which Fomento de Construcciones y Contratas, S.A. holds the majority of the voting rights, directly or indirectly.

d) Situations of conflicts of interest

No direct or indirect conflicts of interest arose in respect of the company's activities, under the applicable regulations (article 229 of the Spanish Limited Liability Companies Law), without prejudice to the company's transactions with its related parties set forth in these notes to the financial statements or, where appropriate, agreements related to remuneration matters or appointments. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

e) Transactions with related parties

During the business year, a number of transactions took place involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

– Execution of construction and service contracts by FCC Construcción, S.A. and FCC Industrial e Infraestructuras Energéticas, S.A.U. relating to companies in the Realia subgroup, as follows:

Corporate name of the significant shareholder	Corporate name of the Group company	2020	2019
Realia Business, S.A.	FCC Construcción, S.A.	23,911	12,373
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,397	1,209
Valaise S.L.U.	FCC Construcción, S.A.	—	4,899
		25,308	**18,481**

– Agreements between FC y C, S.L. Unipersonal and Realia Business, S.A. for the management and marketing of three real estate developments: Plot "10B" in Badalona, Barcelona, for the construction of 141 collective dwellings available for resale and parking spaces; Plot "RCL 1B" in Tres Cantos, Madrid, for the construction of 85 collective dwellings available for resale and parking spaces: Plot "RLU 2ª" in Tres Cantos, Madrid, for the construction of 30 single-family homes, for a total amount of 1,954 thousand euros. Signing between FC y C, S.L. Unipersonal and Realia Business, S.A. of the following exclusive marketing contracts: Plot RU2A in Tres Cantos (marketing of 30 single-family dwellings), Plot RC1B in Tres Cantos (marketing of 85 dwellings available for resale), Plot 10 in Badalona (marketing of 141 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 144 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 42 single-family dwellings), Plot in El Berzal (marketing of 40 single-family dwellings).

– Service provision agreements between FCC Industrial e Infraestructuras Energéticas, S.A.U. and Realia Patrimonio, S.L.U. for annual preventive maintenance of generator sets in buildings: Offices on Calle Acanto 22 and 4 units in office buildings at Avda. Del Sur del Aeropuerto de Barajas, 28, 30, 32 and 34 in Madrid (Eisenhower Business Center in Madrid) for an amount of 3 thousand euros, basic annual preventive maintenance of the equipment of the Uninterruptible Power Supply of the buildings: Offices at Paseo de la Castellana 216 in Madrid; Offices on Calle Acanto 22, and 2 units in office buildings on Avda. Del Sur del Aeropuerto de Barajas, 28 and 34, Madrid, for an amount of 2 thousand euros.

– Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 338 thousand euros.

– Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 175 thousand euros.

– In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with carrying amount at 31 December 2020 of 69,857 thousand euros. The finance costs incurred in the business year totalled 2,076 thousand euros.

– Financing provided by the financial group Inbursa to FCC Construcción, S.A. for line 2 of the Panama underground, through the acquisition of construction certificates, amounting to 3,818 thousand euros.

Furthermore, other transactions are carried out under market conditions, mainly telephone and internet access services, with parties related to the majority shareholder for a non-significant amount.

f) Mechanisms established to detect, determine and resolve possible conflicts of interests between the parent and/or its Group and its directors, executives or significant shareholders

FCC Group has established specific mechanisms to determine and resolve any possible conflicts of interest between the Group companies and their directors, executives and significant shareholders, as indicated in article 20 and thereafter of the Board of Directors' Rules.

20. Environmental information

As indicated in Note 1 to these financial statements, Fomento de Construcciones y Contratas, S.A. is the parent of FCC Group, which carries out diverse activities that, due to their characteristics, specifically focus on controlling environmental impact. These aspects are described in detail in the "Corporate Social Responsibility" document published annually by the Group through various channels, including the www.fcc.es website. Readers are advised to refer to this information as the best representation of this Note.

21. Other information

a) Personnel

The average number of people employed by the company in the 2020 and 2019 business years was as follows:

	2020	2019
Directors and managers	62	62
Managers	36	35
Technicians	140	131
Clerical Staff	53	56
Sundry trades	4	3
	295	**287**

The table below details the average number of people with a disability of 33% or more in 2020 and 2019, pursuant to Royal Decree 602/2016, of 2 December, which introduced new disclosure requirements for companies' financial statements:

	2020	2019
Technicians	2	2
Clerical Staff	2	1
Sundry trades	1	—
	5	**3**

The numbers of employees, directors and senior executives at the company at 31 December 2020 and 2019, broken down by gender, were as follows:

2020	Men	Women	Total
Directors	10	4	14
Senior executives	4	—	4
Directors and managers	37	17	54
Managers	22	11	33
Technicians	65	63	128
Clerical Staff	16	36	52
Sundry trades	2	2	4
	156	**133**	**289**

2019	Men	Women	Total
Directors	10	4	14
Senior executives	4	—	4
Directors and managers	39	17	56
Managers	23	13	36
Technicians	71	71	142
Clerical Staff	18	33	51
Sundry trades	3	—	3
	168	**138**	**306**

The average number of employees, directors and senior executives of the company, distributed by men and women, was as shown below in the 2020 and 2019 business years:

	2020	2019
Men	170	162
Women	137	137
	307	**299**

b) Remuneration to auditors

The fees incurred for auditing and other professional services provided to the company by the principal auditor, Deloitte, S.L., and other participating auditors in 2020 and 2019 are as follows:

	2020			2019		
	Principle auditor	Other auditors	Total	Principle auditor	Other auditors	Total
Audit services	252	–	252	181	–	181
Other assurance services	22	–	22	359	81	440
Total audit and related services	**274**	**–**	**274**	**540**	**81**	**621**
Tax advisory services	–	8	8–	–	–	–
Other services	–	143	143	–	519	519
Total professional services	**–**	**151**	**151**	**–**	**519**	**519**
TOTAL	**274**	**151**	**425**	**540**	**600**	**1,140**

22. Subsequent events

As of the date of preparation of these financial statements, no matters of a nature that could modify them or be the subject of additional information to that included in them had been disclosed.

Annex I Group companies

Company	Book value		Holding %	Dividends received	Capital	Reserves	Other net equity line items	Profit/(loss) for the 2020 business year	
	Assets	Impairment						Operating profit or loss	Continuing operations
Asesoría Financiera y de Gestión, S.A.U. Federico Salmón, 13 - Madrid -Holding company-	14,010	–	100	–	6,843	12,749	–	526	(3,831)
Bvefdomintaena Beteiligungsverwaltung GmbH Nottendorfer, 11 – Viena (Austria) -Instrumental-	185	185	100	–	35	(1,584)	–	–	(396)
Cementos Portland Valderrivas, S.A. Dormilatería, 72 – Pamplona -Cement-	1,016,869	164,977	99.21	–	233,955	359,302	14,290	38,223	486
Egypt Environment Services SAE El Cairo – Egipto -Urban sanitation-	7,760	3,277	dir. 97.00 indt. 3.00	805	36,400 (Leg)(*)	3,942	–	(5,211) (Leg)(*)	(3,146) (Leg)(*)
FCC Aqualia, S.A. Federico Salmón, 13 – Madrid -Water management-	91,115	–	dir. 41.00 indt. 10.00	–	145,000	325,871	8,289	66,570	112,365
FCC Concesiones, S.A.U. Avenida Camino de Santiago, 40 – Madrid -Holding company-	61	2	100	–	3	__	–	(2)	(2)
FCC Concesiones de Infraestructuras, S.L.U. Avenida Camino de Santiago, 40 – Madrid -Concessions-	3	–	100	–	3	(1)	–	1,819	1,371
FCC Construcción, S.A. Balmes, 36 – Barcelona -Construction-	1,752,075	911,525	100	–	220,000	396,180	–	18,618	(12,661)
FCC Servicios Medioambiente Holding, S.A.U. Federico Salmón.13 - Madrid -Environmental Services-	300,964	–	100	160,000	10,000	39,892	–	(508)	170,034

Company	Book value		Holding %	Dividends received	Capital	Reserves	Other net equity line items	Profit/(loss) for the 2020 business year	
	Assets	Impairment						Operating profit or loss	Continuing operations
FCC TopCo S.à.r.l 48, Boulevard Grande-Duchesse Charlotte Luxembourg -Holding company-	22,263	85	100	–	50	22,154	–	(21)	(26)
FCC Versia, S.A.U Avenida Camino de Santiago, 40 – Madrid -Management company	62,624	62,624	100	–	120	(36,977)	–	(12)	(352)
FC y C, S.L.U. Federico Salmón, 13 – Madrid -Real estate-	777,761	–	100	–	44,613	587,119	–	(3,780)	(13,471)
Fedemes, S.L.U. Federico Salmón, 13 – Madrid -Real estate-	11,782	–	100	–	10,301	11,440	–	1,981	1,502
Per Gestora, S.L.U. Federico Salmón, 13 – Madrid -Instrumental-	71,553	71,461	100	66,136	60	(488)	–	(7)	520
TOTAL	**4,129,025**	**1,214,136**		**226,941**					

(*) (Leg): Egyptian pounds.

NOTE:
During the business year, the company made the required notifications, pursuant to Art. 155 of the Consolidated Text of the Capital Companies Act, to the acquired companies where it directly or indirectly holds more than 10%.

Annex II Temporary joint ventures

	Holding %
ALCANTARILLADO MADRID LOTE D	0,01
AQUALIA-FCC-VIGO	0.01
BOMBEO ZONA SUR	1.00
CANGAS DE MORRAZO	0.01
CENTRO DEPORTIVO GRANADILLA DE ABONA	1.00
CONSERVACION GETAFE	1.00
CUERVA WWTP	5.00
REINOSA WWTP	1.00
SAN VICENTE DE LA BARQUERA WWTP	1.00
FCC – ACISA - AUDING	45.00
LOTE 4 CULEBRO A	1.00
MANCOMUNIDAD DE ORBIGO	1.00
NIGRAN	1.00
PERIFÉRICO LOTE 3	50.00
REDONDELA	0.01
SANTOMERA	0.01

Annex III Associates and jointly controlled companies

Company	Book value		Holding %	Dividends received	Capital	Reserves	Other net equity line items	Profit/(loss) for the 2020 business year	
	Assets	Impairment						Operating profit or loss	Continuing operations
FM Green Power Investments, S.L. Paseo de la Castellana, 91 – Madrid -Energy-	257,090	240,627	49	26,410	54,482	37,345	–	62	62
Sigenera, S.L. Avenida Linares Rivas, 1 bajo – La Coruña -Management Company-	377	–	50	–	433	321	–	6	7
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (Mexico) -Water management-	4,367	–	dir. 24.00 indt. 2.00	1,002	347,214 (Pm)(*)	407,072 (Pm)(*)	–	235,506 (Pm)(*)	127,310 (Pm)(*)
TOTAL	**261,834**	**240,627**		**27,412**					

(*) (Pm): Mexican pesos.

NOTE:
During the business year, the company made the required notifications, pursuant to Art. 155 of the Consolidated Text of the Capital Companies Act, to the acquired companies where it directly or indirectly holds more than 10%.

Management report

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2020

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1. Status of the entity

Fomento de Construcciones y Contratas, S.A. is the Parent Company of the FCC Group and holds direct or indirect ownership of the interests in the Group's business and activity areas. Therefore, to provide information on the economic, financial, social and environmental events that occurred during the year and place them in their proper context, the FCC Group's Consolidated Management Report, which includes the consolidated Statement of Non-Financial Information, is reproduced below. The company's non-financial information can be found in the aforementioned report.

1.1. Status of the entity: Organisational structure and decision-making process in management

The organisational structure of the FCC Group is based on a first level made up of areas, which are divided into two large groups: operational and functional.

The operating areas include all those activities related to the productive line. The FCC Group has the following operating areas, as discussed in greater detail in Note 1 of the notes to the consolidated financial statements and in Section 2.1. of the Non-Financial Information Statement:

i. **Environmental Services**

ii. **End-to-End Water Management**

iii. **Construction**

iv. **Cement Business**

v. **Concessions**

Each of these operating areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional areas, which carry out support tasks for the operational ones:

1) **Administration and Finance: :** the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the FCC Group and has the following duties, among others, in relation to Information Systems and Internal Control

vi. General accounting

vii. Accounting standardisation

viii. Consolidation

ix. Tax advice

x. Tax procedures

xi Tax compliance

xii. Administrative procedures

2) **Internal Audit and Risk Management:** ts objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodol ogical support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of FCC, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.
- **Appointments and Remuneration Committee:** supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.
- **Managing Committee:** each of the business units has a Managing Committee with similar duties.

Further information on the duties of the FCC Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.3 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

FCC is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 40.3% of its turnover generated in international markets, mainly Europe (28.5%), the Middle East (4.7%), Latin America (2.8%), North Africa (2.8%) and the United States (1.3%).

Environmental Services

The Environmental Services area has a strong presence in Spain, having maintained a leadership position in the provision of urban environmental services for over 110 years.

At a national level, FCC provides environmental services in municipalities and bodies in all the autonomous communities, serving a population of over 22 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 64% of revenue. They are followed, in order of importance, by disposal of wastes with 14%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. In terms of client types, more than 86% of the activity is carried out with public clients.

The COVID-19 pandemic has had a very limited impact on the business in 2020, since most of its services are classified as "essential", with the focus mainly being on specific problems of falls in tonnage. Nonetheless, the COV-2020/0173 certification of action protocols, for our activities to help reduce the spread of COVID-19, has been obtained as a reinforcement measure. We have also been awarded the seal of the Ministry for Ecological Transition and Demographic Challenge's (MITECO) "Register of carbon footprint, offsetting and CO_2 absorption projects".

The international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leadership position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy. With a growing emphasis on treatment, recycling and renewable energy generation activities and a gradual reduction of disposal in controlled landfills.

In Central and Eastern Europe, FCC provides services to a population of 4.8 million inhabitants, 1,360 municipalities and almost 55,000 industrial clients. The range of services provided and the geographical dispersion is very diverse and balanced. It includes municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow clearance, recycling, outsourcing, building cleaning, soil decontamination works, etc. This broad diversification ensures a large degree of business stability and is one of the reasons why the economic impact of COVID-19 on the organisation has not been so pronounced.

The Environmental Services area also specialises in the integrated management of industrial and commercial waste, the recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies with a wide network of management and revaluation facilities. All of this enables proper waste management, ensuring the protection of the environment and people's health. In 2020, this activity represented just over 7% of all activity.

At an international level, the growth in the US stands out, where urban solid waste collection, management and treatment activities are carried out. This was the first year of activity in the collection service of Volusia County (Florida) in Daytona Beach, and the one of the largest contract in the country in Omaha (Nebraska) that will also act as a regional base to open up the Mid-West market. Despite the delay that COVID-19 has caused in the bidding processes, in the last quarter of 2020 a resumption of these processes has already been noticed and it is expected that in 2021 there will be a continuation in the growth of the business, the backlog and the geographical expansion. FCC Environmental Services has managed to position itself, in a very short time, as one of the main operators in the US, where it already serves more than 8 million people.

As it has already done for a number of years now, the strategy in Spain will focus on maintaining competitiveness and a leadership position, combining technical knowledge and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint).

The incorporation of new technologies will enable the company to gain a foothold in the waste recycling and revaluation markets in Europe and to position itself as a key player in the circular economy. As far as the United States is concerned, in the coming years the consolidation of the company's presence will continue through growth in more residential contracts and the strengthening of commercial collection activity.

In general, there is a broad commitment to climate change, for example with the issuance of green bonds to finance the operation and acquisition of assets developed with the activity.

End-to-End Water Management

FCC Aqualia serves over 23 million users and provides services in over 1,100 municipalities in 21 countries, offering the market all the solutions for the needs of public and private entities and organisations in all stages of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity focuses on concessions and services, including distribution network concessions, BOT ("Build-Operate-Transfer"), operation and maintenance services and irrigation, as well as technology and network activities, including EPC ("Engineering-Procurement-Construction") contracts and industrial water treatment activities.

In 2020 the market in Spain represents 66% of revenue. The impact of the pandemic has led to a 2.4% drop in the volumes of water billed and 1.4% in the amounts, with particular incidence in tourist and coastal areas. The reduction in the volume of consumption has been partially offset by an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a greater volume of execution of various works related to concession contracts.

In the public sector, there is still a low level of bidding for hydraulic infrastructure concessions, which increases the deficit in the renovation and expansion of existing infrastructure. Despite this, tenders have been won and contracts have been extended for the end-to-end cycle concessions; such as that in Vigo, FCC Aqualia's largest contract. The contract renewal loyalty rate remains at very high levels (close to 100%) in those municipalities where it operates In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

The international market reached a turnover of 34%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in more than 15 countries at present.

The year 2020 also presented an operational challenge for Aqualia throughout Europe due to the impact of COVID-19 on end-to-end water cycle management. Despite the impact on non-residential consumption, which was more marked in the Czech Republic, the business remained at very high levels in terms of activity, quality and continuity of service. In addition to the management of the municipal concession services in the Czech Republic, Italy and Portugal, works were also carried out to integrate the new business in France.

FCC Aqualia seeks to maintain its competitive position in those comprehensive water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with comprehensive cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in comprehensive water cycle management for business opportunities in countries with a stable political and social balance.

Construction

FCC Construcción focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2020, 47% of the total income comes from abroad, namely the execution of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro, Haren prison complex (Belgium), line 2 of the Lima Metro, Grangegorman University (Dublin-Ireland), the A-9 motorway Badhoevedorp-Holendrecht (Netherlands), the Bacau airport runway (Romania) and the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3.

Highlights in the 2020 business year, were the awarded contracts for the design, construction and maintenance of section 2 of the Maya Train (Mexico) for an amount of 339.2 million euros, the extension of the A-465 motorway in Wales (UK) for an amount of 667 million euros, the design and construction of the E-6 Ulsberg-Vidasliene motorway (Norway) for an amount of 238.8 million euros, as well as the construction of the Mapocho Río Park (Chile) for an amount of 53.8 million euros.

Cement

The FCC Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its main activity is the manufacturing of cement, which in 2020 accounted for approximately 91% of the Group's total income. The remaining percentage was contributed by the concrete, mortar and aggregates businesses.

In terms of geographical diversification, by 2020, 38% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and the United Kingdom. In addition, the Group also exports from these three countries to Africa, Europe and America.

The Cementos Portland Valderrivas Group has a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

2. Business performance and results

2.1. Operating performance

2.1.1. Significant events

FCC Medio Ambiente is the most highly rated company for the Barcelona cleaning and collection contract

Last October, FCC Medio Ambiente was the highest-rated company in terms of technical criteria in the tender for the cleaning and waste collection for the city of Barcelona. In this tender, the ie-Urban, a new internally developed, 100% electric, modular chassis-platform electric collection truck, played a key role in the proposal to enhance urban sustainability and minimise environmental impact. If this award is confirmed, the contract will represent more than 800 million euros in revenues not included in the backlog at the end of 2020.

FCC Aqualia renews several end-to-end water cycle contracts in Spain

Among the various renewals obtained, last December the municipality of Vigo approved the concession to FCC Aqualia of a five-year extension of the supply and sanitation management contract, for 259.6 million euros. This expansion is linked to the implementation of an investment plan that will improve the current high levels of service. In addition, all the renewals obtained have allowed us to enjoy a good loyalty rate in 2020, which remains at very high levels (close to 100%). The operational stability of this area resulted in a "positive" annual credit rating perspective on behalf of Fitchratings, obtained last July.

FCC Construcción will build a new hospital in the United Kingdom for 590 million euros

Last September, a consortium in which FCC Construcción participates was awarded the contract for the design and construction of a new hospital in Jersey. The design is valued at 26.4 million euros and the execution period will be one and a half years. The construction phase will then begin, valued at a further 550 million euros.

Among other important projects, the company was awarded the E6 motorway in Norway for 238.8 million euros, which includes the design and construction of a new 25-kilometre section of the E6 motorway, with an execution period of 47 months. Special mention should go to the award this year of the design, construction and maintenance of section 2 of the Maya Train (Mexico), jointly with Carso Infraestructuras y Construcción. The project consists of a 200-kilometre section valued at close to 700 million euros with an execution period of 28 months to which a further five years of maintenance has been added.

FCC Medio Ambiente finalises the entry of a minority financial partner in the UK

Last July, an agreement was reached with the investment group Icon Infrastructure Partners for the purchase of 49% of the capital of the new subsidiary company Green Recovery Projects Limited (GRP), header and owner of five energy recovery plants ("EfW") of FCC Medio Ambiente subsidiary in the United Kingdom (located in Kent, Nottinghamshire, Buckinghamshire, Edinburgh and Lincolnshire), for an amount totalling 198 million pounds sterling. This meant an enterprise value of the company, at 100%, of 650 million pounds including its debt. The transaction was completed last November.

The head of the area, FCC Servicios Medio Ambiente Holding, maintains control of GRP and its global consolidation, as well as a 50% stake in the incinerator in Mercia and a 40% stake in the one in Lostock.

FCC as licensee for the construction and operation of a motorway in the United Kingdom

FCC, through its company FCC Concesiones, has been selected for the extension of the A465 motorway in Wales (United Kingdom). FCC is part of the Future Valleys consortium along with other local and international partners in the project, which will be developed under the PPP model. The project is key to improving connectivity and development in the region and has a planned investment of more than 600 million euros.

FCC has agreed to the sale of certain infrastructure concessions for more than 400 million euros

On 3 October, FCC agreed to sell its entire stake in three concessions located in Spain to Vauban Infrastructure Partners, within its policy of rotation and selective development of projects in this activity. These three concessions are included in the portfolio of the FCC Group, which has a stake in 14 transport infrastructure concessions. When signed, the agreement will mean the transfer of 51% in the Cedinsa Group, which manages the concession of four dual carriageways in Catalonia, 49% in Ceal 9, the concessionaire of the stations on section 1 of line 9 of the Barcelona Metro, and 29% in Urbicsa, the operator for the Ciudad de Justicia (City of Justice), also in Barcelona. The price to be paid by Vauban for all of FCC's stakes in these concessions amounts to 409.3 million euros, enabling the deconsolidation of 690.7 million euros of net financial debt at the close of the third quarter and will improve the Group's treasury position. The closure of the agreement is pending obtaining the usual authorisations for this type of transaction.

2.1.2. Executive Summary

- In 2020 as a whole, the FCC Group achieved 6.158 million euros in revenues, 1.9% lower than in 2019. This sustained level of revenues was supported by the good performance of the Utilities activities (Environment and Water), thanks to their being considered essential services, which alleviated the decline in the Construction and Cement areas, which were affected by the restrictions taken by the government since last March to combat the health crisis. This is in addition to a higher contribution of revenues in Concessions due to the change in the consolidation method of the concession company Cedinsa.
- Gross operating profit increased by 2.1%, reaching 1.047.5 million euros. This increase is due to the higher contribution in the Concessions area, together with the increase in profits from the sale of surplus emission rights in the Cement area, which offset the fall in Construction. Adjusted for the sale of CO_2 rights, Ebitda for the business year was only 3.1% lower than the previous year.
- Attributable net income reached 262.2 million euros, 1.7% lower than the previous business year. Again, as throughout the business year, it includes the differential behaviour of the exchange differences recorded, -51.3 million euros this year compared with a positive contribution of 14.8 million euros in 2019.
- The Group's financial debt fell by 21.8% compared to the end of the previous year, mainly due to the exclusion of the debt linked to the transport infrastructure concession assets, the sale of which was agreed last October, from the GRP minority stake sale in UK, and the early partial repayment of the debt linked to the Cement area. As a result, the net financial debt balance amounted to 2.797.8 million euros in December 2020.

- Net assets increased substantially by 17.6% to 2.908.7 million euros at business year-end, thanks to the stability of net profit and the very high percentage of shareholders who once again chose to reinvest their annual scrip dividend in new shares in the entity.
- At the end of December 2020, the Group's revenue portfolio stood at 29.411.7 million euros, which still does not include significant contracts provisionally awarded mainly in the Environment area.

KEY FIGURES

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Net turnover (NT)	6,158.0	6,276.2	-1.9%
Gross Operating Profit (EBITDA)	1,047.5	1,025.8	2.1%
EBITDA Margin	17.0%	16.3%	0.7 p.p
Net Operating Profit (EBIT)	572.7	511.6	11.9%
EBIT Margin	9.3%	8.2%	1.1 p.p
Income attributable to the parent company	262.2	266.7	-1.7%
Equity	2,908.7	2,473.8	17.6%
Net financial debt	2,797.8	3,578.7	-21.8%
Backlog	29,411.7	31,038.4	-5.2%

2.1.3. Summary by business area

(Millions of Euros)

Area	Dec. 20	Dec. 19	Chg. (%)	% s/ 20	% s/ 19
REVENUE BY BUSINESS AREA					
Environment	2,888.2	2,915.2	-0.9%	46.9%	46.4%
Water	1,188.3	1,186.9	0.1%	19.3%	18.9%
Construction	1,611.0	1,719.3	-6.3%	26.2%	27.4%
Cement	382.6	413.2	-7.4%	6.2%	6.6%
Concessions	123.5	49.8	148.0%	2.0%	0.8%
Corporate serv. and others	(35.6)	(8.2)	n/a	-0.6%	-0.1%
Total	**6,158.0**	**6,276.2**	**-1.9%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	3,672.3	3,465.6	6.0%	59.6%	55.2%
Rest of Europe and Others	803.0	733.9	9.4%	13.0%	11.7%
United Kingdom	668.6	734.9	-9.0%	10.9%	11.7%
Middle East & Africa	467.4	576.8	-19.0%	7.6%	9.2%
Czech Republic	285.2	286.8	-0.6%	4.6%	4.6%
Latin America and USA	261.5	478.2	-45.3%	4.2%	7.6%
Total	**6,158.0**	**6,276.2**	**-1.9%**	**100.0%**	**100.0%**
EBITDA					
Environment	450.9	492.5	-8.4%	43.0%	48.0%
Water	282.9	281.7	0.4%	27.0%	27.5%
Construction	53.6	100.2	-46.5%	5.1%	9.8%
Cement	139.9	86.4	61.9%	13.4%	8.4%
Concessions	94.6	31.8	197.2%	9.0%	3.1%
Corporate serv. and others	25.6	33.2	-22.9%	2.4%	3.2%
Total	**1,047.5**	**1,025.8**	**2.1%**	**100.0%**	**100.0%**

(Millions of Euros)

Area	Dec. 20	Dec. 19	Chg. (%)	% s/ 20	% s/ 19
OPERATING PROFIT/(LOSS)					
Environment	215.7	258.5	-16.6%	37.7%	50.5%
Water	167.4	180.2	-7.1%	29.2%	35.2%
Construction	20.9	77.3	-73.0%	3.6%	15.1%
Cement	106.8	(20.0)	n/a	18.6%	-3.9%
Concessions	55.4	12.0	n/a	9.7%	2.3%
Corporate serv. and others	6.5	3.6	80.6%	1.1%	0.7%
Total	**572.7**	**511.6**	**11.9%**	**100.0%**	**100.0%**
NET FINANCIAL DEBT					
With Recourse	101.6	(12.8)	-893.7%	3.6%	-0.4%
Without Recourse					
Environment	1,330.2	1,332.2	-0.2%	47.5%	37.2%
Water	1,177.6	1,214.5	-3.0%	42.1%	33.9%
Construction	0.0	0.0	n/a	0.0%	0.0%
Cement	173.7	293.0	-40.7%	6.2%	8.2%
Concessions	14.7	751.8	-98.0%	0.5%	21.0%
Total	**2,797.8**	**3,578.7**	**-21.8%**	**100.0%**	**100.0%**
BACKLOG					
Environment	9,184.3	10,366.2	-11.4%	31.2%	33.4%
Water	15,025.9	15,018.3	0.1%	51.1%	48.4%
Construction	5,155.8	5,623.2	-8.3%	17.5%	18.1%
Real Estate	45.7	30.7	49.0%	0.2%	0.1%
Total	**29,411.7**	**31,038.4**	**-5.2%**	**100.0%**	**100.0%**

2.1.4. Income Statement

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Net turnover (NT)	**6,158.0**	**6,276.2**	**-1.9%**
Gross Operating Profit (EBITDA)	**1,047.5**	**1,025.8**	**2.1%**
EBITDA Margin	***17.0%***	***16.3%***	***0.7 p.p***
Provision for amortisation of fixed and non-current assets	(488.9)	(458.4)	6.7%
Other operating income	14.1	(55.8)	-125.3%
Net Operating Profit (EBIT)	**572.7**	**511.6**	**11.9%**
EBIT margin	***9.3%***	***8.2%***	***1.1 p.p***
Financial income	(154.0)	(144.7)	6.4%
Miscellaneous financial results	(51.1)	1.5	-3506.7%
P/L of companies accounted for by the equity method	62.1	120.6	-48.5%
Profit/(loss) before tax from continuing activities	**429.9**	**489.0**	**-12.1%**
Company tax on profits	(86.3)	(149.1)	-42.1%
Income from continuing operations	**343.6**	**339.9**	**1.1%**
Net Income	**343.6**	**339.9**	**1.1%**
Non-controlling interests	(81.4)	(73.2)	11.2%
Income attributable to the parent company	**262.2**	**266.7**	**-1.7%**

2.1.4.1. Net Revenue

Consolidated Group income amounted to 6.158 million euros for the entire year, 1.9% lower than in the previous year. All activities reflect, to a varying degree, the measures decreed by governments since the middle of last March in most of the countries in which the Group operates to address the health crisis caused by COVID-19. However, the Concessions area recorded an increase in its contribution as a result of the acquisition of a majority in the Cedinsa group in November last year, together with very stable performance experienced in the Water and Environment areas due to its clear nature as an essential service for its customers.

According to the different business areas, the largest contributor, Environment, has enjoyed sustained performance levels, recording a slight contraction in revenues of 0.9%, centred on the impact of lower volumes in the waste treatment area in the United Kingdom. This, however, is combined with the good performance in the waste collection, treatment and street cleaning activity in most geographical areas, with a greater contribution from the USA.

Revenues in the Water area remained stable, with an increase of 0.1%, due to the greater contribution of the new concession contracts incorporated abroad, which compensated for the lower activity in Technology and Networks due to the slower pace of execution of construction projects, also mainly in the international area.

In Construction, turnover declined by 6.3%, due to delays and project stoppages caused by strict lockdown measures, mainly in Latin America and the Middle East. In Spain and Europe, a higher level of activity in new contracts remained stable, which largely made it possible to compensate for the stoppage intervals registered in the year in this geographical area.

Likewise, in the Cement area, revenues decreased by 7.4%, due to lower volumes shipped in the local markets of Spain and Tunisia, mainly in the months of March and April, which was partially offset by the recovery recorded in the last months of the year.

Revenue Breakdown by Geographical Area *(Millions of Euros)*

	Dec. 20	Dec. 19	Chg. (%)
Spain	3,672.3	3,465.6	6.0%
Rest of Europe and Others	803.0	733.9	9.4%
United Kingdom	668.6	734.9	-9.0%
Middle East & Africa	467.4	576.8	-19.0%
Czech Republic	285.2	286.8	-0.6%
Latin America and USA	261.5	478.2	-45.3%
Total	**6,158.0**	**6,276.2**	**-1.9%**

By business area in Spain, revenues increased their contribution by 6% to 3.672.3 million euros. Environment had an increase of 0.8%, due to stability in the municipal waste management cycle as a whole, which compensated for the decrease in non-essential urban services in certain periods due to the measures taken by the government to combat the pandemic. Water recorded a 2.5% decline due to a slight reduction in amounts invoiced as a result of a drop in activity in non-residential customers, together with lower contribution from Technology and Networks associated with concessions. The Construction area rose by a remarkable 27.6%, where the good pace in the development of projects awarded in the previous year allowed it to overcome the effect of the reduced activity recorded between March and May. Similarly, the Cement area, which was affected in the same period by the restriction measures, leading to a decrease in the amounts invoiced, partially recovered its pace of activity, with a drop of 4.6% for the year as a whole. Lastly, it is worth mentioning the increase in the contribution of the Concessions area, up to 121.5 million euros, due to the effect of incorporating the Cedinsa subgroup into the scope using the full consolidation method.

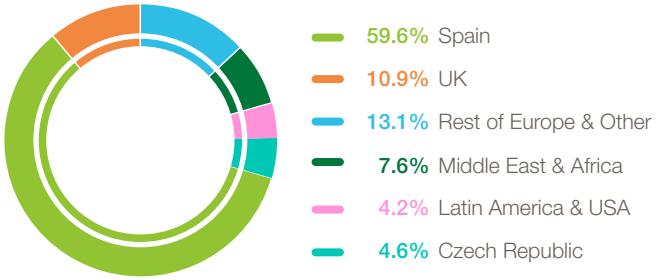
In the Czech Republic, there was a small reduction of 0.6% due to a fall in the exchange rate during the period (-2.9%), with very stable operating conditions both for Environment and Water.

In the United Kingdom, revenues generated mostly in the Environment area fell by 9% to 668.6 million euros, due to lower volumes in the tertiary waste treatment and reduction business, linked to lockdown measures due to the health crisis and a lower contribution from the Edinburgh treatment and recovery plant following the completion of its construction phase in the middle of the previous year.

The Middle East and Africa area saw its revenues reduced by 19%, mainly due to the effect of the strict lockdown measures in those countries where the Construction area operates. This was mainly in Saudi Arabia, and which mitigated a higher activity in the Water area, both due to the contribution of two companies acquired in Saudi Arabia and to the increased activity in Technology and Networks.

Revenues in Latin America and the US dropped by 45.3%, due to the slower pace of project execution in both Construction and Water, again as a result of the effect of the strict lockdown measures implemented to tackle the pandemic. However, in the United States, revenues, concentrated in the Environment area, increased significantly due to the entry into operation of new contracts in Florida for municipal waste collection services, an essential service activity that avoided the effects caused by lockdowns and their impact on certain economic activities.

% Revenue by Geographical Area



2.1.4.2. Gross Operating Profit (EBITDA))

The Gross Operating Profit for the year was 1.047.5 million euros, an increase of 2.1% compared to the previous year. This increase is largely down to the combination of the higher result from the sale of emission rights in the Cement area together with the increased contribution from the Concessions area and the sustained performance of the Water area.

By business area, the most noteworthy developments have been:

Environment decreased by 8.4% to 450.9 million euros, due to lower volumes in treatment plants and waste reduction, mainly in the United Kingdom, together with the lower price of generated electricity and other by-products and higher expenses associated with scheduled maintenance shutdowns and extraordinary repairs.

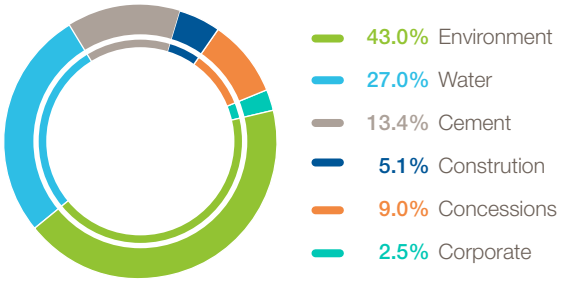
The Water area reached 282.9 million euros, similar to that generated in the previous year, supported by an increased contribution of the concessions and services activity due to the incorporation of new contracts which offset the reduced contribution of the Technology and Networks activity. Overall, the operating margin remained at a similar level (23.8% for the year).

In Concessions, the differential contribution from the Cedinsa concession group, which amounted to 75.3 million euros, drove up EBITDA to 94.6 million euros. This is compared to 31.8 million euros in the previous year, when it only contributed to profit for two months.

Meanwhile, the Construction area suffered more strongly from the impact of the aforementioned general restriction measures. So it totalled 53.6 million euros, compared to 100.2 million euros in the previous year, mainly as a result of a downturn in activity in some countries in the international area and the cost structure associated with the projects, with a 3.3% reduction in margins in the year.

In Cement, it is worth mentioning the contribution from the sale of CO_2 rights, totalling 58.9 million euros compared to 5.8 million euros in the previous year. This, together with a significant drop in the cost of energy, led to a remarkable 61.9% increase in Ebitda for the period.

% EBITDA by Business Area



As a result of the performance in several utilities areas, Environment and Water (together with Concessions) maintained a high contribution to operating profit reaching 79.1% for the period, compared to 20.9% from those linked to demand for the construction of infrastructure, building and other activities.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to 572.7 million euros, 11.9% more than in the previous year. Ebit reflects the effect of the development of the gross operating profit together with two components. Firstly, the higher provision for amortisation corresponding to the transport concession assets assigned to the operating activity following their entry into consolidation at the end of 2019, as well as a contribution from other operating income of 14.1 million euros this year compared to -55.8 million euros the previous year due to the impairment of 70 million euros that was made to the value of goodwill of the cement activity in 2019.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Profit before tax for continued activities stood at 429.9 million euros, 12.1% down on 2019, due to the fact that positive developments in operational processes were accompanied by a sustained negative impact on the exchange rate in 2020 compared to the positive contribution it made in the previous year. In addition, lower profits were generated by companies accounted for using the equity method, due to the change in the consolidation method of the Cedinsa subgroup mentioned above.

2.1.4.4.1. Financial income

The financial result amounted to -154 million euros, compared to -144.7 million euros in the previous business year. The increase is mainly due to higher project finance expenses in the Concessions area of the Cedinsa subgroup, since its entry into consolidation in November 2019.

2.1.4.4.2. Miscellaneous financial results

This epigraph includes an amount of -51.1 million euros this year, compared with -1.5 million euros last year. The difference is mainly due to the impact from developments in the exchange rate for certain currencies, with negative exchange differences amounting to -51.3 million euros recorded in this year compared to +14.8 million euros recorded for the previous year.

2.1.4.4.3. Profit/(loss) of equity-accounted affiliates

The contribution from co-managed and investee companies amounted to 62.1 million euros, compared to 120.6 million euros the previous business year. This is mainly due to the effect of the change to full consolidation of the Cedinsa subgroup, mentioned above, and the decreased contribution due to the completion of certain projects in Construction.

2.1.4.5. Income attributable to the parent company

The net attributable profit for the year was 262.2 million euros, a slight decrease of 1.7% compared to 2019. This profit is accounted for by the contribution to EBT from the following items:

A corporate income tax expense of -86.3 million euros, in line with the profit before tax obtained, together with profit attributable to minority shareholders of 81.4 million euros compared to 73.2 million euros the previous year, mainly concentrated in the Water area (with 67.9 million euros) and largely reflecting the participation of a minority shareholder in this area.

2.1.4.6. Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Dec. 20	Dec. 19	Chg. (%)
Net turnover (NT)	**6,132.6**	**6,368.5**	**-3.7%**
Gross Operating Profit (EBITDA)	**1,032.7**	**1,132.4**	**-8.8%**
EBITDA Margin	*16.8%*	*17.8%*	*-0.9 p.p*
Net Operating Profit (EBIT)	**567.7**	**597.4**	**-5.0%**
EBIT margin	*9.3%*	*9.4%*	*-0.1 p.p*
Income attributable to the parent company	**262.2**	**266.7**	**-1.7%**

2.1.5. Balance Sheet

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Intangible fixed and non-current assets	2,437.9	3,458.4	(1,020.5)
fixed and non-current assets/Property, Plant and Equipment	2,810.2	2,866.5	(56.3)
Equity-accounted affiliates	722.8	741.5	(18.7)
Non-current financial assets	580.9	863.2	(282.3)
Deferred tax assets and other non-current assets	578.7	599.9	(21.2)
Non-current assets	**7,130.4**	**8,529.6**	**(1,399.2)**
Non-current assets held for sale*	1,392.3	0.0	1,392.3
Inventory	765.6	728.8	36.8
Trade and other receivables	2,095.6	1,907.7	187.9
Other current financial assets	228.7	189.6	39.1
Cash and cash equivalents	1,222.1	1,218.5	3.6
Current assets	**5,704.2**	**4,044.6**	**1,659.6**
TOTAL ASSETS	**12,834.6**	**12,574.1**	**260.5**
Equity attributable to shareholders of the parent company	2,288.3	1,951.3	337.0
Non-controlling interests	620.4	522.5	97.9
Equity	**2,908.7**	**2,473.8**	**434.9**
Subsidies	193.0	333.8	(140.8)
Non-current provisions	1,064.4	1,130.2	(65.8)
Long-term financial debt	3,543.3	4,448.7	(905.4)
Other non-current financial liabilities	434.0	581.6	(147.6)
Deferred tax liabilities and other non-current liabilities	296.7	303.0	(6.3)
Non-current liabilities	**5,531.3**	**6,797.2**	**(1,265.9)**
Liabilities relating to non-current assets held for sale*	1,051.3	0.0	1,051.3
Current provisions	195.2	249.6	(54.4)
Short-term financial debt	705.2	538.2	167.0
Other current financial liabilities	169.2	145.4	23.8
Trade and other payables	2,273.7	2,370.0	(96.3)
Current liabilities	**4,394.6**	**3,303.2**	**1,091.4**
TOTAL LIABILITIES	**12,834.6**	**12,574.1**	**260.5**

* See epigraph 5.2

2.1.5.1. Investments accounted for using the equity method

The epigraph entitled investments accounted for using the equity method amounted to 722.8 million euros at the end of the year, with the following breakdown of the most significant investments in equity:

1) 278.1 million euros for the 36.9% stake in Realia.
2) 74.3 million euros for participation in various transport infrastructure and equipment concessions.
3) 102.3 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
4) 35.2 million euros for stakes in companies in the Water area, largely concessionary companies managing services abroad (North Africa and Mexico).
5) 35.5 million euros from the subsidiaries of the parent company in the Cement area.

This epigraph also includes a further 197.4 million euros for the remaining investments in own funds for other participations together with loans granted to subsidiaries.

2.1.5.2. Assets held for sale

This epigraph is included in current assets, for an amount of 1.392.3 million euros, with its corresponding counterpart in liabilities, all of the assets corresponding to certain participations in the concessions activity whose sale was agreed in the third quarter of the business year and until it leaves the consolidated perimeter when the transaction is closed.

2.1.5.3. Cash, cash equivalents and available lines of credit

The balance for the Cash and cash equivalents epigraph amounted to 1.222.1 million euros as at the end of the business year, with 72.9% for companies and non-recourse perimeters and the remaining 27.1% for the Group's parent company and its recourse perimeter.

The cash balance has remained very stable and in line with the previous year, so that together with the available lines of credit, at business year-end the FCC Group had:

1) In the recourse perimeter, cash and equivalents of 330.6 million euros and lines of credit of 473.4 million euros, totalling 804 million euros.

2) In the non-recourse perimeters, cash and equivalents of 891.5 million euros and lines of credit of 389.8 million euros, totalling 1.281.3 million euros.

This took the FCC Group's total for cash, cash equivalents and available lines of credit at the end of the business year to 2.085.3 million euros, compared to a total short-term financial debt (maturing before 12 months) at the same date amounting to 705.2 million euros. This represents a volume of three times the amount of existing maturities until 31 December 2021.

Epigraph 5.5 details the nature and amounts of short-term financial debt for a better understanding of the Group's financial position in the short term.

2.1.5.4. Equity

Equity at business year-end amounted to 2.908.7 million euros, compared with 2.473.8 million euros at the end of the previous business year. This substantial increase is mainly due to the contribution of net attributable profit of 262.2 million euros achieved in the year and to a lesser extent to the increase in non-controlling interests up to 620.4 million euros.

2.1.5.5. Financial debt

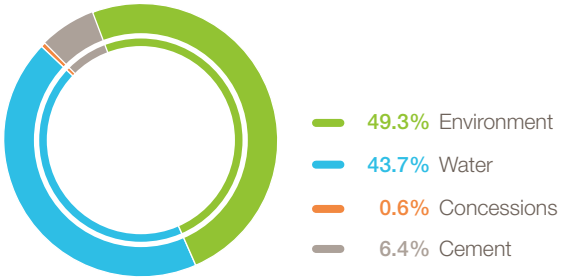
(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Bank borrowings	820.0	1,474.7	(654.7)
Debt instruments and other loans	3,230.3	3,125.0	105.3
Payables due to financial leases	50.2	63.8	(13.6)
Other financial liabilities	148.0	323.4	(175.4)
Gross Financial Debt	**4,248.5**	**4,986.9**	**(738.4)**
Treasury and other current financial assets	(1,450.7)	(1,408.2)	(42.5)
Net Financial Debt	**2,797.8**	**3,578.7**	**(780.9)**
Net financial debt with recourse	*101.6*	*-12.8*	*114.4*
Net financial debt without recourse	*2,696.2*	*3,591.5*	*(895.3)*

With regard to gross financial debt, 16.6% has short-term maturity, equivalent to 705.2 million euros. 449.4 million of these relates to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and the Environment area. A further 212.4 million euros is due to various credit lines with banks, including both bilateral corporate financing and non-recourse projects, and another 43.4 million euros of financial debt with third parties.

Almost all of the net financial debt is without recourse and is allocated to business areas, totalling 2.696.2 million euros at the end of the business year. The parent company had a net debt position of 101.6 million euros, only 3.6% of the Group's total.

Breakdown of Net Financial Debt without recourse by Business Area



Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area accounts for of 1.177.6 million euros, of which, in addition to corporate bond financing in the parent company, another 189.9 million euros correspond to the Czech Republic business, and the rest to various concessions of the end-to-end water cycle; (ii) the Cement area accounts for 173.7 million euros; (iii) the Environment area accounts for 1.330.2 million, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, another 167.2 million euros correspond to the activity in the United Kingdom, and the rest, 55 million euros, to financing three waste processing and recycling plant projects in Spain; (iv) 14.7 million euros is accounted for by the concessions area, after deconsolidation amounting to 698.5 million euros, corresponding to the Cedinsa concessionary group's project debt.

2.1.5.6. Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals 603.2 million euros at the end of the business year. Its balance mainly includes the item suppliers of fixed and non-current assets for operating leases amounting to 394.9 million euros. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Gross Operating Profit (EBITDA)	**1,047.5**	**1,025.8**	**2.1%**
(Increase)/decrease in working capital	(302.0)	(183.3)	64.8%
Corporate income tax (paid)/received	(96.7)	(173.0)	-44.1%
Other operating cash flow	(43.7)	(39.0)	12.1%
Operating cash flow	**605.1**	**630.5**	**-4.0%**
Investment payments	(541.2)	(546.6)	-1.0%
Divestment receipts	75.9	28.5	166.3%
Other investing cash flows	63.8	158.9	-59.8%
Investing cash flow	**(401.5)**	**(359.2)**	**11.8%**
Interest paid	(151.4)	(136.8)	10.7%
(Payment)/receipt of financial liabilities	(142.6)	(97.4)	46.4%
Other financing cash flow	155.6	(111.5)	n/a
Financing cash flow	**(138.4)**	**(345.7)**	**-60.0%**
Exchange differences, change in consolidation scope, etc.	(61.5)	26.8	n/a
Increase/(decrease) in cash and cash equivalents	3.6	(47.7)	n/a

2.1.6.1. Operating cash flow

The operating cash flow generated during the business year amounted to 605.1 million euros, 4% less than in the previous business year. Operating working capital was up 302 million euros compared to 183.3 million in the last business year, largely due to the elimination of the balance of non-recourse loan assignments in the Environment area in order to optimise the financial cost.

The epigraph collections/(payment) of company tax shows an outflow of 96.7 million euros compared to 173 million euros at the end of the previous business year. This difference was due to the payment of 92.1 million euros in the previous year to adjust the tax incentives applied by the Group in previous business years.

The epigraph other operating cash flow includes an outflow of 43.7 million euros compared to 39 million euros the previous business year, due to the application of provisions mainly in the Construction and Environment area.

2.1.6.2. Investing cash flow

The investment cash flow represents an application of 401.5 million euros compared to 359.2 million euros in the previous business year. In the Environment area, in Spain, the investment for the construction of the Loeches treatment plant in Madrid, for an amount of 54.6 million euros, stands out. In the international area, among the most significant investments is the one made in the United Kingdom for the development of the Lostock energy recovery plant for 49.4 million euros. In the USA, the investment in the contract for the collection of municipal solid wastes in Omaha, Nebraska, worth 34 million euros, is also worth mentioning.

In the Water area, of particular note are the payments for investments corresponding to the acquisition in Saudi Arabia of 51% of the companies Qatarat and Haaisco, for a combined amount of 16.1 million euros, as well as the payment of 14.1 million euros for the acquisition of three end-to-end water cycle companies in the region of Córdoba, in the north of Colombia. In Spain, 23 million euros were invested in the Rambla Morales desalination plant in Almería.

Proceeds from disposals amounted to 75.9 million euros compared to 28.5 million euros the previous business year, including 30.8 million euros corresponding to the sale of 49% of the long-term loan of the Edinburgh incineration plant to the investment group iCON, once the sale of 49% of the capital of the new subsidiary company Green Recovery Projects Limited to this group had been completed.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and receipts, is as follows:

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Environment	(283.1)	(301.2)	18.1
Water	(134.1)	(124.5)	(9.6)
Construction	(7.6)	30.5	(38.1)
Cement	(10.4)	(8.3)	(2.1)
Concessions	(24.9)	(59.0)	34.1
Corporate serv. etc. & adjustments	(5.2)	(55.6)	50.4
Net investments (Payments - Receipts)	**(465.3)**	**(518.1)**	**52.8**

The epigraph other investment flows includes an inflow of 63.8 million euros at the end of the year, where the most important item in the Environment area is the collection of the concession right for the Edinburgh incineration plant for an amount of 42.3 million euros, which has been applied in its entirety to reduce its financial debt. To this we must add movements for smaller amounts in loans to third parties and investee companies.

2.1.6.3. Financing cash flow

The consolidated cash flow from financing throughout the year represents an application of 138.4 million euros compared to 345.7 million euros in the previous business year. The interest payment item shows an outflow of 151.4 million euros, mainly concentrated in the Environment, Water and Concessions areas.

The epigraph Proceeds from/(payments on) financial liabilities includes an application of 142.6 million euros in the year, compared to 97.4 million euros in the previous year. The most significant item was the decrease in the financial debt of the Cement area, entirely without recourse to the Group's parent company, amounting to 118.5 million euros, of which 108 million euros correspond to the early partial repayment of the main credit facility for the area.

Other financing cash flows amounted to an inflow of 155.6 million euros compared with an outflow of 111.5 million euros the previous business year. The most significant item was the payment of the sale of a minority stake to a financial partner of 49% of the capital of the new subsidiary Green Recovery Projects Limited, head of five energy recovery plants of the Environment subsidiary in the UK, for 188.4 million euros. Lastly, it is worth mentioning the payment of dividends to shareholders of the Group's parent company and minority third parties amounting to 36.6 million euros.

2.1.6.4. Exchange differences, change in consolidation scope, etc

This epigraph recorded an application of 61.5 million euros and includes two main items. Firstly, the transfer of the cash of the concession subgroup Cedinsa for 38.1 million euros to the epigraph "assets held for sale", following the sale agreement reached in the fourth quarter of the year and until its exit from the consolidated scope at the close of the transaction. This is in addition to the effect on cash of the variation in the exchange rate of various currencies against the euro, mainly concentrated in the Construction area.

2.1.6.5. Change in cash and cash equivalents

As a result of the development of the different components of the cash flow, FCC Group's cash position closed with an increase of 3.6 million euros compared to the end of the previous period, reaching a balance of 1.222.1 million euros at the end of the business year.

2.1.7. Analysis by business área

2.1.7.1. Environment

The Environment division contributed 43% of the Group's EBITDA in 2020. Some 79.9% of its activity is focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20.1% corresponds to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain, the management of municipal wastes and street cleaning are the most important activities, while in the United Kingdom the focus is on the processing, retrieval and disposal of municipal wastes. In central Europe, mainly Austria and the Czech Republic, FCC is present right across the waste management chain (collection, processing and disposal). FCC's activities in the USA include both the collection and comprehensive retrieval of municipal wastes.

2.1.7.1.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	2,888.2	2,915.2	-0.9%
Waste collection and street cleaning	*1,428.6*	*1,379.7*	*3.5%*
Waste processing	*879.0*	*960.1*	*-8.4%*
Other services	*580.6*	*575.4*	*0.9%*
EBITDA	450.9	492.5	-8.4%
EBITDA Margin	*15.6%*	*16.9%*	*-1.3 p.p*
EBIT	215.7	258.5	-16.6%
EBIT margin	*7.5%*	*8.9%*	*-1.4 p.p*

Turnover for the Environment area remained at similar levels to the last business year and amounted to 2.888.2 million euros in the period. The waste collection and street cleaning activity increased by 3.5% to 1.428.6 million euros, where a greater contribution from the USA after the entry into operation of new contracts stands out, together with very stable performance in all other regions.

Waste treatment activity declined by 8.4% to 879 million euros, because of a lower contribution in the United Kingdom due to the decreased volume of treatment activity of private customers, as well as a reduced contribution from the development of new plants, together with good performance in Spain and Central Europe.

Breakdown of revenue by geographical area *(Millions of Euros)*

	Dec. 20	Dec. 19	Chg. (%)
Spain	1,715.8	1,701.7	0.8%
United Kingdom	605.3	682.0	-11.2%
Central Europe	464.6	466.9	-0.5%
US and others	102.5	64.6	58.6%
Total	**2,888.2**	**2,915.2**	**-0.9%**

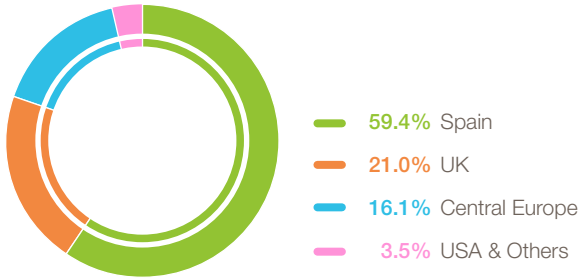
By geographical area, revenues in Spain increased by 0.8% compared to the previous business year to 1.715.8 million euros, due to stability in municipal waste collection and street cleaning activities deemed to be essential. This is together with higher revenues linked to the development phase of treatment plants that have offset the decrease in non-essential municipal services due to the measures taken by the government to combat the pandemic during the first half of the business year.

In the United Kingdom, turnover decreased by 11.2% to 605.3 million euros, due to lower volumes in the waste treatment and reduction activity, concentrated in tertiary clients and the decreased contribution of the treatment and recovery plant in Edinburgh, following the completion of the construction phase and the start of the operational phase since mid last year (which resulted in a reduction of 25.7 million euros).

In Central Europe, revenues remained stable at 464.6 million euros, where the increase in activity in Poland has almost entirely offset lower levels of activity in countries such as Bulgaria and Slovakia.

Lastly, turnover in the USA and other markets increased by a remarkable 58.6% due to a greater contribution from the Palm Beach and Volusia contracts, both in Florida.

Breakdown of Revenue by Geographical Area



Gross operating profit (EBITDA) decreased by 8.4% to 450.9 million euros, caused by the developments in revenue described above together with decreased performance in the incineration plants in the United Kingdom due to shutdowns scheduled in their maintenance together with extraordinary repairs.

The net operating profit (EBIT) decreased by 16.6% over the previous year to 215.7 million euros, thanks to the development of the different components mentioned in the Ebitda.

Breakdown of Backlogs by Geographical Area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	4,872.2	5,354.5	-9.0%
International	4,312.1	5,011.7	-14.0%
Total	**9,184.3**	**10,366.2**	**-11.4%**

At the end of December, the backlog for the area fell by 11.4% to 9.184.3 million euros. In Spain, it amounts to 4.872.2 million, where a significant number of contracts are still being extended, although an increase in bidding activity is now being noted. The awarding of the eight-year urban sanitation contract for Barcelona is worth mentioning, with an estimated value of more than 800 million euros, after FCC Medio Ambiente was deemed the entity with the best technical qualification. In the international area, the backlog declined 14%, largely due to the depreciation of sterling and the dollar against the euro at the end of the business year.

2.1.7.1.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Net Financial Debt without recourse	1,330.2	1,332.2	(2.0)

There was no appreciable variation to Net financial debt without recourse to the header at the end of the business year. The main balance corresponds to the issue of two green bonds in the amount of 600 million euros and 500 million euros by the parent company in the fourth quarter of 2019 and that have obtained confirmation of its investment grade in its annual revision. Of the rest, 167.2 million euros correspond to activity in the United Kingdom together with another 55 million euros mainly linked to funding of three waste treatment and recycling plant projects in Spain.

2.1.7.2. End-to-End Water Management

The Water area contributed 27% of FCC Group EBITDA in the period. 85.6% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 14.4% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 850 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France. In Latin America, the Middle East and Africa it is present through the design, equipping and operation of processing plants. All in all, the Water area provides supply and/or sanitation services to more than 25 million inhabitants.

2.1.7.2.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chf. (%)
Turnover	1,188.3	1,186.9	0.1%
Concessions and services	*1,016.6*	*982.2*	*3.5%*
Technology and networks	*171.7*	*204.7*	*-16.1%*
Ebitda	282.9	281.7	0.4%
EBITDA Margin	*23.8%*	*23.7%*	*0.1 p.p*
EBIT	167.4	180.2	-7.1%
EBIT margin	*14.1%*	*15.2%*	*-1.1 p.p*

Revenues remained stable and reached 1.188.3 million euros. The Concessions and Services business increased by 3.5% year-on-year to 1.016.6 million euros, due to the increased contribution of activity and contracts in France, Colombia and Saudi Arabia and despite the decrease in consumption in Spain due to the impact of the pandemic. However, Technology and Networks decreased by 16.1%, due to the slower pace of execution of both construction projects associated with national concessions and international projects.

Breakdown of revenue by geographical area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	784.3	804.4	-2.5%
Middle East, Africa and Others	163.1	113.3	44.0%
Central Europe	105.0	111.7	-6.0%
Rest of Europe (France, Portugal and Italy)	78.5	71.2	10.3%
Latin America	57.4	86.3	-33.5%
Total	**1,188.3**	**1,186.9**	**0.1%**

By geographic area, revenues in Spain amounted to 784.3 million euros, 2.5% less than at the end of the previous business year, due to a decrease in amounts invoiced to non-domestic customers and in tourist areas, together with the entry into operation of new contracts, such as the peripheral sewerage contract in Madrid. Technology and Networks has experienced lower activity due to the slower pace of execution of some projects associated with concessions.

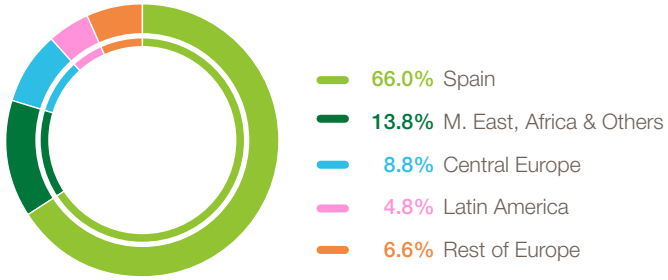
In the international arena, in the Middle East, Africa and Others, revenues increased by an outstanding 44% to 163.1 million euros, due both to the good pace of execution in the construction of a wastewater treatment plant in Egypt, and to the increase in concession activity resulting from the contribution of the companies acquired in Saudi Arabia during the business year.

Central Europe saw its revenues fall by 6% to 105 million euros, mainly due to the reduced activity of Technology and Networks regarding the completion of projects in Montenegro and Serbia. End-to-end cycle activity in the Czech Republic remained stable due to an update in rates that largely offset the slight fall in consumption caused by the health crisis.

In the Rest of Europe, revenues increased by 10.3% to 78.5 million euros as a result of the contribution by the company Aqualia France acquired in June 2019, which compensated for a downturn in infrastructure activity in the Caltanisetta concession in Italy.

In Latin America, revenues fell by 33.5% to 57.4 million euros, due to the completion or slower pace of construction of plants in Ecuador and Colombia, which were not offset by the contribution of new contracts, such as in Mexico.

Breakdown of Revenue by Geographical Area



Gross operating profit (EBITDA) slightly increased by 0.4% and totalled 282.9 million euros, where the incorporation of new contracts in concessions and services helped to offset the aforementioned decrease in volumes and activity in Technology and Networks, due to the interruption and delay in the progress of some projects due to the health crisis. The margin, at 23.8%, remained stable compared to 2019.

The net operating profit (EBIT) decreased 7.1% compared to the previous business year, to 167.4 million euros, mainly due to the increase in the amortisation provision allocated due to an increase in the asset base and new areas of operations..

Breakdown of Backlogs by Geographical Area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	7,224.7	7,813.1	-7.5%
International	7,801.2	7,205.2	8.3%
Total	**15,025.9**	**15,018.3**	**0.1%**

Figures for the backlog were similar to those to December of the previous year, totalling 15.025.9 million euros, due to new contracts in the international area, mainly in Colombia, Mexico, Saudi Arabia and Qatar, which compensated for the downturn in Spain, caused by delays in the renewal of some contracts.

2.1.7.2.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Net Financial Debt without recourse	1,177.6	1,214.5	(36.9)

Net financial debt, entirely without recourse to the Group's parent company, decreased by 36.9 million euros compared to December the previous year, totalling 1.177.6 million euros. Most of the debt balance is for long-term bonds issued by the area's parent company, with a gross balance of 1.346.4 million euros.

2.1.7.3. Construction

The Construction area contributed 5.1% of the Group's EBITDA in the business year. Activities were focused on the design and construction of large civil engineering, industrial and complex building works. Special mention should go to participation in major works like railways, tunnels, bridges and football stadiums that constituted a major part of the activity.

2.1.7.3.1 Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	1,611.0	1,719.3	-6.3%
EBITDA	53.6	100.2	-46.5%
EBITDA Margin	*3.3%*	*5.8%*	*-2.5 p.p*
EBIT	20.9	77.3	-73.0%
EBIT margin	*1.3%*	*4.5%*	*-3.2 p.p*

The area's revenues decreased by 6.3% to 1.611 million euros due to the slower pace of execution and the suspension that temporarily affected some ongoing projects, mainly in Latin America and the Middle East. This could not be fully offset by a higher volume of activity linked to contracts won and developed in Europe, which overall experienced a lower level of disruptions during the business year.

Breakdown of Revenue by Geographical Area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	848.8	665.3	27.6%
Europe and others	390.0	313.1	24.5%
Middle East and Africa	246.2	401.5	-38.7%
Latin America and USA	126.0	339.4	-62.9%
Total	**1.611.0**	**1.719.3**	**-6.3%**

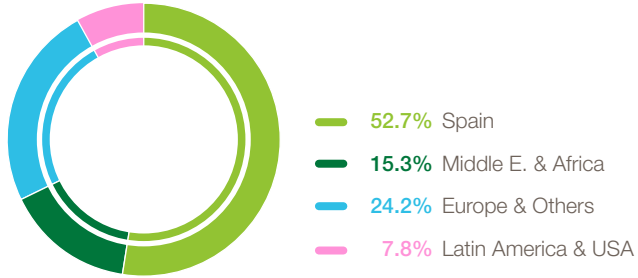
By geographical area, in Spain turnover increased by 27.6% to 848.8 million euros, due to the good pace sustained in the development of projects. The most significant of these is the remodelling of the Santiago Bernabéu football stadium, as well as in other minor projects recently awarded, which to a large extent compensated for the effects of the temporary measures taken to suspend the activity in its planned course of development.

Similarly, in Europe and other markets, turnover grew by 24.5% over the previous business year to 390 million euros, thanks to increased activity in new projects started in EU countries, including the A-9 motorway in the Netherlands, the A-6 in Norway, the modernisation of the Bacau airport runway in Romania and the pace of progress in the development of the Haren prison complex in Belgium.

In the Middle East and Africa, revenues decreased by 38.7% to 246.2 million euros, mainly due to the lower activity registered in the construction of the Riyadh metro in Saudi Arabia as a result of the strict lockdown measures decreed because of the pandemic together with the high degree of progress of the work as a whole.

In Latin America and the USA, turnover fell by 62.9% at business year-end, mainly due to the lower contribution from the completion of Line 2 of the Panamá Metro and the Gerald Desmond Bridge in Los Angeles (USA), together with the slowdown in the development of other projects underway in various countries, due to the strict lockdown measures decreed in these countries.

Breakdown of revenue by geographical area



The gross operating profit (EBITDA) decreased by 46.5% compared to the previous business year and amounts to 53.6 million euros. This development is the result of the combined effect in the international area of higher provisions, as a preventive measure, as well as higher costs, all in an environment marked by a temporary slowdown in activity stemming from the exceptional situation created by the health emergency measures. However, the higher level of activity executed in Europe mitigated this impact and the operating margin was 3.3%.

Net operating profit stands at 20.9 million euros compared to 77.3 million euros for the previous year, reflecting developments already commented on at the gross operating income level.

Breakdown of Backlogs by Geographical Area

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Spain	1,628.4	2,010.3	-19.0%
International	3,527.4	3,612.9	-2.4%
Total	**5,155.8**	**5,623.2**	**-8.3%**

The area's income backlog decreased 8.3% at the end of December compared to the previous business year, to 5.155.8 million euros. In Spain, it fell to 1.628.4 million euros, as a good pace in terms of project progress was not matched by the addition of new contracts in a business year that saw a low level of public tenders. In the international area, the backlog decreased by 2.4%, mainly due to the decline in the contract of the "Ciudad de la Salud" Health Centre in Panama, together with a reduction in the scope of works on other projects, which was largely offset by other contracts obtained in Europe and Mexico.

Breakdown of the Backlog by Activity Segment *(Millions of Euros)*

	Dec. 20	Dec. 19	Chg. (%)
Civil engineering works	4,121.5	3,991.6	3.3%
Building	695.0	1,251.6	-44.5%
Industrial Projects	339.3	380.0	-10.7%
Total	**5,155.8**	**5,623.2**	**-8.3%**

By type of activity, the civil engineering works backlog accounted for 80% of the total and increased by 3.3%, due to new contracts in the international area, mainly in Europe, which offset the low public tenders in Spain, reaching 4.121.5 million euros. Building activity declined significantly, due both to the aforementioned adjustment in the Panama backlog and to the aforementioned drop in activity as a result of the health crisis.

2.1.7.4. Cement

The Cement area contributed 13.4% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focusses on the manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 44.6% in Giant Cement, which operates a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	382.6	413.2	-7.4%
Cement	*345.2*	*374.5*	*-7.8%*
Other	*37.4*	*38.7*	*-3.4%*
EBITDA	139.9	86.4	61.9%
EBITDA Margin	*36.6%*	*20.9%*	*15.7 p.p*
EBIT	106.8	(20.0)	n/a
EBIT margin	*27.9%*	*-4.8%*	*32.8 p.p*

Revenues for the area decreased by 7.4% to 382.6 million euros compared to December of the previous year, due to a decrease in volumes invoiced in local markets in Spain and Tunisia, as a consequence of the lockdown measures applied due to the pandemic, as well as a drop in exports from both markets.

Breakdown of revenue by geographical area *(Millions of Euros)*

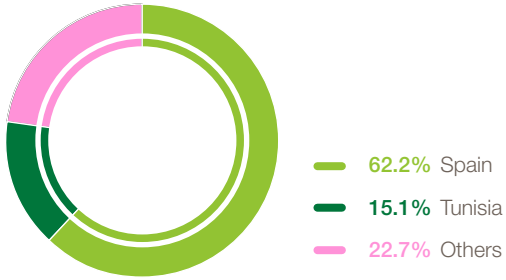
	Dec. 20	Dec. 19	Chg. (%)
Spain	237.9	249.4	-4.6%
Tunisia	57.8	57.9	-0.2%
Miscellaneous (exports)	87.0	105.9	-17.9%
Total	**382.6**	**413.2**	**-7.4%**

By geographic area, revenues in Spain declined by 4.6% to 237.9 million euros, as the lockdown measures decreed due to the pandemic caused a decrease in volumes in the first half of the year, which was mitigated by good price performance. It should be noted that in the second half of the year there was a progressive recovery of activity with a more stable performance in terms of demand.

In the Tunisian local market, revenues remained stable at 57.8 million euros, where the decrease in volumes was offset by both price increases and the appreciation of the Tunisian dinar. Similarly, there was a progressive improvement in activity levels in the second part of the business year.

Export earnings fell by 17.9% amounting to 87 million euros due to a decrease in shipments made both from Spain and from Tunisia.

Breakdown of revenue by geographical area



The gross profit income increased by a remarkable 61.9% to 139.9 million euros, due to two main factors. The sale of CO_2 rights amounted to 58.9 million euros in the business year, compared to 5.8 million euros the previous year, and the aforementioned drop in volumes and revenues was offset by the fall in energy prices, both for fuels and electricity. Therefore, without taking into account the CO_s component in both business years, Ebitda would have improved slightly by 0.4% in 2020 compared to the previous business year.

The net operating profit amounted to 106.8 million euros, as a result of the aforementioned development of the gross operating profit.

2.1.7.4.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Deuda financiera neta sin recurso	173,7	293,0	-119,3

Net financial debt, entirely without recourse to the Group's parent company, decreased significantly by 119.3 million euros to 173.7 million euros, of which 108 million euros correspond to the early partial repayment of the area's main credit facility, which has no significant ordinary maturity until 2022.

2.1.7.5. Concessions

As a result of a sale agreement reached in October 2020 and in accordance with accounting standards (IFRS 5), the assets and liabilities relating to the investees to be transferred from the concession activity have been classified as held for sale in the FCC Group's balance sheet. The consolidation method is maintained in the income statement in the same way, until the operation is closed and the shares transferred.

The Concessions area accounts for 9% of the Group's EBITDA in the year as a whole. Its activities focussed on the development, operation and maintenance of transport and non-residential infrastructures. At the close of the business year, the Cedinsa subgroup maintained its contribution to turnover, which together with other smaller entities represents a total of 18 concessionary companies in the portfolio and with different degrees of participation.

2.1.7.5.1. Earnings

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (%)
Turnover	123.5	49.8	148.0%
EBITDA	94.6	31.8	197.2%
EBITDA Margin	*76.6%*	*63.9%*	*12.7 p.p*
EBIT	55.4	12.0	n/a
EBIT margin	*44.8%*	*24.1%*	*20.8 p.p*

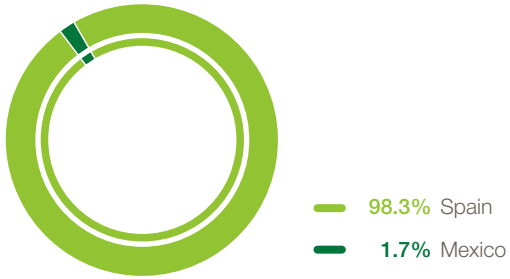
The area's revenues were 123.5 million euros this business year, as compared to 49.8 million euros for the first half of the previous business year. This change is mainly due to the contribution of the Cedinsa subgroup, after acquiring control of the majority of its capital in November 2019 and incorporating it since then through full consolidation.

Breakdown of revenue by geographical area *(Millions of Euros)*

	Dec. 20	Dec. 19	Chg. (%)
Spain	121.5	47.5	155.7%
Mexico	2.1	2.3	-11.3%
Total	**123.5**	**49.8**	**148.0%**

By geographical area, almost all of the revenues are concentrated in Spain, revenues totalling 121.5 million euros, 76.5% of which was contributed by the Cedinsa subgroup. The Coatzacoalcos Tunnel concession in Mexico remains practically unchanged compared to the previous business year and its contribution reflects the depreciation effect of the Mexican peso during this period (-12.1%).

Breakdown of revenue by geographical area



Gross operating income totalled 94.63 million euros, 79.6% corresponding to the Cedinsa concession group.

2.1.7.5.2. Financial Debt

(Millions of Euros)

	Dec. 20	Dec. 19	Chg. (Mn€)
Net financial debt without recourse	14.7	751.8	-737.1

At the end of last December, consolidated net financial debt had suffered a substantial reduction to 14.7 million euros compared to the balance at the end of 2019. This was due to the aforementioned effect from the application of accounting regulations, which after the sale agreement reached by various concessionary companies led to the reclassification of its gross financial debt under the single epigraph of liabilities held for sale amounting to 736.6 million euros.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 30 to the consolidated financial statements and in section 7 of the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance to the FCC Group of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.
- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.
- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.
- Observation of the environment and innovation: To identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.
- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. To share experience of the best practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

2.3. Business performance. Personnel

Details are attached of the FCC Group's staff at year-end, by business area:

Areas	Spain	Abroad	Total	% s/Total
2020				
Environment	33,206	7,126	40,332	68%
Water Management	6,675	3,849	10,524	18%
Construction	3,944	3,379	7,323	12%
Cement	785	251	1,036	2%
Concessions	154	71	225	0%
Central Services and Others	306	0	306	1%
TOTAL	**45,070**	**14,676**	**59,746**	**100%**

3. Liquidity and capital resources

Liquidity

In order to optimise its financial position, the FCC Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The FCC Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 17 to the consolidated financial statements) and detailed financing (see note 20 to the consolidated financial statements).

Note 30 to the consolidated financial statements sets forth the policy implemented by the FCC Group to manage liquidity risk and the factors mitigating said risk.

Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

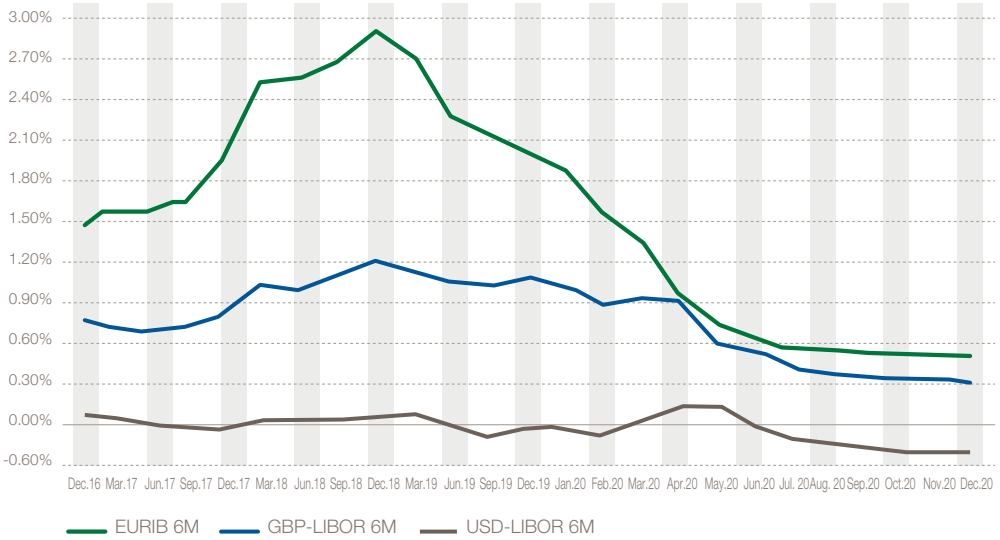
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. In 2019, new funding facilities were arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U., also registered a 300 million euros promissory notes programme.

Likewise, in 2020, Cementos Portland Valderrivas, S.A. repaid debt of 119 million euros, of which 108 million euros were voluntarily repaid (note 20 of Non-current and current financial liabilities of the notes to the 2020 financial statements).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the FCC Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.



This section is discussed in greater detail in note 30 to the consolidated financial statements.

4. Major risks and uncertainties

4.1. Risk Management Policy and System

The FCC Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The system covers the risk scenarios considered, which have been classified into four groups: Operational, Compliance, Strategic and Financial.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

4.2. Major risks and uncertainties

The FCC Group operates worldwide and in different sectors and, therefore, its activities are subject to a variety of environmental, socio-economic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects in which it participates, which could affect the achievement of its objectives.

Details of the main strategic, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 6.2 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the FCC Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 30 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 6.2 of the Non-Financial Information Statement

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 6.2 and 7 of the Non-Financial Information Statement.

5. Acquisition and disposal of own shares

At 31 December 2020, the FCC Group owned, directly and indirectly, a total of 1,544,773 shares of FCC S.A. (0.38% of the company's capital stock).

Transactions involving the acquisition and disposal of own shares during the year are detailed in note 18 to the consolidated financial statements.

6. Significant events occurring after the end of the year

There have been no significant events between the end of the year and the date of preparation of these financial statements.

7. Outlook

The outlook for the performance of FCC Group's main business areas in 2021 is given below.

Environmental Services

In the countries where it operates, the sector is undergoing a major process of transformation, due to the environmental requirements of each country deriving from the European Directives (new opportunities based on the ambitious targets set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

In Spain, moderate growth is expected in the start up of operations of the disposal facilities that were under construction and the initial operation of newly awarded contracts. No significant changes are expected in the domestic market, the aim being focused on gradually replacing the linear production model with circular models (Plan PEMAR 2016-2022, España Circular 2030 [State Waste Framework Plan for Spain's Circular Economy]).

In Portugal, business opportunities related to soil decontamination activities and new urban sanitation contracts stand out.

In the United Kingdom in 2020, the economic forecasts for 2021 are marked by the impact of its departure from the EU and the effects of the COVID-19 pandemic, which will continue to weigh down its performance during the first half of 2021. To respond to this uncertainty, the UK Government has announced an extension of financial aid until at least March 2021. In the environmental area, once its membership of the EU ends, the UK will nevertheless remain committed to the EU's circular economy objectives and recycling goals, therefore no sudden changes are expected. Additionally, the Government is promoting new measures to encourage the recycling of plastics with the introduction of a tax on packaging and supporting measures to reduce CO 2 emissions. The sector, strongly conditioned by environmental legislation, will continue to await legislative developments in these aspects. In the short term, the market for recycled products has become more restrictive, prioritising quality and experiencing price volatility; the export of refuse-derived fuel (RDF) to Europe will be affected by trade barriers and by the development of new treatment plants, a process in which our division in the United Kingdom is already involved, continuing with its production strategy of energy through waste treatment.

Moderate organic growth is expected in Central and Eastern Europe. Although the economic indicators show significant growth compared to 2020, a lower budget allocation is expected in many municipalities (in activities such as street cleaning, gardening, pruning, winter services) due to the need to allocate funds to other activities due to COVID-19. The start of several major soil decontamination projects will probably also be delayed for the same reason. Similarly, many businesses will suffer the financial consequences of the end of public aid and it is very likely that normal economic activity will not restart again until the second semester since, even with the existence of vaccines, the logistical challenge of their application will probably include new periods of restrictions in almost all territories.

In relation to the implementation of the business model, Austria is a mature and fully developed market while the other three most important countries, the Czech Republic, Slovakia and Poland, must gradually transform their business model, reducing volumes in landfills and increasing treatment and recycling activities in order to adapt to European Union directives. In principle, this process is more medium term (2026-2030) but, given that the obtaining of permits and the final construction of treatment plants or incinerators is long term, various projects that could be started in the short term have already begun to be analysed.

As far as the USA is concerned, it represents a market with high development potential for a company with the know-how, experience and use of the most advanced and efficient technologies in providing quality environmental services, as FCC has.

End-to-End Water Management

homes. In this regard, we expect a recovery from the second half of the 2021 business year, which will be reinforced by the new contracts added to the scope during 2020, as well as by the maintenance of the high contract renewal rates that Aqualia consistently achieves at their expiration. This increase in revenues will lead to an improvement in profits, reinforced by the continuation of cost optimisation actions and operational optimisation measures in the contracts included in the management scope

In **Spain** in the area of **Service concessions** for the End-to-end Water Cycle, for 2021 it is worth mentioning the expectation of maintaining similar renewal rates to those of 2020, exceeding 90%, although many new contracting opportunities are not expected due market apathy.

With regard to Europe, in **Portugal**, prospects of a slight reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, a further increase in the growth of operation and maintenance contracts is expected to be promoted by the public companies belonging to Aguas de Portugal. It is expected that the proper authorities will continue with the search for solutions to the management of sludge from the country's wastewater treatment plants.

In **France** new tenders are expected for the assignment of public services due to the termination of the contractual deadline for some of the existing contracts in the country.

In **Saudi Arabia** the process of modernisation and provision of the country's hydraulic infrastructures will continue, promoted by the Government in the Vision 2030 programme, by means of public-private collaboration. The infrastructure concession contracts tendered in 2020 will be definitively awarded and the bid for new BOT projects in the field of desalination and purification is expected to take place. Bids for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided will also begin.

In 2021, Aqualia will consolidate the operation of the new sanitation contract for **Abu Dhabi** and that for the WWTP in Al Dhakira, in **Qatar**.

In LATAM, the construction phase of the Guaymas SWDP (**Sonora, Mexico**), will be completed, giving way to a 20-year period of operation, and of the PTAR Salitre (**Colombia**). In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora and for purification within the Bogotá river decontamination programme.

Finally, in **Peru** the preparation of the significant private initiatives declared in favour of Aqualia will continue (5 treatment plants and 1 desalination plant) and in the **USA**, there will be a presentation of the projects currently under study to their corresponding clients under the formula of "unsolicited proposals", for their evaluation and, if accepted, for subsequent execution.

Construction

In the international market, FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking into account the above, it is estimated that in 2021, the turnover obtained in Spain will remain similar to that obtained in 2020.

In the foreign market, it is estimated that turnover in 2021 will be similar to that obtained in 2020, with the development of large infrastructure works obtained between 2018 and 2020 and the contribution of markets in America (Central America, Mexico, Chile, Peru, Colombia), the Middle East (Saudi Arabia) and Europe (the Netherlands, the United Kingdom, Norway and Romania).

Cement

The Bank of Spain forecasts a fall of 11% in the Spanish economy for 2020, demonstrating its permeability to major international crises. The economic outlook is conditioned by how the situation with the virus evolves and although the progress in obtaining vaccines significantly reduces the unknowns, uncertainty remains about when the pandemic will be completely overcome. The Bank of Spain in its intermediate scenario forecasts that the Spanish economy will grow by 6.8% in 2021 and 4.2% in 2022 with unemployment rates of 18.3% and 15.6%, respectively. The Spanish economy will not recover its pre-pandemic levels until 2023.

According to the Association of Infrastructure Contractors and Concessionaires (Seopan), it is estimated that public contracting fell by 39.7% in 2020. According to Oficemen, the trend in cement market consumption in 2021 will be in range of between -3.0% and 3%. In Tunisia, growth of 5%, up to 6.1 million tonnes, is estimated in the domestic market for 2021, after the strong contraction suffered in 2020 where it fell by 10% to around 5.8 million tonnes.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

8 R&D+I activities

The FCC Group's R&D&I activities in 2020 have resulted in more than 40 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business areas of the FCC Group.

The activities of the different Business areas and the main projects developed throughout 2020 are detailed below.

Environmental services

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

- **VISION.**
- **BICISENDAS.**
- **INSECTUM.**
- **H2020 SCALABLE TECHNOLOGIES FOR BIO-URBAN WASTE RECOVERY (SCALIBUR).**
- **LIFE 4 FILM.**

In addition, new ones have been launched during 2020, which are summarised below:

- **DEEP-PURPLE:** it consists of the conversion of complex molecules present in the organic matter of urban solid waste into sustainable materials and products in bio-refineries through the metabolism of the "Purple Photosynthetic Bacteria". Thermal hydrolysis is used to extract the organic matter from the separate collection and incorporate it into the liquid phase.
- **RECYGAS:** it delves into the research of waste gasification and enables the use of clean synthetic gas obtained from the gasification process to initiate chemical synthesis routes (whose products would no longer have the status of waste) or its use in high-efficiency electricity generation cycles. The technology that the project incorporates would allow it to climb up the waste management hierarchy towards recycling.
- **B-FERTS:** the main aim is to integrate the revaluation of bio-waste in agriculture by creating new value chains of bio-based circular economy, coming from municipal solid wastes and the agricultural industrial sector and aimed at the production of mineral and organo-mineral fertilisers, developing the nutrient mixes suitable for their application. Its aim is to change the traditional value chain of fertiliser production and evolve from a linear manufacturing system to a lean manufacturing system, based on a circular economy that will be developed in B-FERST.
- **LIFE-PLASMIX:** the main objective is the practical demonstration on a semi-industrial scale of an innovative recovery and recycling process of the MIX fraction of MSW, the revaluation of polypropylene (PP) and polystyrene (PS) in the form of high quality pellets ready to be used in the manufacture of new products, such as packaging.
- **LIFE- LANDFILL BIOFUEL:** this project pursues the technical demonstration of a profitable system for the production of vehicular biomethane from landfill biomethane through the implementation of new techniques for the exploitation of landfill cells and the use of an innovative upgrading technique that combines filtering with membranes and the PSA vacuum adsorption system. This holistic approach implies the revaluation of landfill biogas as an alternative fuel for light and heavy lorries, carrying out break-in tests on them.

End-to-end water management

FCC Aqualia's innovation activity is in line with European policies for the transition to a circular economy with a zero carbon footprint, seeking the development of new smart management tools and new proposals for sustainable services. In this way, the Department of Innovation and Technology (DIT) supports the company in achieving the United Nations Sustainable Development Goals (SDGs), towards an affordable and high quality water and sanitation service (SDG 6), optimising its energy balance (SDG 7) and avoiding its impact on the climate (SDG 13) through sustainable production and consumption (SDG 12).

The projects developed by the DIT during 2020 seek to strengthen FCC Aqualia's technological proposal in four lines of work: Quality, Eco-Efficiency, Smart Management and Sustainability.

The major projects in 2020 are listed below:

- **RIS3 VALORASTUR:** with the aim of achieving eco-efficient wastewater treatment, the RIS-3 programme of the Institute of Economic Development of the Principality of Asturias (IDEPA) has supported FCC Aqualia's collaboration with two large public companies and the SME Ramso. Together with the Institute of Carbon Science and Technology (INCAR - part of the Spanish National Research Council (CSIC) in Oviedo), new low-cost adsorption materials (at less than €500/t) have been developed from dried sewage sludge, with activation by pyrolysis.

  The project also implemented the optimisation of the nutrient removal process at the San Claudio WWTP. The reduction in electricity costs, in the minimisation of the purchase of iron salts (by optimising the biological elimination of phosphorus), and in mud production, is close to 30k €/year, which means that the costs of improving the automated control system can be amortised in less than a year.
- **INTERCONECTA ADVISOR:** co-financed by the CDTI with FEDER funds, the project has implemented new pre-treatment and co-digestion methodologies for meat waste (Maguisa) at the WWTP managed by FCC Aqualia in Guijuelo, supported by municipality and with the collaboration of AINIA. A new digester control system based on LIDAR (Laser Imaging Detection and Ranging) technology is also being developed to detect foams.

  ADVISOR has been selected as one of 101 business actions of the 2020 #PorElClima (For The Climate) community, and its CO_2 reduction impact has been certified by the Carbon Fund for a Sustainable Economy (FES-CO_2) of the CLIMA Programme of the Ministry for the Ecological Transition (Miteco).

- **LIFE ICIRBUS:** led by the Intromac technology centre and with six other partners from Extremadura, the project has developed a prototype at the wastewater treatment plant in Lobón (Extremadura), managed by FCC Aqualia, to demonstrate the adsorption of metals contained in some wastewater treatment plant sludge by biomass fly ashes from the company ENCE. The process was protected with a utility model, and the treated ashes are integrated as aggregates in building materials, while the residual sludge reduces its odours, and is added to a compost that was used for different crops.
- **LIFE METHAMORPHOSIS:** as part of this project led by FCC Aqualia, together with five other entities (Área Metropolitana de Barcelona AMB, FCC Medio Ambiente, Naturgy, Icaen and SEAT), two biomethane production demonstration plants were implemented.

  Development continues with the LIFE Infusion project to prepare design parameters for future AMB resource recovery plants, and to evaluate technologies in Asturias with another waste management contractor (Cogersa).
- **H2020 MIDES:** the project, with eleven partners from seven countries, has led to the setting up of two demonstration units of a new biological desalination technology, patented by FCC Aqualia and IMDEA Agua, in plants operated by FCC Aqualia in Dénia/Alicante and Guía de Isora/Tenerife. This microbial desalination cell (MDC) reduces the energy cost of desalination by up to ten times compared to traditional seawater reverse osmosis. Instead of electrical energy, residual organic matter from effluents is used to activate bacteria that generate a difference in power without external energy input, to move salts through ion exchange membranes, at the same time as the treatment of wastewater effluent that serves as fuel.

  The project has also contributed to the construction of the Desalination Innovation Centre in Dénia, where a platform has been built to evaluate various pre-treatments, with multi-membrane and media filtration pilots. In addition, re-mineralisation post-treatments and alternative disinfection methods without resorting to hypochlorite are optimised.
- **RIS3 RE-CARBÓN:** financed by IDEPA with FEDER funds, and led by the engineering company INGEMAS with two SMEs (Biesca and InCo), Aqualia supports the MCAT institutes (Microwaves and Carbons for Technological Applications) of the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre Foundation) in the investigation of methods of adsorption of pollutants by regenerated activated carbon and biochar. The aim is the cost-effective supply of a sustainable adsorbent for water or gas applications.

  The feasibility of cleaning biogas at the Jerez, Chiclana and Lleida WWTPs and deodorisation at the San Claudio and Luarca WWTPs is being tested. The adsorption of micro-pollutants and new sensors that allow real-time monitoring at the Grado WWTP and the Cabornio DWTP are also being studied.
- **JPI MARADENTRO:** the project "Managed Aquifer Recharge: Addressing The Risks of Regenerated Water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks2018 programme, with the participation of partners in France, Italy and Sweden.

  A 400 m^2 infiltration system will be built at the Medina del Campo WWTP for the advanced treatment of treated water and its reuse in recharging aquifers. With the scientific institutes, system design and simulation tools will be developed, optimising the operation and costs of processing contaminant removal compared to conventional tertiary treatment.
- **H2020 SABANA:** the University of Almeria leads eleven partners from five countries (including the Czech Republic and Hungary) with three large companies: FCC Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project optimises the production of new biofertilisers and bio-stimulants from algae, and work is nearing completion on two cultivation units to talling five hectares and corresponding bio-refineries at the WWTPs of Mérida and Hellín (Albacete).
- **H2020 RUN4LIFE:** led by FCC Aqualia, a consortium of fifteen entities in seven countries implements in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsing-borg/Sweden and Vigo/Spain) new concepts of nutrient retrieval from the separation of grey and black waters.

  In Vigo's Free Trade Zone, FCC Aqualia operates an MBR in an office building for grey waters, which is reused in the toilets, and an AnMBR in black waters to produce bioenergy. Various nutrient recovery options are tested, followed by advanced oxidation to remove viruses and processing contaminants, and by evaluating the quality and safety of effluents and by-products as fertilisers through greenhouse cultivation trials.

  A larger installation is being prepared at the Balaídos industrial estate with effluent from Citroën, and the bioelectrochemical FBBR technology (Elsar patented process) is being evaluated for the direct treatment of sewage, using the inoculum from the Guijuelo reactor as biomass.

An important part of the project is the dialogue with the users of new services and by-products to optimise services and water and energy consumption through decentralised management of these systems and to assess the effect of new fertilisers.

- **H2020 SCALIBUR:** the project led by the Itene technology centre and involving twenty-one partners from ten countries, reached its halfway point in 2020. Since the end of 2018 and with a duration of four years, it has focused on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

  Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), with improvements in thickening (Orege system) and dual digestion in two stages, and simplifying mud stabilisation without heated concrete structures. The project has facilitated initial innovation activities at SmVaK in the Czech Republic, to convert organic matter into by-products and bioenergy.

- **BBI DEEP PURPLE:** led by FCC Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carrousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

  A first FCC Aqualia prototype is operating at Toledo-Estiviel, and a demonstration reactor 10 times larger is planned for the Linares WWTP. Parallel activities are also being prepared at the SmVaK WWTP in the Czech Republic.

- **BBI B-FERST:** with Fertiberia as the leader, and with ten partners from six different countries, FCC Aqualia is involved in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of recovered raw materials in the production of fertilisers in three countries (Spain, Italy and the Czech Republic) is analysed, and a struvite precipitation system is developed at the Jerez WWTP to incorporate recovered phosphorus in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.

- **LIFE INTEXT:** the project is led by FCC Aqualia, with the AIMEN and CENTA technology centres and the Aarhus University in Denmark supporting SMEs in Germany, Greece and France to optimise low-cost wastewater treatment technologies in small towns. The aim is to minimise energy costs, carbon footprint and waste, and to provide ecologically and economically sustainable solutions. The construction of a demonstration platform for these technologies at the Talavera WWTP operated by FCC Aqualia is in its final phase.

- **LIFE ULISES:** the project coordinated by FCC Aqualia is supported by three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria. To optimise and transform conventional WWTPs into “energy production factories”, eliminating their carbon footprint, anaerobic pretreatment with the PUSH reactor is being implemented at the El Bobar WWTP in Almeria, operated by Aqualia, which is also being evaluated at two WWTPs in Portugal. Digestion is improved by hydrolysis and biogas is used as a vehicle fuel with an ABAD BioEnergy refining system and a biomethane dispenser.

- **LIFE INFUSION:** after the completion of the Life Methamorphosis project, the Barcelona Metropolitan area wanted to extend the project to prepare the designs for several new resource recovery plants. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system will be optimised with FCC Aqualia, AnMBR and ELAN technologies, with the addition of an ammonia stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to evaluate the options for implementing the solutions in their plants.

- **LIFE PHOENIX:** the project, led by FCC Aqualia and supported by the technology centres CETIM and CIESOL, will optimise tertiary treatment to achieve the most ambitious aims of the new European regulation on water reuse (EU 2020/741). In order to evaluate various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, three mobile plants have been designed, a 50 m^3/h physical-chemical treatment plant, a 30 m^3/h filtration plant and a 20 m^3/h ultrafiltration plant.

- **LIFE ZERO WASTE WATER:** the project, led by FCC Aqualia, will demonstrate at the Valdebebas WWTP, with Canal Isabel II as a partner, the combined treatment of Urban Wastewater and of Organic Fraction of Municipal Solid Waste (OFMSW) with the AnMBR anaerobic reactor, followed by ELAN in the water line, for 50 m^3/d, allowing water treatment with a neutral carbon footprint. The management of OFMSW at a municipal level and the possibility of connection with the sewer system for the transport of the mixture in a single stream.

- **H2020 SEA4VALUE:** led by the EureCat technology centre, and with 14 partners from seven countries, the project focuses on recovering resources from concentrated brine in seawater desalination plants (SWDPs), with basic scientific developments funded 100% by the EU. At its Desalination Innovation Centre in Dénia, FCC Aqualia will continue to develop solutions for the revaluation of brine and new desalination methods, with solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimisation of the re-mineralisation of permeate with micronised calcite, reducing CO_2 consumption, turbidity and the size of the installation. The implementation of pilot units in the various WWTPs operated by FCC Aqualia will be evaluated, with an analysis of the technical and economic impact.
- **H2020 ULTIMATE:** in the "Smart Water Economy" call for proposals, FCC Aqualia participates in two of the five selected consortia, which receive up to 15 million euros of support per project. In Ultimate, led by the Dutch technology centre KWR, nine demonstrations of synergies between water utilities and industries are implemented with 27 partners.

  At the Mahou WWTP in Lleida, operated by FCC Aqualia, the comparison of the FBBR (Elsar) and AnMBR anaerobic reactors at a 20 m^3/h scale is being prepared to recover biomethane and power a fuel cell. The co-digestion of yeast is also being studied, as well as support for FCC Aqualia's other client partner, Aitasa.
- **H2020 REWAISE:** the Rewaise project has the largest business participation of the five projects selected in the "Smart Water Economy" call for proposals, and FCC Aqualia leads the twenty-four partners including water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) and 7 SMEs to implement new circular economy and digital management solutions in nine "living labs" including FCC Aqualia's implementations in Badajoz, Canary Islands, Dénia and Vigo.

  Rewaise reinforces FCC Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of water quality, processes and networks.

In addition, in 2020, four new patents were granted. The first one related to the Anaerobic Membrane Reactor. The second was granted for the Bio-electrochemical Fluidised Bed. The third on a Photobioreactor with purple bacteria and finally the fourth on the Microbial Desalination Cell.

Construction

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the FCC Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the FCC Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

Some of the projects are carried out in a consortium formed with Public Administrations, as is the case of the European Project **LIFE ZERO IMPACT**, *Development and demonstration of an anti-bird strike tubular screen for High Speed Rail line*s, in which the Administrator of Railway Infrastructures (Adif) participates.

The projects highlighted in 2020 are listed below:

- **IMPACTO CERO:** the aim here is the development of a bird anti-collision screen, with a design based on free-standing tubes.
- **ROBIM:** project within the CIEN programme financed by CDTI (Centre for the Development of Industrial Technology) the objective of which is autonomous robotics for the inspection and evaluation of existing buildings with BIM integration, with the development of an automated, active and multidisciplinary technology for the inspection, evaluation and diagnosis of the composition and state of conservation and energy efficiency of the enclosures of the building assets, which facilitates obtaining accurate and sufficiently detailed information on the construction systems and pathologies as well as an in-depth analysis of the building.

- **PWDRON:** project financed by CDTI (Centre for the Development of Industrial Technology), the objective of which is the development of a centralised system for the automated monitoring of the execution of infrastructures in linear civil engineering works, using drones with advanced technological features, as well as the development of a new technological platform for the exchange, processing and distribution of data in BIM.
- **REFORM2:** project presented with the help of the Catalan Waste Agency and whose objective is the recovery of by-product (of 0/6 porphyry, a by-product that originates from the generation of ballast and gravel) from quarry extraction through its incorporation into thermoset and thermoplastic matrices for different applications.
- **BIMCHECK:** innovation project approved by CDTI consisting of the implementation of a secure and automated technological management environment based on BIM and Blockchain for FCCCO's quality processes.
- **BICI SENDAS:** project within the 2018 CIEN programme from CDTI, the aim of which is the development of a sustainable, energy self-sufficient, intelligent, decontaminating, integrated and safe cycle lane.
- **POTAMIDES:** MATINSA project and approved by CDTI whose objective is the development of a new technologically advanced universal tool that allows the decision-making in the comprehensive management of the hydraulic public domain at a hydrographic basin level, with the purpose of optimising the availability and quality of the resource guaranteeing the satisfaction of demands.
- **PIELSEN:** belonging to the Challenges-Partnership programme, seeks to create a homoeostatic 3D wrap-around architecture to create intelligent adaptive sensitive skin on Building Facades.
- **SAFE:** project of the Challenges-Partnership programme, where the objective is the Development of an Autonomous System for Anchoring Structures in Maritime Construction Work. This smart system makes it possible to reduce dependence on human resources, minimise risk, maximise efficiency and increase the safety of field manoeuvres.
- **STARPORTS:** project of the INNTERCONECTA programme (Canary Islands) of CDTI, which will develop a Distributed Wireless System of monitoring, prevention and action for Coastal Management. It consists of the development of a smart platform capable of providing detailed information on the state of any maritime infrastructure in real time. It is also intended to develop advanced sensor networks that can be integrated within the same infrastructure and allow significant and reliable data on the state of the infrastructure to be obtained.
- **RESALTO:** project financed by CDTI with the aim of researching and developing sustainable road elements for speed reduction. Three main objectives are investigated; power generation, safety signalling and environmental connectivity.
- **SAFETY 4D:** project financed by CDTI and the objective of which is to develop an advanced and high performance process for occupational hazard prevention in construction with the implementation of the BIM methodology.
- **ONLYBIM:** a project of the IDEPA of the Principality of Asturias regional programme, the aim of which is the development of a module for the design and execution of Non-Lineal Works under BIM methodology
- **GAUDI:** project approved in the call for projects in collaboration with CDTI and consisting of the development of a Knowledge Management platform based on Artificial Intelligence algorithms and Content Curation techniques.

FCC Construcción participates in many European and national R&D organisations that share the objective of coordinating the company's role as a driving force for research, development and technological innovation in the building area, in accordance with the proposals of the European Union's current H2020 programme.

Cement

In 2020, Cementos Portland Valderrivas Group continued its collaboration in the European R&D project, **BIORECO2VER**, in which it is a leading partner.

This project aims to obtain alternative processes for the production, on a commercial scale, of certain chemical products (like isobutene or lactic acid) in a more sustainable way from the capture of industrial CO_2 emissions.

The ultimate goal is to use this industrial CO_2 as a raw material and stop depending on fossil resources for the manufacture of these products.

In 2019, Cementos Portland Valderrivas Group made its main contribution, the characterisation of the emission gases, capturing them "in situ" and sending them to its partners, LTU and Enobraq. Currently, part of the captured gases remain in custody at the El Alto factory in case new tests, analysis, etc., are necessary.

9. Other relevant information. Share performance and other information

9.1. Share Data

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2020	Jan. – Dec. 2019
Closing price (€)	8.80	10.52
Change in the period	*-16.3%*	*-3.4%*
Maximum (€)	11.96	12.80
Minimum (€)	7.17	10.36
Average daily trading (nº of shares)	74,593	46,163
Average daily trading (million euro)	0.7	0.5
Capitalisation at end of period (million euro)	3,600	4,127
No. of shares circulating at closure	409,106,618	392,264,826

9.2. Dividends

The Company's Board of Directors resolved to execute the decision adopted at FCC's General Shareholders' Meeting on 2 June 2020, under item six on the Agenda, to distribute a scrip dividend. On 24 June, a cash payment of 0.40 euros gross per share was made to those shareholders who requested it. On 2 July, the bonus issue of 16.841,792 shares was registered, bringing the capital stock to 409.106,618 shares, which were listed on 10 July 2020.

10. Definition of alternative performance measures according to ESMA regulations (2015/1415en)

Ebitda

We define EBITDA as earnings from continuing operations before tax, results of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, subsidies, net changes in provisions and other non-recurring revenues and expenses. The reconciliation of EBITDA to the income statement headings is as follows:

	Dec 2020	Dec 2019
Operating profit/(loss)	**572,7**	**511,6**
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	477.3	449.1
Impairment and gains/(losses) on disposal of fixed and non-current assets	(6.9)	59,8
Other gains/(losses)	4.4	5,3
EBITDA	**1,047,5**	**1,025.8**

Ebit

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

Backlog

The FCC Group uses backlog as an extra accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction business areas because these businesses are characterised by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or customer orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

In the Environment area, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with customers and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end customer.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect price and schedule changes that are agreed with clients. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate area, the FCC Group calculates the backlog as the amount of the collection corresponding to the sales of homes pending completion at year-end.

Net financial debt

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets. The calculation of net debt is provided in note 29 to the consolidated financial statements.

Voluntary turnover rate

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

Fomento de Construcciones y Contratas, S.A.

Financial Statements for the year ended 31 December 2020 and Directors' Report, together with Independent Auditor's Report

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.

Deloitte.

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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.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Fomento de Construcciones y Contratas, S.A. (the Company), which comprise the balance sheet as at 31 December 2020, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Impairment of ownership interests in Group companies and associates	
Description	**Procedures applied in the audit**
The Company has ownership interests in the share capital of Group companies and associates, the carrying amount of which at 31 December 2020 was EUR 2,936 million net of accumulated impairment losses. The determination of the recoverable amount of the Company's ownership interests requires the use of significant judgements and estimates by management, with regard to both the method for determining the recoverable amount (equity adjusted by the unrealised gains existing at the date of measurement or, where appropriate, discounted cash flows), and the consideration of the key assumptions established for each method in question. The aforementioned matters, and the significance of the ownership interests held, led us to determine the situation described to be a key matter in our audit.	Our audit procedures included, among others, obtaining and analysing the recoverability tests conducted by Company management on the ownership interests, and verifying the clerical accuracy thereof and the appropriateness of the valuation method used in relation to the investment held. Also, we analysed the recovery assumptions used by management and the consistency thereof with the historical data on the investees. In addition, we reviewed the sensitivity analyses of the key assumptions identified. Lastly, we focused our work on reviewing the disclosures made by the Company in relation to these investments. Notes 4-e.1 and 9 to the financial statements contain the disclosures relating to these matters required by the applicable accounting regulations.

Recoverability of deferred tax assets	
Description	**Procedures applied in the audit**
The Company's balance sheet as at 31 December 2020 includes deferred tax assets of EUR 55 million, which must be considered in the context of the tax group headed by the Company. At year-end, Company management prepares financial models to assess the recoverability of the deferred tax assets, taking into account the applicable regulatory framework and the most recent business plans approved for the various entities forming part of the consolidated tax group, in addition to the estimated reversal periods for the temporary differences recognised in the balance sheet. We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, basically in connection with the projections of business performance and the estimation of the reversal periods for the temporary differences recognised, which affect the assessment of the recoverability of the deferred tax assets recognised in the balance sheet.	Our audit procedures to address this matter included, among others, the performance of tests on the design and implementation of the relevant controls that mitigate the risks associated with the process of assessing the recoverability of deferred tax assets, as well as verification that the aforementioned controls operate effectively. In addition, we performed substantive tests based on the obtainment of the financial models prepared by the Company to assess the recoverability of the deferred tax assets and the supporting documentation used as the basis for their preparation. We reviewed the financial models obtained, analysing, among other matters, the consistency of the pre-tax profits projected for the coming years with the historical and actual data for the current year. Also, we analysed the estimated reversal periods for the temporary differences recognised in the balance sheet and involved our internal tax experts in analysing the complex estimates that might affect income tax for the current year. Notes 4-h and 16 to the accompanying financial statements contain the disclosures relating to the Company's deferred taxes.

Provisions and contingent liabilities relating to Alpine	
Description	**Procedures applied in the audit**
As a result of the process of liquidating the Alpine Group that started in 2013, a series of lawsuits were initiated against the FCC Group headed by the Company, some of which are for a significant amount. Company management has to assess whether these claims constitute contingent liabilities or whether, on the other hand, a provision should be recognised in the balance sheet. This was a key matter in our audit, since this assessment requires Company management to make significant judgements, especially regarding the probability of there being an outflow of resources in the future or the possibility of measuring the amount of the obligation reliably. These judgements and estimates are made by Company management based on the opinions of the internal legal advisory department and its external legal counsel, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.	Our audit procedures included, among others, the review of the evolution of each of the lawsuits affecting the Company as a result of the liquidation of the Alpine Group. To this end, we obtained confirmations from its internal and external legal counsel in order to analyse the current status of the proceedings in progress and discussed with Company management its assessment of the related risk, classifying the risk as "remote", "possible" or "probable". Also, we evaluated whether the Company's disclosures in the financial statements in relation to the claims currently in progress were adequate, in accordance with the applicable regulatory framework, and checked whether the details thereof were consistent with the evidence gathered in the course of our tests. Notes 4-j, 12 and 17 to the accompanying financial statements contain the detail of the provisions and disclosures regarding the contingent liabilities relating to the claims associated with Alpine.

Other Information: Directors' Report

The other information comprises only the directors' report for 2020, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit and Control Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Fomento de Construcciones y Contratas, S.A. for 2020, which comprises an XHTML file including the financial statements for 2020, which will form part of the annual financial report.

The directors of Fomento de Construcciones y Contratas, S.A. are responsible for presenting the annual financial report for 2020 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report was incorporated by reference in the directors' report.

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined corresponds in full to the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and control committee dated 25 February 2021.

Engagement Period

The Annual General Meeting held on 8 May 2019 appointed us as auditors for a period of one year from the year ended 31 December 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Raquel Martínez Armendáriz
Registered in ROAC under no. 20755

25 February 2021

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit and control committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

FCC_Annual Report_2020



A2

FCC Group 2020 Sustainability Report

FCC Group non-financial information report, in compliance with Law 11/2018 on non-financial information and diversity

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FCC's future commenced 120 years ago



Pablo Colio Abril
CEO of the FCC Group

As CEO, it is an honour to provide you with the consolidated Sustainability Report of the FCC Group as an international reference company in Citizen Services, corresponding to 2020, which is part of the Directors' Report included with the Financial Statements, authorised for issue by FCC's Board of Directors.

Allow me to begin these lines by recalling that with this 2020 edition we are celebrating the XV anniversary of that first FCC Group social responsibility report published in 2005, demonstrating our Group's commitment to the transparency and communication of our performance in social, environmental and good governance matters.

We are all aware that the Sustainability Report that I present to you is encompassed within an unprecedented global context, marked by the health and socioeconomic crisis derived from COVID-19, which continues to be one of the greatest challenges, not only of our business journey as Group, but of global society as a whole.

This pandemic era has coincided with the 120th anniversary of our company showing, once again, our ability to resist and adapt to all types of contingencies, thanks to that human and technological experience that we have accumulated for more than a century.

Together we have demonstrated, once again, that we are capable of successfully facing any challenge on a global scale, lending our human and service capital to the needs of the cities in which we operate. This is only possible with the dedication and loyalty of our teams,which have always been distinguished by their commitment, high level of professionalism and excellent customer service. Throughout 2020, we have maintained and strengthened essential citizen services in the communities in which we operate, at a time that has been critical for the well-being of citizens and for the viability of the cities themselves.

Thanks to the almost 60,000 people that make up the FCC Group, we have established ourselves as a world benchmark in the area of environmental services, end-to-end water management and infrastructures, obtaining a total turnover of 6,158 million euros in 2020.

Our international presence, in more than 30 countries, in whose markets we have obtained 40.37% of revenues in the last year, guarantee the globality and expansion that we have experienced as a centenary group.

Likewise, our balanced and diversified business model, supported by committed and consolidated shareholder support, has placed us on the path of profitable and sustainable growth and has allowed us to fulfil our commitment to offer a global service to the citizen, along with our cooperation in the consolidation of socially integrated cities.

In our 120-year history, the responsibility to improve people's well-being and respond successfully and effectively to urban challenges has characterized us from day one: demographic, economic, environmental and social changes, in search of greater daily sustainability.

We are living in a time in which it is urgent to review the growth models of the past, to embark on a new phase of prosperity, more sustainable and inclusive, which allows us to act with greater coordination and effectiveness in the face of these global challenges.

We have a decade ahead of us to materialise the 2030 Agenda, through the attainment of the Sustainable Development Goals (SDGs), which guide the efforts of the public and private sectors to respond to the main global challenges. Let no one doubt that, as a benchmark company in citizen services, we will continue to contribute to maintaining and consolidating the sustainable development of the societies in which we operate, promoting the contribution to the SDGs through our strategy and responsible management. To this end, we have renewed our commitment to the United Nations Global Compact and its ten principles, an initiative of which we have been a part for more than 10 years.

In this direction, our stakeholders will find in this 2020 Sustainability Report, the social, environmental and good governance performance of the FCC Group, which will allow them to understand how we integrate care for the environment, respect for people and integrity into our business model through our Compliance Model, at the top of which is our Code of Ethics and Conduct updated in 2018 by the FCC Group's Board of Directors.

The content of the Report has been prepared in accordance with the main international sustainability standards, such as the Global Reporting Initiative (GRI) framework, after having carried out a prior exhaustive analysis of the Group's materiality.

Throughout the 2020 business year, we have led various milestones in the area of sustainability, foreseen in the latest 2018-2020 CSR Master Plan approved by the Board, the implementation of which is detailed in full in this Report.

Lastly, rest assured that we will continue working every day to offer innovative, global and social impact solutions that allow the efficient management of resources and the improvement of infrastructures, helping to increase the quality of life of citizens and reinforce the sustainable progress of society.

We face the coming years with great optimism, as I trust in our solid experience to build a business future, according to the brilliant socially responsible record that precedes us and that, with total security, will ensure that we overcome this hard time that we have had to live.

I have no doubt that our culture of constant innovation and our commitment to integrity and rigor with social welfare, will allow us to consolidate ourselves at the forefront of the development of the communities of tomorrow and to continue to be an international benchmark group in the provision of Citizen Services.

We have an added advantage - that for the last 120 years we have been building FCC's future day by day.

Pablo Colio Abril
CEO of the FCC Group

The FCC Group: more than 120 years at the service of society

FCC, creating sustainable cities

The FCC Group is currently one of the international benchmark groups in the provision of citizen services, with activity in nearly 30 countries. Since its inception, and given the type of activities that it carries out, the company has worked to improve people's quality of life, promote the well-being of the communities in which it operates and to promote their socioeconomic development.

The following are the FCC Group's main activities:



Environment

- Waste collection.
- Urban solid waste treatment and recycling.
- Ground maintenance.
- Maintenance of sewerage networks.
- Recovery of contaminated soils.
- Street cleaning.

Construction

- Civil works.
- Construction.
- Infraestructure maintenance.
- Industrial.
- Concessions.
- Prefabricated construction.
- Brand image.

Cement

- Cement.
- Trading.
- Other businesses (concrete, aggregates and mortars).

Water

- Design, construction and financing of water infrastructures.
- Operation, maintenance and technical assistance services.
- Comprehensive management of public services.

The FCC Group's vision provides a purpose for the entire company, guiding the Group's actions and allowing the establishment of a goal shared by all members of the organisation. Thus, a transversal culture is consolidated which, regardless of the different business lines, is applied in the performance of its activities, contributing to the economic, social and environmental development of society as a whole.

Through its constant work and its business strategy, the FCC Group has managed to position itself as one of the most important citizen services groups on an international scale. Thus, the Group strives to offer global and innovative solutions for the efficient management of resources and the improvement of infrastructures, thus contributing to the sustainable progress of society.

FCC celebrates 120 years of history

The mission, values, vision and business model of the FCC Group have been forged since its foundation in 1900. The effort, dedication, and technical and human quality of the people who, at some point, have worked and continue to work for this Group, has made it possible to build its history and its great achievements throughout all these years, becoming a world leader in the field of environmental services, end-to-end water management, infrastructures and the cement sector.

For the FCC Group, the beginning of the last century focused on the construction of cities, playing a fundamental role in improving social well-being, through waste, water and sanitation management. Over the years, the natural leap was to favour the connection between these cities, beginning the construction of kilometres of highways, railway and underground lines, at the same time as the management and cleaning of parks and gardens began to be assumed.

During the 70s and 80s, work began in the international arena, while the importance of rationalising water management was valued. Since then, FCC has continued to adapt to social demands and new trends, betting on the conservation of the environment in all its projects, always with the aim of improving the well-being of citizens.

In recent years, the entry of the new reference shareholder into the company has meant a change in the cycle in the financial, operational and governance spheres. Thus, through a solid financial structure, the company faces the coming years with great optimism, based on pillars that are persistent enough that the future is as bright as the past.



Transversal model of value creation

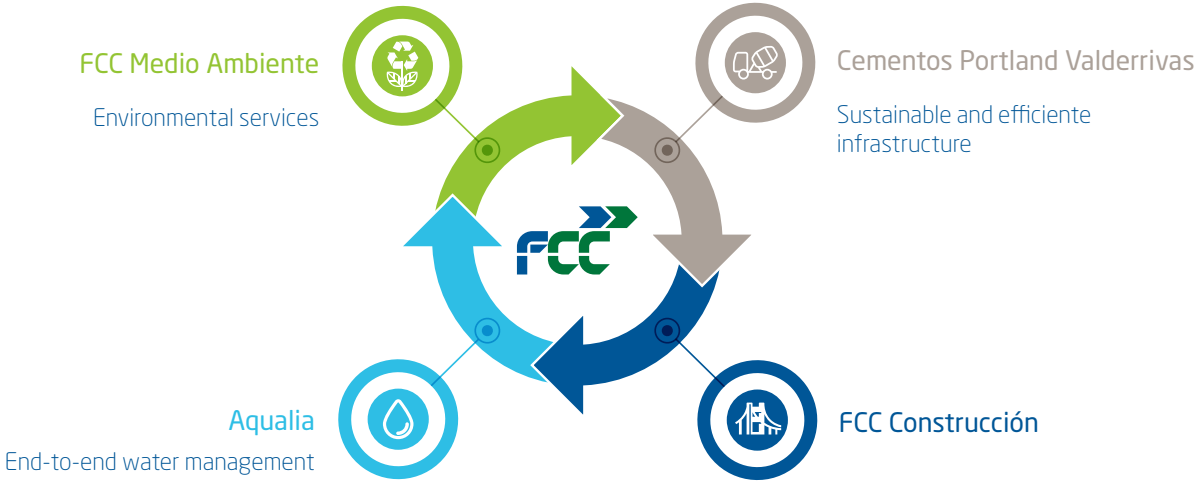
Urban areas are undergoing a profound transformation, which means responding to a series of global social and environmental challenges. Population growth, the scarcity of natural resources, climate change or the existence of social and economic inequalities are some of the challenges that these types of environments will have to adapt to.

In response to these challenges, the FCC Group's business model, so closely linked to the development of cities, promotes innovative and cross-cutting solutions to contribute to the resilience and sustainability of urban environments.

In this regard, to promote the sustainable evolution of cities and position itself at the forefront of its competitive environment, the FCC Group has developed its cross-cutting value creation model. This model, shared by all the Group's businesses, is based on:

- Being an operator with vast experience in this business, with differentiated technical specialisation, capable of leading large consortiums in complex projects.
- Having a highly specialised and committed team of people, whose priorities include the protection of safety and health.
- Having local roots in the places where it undertakes its operations. This makes it an essential part of the communities in which it operates, allowing the development of trusting relationships.
- Having a solid international position with broad development prospects in markets with great opportunities.

In this way, the FCC Group is aware that the creation of the cities of the future is a challenge that requires the joint efforts of its different businesses, seeking synergies and finding sustainable, innovative and efficient solutions that generate a real impact on society.



A business model at the forefront in creating the cities

Our mission, vision and values

The FCC Group's mission as a supplier of Citizen Services is to efficiently and sustainably design, perform and manage environmental services, end-to-end water management and large infrastructure construction projects to improve the lives of citizens.

In accordance with its vision for the future, the FCC Group is working towards becoming an international benchmark for Citizen Services offering global, innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of life of citizens and the sustainable progress of society as a whole.

The FCC Group contributes, through the different sectors in which it is present (environmental services, infrastructures and the end-to-end management of the water cycle) to the transformation of the cities and municipalities in which it operates, thus promoting social welfare and sustainable development. Its values define the identity and culture of the FCC Group, and constitute the basis of the ethical behaviour that should guide the actions of the Group.

This philosophy, transferred from Senior Management to all employees, is common to all companies, establishing a guide that should orientate the actions of all staff towards the vision's joint goal. Furthermore, it involves compliance with the strictest parameters of operational excellence and ethical principles, thus ensuring the long-term sustainability of the FCC Group.

These principles are included in the Group's Code of Ethics and Conduct, which guarantees the responsible management of FCC's activity with the different stakeholders, ensuring compliance and ethical behaviour. In addition to the Code, the FCC Group has other control tools, initiatives, due diligence procedures and certain Compliance policies that guarantee complete and effective management, with the Compliance Committee being the internal body responsible for overseeing the monitoring of these policies.



Corporate governance model

The Spanish National Securities Market Commission (CNMV) includes in its "Code of good governance for listed companies" a series of recommendations for the business sector in line with the best international corporate governance practices. Aware of the importance of corporate governance in the organisation's performance, the FCC Group fully or partially complies with 86.44% of the applicable recommendations.

In addition, in order to provide greater details on the company's corporate governance practices, the FCC Group prepares the "Annual Corporate Governance Report" and the "Annual Remuneration Report" on an annual basis, following the reporting guide of the CNMV. Both reports are available on the Group's corporate website.

Governance Structure

As can be observed in the following diagram, the General Shareholders' Meeting is the Company's overriding decision-making body, specifying its competences in the Regulations of the FCC's General Shareholders' Meeting.

For its part, and for matters that are not attributed to the General Shareholders' Meeting, the Board of Directors has the highest powers and faculties to manage, direct, administer and represent the Company. This, in turn, has set up three commissions for more effective management and supervision: The Executive Committee, the Audit and Control Committee and the Appointments and Remuneration Committee.



Below is the composition of the Board of Directors and its Committees:

	Executive Committee	Audit Committee	Appointments and Remunerations Committee
Esther Alcocer Koplowitz[1] Chairwoman (Proprietary)	☐		☐
Esther Koplowitz Romero de Juseu[2] Deputy Chairwoman (Proprietary)			
Pablo Colio Abril CEO	☐		
Alicia Alcocer Koplowitz[3] Proprietary	☐		
Carmen Alcocer Koplowitz[4] Proprietary			
Gerardo Kuri Kaufmann Executive	☐		
Álvaro Vázquez de Lapuerta Independent		☐	C
Carlos Slim Helú[5] Proprietary			
Alejandro Aboumrad González Proprietary	C		
Alfonso Salem Slim Proprietary			
Juan Rodríguez Torres Proprietary	☐	☐	☐
Antonio Gómez García Proprietary			
Manuel Gil Madrigal Independent		C	☐
Henri Proglio Independent		☐	

How it works

The Board of Directors' Regulations establish that it must meet as often as necessary to effectively carry out its functions and, at least once a quarter, or whenever the interest of FCC requires it. The company's Articles of Association also stipulate that "The Board of Directors shall meet at least once a quarter, and whenever agreed by the President, or whoever is acting as such, or when requested by the Executive Committee or at least one third of the members of the Board."

During the 2020 business year, the Board met nine times, with an average attendance of 90.48%, thus complying with the aforementioned requirements.



C: Committee President

(1) Representing Dominum Desga, S.A.
(2) Representing Samede Inversiones 2010, S.L.U.
(3) Representing EAC Inversiones Corporativas, S.L.
(4) Representing Dominum Dirección y Gestión, S.A.
(5) Representing Inmobiliaria AEG, S.A. de CV.

Remuneration of the Administrators

Pursuant to the Articles of Association, the remuneration system applicable to the directors must be aimed at promoting the long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid excessive risk taking and the rewarding of unfavourable results.

Thus, as is reflected in article 38.7 of the Company's Articles of Association, and in article 28.2 of the Board of Directors' Regulations, the remuneration of the directors must be in accordance with the importance of society, the economic situation and the market standards of comparable companies.

For its part, the General Shareholders' Meeting is in charge of agreeing on said remuneration considering the functions and responsibilities of each member. Aside from fixed remuneration, allowances are also awarded for personal attendance at meetings of the Board and internal Committees that are convened during the year, as well as another variable amount for executive directors depending on compliance with social objectives.

For further information on FCC's Remuneration Policy, as well as on remuneration accrued by each of the directors, the Annual Remuneration Report can be consulted, available on the FCC Group's corporate website.

Principles and criteria for setting remunerations



Diversity in the Board of Directors

Diversity is an essential principle for all FCC Group employees, including its governing bodies. For this reason, the functions of the Appointments and Remuneration Committee include ensuring that the selection processes favour diversity of gender, experience and knowledge, and that they do not present implicit bias that could lead to any type of discrimination.

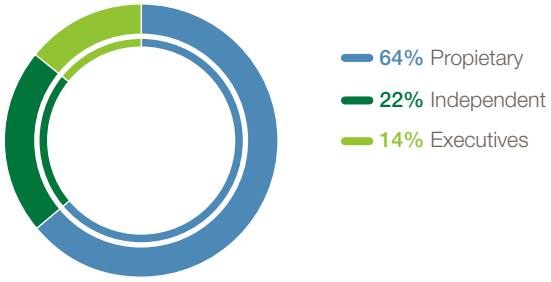
Hence, the percentage of female directors on the FCC Board of Directors at 31 December 2020 was 28.57 percent.

Regarding other diversity indicators with respect to FCC's governing bodies, on the Board of Directors, 50% of the members are of Spanish nationality and the other 50% are of other nationalities (Mexico and France). The following is a graphic representation of the Board's composition:

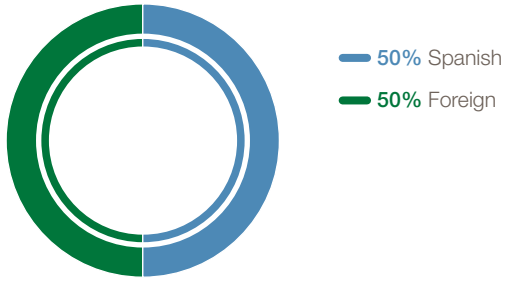
Gender diversity on the Board of Directors



FCC Board of Directors



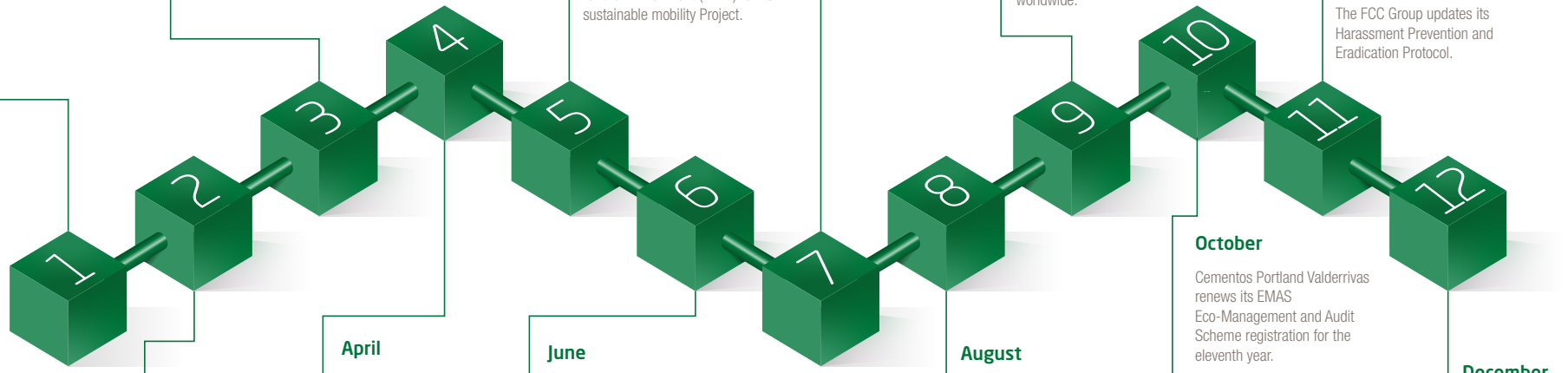
Nationalities of the Board of Directors



The FCC Group in figures

2020 has been a challenge for the whole of society. The COVID-19 pandemic has completely changed the global landscape, forcing a rapid adaptation of all companies to face the new challenges that have emerged. However, FCC has continued to organise and participate in a large number of social, environmental and good governance (ESG) projects, supporting the sustainable development of the communities in which it participates, creating employment and promoting economic growth.

In order to respond to new needs, many of the initiatives have focused on health security and economic recovery as a result of the crisis. Innovation projects that seek to improve the quality of life of all the people who receive FCC products or services, as well as of the communities in which it operates, have not been neglected either. Some of the Group's initiatives and recognition in 2020 were as follows:



January

FCC Indrutrial becomes the first construction company to obtain a "Zero Waste"certificate awarded by AENOR.

February

FCC migrates all its websites to a Liferay DXP Cloud technology environment, Improving efficiency and data management.

March

Aqualia achieves total energy autonomy for two desalination plants.
FCC Medio Ambiente receives the Gold Medal of Merit from the Las Palmas de Gran Canaria Fire Brigade for its collaboration in extinguishing the fire that devastated the island in 2019.

April

The FCC Group launches a charity campaign for food Banks,"No home without food" and joins the campaign ot the Ministry of Equality "We are with you; we will stop gender violence together".

May

Aqualia reopens its customer services offices, applying all the necessary safety protocols.

FCC Medio Ambient is shortlisted for the European Business Awards for the Environment (EBAE) for its sustainable mobility Project.

June

The FCC Group Collaborates with the Ministry of Foreign Affairs in the preparation of the report: Contribution of Spanish companies to sustainable development in Latin America.

Cementos Portland Valderrivas begins its process for using biomass as a fuel.

July

FCC participates in FORUM, a virtual meeting to promote a new vision and strategy for the future after the 2020 crisis.

August

FCC celebrates its 120th anniversary of incorporation at the services of the people.

The FCC Group contributes to the country's social reconstrution after the impact of the COVID-19 pandemic.

September

FCC Construcción becomes the first Spanish construction company to verify its carbon footprint in 70% of its activities worldwide.

FCC participates in the #SupporttheSDG campaign, celebrating the fifth anniversary of its aproval.

October

Cementos Portland Valderrivas renews its EMAS Eco-Management and Audit Scheme registration for the eleventh year.

The FCC Group celebrates the International Day of Climate Action on 24 October.

The FCC Group celebrates World Cities Day by demonstrating its commitment to the social and economic progress of cities.

November

FCC Group celebrates International Day for Tolerance, International Day for the Elimination of Violenve against Women and World Science Day for Peace and Development.

The FCC Group updates its Harassment Prevention and Eradication Protocol.

December

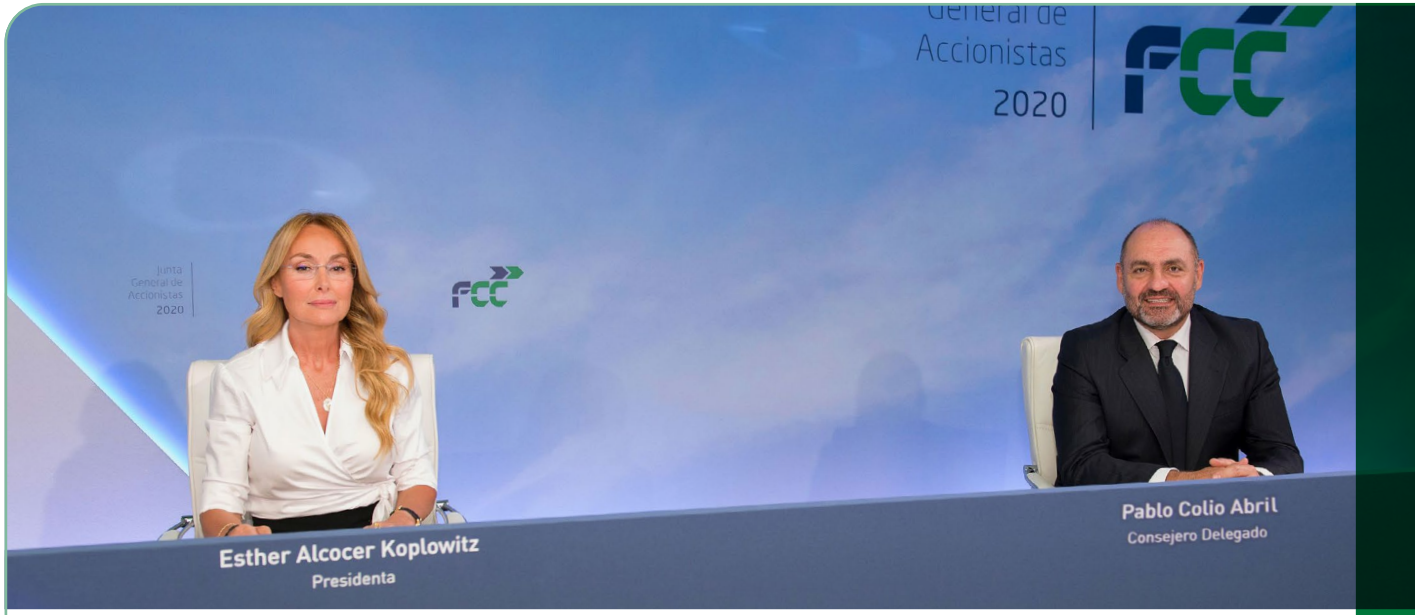
FCC Medio Ambiente certifies its protocols against COVID-19 with AENOR.

FCC Construcción signs its III Equality Plan.

In order to contribute to the Group's commitments in terms of transparency and accountability, the direct economic value generated and distributed by the Group in all the countries in which it operates is reported below, following the international reporting standard *Global Reporting Initiative* (GRI).

Economic value generated and distributed
(thousands of euros)

Economic value generated	**6,484,798**
Turnover	6,158,023
Other income	326,775
Economic value distributed	**5,766,796**
Operating costs	3,466,576
Employee cost	1,971,110
Capital suppliers	238,513
Taxes	86,273
Community	4,324
Economic value retained	**718,002**



FCC holds its 2020 General Shareholders Meeting

The FCC Group's General Shareholders' Meeting was held in June 2020 with the aim of analysing the results of the 2019 business year and approving the financial statements, directors' reports, as well as the distribution of the flexible dividend. In accordance with Law 11/2018, the report on non-financial information was presented as a separate item on the agenda, for approval by the General Shareholders' Meeting. Due to the COVID-19 pandemic, the event took place electronically in line with the recommendations of the CNMV, the WHO and the relevant authorities.

The Board was chaired by Esther Alcocer Koplowitz, president of FCC, and Pablo Colio Abril, CEO, who highlighted and expressed their gratitude for the important work that FCC professionals have carried out during the pandemic, leading essential services. During the seminar, emphasis was placed on the great effort made in recent years to renew the FCC Group, adapting to new trends and needs, and managing to enter the path of profitability and sustainability.

Environment area

The Environmental Services area of the FCC Group has been providing municipal services and end-to-end waste management for over a hundred years and serves almost 60 million people in nearly 5,000 municipalities.

The company operates in a total of 12 countries providing a variety of services that reflect its extensive experience in the sector, including: collection, processing, recycling, energy recovery and disposal of municipal solid waste; cleaning of public roads; maintenance of sewage networks; maintenance and protection of green areas; processing and disposal of industrial waste; and recovery of contaminated land.

The Environment area is made up of four geographical divisions:

- Iberia: FCC Medio Ambiente Spain (Including the industrial waste business) and FCC Environment Portugal
- United Kingdom: FCC Environment UK
- Central and Eastern Europe: FCC Environment CEE
- United States: FCC Environmental Services

In 2020, the area's turnover reached 2,900 million euros, which represents a reduction of just 0.9% compared to 2019, with a Pre-Tax Income of 155.2 million euros, equivalent to 5.4% of the turnover, a noteworthy performance taking into account the difficult socioeconomic circumstances caused by the COVID-19 pandemic in 2020. Contracting stood at 2,108.8 million euros, which places portfolio volume at 9,184.3 million euros.

The Environment area annually manages about 25 million tons of waste and produces about 3.5 million tons of secondary raw materials (SRM) and refuse-derived fuel (RDF). The company has approximately 700 waste management operations facilities, of which about 200 are environmental complexes dedicated to processing and recycling waste, including 11 waste energy recycling projects with a capacity of 3.2 million tons per year and 360 MW of non-fossil fuel electricity.

Aqualia

Aqualia is the water management company owned by the citizen services group FCC (51%) and by IFM Investors (49%).

The company is Europe's fourth largest private water company in terms of population served and ranks amongst the top ten worldwide Global Water Intelligence (August 2019).

It currently provides services to over 25 million users[1] in 17 countries: Algeria, Saudi Arabia, Colombia, Chile, Ecuador, Egypt, United Arab Emirates, Spain, France, Italy, Mexico, Oman, Portugal, Qatar, Czech Republic, Romania and Tunisia. The company reported 1,188 million euros of revenue in 2020, with an order back log of nearly 15,000 million euros.

Aqualia is a benchmark in the sector and stands at the vanguard as a specialised, transparent and innovative entity. We have reached this position thanks to the commitment and extensive experience of our team of professionals who are constantly striving to improve efficiency in production processes and optimise resources, while placing citizens clearly at the core of our actions and policies.

This work approach and the continuous progress in innovation and in the use of new technologies have enabled us to bolster the company's leadership in the Spanish market and make headway in this regard in international markets, based on an ambitious but moderate strategy defined to consolidate the company's international presence. Sustainable development has a distinctively intrinsic role in Aqualia's business model: combining the generation of social benefits with a fair profit yield from activities puts the company in a privileged situation in the water management sector.

Aqualia's commitment and responsibility vis-à-vis the municipalities in which it carries out its activities go beyond merely rendering a service: Aqualia has always sought to contribute to improving the well-being of people, particularly the most vulnerable groups.

Aqualia assumes the role played by the private sector to achieve Sustainable Development Goals and shows this in its daily commitment to promoting this culture within the company and amongst its stakeholders. For this reason, as well as promoting campaigns to publicise the SDGs, it has identified and prioritised those to which the company contributes through its activity and its corporate commitments. And, through active listening, it knows the importance that stakeholders give to Aqualia's contribution to the different SDGs.

[1] Global Water Interlligence, The world's top 50 private water operators, 2019.



FCC Construcción

The FCC Group's construction business has more than 120 years' experience and it has a presence in a total of 26 countries. It is a benchmark in the management and execution of civil works (roads, railways, airports, hydraulic and maritime works, tunnels, bridges, underground networks, treatment plants) and building construction (residential and non-residential: hospitals, football stadiums, museums, offices) and its activities cover all areas of engineering and construction.

It is currently the fourth most important construction company in Spain and is one of the top 40 in the world. It has proven experience in undertaking projects under concession and it has a group of companies dedicated to the industrial sector and grouped under the FCC Industrial brand, as well as other activities relating to the construction sector (Matinsa, Megaplas and Delta Prefabricados).

During the 2020 business year, the construction area recorded a total aggregate attributable backlog of 5,155.8 million euros. Gross earnings (EBITDA) reached 53.6 million euros and revenue dropped by 6.3% over the previous year and stood at 1,611 million euros. In 2020, the international project backlog decreased by 2.1% and the income from domestic activity increased by 27.6% compared to the previou s year, standing at over 848 million euros.

Cementos Portland Valderrivas

The cement activity of the FCC Group is undertaken by Cementos Portland Valderrivas, S.A. and subsidiaries, whose business line is mainly the manufacture of cement, which accounted for more than 90.23% of total revenues in 2020. The remaining percentage for this business model (9.77%) involved concrete, aggregates and mortar.

In the last business year, taking the geographical diversification of the company into account, more than 29% of revenues came from Tunisia and the United Kingdom. However, the Group's international presence is not limited to these countries because it also exports to North Africa, Central America and several countries in Europe.

The company's operating structure is based on the cycle for the cement business. The consists of the extraction of raw materials (aggregates), the process for manufacturing clinker, cement, concrete, dry mortar and special products, and final distribution.

Cementos Portland Valderrivas is the largest cement group in Spain by productive capacity and directly or indirectly owns production centres in a number of regions in the country: Cantabria, Basque Country, Navarra, La Rioja, Castile-León, Madrid, Aragon, Andalusia and Catalonia. Its products are distributed in all 17 Autonomous Regions.

The context of the FCC Group in 2020

FCC and global challenges



During its 120-year history, the FCC Group has shown that it knows how to adapt to its environment, offering the citizen services that society requires at all times. Along these lines, in order to meet social expectations and effectively overcome the challenges that it faces, the Group constantly analyses trends that may affect its business, as well as the way it relates to its different stakeholders.

Over time, the FCC Group has contributed to the development of cities that, according to forecasts, will continue to expand even more in the future. The Group firmly believes that this growth must be carried out in a sustainable way, limiting the impact of these areas on their surroundings and adapting them to the risks of the future. Through its commitment to the circular economy, the company aims to help limit the environmental impact of cities, while also contributing to the fight against climate change and promoting the sustainable consumption of resources.

In 2020, urban environments have not been immune to the effects of the pandemic caused by COVID-19. Its citizens have suffered an event that has had, on a global scale, the greatest health, economic and social impact in recent decades. COVID-19 has affected cities and their inhabitants, transforming, among other factors, relationships, consumption habits and mobility patterns.

In turn, unstoppable technological development is allowing the emergence of new techniques and tools, at the service of companies and society, applicable to all sectors of activity. Technology helps to respond to the different global challenges that we currently face, and will be key in future urban development. Among others, these innovations have enabled a rapid response to the pandemic, and allow the development of new, more efficient processes with less environmental impact, contributing to the fight against climate change and enabling the application of a circular economy model.

For the FCC Group, it is essential to analyse the socioeconomic context on the performance of its activity, and based on this study, the company has identified six interconnected global trends, which have a direct impact on its business model and its main stakeholders.



Expansion of cities and sustainable urbanisation

Currently, 4,200 million people, 55% of the world's population, live in cities, and this percentage is expected to continue to increase. By 2050, cities are expected to host 68% of the world's population, which means that 1.2 million km^2 will be urbanised in the next three decades.[2]

The increase in population and its settlement in urban centres means that the towns are transformed into cities, which will expand geographically, increasing their population density. This represents new challenges for the FCC Group with regard to land and natural resource management so that cities continue to be functional, which will require the optimisation of resources and infrastructures, in the short, medium and long term.[3]

The expansion of cities will require a huge investment in infrastructure in the coming decades, which should allow the maintenance of large urban centres. In this context, social demands are increasing for this urbanisation to be sustainable.

The sustainability of construction, both of buildings and of infrastructures, mainly concerns the technological field, and the choice of materials to be used on site. For the FCC Group, constant innovation in the use of primary and recycled materials means an increase in efficiency and a reduction of construction costs. The Life Cycle Analysis of the civil works elements paves the way as a fundamental factor to consider, both when building new infrastructures and when adapting existing infrastructure.[4]

The FCC Group faces this expansive trend in cities by betting on the development of Smart Cities and sustainable urban accessibility, minimising the environmental impact of its processes and services.

Sustainable use of natural resources

In the last twenty years, the material footprint or, what is the same, the amount of raw material necessary to satisfy basic needs has increased continuously throughout the world. This indicator measures the pressure that economic development exerts on the environment, consumption and production of natural resources. A clear example of the challenges that we face due to the unsustainable use of resources can be found in water management, since it is estimated that, if not addressed correctly, the scarcity of water itself could involve the displacement of around 700 million people by 2030.[5]

The circular economy model is a way to protect natural resources, making a more efficient use of them, also trying to reinforce awareness of current consumption patterns. This model, driven by the public and private environment and widely accepted by society, also contributes to the fight against climate change and, at the same time, allows the generation of new jobs.

The efficient and responsible management of urban solid waste (USW) and the reuse of water are some of the global priorities of the 2030 Agenda, in which the FCC Group has specialised business lines. Regarding waste management, the Environment area carries out different R&D&i projects to extend the life cycle of resources, supports public initiatives to promote the transition towards a circular economy model and raises the awareness of its collaborators in environmental matters.

For its part, Aqualia, specialised in the management of the end-to-end water cycle, is committed to continuous investment in innovative projects that allow it to detect new opportunities and implement more efficient processes. This, together with the commitment to the recovery of residual water, allows this resource to be used more efficiently, reducing water stress.

[2] Source: World Bank.
[3] Source: Cities in the World, OECD Urban Studies.
[4] Source: World Cities Report 2020, UN Habitat.
[5] The Sustainable Development Goals Report 2020, United Nations.



Climate change

The fight against climate change is one of the greatest challenges on a global scale. The impacts derived from this phenomenon include changes in weather patterns, as well as a greater probability of extreme events, such as floods or droughts, in different regions of the world.

According to the World Economic Forum, this phenomenon is considered to be one of the most significant risks, taking into account both its impact and the probability of occurrence. The transition to a low-carbon economy is high on the public sector agenda, a transition in which the private sector plays a key role in setting emission reduction targets.

This will be a particularly relevant challenge for urban areas, since, according to the United Nations, cities consume 78% of the world's energy, producing more than 60% of greenhouse gas emissions. In this scenario, the International Energy Agency estimates that reducing these emissions into the atmosphere will involve significant investments over a long period of time.

For the FCC Group, it is a priority to contribute to reducing the effects of global warming, which is why it has its own specific strategy in the matter of Climate Change, and directs its efforts at progressively implementing the ISO 50001 Standard on energy efficiency and the commitment to clean energy and the control of GHG emissions.

COVID-19

The pandemic caused by the COVID-19 disease has generated an unprecedented impact on society and the world economy, affecting different sectors and geographies across the board. Managing it has meant a response and involvement at all levels and from all areas political, health, legal, social and business.

The FCC Group, aware of the importance of its activity for the proper functioning of urban areas and to minimise the impact on the well-being of citizens, has continued to provide the required services even in the most critical moments of the crisis. In addition, aligned with the policies, practices and recommendations in the fight against the spread of the disease, it has contributed through its services, to promoting greater hygiene in public spaces in cities and in detecting the presence of the virus in urban wastewater, which allows earlier detection of infections.

The pandemic has increased the urgency when facing some sanitary and urban challenges, such as the distribution of public space, the recreation of people and housing and sanitation conditions. These new challenges motivate the FCC Group to maintain its work approach towards improving citizen well-being and towards increasing people's health and safety.



The FCC Group contributes to the country's social reconstruction after the impact of the COVID-19 pandemic

The FCC Group has actively collaborated, through all its business areas, in different social initiatives, in an exercise of solidarity and responsibility, where its own collaborators have also participated, positioning itself as a significant player at the forefront of the country's social reconstruction.

In line with the social commitment that characterizes the Group, a solidarity campaign has been carried out in favour of food banks, under the "No home without food" initiative, in collaboration with the La Caixa Foundation and CaixaBank, with the aim of to help the most vulnerable families affected by the crisis caused by COVID-19.

Staff solidarity that has materialised in the form of donations, together with the company's economic contribution, added a total of 131,000 euros to this campaign, an amount that has been allocated to the 54 Food Banks in Spain, so that they could buy supplies and satisfy the social demand of the most disadvantaged families.



FCC joins Madrid Future, an initiative to promote social and economic recovery in the capital after the health crisis

FCC has joined Madrid Future, the new non-profit association founded as a result of the health crisis, with the aim of promoting and encouraging projects aimed at the social and economic reactivation of Madrid, due to the effects of the COVID-19 pandemic.

Within the framework of this social initiative, it is expected that projects in the area of sustainability and digital transformation will be developed around three fundamental axes: Spanish language and culture, health and well-being, and sport.

About 30 large companies and entities have signed the association's charter, as well as its status, in a collaborative project that generates hope for the economic and social recovery of the city.

The FCC Group responds to the COVID-19 in a cross-cutting way through its different business areas

Since the beginning of the COVID-19 pandemic, the FCC Group has carried out various actions to ensure the operation of its business, with many of its main activities being key and essential, such as: street cleaning, waste collection, infrastructure maintenance and end-to-end water cycle management. In accordance with its different business lines and to mitigate the effects of the health crisis, the following actions have been carried out:

- **Environment** business: to maintain basic services for the cities, this line of business has reinforced the means of protecting its workers in order to carry out their essential tasks. Among them, priority has been given to disinfection with flushers, hydro-cleaning vehicles or fumigators, and selfless work has been carried out such as the disinfection of town halls or other public buildings that lacked resources.
- **Aqualia:** to guarantee the continuity of an essential service such as the management of the end-to-end water cycle, Aqualia has immediately reinforced its protocols with the ultimate aim of protecting its employees and customers. In addition, among other actions, all planned water cuts have been suspended, guaranteeing the supply of water to all homes.
- **Construction** business: to cover the demand of patients in the midst of the COVID-19 crisis, FCC Construcción has fitted out some health units of the hospital projects it executes.





Inequalityand social exclusion

Despite the economic and social progress of the last decades, there is, more and more, a greater disparity in the distribution of wealth. With each generation, the income and opportunity gap is more pronounced and, due to the crisis resulting from COVID-19, existing inequalities within and between countries have increased. The pandemic is particularly affecting the most vulnerable groups, and is making it difficult for certain sectors of the population to access education.[6]

The support of the private sector is essential in the development of social action initiatives that contribute and promote equal opportunities, favour inclusion and provide responses to the needs of vulnerable groups, at risk or in a situation of social exclusion.

FCC's commitment to social equality materialises every year through participation in initiatives together with NGOs and collaborating entities of the Group, through participation in different social projects, which improve the employability of people, promoting educational plans and training, fostering the labour insertion of different groups and the development of communities and social inclusion.

These initiatives, which reflect the FCC Group's commitment to local communities, stakeholders and society as a whole, are aligned with its principles on equality, diversity and inclusion, and its commitment to a diverse work environment, in which the talent of each person is valued, regardless of their race, gender, age or other factors. This diversity, both within the staff and on the Board of Directors, is a reality that more and more investors are turning their attention to.

The Group values diversity, in a broad sense (age, race, nationality, religion, culture, etc.), including the you_diverse initiative within its talent strategy.

Technological development

The technological revolution is a fact that is observed in the day-to-day life of cities. Big Data, Internet of Things (IoT) or Blockchain systems are placed at the service of cities to completely modify the existing infrastructure. The digitisation of key systems for cities, in which the FCC Group participates, represents a turn of the page in the way of managing urban resources.

The digitisation of cities implies a structural modification of the citizen's relationship with their environment, from their consumption patterns to the form in which they do business. This transformation reaffirms the empowerment of citizens and contributes to their greater involvement in decision-making, which indirectly affects the development of the cities in which they live. The citizen is, after all, the greatest resource of cities, since they propose new ideas of innovation and act as the drivers of the city.

Citizens are increasingly demanding, requiring more quality information on the different products and services offered, taking advantage of interconnectivity and easy access to smart devices. To respond to this need, the Group has set up a comprehensive multichannel service that establishes its own real-time information follow-up systems and even participates in round tables to detect its stakeholders' possible expectations.

The FCC Group, aware of the importance of being at the forefront, annually invests resources in the development of R&D& i projects, with the aim of being a benchmark in new technologies and thus offering continuous improvements to citizens that have an impact on their quality of life.

[6] The Sustainable Development Goals Report 2020, United Nations.

Sustainability in FCC's business model

Since the founding of the FCC Group, the social and economic development of cities has enabled the business to progress. FCC considers that the role of sustainability will be fundamental to ensure that the cities of the future can face the main global challenges, such as climate change, population growth, poverty and equal opportunities, among others.

For the FCC Group, the progress of cities must guarantee the well-being of their citizens, respect for human rights and the preservation of the environment. Throughout its history, FCC has accompanied the constant evolution and transformation of cities, providing sustainable solutions and launching projects and initiatives in the area of corporate social responsibility.

In this sense, in 2005 the Group's Board of Directors decided to publish the first CSR and sustainability report, informing stakeholders of FCC's involvement with people's well-being and respect for the environment, and thereby reflecting their socially responsible actions. This initiative was subsequently replicated by all the Group companies, with each business publishing its CSR report on a regular basis.

In 2020, the health crisis has posed a new challenge for the functioning of cities. New needs have emerged to prevent the spread of COVID-19, such as greater hygiene measures in public spaces, while it was necessary to maintain basic services. The FCC Group, aware of the importance of its role in the well-being of citizens, has focused its efforts on continuing with its business activities, such as supplying water to the population or urban cleaning tasks, among others.



The FCC Group's CSR policy

Throughout its history, the development of the FCC Group's activity has been based on fostering long-lasting, transparent and mutually beneficial relationships with the stakeholders with which it interacts. Through its Corporate Social Responsibility Policy (hereinafter, CSR Policy), approved in 2016 by the Board of Directors, the Group includes all its commitments related to integrity and business ethics, respect for the environment and the contribution of value to society.

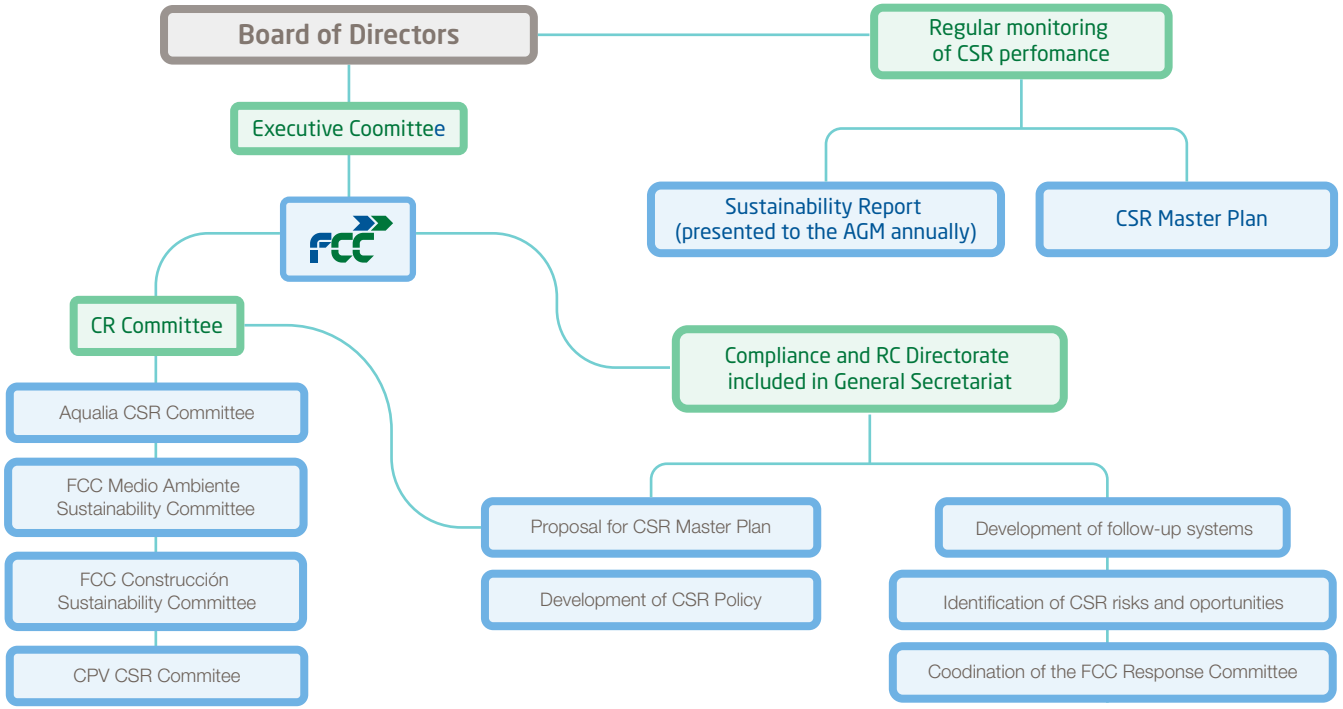
CSR policy governance

FCC's Board of Directors is the body responsible for ensuring compliance with the Group's CSR Policy, through the Executive Committee, thus aligning itself with recommendations 53 and 54 of the CNMV's Code of Good Governance.

There are also Corporate Responsibility or Sustainability committees in the different business divisions, which act as those responsible for the development, implementation and compliance with the CSR Policy in each unit.

For its part, integrated within the General Secretariat, is the Compliance and Corporate Responsibility Department, which develops the results monitoring systems, related to the social responsibility practices of the FCC Group, identifying the associated risks, designing the strategy for its control, and coordinating the FCC Corporate Responsibility Committee.

The following graph represents the structure for responsibilities in matters of Corporate Social Responsibility, attributable to each of the governing bodies involved:



Principles of action

In accordance with the CSR Policy, the principles of action that guide the behaviour of the FCC Group are:

Quality and innovation

Both FCC and all of its collaborators continually strive to identify, satisfy and even anticipate the needs of their customers (internal and external), being aware of the consequences of their actions and decisions.

In addition, innovation and improvement is continuous within the different business lines.

Integrity in its actions

FCC's Code of Ethics and Conduct aims to encourage all individuals linked to any FCC Group company to be oriented by guidelines requiring the highest level of commitment to comply with legislation, regulations, contracts, procedures and ethical principles.

The Code enacts, in a practical fashion, the values shared at the FCC Group, strengthening the commitment to people, respecting their rights and dignity, and demonstrating zero tolerance towards discrimination based on race, religion or gender. The FCC Group is also committed to respecting the environment, acting under the principles of precaution and efficiency in the use of natural resources and to biodiversity.

Management efficiency

The FCC Group always prioritises simplicity and austerity, facilitating the attainment of its business objectives while striving to optimise the use of resources and cash.

Likewise, it protects and optimises the use of resources that are more difficult to measure, such as the structure and management systems of the company, its knowledge and experiences, its brand and the relationships that the company maintains with its external stakeholders (clients, suppliers, etc.).

Proximity and commitment

The FCC Group's social responsibility is understood as a business management model that pursues not only the creation of value added for the shareholder, but also a joint effort with the communities to promote their well-being and development, transforming them into smarter, more inclusive and cleaner environments.

The FCC Group is committed to the priority objective of achieving the employment well-being of its employees, also promoting their professional development.



The CSR Master Plan

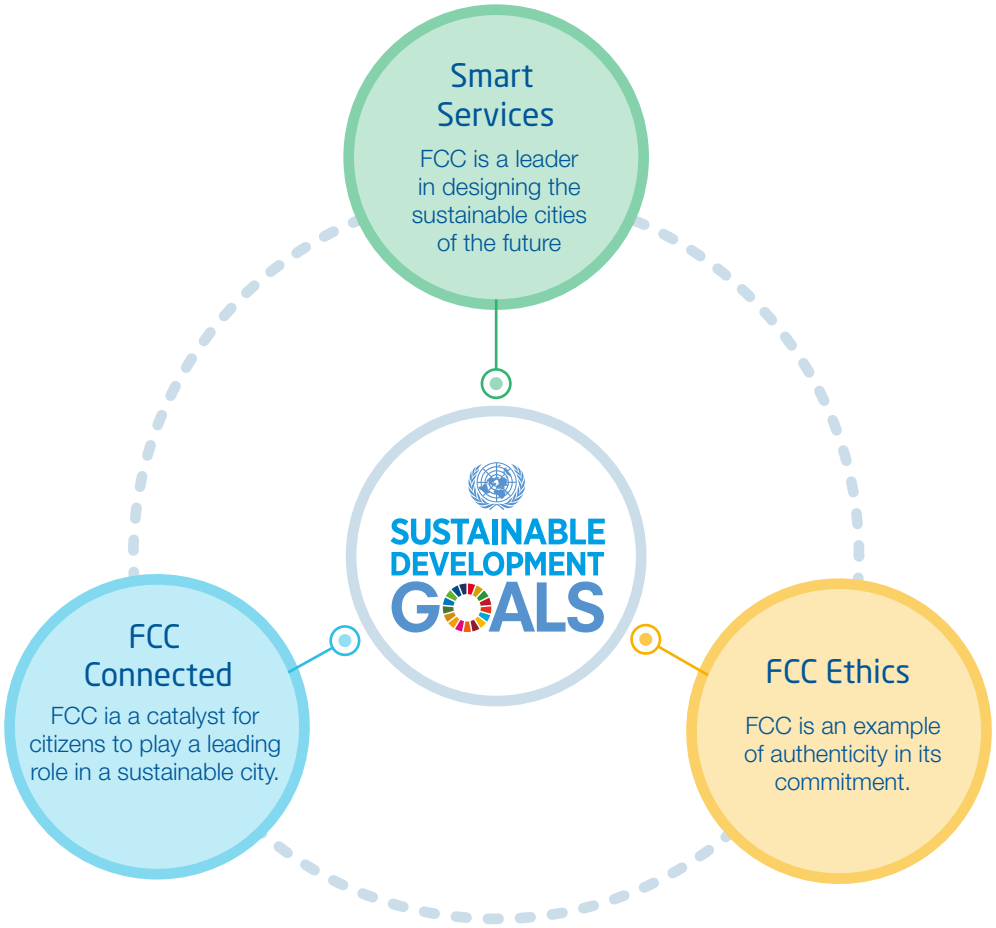
In November 2017 the FCC Group's Board of Directors approved its IV CSR Master Plan 2018-2020, the result of an in-depth analysis of the sustainability needs and trends detected by the Group in the medium and long term, and in compliance with the CSR Policy approved in 2016.

The CSR Master Plan, aligned with the Sustainable Development Goals, has positioned the company as a leading player in social, economic and environmental challenges, focusing its responsible management on 15 action programmes that are structured around three strategic pillars: connecting with citizens, smart services and exemplary conduct.

The FCC Group's CSR Action Plan was concluded during this business year after three years of intense work in which outstanding efforts were made to meet the expectations and demands of stakeholders, to respond to the global challenges of sustainable development and to contribute to fulfilling the United Nations 2030 Agenda.

The backbone that supports the responsible management of the FCC Group, through its three strategic pillars, contributes in a cross-cutting manner to bring to fruition its vision, improving the lives of citizens and the sustainable progress of society.

CSR 2020 MASTER PLAN



Below are details of some of the FCC Group's sustainability initiatives during its 2018-2020 Master Plan, as well as some outstanding projects for the 2020 financial year.

Axis I. Connecting with citizens:

Citizens as protagonists of sustainable cities

The FCC Group is aware that to respond to the challenges posed by cities in the XXI century and to promote sustainable development, it is necessary to understand and analyse the real expectations of citizens. For this reason, the company, through its different lines of business, promotes constant dialogue and active listening.

Likewise, with the aim of maximising the positive social impact on the communities in which it operates, the FCC Group promotes intelligent and inclusive progress in cities, launching various actions and promoting social dialogue with administrations in urban centres, to meet the needs of stakeholders at all times.

In this regard, to respond to the social demands of citizens in this area, the FCC Group implements initiatives encompassing the following lines of action:

- **FCC + Action:** the objective of this line of action is based on providing a coordinated and aligned response in those places in which the company detects an accentuated social need that has not yet been met. In this regard, each business line implements social action projects, through collaborations with non-profit organisations and solidarity actions, with the aim of contributing to improve people's quality of life.

  The FCC Group has contributed in a coordinated manner to improving the living conditions of the most vulnerable groups through training programs for women, volunteer activities or social and labour insertion projects. Likewise, alliances have been established through collaboration agreements with non-profit entities such as Caritas, ACNUR or the Spanish Red Cross, to cover the social needs in the different communities in which it operates.

- **FCC Educates:** the FCC Group, aware of the technical knowledge and capacities of its professionals, tries to promote and provide, through this axis, training programmes to society, to bring about the company's internal strengths.

  Throughout the implementation of the Master Plan, FCC has improved knowledge management and contributed to education, providing social value through its own collaborators. As examples of initiatives, it is worth highlighting the creation of web portals to raise awareness about the use of water, to the participation of professionals in national and international forums and conferences on CSR matters, in working groups, as well as in professional training programmes and partnership agreements with schools and universities.

FCC + Action

FCC "Gives away kilos of generosity" to the Pan y Peces Foundation

For yet another year, and in line with the solidarity intrinsic to FCC's business, a collaboration campaign was launched together with the Pan y Peces Foundation under the slogan 'Give kilos of generosity', during the Christmas holidays. Thanks to the initiative and generosity of FCC employees, the solidarity campaign amassed personal hygiene products, non-perishable food and Christmas sweets and toys for the most vulnerable families.

FCC Educates

Aqualia and the University of Almería sign an agreement approving the "Aqualia of the End-to-End Water Cycle" Chair

In 2020, as part of the FCC Group's collaboration in environmental education, the "Aqualia of the End-to-End Water Cycle" Chair was approved, in which joint research will be carried out to apply solar energy in the different processes of the end-to-end water cycle. The Chair's work team will be made up of both University teaching staff and Aqualia representatives from different areas, including the Department of Innovation and Technology.

- **City 2025:** in this pillar, the company works as a facilitator of dialogue between the different stakeholders to build, in a collaborative way, a sustainable, inclusive and humane city. To this end, the company participates and collaborates with different municipalities in defining the Vision of the sustainable city, by organising roundtables in which the main urban challenges are addressed.

  During the years of the Master Plan, work has been carried out on roundtables, debates, expert panels, conferences and informative breakfasts, with the aim of promoting social dialogue between stakeholders, making them participate in the sustainable challenges of cities of the future: such as sustainable mobility, the need for new and resilient infrastructures, efficient water and waste management or the humanisation of cities.

- **Measurement of the socioeconomic impact:** it is essential for the company to ascertain and measure the scope of the social, economic and environmental impact of its activity, to improve two-way communication with stakeholders and to adapt the message to each of them, allowing value added to be contributed to Group projects and proposals.

  In this regard, the FCC Group has worked with public, private and third sector entities in projects to measure the socio-economic, climate or social responsibility impact. In addition, metrics have been developed internally to categorise projects and environmental risks and opportunities have been identified.

Measurement of the socioeconomic impact

The FCC Group collaborates with the Ministry of Foreign Affairs in the preparation of the Report: Contribution of Spanish companies to sustainable development in Latin America

The FCC Group has participated in the Contribution Report of companies to sustainable development in Latin America, prepared by the General Directorate of Economic Diplomacy (Secretary of State for Global Spain), in collaboration with sixteen other Spanish companies present in Latin America.

With the aim of analysing the contribution of these companies to sustainable development in Latin America, the report reviews the main projects and most outstanding programmes in the area of ESG (environmental, social and good governance), as well as an analysis of the challenges and perspectives of Spanish companies in terms of sustainability in the coming years.

With the inclusion of the private sector on the 2030 Agenda, and, consequently, of the FCC Group, more and more stakeholders are echoing the main social responsibility initiatives of companies. Along these lines, the Report refers to the Group's good practices in relation to its environmental management, the incorporation of the circular economy in its business model or the environmental awareness that it tries to transmit to its workers.

2025 city

Aqualia, building the circular economy master plan for Castilla-La Mancha

Aqualia is collaborating with the Castilla-La Mancha Community Council to implement the circular economy master plan for the region. Within this context, the Castilla-La Mancha Sustainable Development Department counted on Aqualia to participate in the Technology and Circular Economy conference, at which the company had the opportunity to present its strategy and projects in this area.

During this conference, the solutions implemented by the company in Spain were also described. In this regard, since 2015, Aqualia has implemented twelve innovative initiatives in the region, thus contributing to the design of the cities of the future.



Axis II. Smart services:

Designing the sustainable cities of the future

The FCC Group, in its commitment to continuous improvement both in its internal processes and in the offering of its services, works on the implementation of innovative initiatives, projects and procedures in order to design sustainable solutions in its three business areas: end-to-end management of the water cycle, infrastructure development and environmental services. From the design, execution, operation and maintenance phases, the company works on the creation of new capacities to address global warming, waste management, water supply or the preservation of the environment, among others.

- **FCC plan for a circular economy:** circularity is inherent to the FCC Group's business model, mainly at Aqualia and the Environment area, as the company contributes through the end-to-end water cycle and waste treatment respectively, to the transition to a circular production model. By applying continuous innovation in its processes, the company could position itself as a benchmark in this matter, which is increasingly in demand by society as a whole.

  Since the implementation of the Master Plan, the company has worked from its different business lines in the transition to a circular production model, leading European projects, participating in conferences and work groups of this nature, optimising the consumption of resources through innovative processes or by certifying its waste management systems.

FCC plan for a circular economy

The Deep Purple project, turning urban waste into valuable resources

One of the many projects in which FCC participates is Deep Purple. Coordinated by Aqualia, with the participation of FCC Medio Ambiente, and financed by the public-private association Bio-Based Industries (BBI JV), it investigates, on a pilot scale, the application of innovative techniques in the management of effluents to recover by-products. Urban waters present valuable components such as cellulose and other nutrients that can serve as raw materials for numerous applications. The by-products obtained from the Deep Purple Project can be used both as fertilisers, as construction materials, bioplastics and cosmetic products.



- **Climate change and eco-efficiency:** aware of the environmental impact of its activity on its surroundings, the company has a 2050 Climate Change Strategy which, aligned with its commitment to reduce emissions, defines the climate goals for each business line and their different measurement indicators.

  The FCC Group works to mitigate its impact on the natural and urban environment. For this reason, during its sustainability journey, the company has launched various initiatives such as: the Group's 2050 Climate Change Strategy, the promotion of electric vehicles, the development of R&D&i projects or the registration of the carbon footprint by business line. In addition, environmental training sessions have been promoted for employees and their participation in working groups on innovation and climate change has been encouraged.

Climate change and eco-efficiency

FCC Construcción, the first Spanish construction company to verify its carbon footprint in 70% of its activities

Since 2010, FCC Construcción has a Climate Change Strategy, and annually prepares and verifies its emissions reports. Within the framework of this strategy, FCC Construcción has expanded the scope of the verification of emissions derived from its activity. During the 2020 business year, the CO_2 emissions reports of 12 countries in which the company operates have been verified, which represents 70% of its national and international activities carried out in 2019.

- **Response to water stress:** the FCC Group is aware of the increasingly accentuated scarcity of natural resources, including water. In this regard, water stress has a direct impact on the development of communities, so its effective management is especially significant for the Group as it is a leading supplier in the management of the integral water cycle.

  In order to reduce water stress in the communities in which it operates, the FCC Group, through the water business, has implemented processes to minimise its consumption, promoting the reuse of this scarce resource. Likewise, in recent years, the company has launched various public awareness campaigns on the responsible use of water and it has participated in various sectoral actions. In this regard, Aqualia's efforts to achieve greater efficiency in the consumption of water resources, through better use of wastewater, are also noteworthy, such as the H2020 Run4life project.

- **Protecting biodiversity:** the activities carried out by the company through its different business lines directly and indirectly affect the natural environment. To mitigate this impact and promote biodiversity conservation, the company establishes alliances, develops ecosystem protection projects and maps areas of interest for biodiversity, etc.

  The FCC Group's commitment to protecting and caring for biodiversity has led the company to implement, within the framework of its CSR Master Plan, the following initiatives: collaboration with public entities to recover the population of certain endangered species, identification of protected areas in operational perimeters, environmental awareness campaigns or innovative projects to maintain the balance between the urban environment and its co-existing species.

- **FCC Innova^{RSC}**: the FCC Group carries out cross-cutting innovation projects in each of its business areas and at the Group level, which contributes to generating a competitive advantage and being more efficient in its processes. In this regard, sustainable innovation has become a common commitment for the company.

  The R&D&i efforts and investment by the FCC Group during the years of the Master Plan show its commitment to contribute to the creation of the sustainable cities of the future. In this regard, the company has participated in different sustainable innovation working groups and has motivated its employees to develop innovative solutions through its Avanza Awards.

Protecting biodiversity

FCC Construcción adapts the facade of a building for the nesting of swifts

In line with its commitment to the SDGs and, specifically, to biodiversity (SDG 15, life of terrestrial ecosystems), FCC Construcción adapted the facades of the IES María Espinalt, in collaboration with the Barcelona City Council to protect the swifts in their migratory passage through the region. For this, items that facilitate the nesting of these birds were incorporated, taking into account the location of the building, since it is located in an area of migratory transit during the spring season.

FCC Medio Ambiente Iberia will hand over its Avanza Awards

The Avanza Awards were devised to channel all know-how in the area of innovation of FCC employees, and to recognise their effort and willingness to participate through initiatives that materialise in improvements to increase the company's competitiveness. Thus, for yet another year, FCC Medio Ambiente Iberia celebrated the delivery of the II edition of the Avanza Awards, in which six projects were awarded in the categories of Social Initiatives, Quality Improvement, Respect for the Environment and Innovative Solutions.



Axis III. Exemplary conduct: Cross-cutting ethical commitment

The FCC Group's Code of Ethics is the company's starting point in terms of integrity, to work with the highest standards of conduct with stakeholders and society as a whole. Internally, we are working to strengthen the control and supervision systems to be a benchmark company in this area, prioritizing the health and safety of employees and integrating the ESG (environmental, social and good governance) commitments in the value chain.

- **FCC Culture:** employees are the main intangible asset of the FCC Group. For this reason, the company works to consolidate and promote a solid corporate culture that covers each business line, to turn employees into brand ambassadors and increase, at the same time, their pride of belonging.

  The FCC Group's corporate culture reflects the company's cross-cutting and aligned commitment to the mission, vision and values, contributing to its exemplary performance motivated by various training programmes in all geographies. Likewise, the company has worked on the revision of the Code of Ethics and Conduct and the Criminal Prevention Manual. A corporate Compliance Committee has been set up and internal controls and tools have been designed for their management and certification.

- **Responsible procurement:** the company applies social, environmental and good governance criteria in its supply chain, in its firm commitment to introduce sustainability in the processes of contracting goods and services, through its commitment to responsible purchasing.

  In order to comply with this action plan, the FCC Group has reviewed its Purchasing Manual and approved the Supplier Approval Procedure, for which a CSR questionnaire and the parameterisation of the tool have been prepared. Furthermore, compliance controls have been designed and clauses have been introduced in the general conditions of all the Group's contracts in matters of ethics, anti-corruption and compliance with the Global Compact.

FCC culture

FCC360, the new internal communication application of the FCC Group

The FCC Group has launched its new FCC360 App, reinforcing its firm commitment to innovation and new technologies. One more step to enrich internal communication between work teams and promote corporate culture at mainstream level, in each business line.

The FCC360 application allows you to optimise and streamline many common management processes and keep all your employees informed and connected. Likewise, the application serves employees as a means to internalise and share the corporate culture of the organisation, through a deeper understanding of the mission, vision and values.

For the first time in FCC's history, the company is able to connect all employees online, sharing initiatives, challenging projects and, ultimately, the future path of the organisation.



- **XHumanRights:** the FCC Group promotes respect for human rights in all the communities in which it operates, promoting a quality, respectful and dignified work environment through training actions and internal awareness of employees, prevention mechanisms and the approval of human rights policies.

  The route that the FCC Group has taken in this matter has mainly consisted of the following activities: an analysis of the impact of the company's activity on human rights has been carried out, which has been approved and disseminated internally and included in the Compliance Model and in the Code of Ethics and Conduct of the FCC Group. In addition, to detect possible abuses in this matter, an internal complaints mailbox has been set up.

- **Talent2: skills + leadership:** the professional development of employees at the FCC Group is essential to achieve greater productivity, obtain better results in the medium and long term and optimise the company's efficiency. The FCC Group, in its commitment to talent management, encourages the growth of its employees according to their needs and skills.

  To contribute to the professional development of its employees, the FCC Group promotes transformational leadership. To this end, the FCC Campus has been launched, which has four corporate schools: speed, values, digital and compliance have been defined as competences at mainstream level, applicable to all Group employees.



Talent2: skills + leadership

The FCC Group promotes the training of its employees in all professional categories

In the last year, the FCC Group has launched some initiatives in the area of training and leadership among its different professional categories. In this regard, it is worth highlighting the III Edition of the International Programme for Young Talents in the Construction area or the implementation of pilot programmes for Mentoring and Collective Coaching to improve team management and the integration of different generations.

- **Diversity and equality:** for the company, attracting and retaining talent are fundamental aspects both internally and externally. For this reason, the FCC Group works to offer employment, promotion and remuneration opportunities under equal conditions for all its employees, promoting equality and diversity in all its activities, through various specific action plans.

  Throughout the course of its Master Plan and to respond to this action plan, the FCC Group has launched projects in three areas of action:

  1) ***Equality**. Communication campaigns on equality matters; renewal of the "Equality at the company" emblem and the signing of new Equality Plans.*

  2) ***Diversity**. Compliance with the "Principles for the empowerment of women" of the Global Compact; renewal of the Diversity Charter; collaboration with non-profit organisations such as the ONCE-Incorpora Foundation for the employment of groups at risk of social exclusion; accessibility measures at the Las Tablas headquarters.*

  3) ***Gender violence**. Commitment of the FCC Group against gender violence through collaboration agreements with the ONCE-Incorpora Foundation, the Integra Foundation or the Red Cross, to promote the labour insertion of female victims of gender violence.*

Diversity and Equality

The FCC Group has updated its "Harassment Prevention and Eradication Protocol"

The FCC Board of Directors, in order to reinforce its commitment to the principles set out in the Code of Ethics and Conduct and in its Compliance Model, approved a new version of the "Harassment Prevention and Eradication Protocol", extending the responsibility and ethical conduct to all the people who work at the Group.

Thus, to promote a fair and diverse work environment, the protocol contemplates, among other aspects, certain measures, the most noteworthy of which were as follows: not tolerate any conduct that involves discrimination, promote a culture of respect and awareness campaigns against harassment, offer specific training in this regard, ensure the agility of complaint mechanisms, adopt disciplinary measures and guarantee the labour rights and social protection of female victims.

In this regard, the FCC Group undertakes to avoid any conduct that may generate an intimidating or hostile work environment for employees, establishing procedures for action against harassment, guaranteeing the maximum confidentiality of the process and the prohibition of retaliation in this regard.



Health and Safety comes first: the FCC Group works to disseminate a culture of prevention of occupational risks, health, safety and the well-being of employees at the company, to position itself as a leading player in this area. To do this, improvement plans are implemented and health and safety policies are reviewed, which allow us to visualise the performance of FCC as a healthy company.

Health and safety is a matter of global relevance for the FCC Group. The activities that have marked the positioning of the company with the well-being of its collaborators during the implementation of the Master Plan are based on: updating the FCC Group's Risk Prevention Policy; the creation of the Live Healthy Project and the ISO 45001 Certification on Health and Safety Management Systems in the different areas.

Next steps in the sustainable path of the FCC Group: towards the ESG 2025 Master Plan

With the aim of ensuring the FCC Group's sustainable commitment in the coming years, the company held a Sustainability Conference in which all business lines participated, to jointly define the new ESG 2025 Master Plan:

In this regard, the exhaustive materiality study carried out in a mainstream manner will be the starting point for the definition of the new ESG 2025 Master Plan, allowing the main axes on which to work to be established in the short, medium and long term, to continue offering the best services to citizens and contribute to socio-economic development.

The FCC Group holds the Sustainability Conference with the objective set in the new ESG 2025 Master Plan

The FCC Group Sustainability Conference, which took place on 28 October, was held with the aim of setting out the sustainable roadmap to be followed by the company in line with the new Master Plan. During the seminar, the importance that ESG (environmental, social and good governance) aspects have acquired in recent years, and their trend to become a fundamental piece of its business model, was highlighted. Likewise, a review was made of the main milestones of the FCC Group and the route towards sustainability from 2005 to now.

Once the respective presentations had been completed, the sustainability managers of each business line of the company participated in a dialogue table to establish jointly and in a coordinated manner the pillars of the Group's next Master Plan, aligned with the SDGs and aimed at satisfying the demands and expectations of its stakeholders.

Health and Safety comes first

FCC Medio Ambiente Iberia receives the AENOR certificate of protocols against COVID-19

The company has certified its protocols with AENOR with respect to COVID-19 at its corporate headquarters in Las Tablas (Madrid). The awarding of this certificate constitutes significant recognition, not only of the company's commitment to the safety of its employees in matters of prevention and hygiene, but also of the effectiveness of the measures applied in the workplace in the context of the international health crisis. It also highlights the effort made by the entity to comply with current legislation. As assessment was made of occupational health management; training and communication in this matter; organisational and protection measures, as well as the business continuity plan, among others.

FCC'S Contribution to the attainment of sustainable development goals

Since its approval in 2015, the Sustainable Development Goals (SDGs) have marked the 2030 Agenda, involving the collaboration of both the public and private sectors. These 17 objectives, made up of 169 specific goals, seek to guide global efforts to solve the main challenges, such as the eradication of poverty, the protection of the planet and the design of cities, among others.

With a decade to go, the SDGs are increasingly present in today's society, bringing together the efforts of governments, companies and individuals, requiring urgent action to make this roadmap a reality.

Aware of the importance of achieving the SDGs, the FCC Group is firmly committed to complying with the 2030 Agenda, expressing this commitment in the development and implementation of its Corporate Social Responsibility Policy. The company actively participates in contributing to this global roadmap, therefore, both the FCC Group's CSR programmes and its 2020 CSR Master Plan are aligned with the 17 SDGs.

The FCC Group's track record in CSR matters highlights the link between the SDGs and the company's strategy, which has internalised the commitments to the 2030 Agenda, integrating them into its business model. At the Group level, the company contributes across the board to the following Sustainable Development Goals:





Taking into account the different sectors in which it operates, the FCC Group's contribution to the SDGs is detailed below, broken down by each of the business lines.

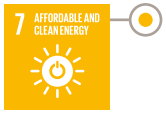
Contribution to the FCC Group's Sustainable Development Goals by business



Aqualia, by providing water and sanitation management services, allows citizens to enjoy healthy conditions, helping to avoid infections and the spread of diseases.



Aqualia's activity generates solutions to water supply, sanitation and purification needs. Therefore, it is aimed at facilitating and improving access to water and the quality of this resource, working to improve the efficiency of water resources.
For its part, the **Construction** business also contributes to achieving this objective, through the construction of infrastructures dedicated to water management.



The **Construction** business develops energy efficient facilities, and contributes to the provision of energy services through the construction of infrastructures.



The **Environment area**, together with the rest of the Group's business lines, generate employment for tens of thousands of people, thus contributing to economic development in the areas in which they operate.



The **Environment area**, constantly applies technological innovations that allow it to optimise waste management, making the most of it.
The Construction business invests annually in research, considering it a fundamental axis to build and develop sustainable infrastructures.
For its part, **Aqualia** tries to improve the end-to-end management of water resources through the application of innovative technologies. Therefore, it considers that innovation is the basis for improving the efficiency and reliability of its processes, while guaranteeing the highest quality of service.
Cementos Portland Valderrivas uses and applies the best available techniques, promoting digital transformation and exploring the application of technologies that allow it to manufacture resilient and sustainable products.



The **Environment area**, has a Special Employment Centre (FCC Equal) that helps people with disabilities to integrate and access employment.



Aqualia, through its activity, contributes to ensuring access to basic services such as water and sanitation.
The **Construction** business contributes, from its activity, to the development of more sustainable and resilient cities and communities that can face global challenges.
Regarding **Cementos Portland Valderrivas**, the company is constantly researching solutions that allow it to reduce water and energy consumption at its facilities, using waste as raw materials or as fuels.



The activity of the **Environment area** contributes directly to achieving this objective, through the recovery of waste, turning it into resources that can be used. In addition, the company carries out different initiatives to achieve a more efficient use of natural resources.
In relation to **Aqualia**, different actions are carried out to allow efficient use of water resources, as well as to promote the reuse of waste water, applying circular economy techniques.
The **Construction** business applies circular economy techniques, promoting the responsible corporate management of resources and waste.
As for **Cementos Portland Valderrivas**, the company encourages the efficient use of natural resources by replacing them with industrial by-products and, in addition, it uses alternative fuels such as biomass.



The **Construction** area promotes a business model and the performance of energy efficient activities to adapt to an economy with low carbon emissions.
For its part, **Cementos Portland Valderrivas** collaborates with its stakeholders to seek innovative solutions that reduce CO_2 emissions derived from its activity. These emissions are continuously monitored and, on an annual basis, the company establishes targets for their reduction.



To promote the continuous improvement of its processes, **Aqualia** frequently collaborates with universities and research centres, developing technology that can be applied worldwide.

The FCC Group joins the #SupporttheSDG campaign on the 5th anniversary of its approval by the United Nations

In line with FCC's commitment to the Sustainable Development Goals, and on the occasion of the 5th anniversary of the approval of the 2030 Agenda, the FCC Group has participated in the #SupporttheSDG campaign, promoted by the Spanish Global Compact Network to promote the enactment of the United Nations 2030 Agenda from the private sector. Some of the projects that participate in the promotion and development of the SDGs carried out during 2020 are:

Environment business - Innovation: ie-urban project

The Environment area makes a strategic commitment to technological innovation through the launch of a new 100% electric collection vehicle designed to improve safety and reduce emissions, thus increasing its useful life. Thanks to this initiative, among many others, the Environment area contributes to SDG 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities), 12 (Responsible consumption and production) and 13 (Climate Action).

Aqualia - Development of Local Communities

Aqualia, in line with the Group's commitment to contribute to the communities in which it operates, works to improve and expand the capacity and efficiency of a Wastewater Treatment Plant in Colombia, one of the largest wastewater sanitation projects residuals that have been implemented in the country. The new infrastructure will bring with it a significant social, environmental and economic impact in the area, contributing to SDG 6 (Clean water and sanitation) and 17 (Partnerships for the goals).

Construction business - Sustainable Leadership

FCC Construcción participates significantly in various working groups aimed at developing sustainable construction standards, allowing the company to keep abreast of the latest trends and contribute in parallel to their development and dissemination. Along these lines, FCC Construcción chairs those work commissions related to the establishment of sustainability principles and aspects for their evaluation in civil works. Thanks to this effort, we are working towards the fulfilment of SDG 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities), 12 (Responsible consumption and production), 13 (Climate action) and 17 (Partnerships for the goals).

Cementos Portland Valderrivas - Energy efficiency

Cementos Portland Valderrivas, in its pledge for a circular economy, began to work on energy recovery in the production of cement. The objective is to replace fossil fuels with energy obtained from biomass, allowing GHG emissions to be reduced by 40%. These actions would contribute directly to SDG 12 (Responsible Consumption and Production) and 13 (Climate Action).



FCC Construcción is the first construction company in the world to join the UN's "Sustainable Finance and Investments" group

FCC Construcción, the first construction company present in the CFO Taskforce led by the Global Compact network, has participated in the publication of the principles for the integration of sustainable investments and finance.

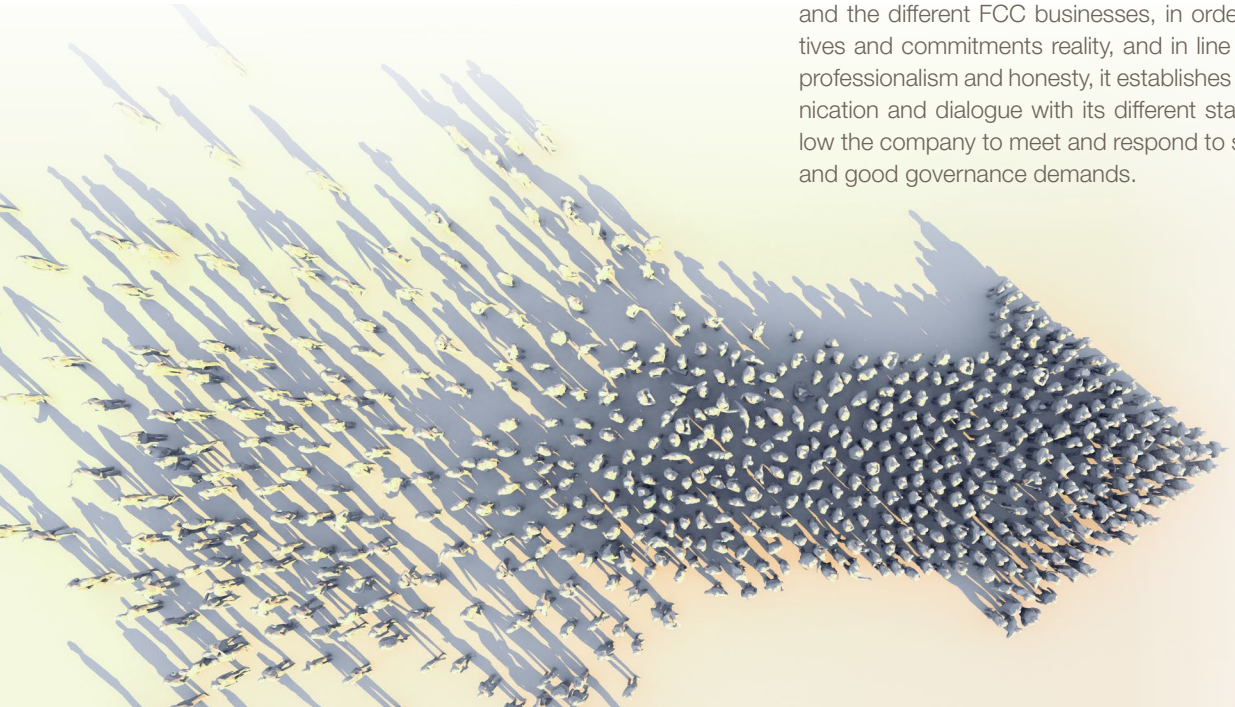
This working group was founded in 2019 with the purpose of addressing the challenge of sustainability and the attainment of the Sustainable Development Goals (SDGs). Its main mission is to create an efficient market for investments and capital flows in the SDGs, guiding companies to align their sustainable development commitments with financing strategies that generate a real impact on the SDGs.



FCC, committed to dialogue

The FCC Group is aware of the importance of its stakeholders for the normal operation of its activity. For this reason, all the Group's businesses promote a fluid and transparent relationship with its stakeholders based, in turn, on a constant dialogue.

Furthermore, for each of its businesses, the FCC Group identifies the most relevant matters, taking into account both the expectations of its stakeholders and the organisation's objectives. For the Group, the definition of materiality is a strategic issue, which is why, in 2020, an exhaustive update of this study has been carried out, which will constitute one of the bases on which the future CSR Master Plan will be designed.



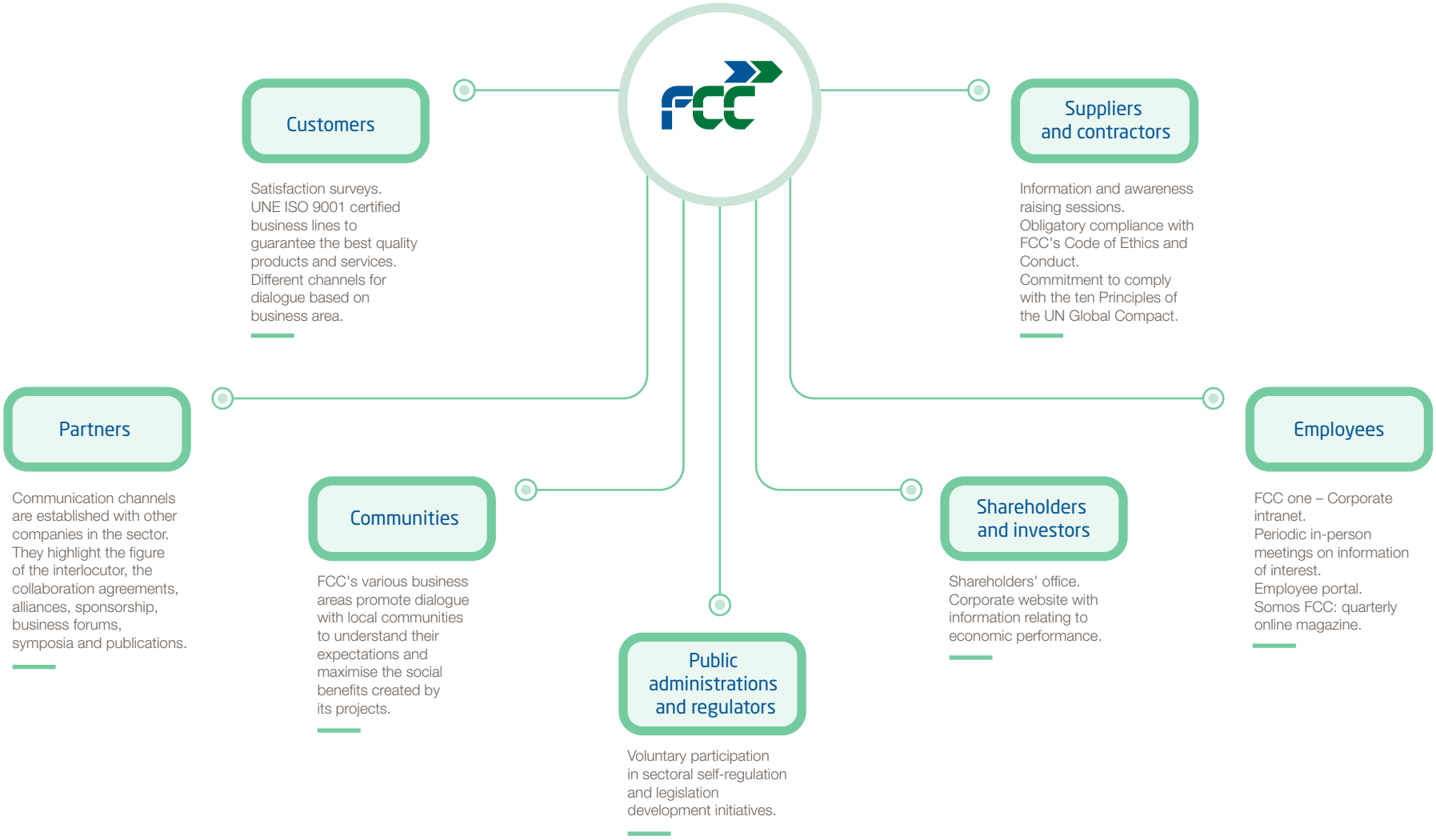
Fostering dialogue:

Stakeholder communication channels

As established in its vision, the FCC Group focuses its efforts on improving the quality of life of citizens, contributing to the sustainable progress of society. In this way, the Group's activity generates impacts on the communities in which it operates, and the different FCC businesses, in order to make its objectives and commitments reality, and in line with its principles of professionalism and honesty, it establishes channels of communication and dialogue with its different stakeholders, which allow the company to meet and respond to social, environmental and good governance demands.

In 2006, the FCC Group, since the preparation of its first materiality analysis, and in accordance with the approval of its first Master Plan 2007-2008, worked on the identification of the different stakeholders to ascertain their needs and expectations. In the identification process, all those internal or external stakeholders that impact or are impacted by the Group's activity were considered. The following graph shows the list of stakeholders identified as a result of said analysis, as well as the main dialogue tools that have been established therewith.

FCC's stakeholders and tools for dialogue





The **FCC Group** establishes a continuous dialogue with its stakeholders, through a wide number of communication channels, among which the following stand out: FCC One, the main internal communication channel for employees available in the FCC360 application; Sustainability and environmental communication reports, to present the Group's ESG performance; direct dialogue with clients; satisfaction surveys; web pages and social networks such as Linkedin, Instagram or Youtube; presence at fairs, forums and conferences to share expertise and collaboration with sector associations, educational and professional entities.

To achieve the objectives and commitments, each business area establishes different channels adapted to its needs and peculiarities in the relationship and response to stakeholders.

At the **Environment** area, activities must connect with the real needs of citizens and, for this, we try to maintain a constant dialogue that helps them to ascertain their different expectations at all times.

The different departments and business offices that make up FCC Medio Ambiente Iberia have specific identification mechanisms and communication channels through which they interact with the organisation's stakeholders.

In the UK, communications with local communities are managed at each location, depending on the circumstances of each one. Regular meetings with the communities are held at all landfill facilities and power plants.

Likewise, FCC Environmental Services maintains a fluid relationship with the representatives of the contracts and with the members of the service areas, organising meetings with them on a routine basis; For its part, FCC Environment CEE uses different channels to communicate with local communities, such as social networks, local press, etc.

Aqualia developed a strategic materiality at the end of 2019, reviewing its brand purpose, identifying the strategic lines for responsible business, and determining the communication guidelines for each of its stakeholders. This process has involved actively listening to more than 18,000 people who are part of the company's stakeholders.

The **Construction** business identifies and evaluates, for all its projects and centres, the environmental and social aspects that may be relevant to local communities. Based on this evaluation, a programme of actions is established, and environmental control measures are communicated to stakeholders.

During the execution of the works, the company involves the local community by establishing communication channels, on the one hand, so that they can transmit complaints and claims, and on the other, to be able to inform them about the progress of the project and about the measures adopted to minimise possible adverse impacts. In this way, participation processes are developed that reflect the needs and concerns of stakeholders, increasing their influence in decision-making related to projects.

Cementos Portland Valderrivas considers that the legitimacy of its activity is based on trust and the quality of the relationships maintained with the local communities in which the company is a member. For this reason, communication and dialogue channels are maintained with institutions, social players and local groups, such as company publications, participation in seminars or participation in colloquia and interviews, among others.

FCC Group materiality study

In 2020, the FCC Group carried out an exhaustive update of the previous materiality study, in order to identify the most relevant social, environmental and governance issues for each of its business lines (Environment, Aqualia, Construction and Cementos Portland Valderrivas). This identification of the main non-financial matters fulfils a double function, since it allows the definition of the contents of this report in accordance with the indications of the Global Reporting Initiative (GRI) while, at the same time, serving as support for the definition of the future Master Plan of the FCC Group. In order to reflect in greater detail the priorities of each of the FCC Group's business lines, this update has involved the redefinition of the matters evaluated with respect to the previous study, which have gone from 12 to a total of 23. These matters are aligned with the main sustainability reporting frameworks, as well as with the legal requirements to which the FCC Group is subject.

This study has incorporated, through a documentary analysis, information related to the following stakeholders: investors, competitors, industry associations, clients[7] and society. Likewise, internally, the management team of each of the businesses has been involved, as well as mainstream Central Services departments. The results of this study reflect the most important issues for the Group's stakeholders and those with the greatest significance and impact on each of the FCC Group's business lines. In the case of Aqualia, a specific materiality analysis has been conducted, and its results have been adapted to the issues identified at FCC Group level.

For the rest of the business lines, the study has been structured in the following phases:

- **External assessment:** To determine the significance that stakeholders grant to the issues, information on competitors, main industrial associations, ratings and ESG investment analysts has been analysed for each of the business lines, together with the information available from business customers of Construction, press and social networks, as well as the material matters identified by SASB and GRI.

- **Internal assessment:** The significance and impact of the issues on the different business lines of the FCC Group have been established. This phase has involved, through interviews and the launching of questionnaires, members of the Management Committee of the different lines of business, as well as a selection of executives from Central Services, with a cross-cutting vision of the FCC Group. In addition to assessing the double materiality of the impacts of each ESG issue, the presence of said issues in the strategy of each business and the selection of the three most relevant issues according to the perception of the respondents were taken into account. To identify future engagement areas, work was also performed to identify the medium-term trend (3-5 years) and the current performance of the Group in such ESG matters.

- **Determination of material matters:** Once the previous phases have been completed, each of the stakeholders has been weighted, taking into account the significance of the information analysed. Subsequently, the results of the internal and external evaluations have been added, determining the material issues, and the materiality matrices have been designed for each business line. These matrices represent, on the vertical axis, the importance given by the company's stakeholders and, on the horizontal axis, the relevance and impact on the different lines of business. Material matters are understood as those that exceed the average score on both axes.

(7) The information available from clients has only corresponded to the Construction area.

The following table shows the correspondence of material matters for each of the businesses:

Material matters for business	Environment	Water	Construction	Cement
Ethics, integrity, compliance and good governance	◉	◉	◉	◉
Risk control and management systems	◉		◉	◉
Quality of service and client satisfaction	◉		◉	
Innovation and digital transformation	◉		◉	
Cybersecurity and data protection				
Fiscal transparency and tax contribution		◉		
Pollution prevention	◉			◉
Circular economy and waste	◉	◉	◉	◉
Management of water resources		◉		
Material consumption		◉	◉	
Energy consumption and energy efficiency		◉		◉
Climate change	◉		◉	◉
Biodiversity				
Food waste				
Attracting and retaining talent	◉		◉	
Professional training and development			◉	
Diversity, equality and inclusion		◉		
Health, safety and well-being	◉	◉	◉	◉
Contribution and social commitment		◉		
Human rights promotion and respect		◉	◉	
Relationship with local communities			◉	
Liability to contractors				
Sustainable supply chain				



The materiality matrices for each of the FCC Group's business lines are shown below, framing the material issues in the highlighted tables.



As can be seen from the results of the study, for the **Environment** area, the most important issue for stakeholders is ethics, integrity, compliance and good governance. Internally, the issue with the most relevance and impact is innovation, a cross-cutting issue that makes it possible to address other company challenges, such as the fight against climate change and the transition towards a circular economy. With regard to employment matters, the importance of health and safety, as well as the management of the Environment area staff, stands out.

For the **Construction** business, the most important issue for stakeholders is ethics, integrity, compliance and good governance, also being the one that has the most relevance and impact on this line of business. For stakeholders, the fight against climate change constitutes a work priority, while internally the significance and impact of the health and safety of workers should be stressed, given the activity that is carried out. Also noteworthy is the importance of innovation- and risk management-related issues, which contribute across the board to the attainment of the Construction business's objectives.

Aqualia's stakeholders consider material consumption, climate change and pollution prevention to be the most important issues. Internally, it highlights the importance given to the safety and health of workers, as well as to the management of water resources, closely linked to the company's activity. It is worth noting the importance, both internally and for stakeholders, of the social contribution initiatives carried out by Aqualia.

For **Cementos Portland Valderrivas's** stakeholders, climate change is the most relevant issue, while internally the importance of ethics, integrity, compliance and good governance should be highlighted. More than half of the material issues are related to the environment, which highlights the importance of environmental management for this line of business of the FCC Group. With regard to employment matters, the importance of the health and safety of employees is especially significant.

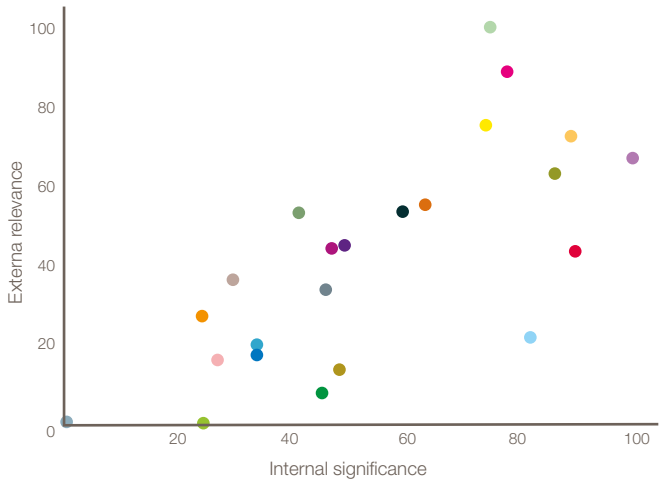
As can be seen in the matrices, some material issues are identified across the FCC Group, regardless of the business line evaluated:

- Ethics, integrity, compliance and good governance.
- Health, safety and well-being.
- Circular economy and waste.

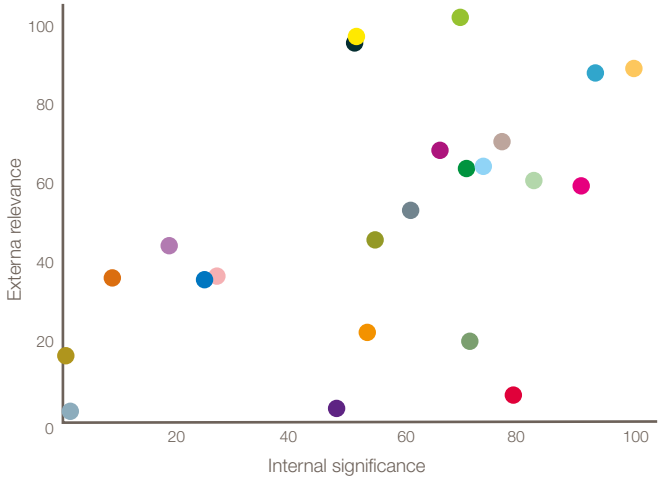
Additionally, it is necessary to highlight the importance that some environmental issues, such as energy and climate change, have had for the FCC Group's stakeholders. These matters have been considered to be of significance regardless of the activity carried out by the different business lines

For its part, the internal relevance of the issues varies between the FCC Group's business lines, since the study reflects the different nature of the activities of each of them.

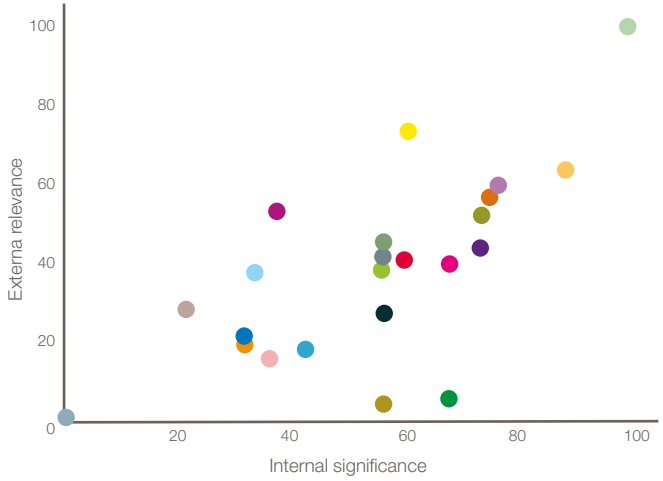
Environment



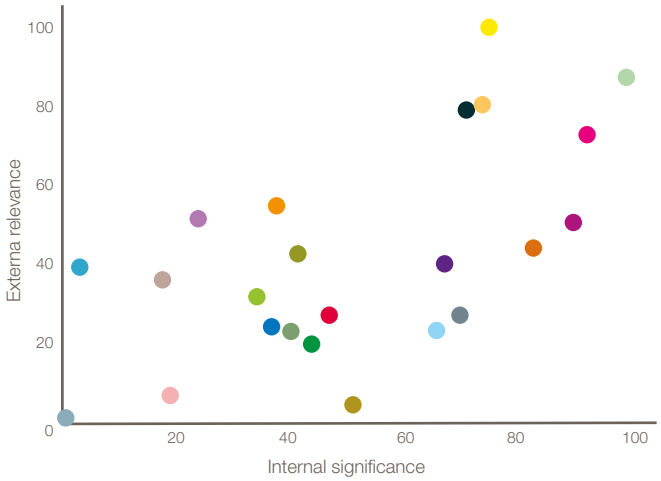
Aqualia



Construction



Cementos Portland Valderrivas



- Food waste
- Material consumption
- Management of wáter resources
- Biodiversity
- Energy consumption and energy efficiency
- Pollution prevention
- Climate change
- Cicular economy and waste
- Fiscal transparency and tax contribution
- Cybersecurity and data protection
- Quality of service and client satisfaction
- Risk control and management system
- Innovation and digital transformation
- Ethics, integrity, compliance and good governation
- Liability to contractors
- Sustainable supply chain
- Contribution and social commitment
- Relationship with local communities
- Human rights promotion and respect
- Professional training and development
- Diversity, equalty and inclusión
- Attracting and retaining talent
- Health, safety and well-being

Ethics and integrity at the FCC Group

Compliance and due diligence

Through its Compliance Model, the FCC Group guarantees that all the companies and employees of the company are governed in accordance with the principles established in the Code of Ethics and Conduct, at the same time strengthening internal control so as not to commit any criminal breach.

The FCC Group has a Compliance Model, whose review process began in 2018, to prevent conduct that may lead to the commission of crimes, and which comprises the following regulatory block:

- Code of ethics and conduct.
- Criminal Offence Prevention Manual.
- Anti-corruption policy.
- Partner relationship policy in the area of Compliance.
- Investigation and response procedure.
- Procedure for the Whistleblowing Channel.
- Human Rights Policy.
- Compliance Committee Regulations.
- Agent policy.
- Gift policy.
- FCC Group participation policy in bidding processes for goods or services.
- Harassment Prevention and Eradication Protocol.

During 2020, the most significant actions carried out regarding this FCC Group Compliance Model, aimed at establishing an ethical and compliance culture that guarantees due diligence, have consisted of:

- Review and update of the criminal risk map, focused on risk assessment following the impact of COVID-19.
- Approval of new regulatory developments.
- Review of the design of controls in the area of international anti-corruption.
- Deployment of the International Compliance Model at Cementos Portland Valderrivas, and progress in its implementation for the international subsidiaries of the Environmental activities and Aqualia.
- Coordination of the supervision of the Compliance Model by Internal Audit.
- Performance of two self-assessments and certifications in the compliance tool.
- Design and launch of new online training, related to the Code of Ethics and Conduct, and in the area of Criminal Prevention.
- Definition, together with the Group's Purchasing Department, of the supplier approval procedure.
- Performance of 195 third-party due diligence evaluations.

To ensure the proper functioning of the Model, the Compliance Committee is the Group's Criminal Prevention body, with autonomous powers of initiative and control. Currently, it is composed of:

- The Corporate Compliance Officer (president)
- The Legal Advice Department General Manager (voting member)
- The Human Resources Director (voting member)

Additionally, for the cases in which their participation is required to carry out the investigations, the Internal Audit managing director participates as a member with an attendance and voting right. Lastly, and as guests, the Compliance Officers of the businesses (FCC Medio Ambiente, Aqualia, FCC Construcción and Cementos Portland Valderrivas) also attend.

Compliance Committee Meetings

During the 2020 business year, and in order to fulfil the tasks and powers designated by the Compliance Committee, 11 ordinary meetings were held, plus seven extraordinary sessions. Twelve annual meetings could not be held since the March session had to be postponed due to the COVID-19 pandemic.

FCC Group Ethics Channel

The FCC Group has numerous effective reporting mechanisms, which allow workers and other stakeholders to report events if breaches are detected. These mechanisms are essential to be able to guarantee compliance with the Code of Ethics and Conduct, as well as the regulations that derive from it.

During the business year 2020, a total of 117 notifications were received by the FCC Group's Ethical Channel, through the corporate intranet, email, or post office box, 34 notifications more than in 2019, mostly of an employment nature.

At the closing date of this report, a total of 101 notifications had been resolved, 86.3% of the notifications received, the remainder being processed or investigated with a resolution expected in the first quarter of 2021.

Training and dissemination of the Compliance Model

The FCC Group carries out different training and communication programmes on the Code of Ethics and Conduct, and the policies and procedures that enact it, to foster employee commitment and performance, in accordance with the company's ethical principles.

In this regard, in 2020, two especially significant projects have been carried out. Firstly, the online training course on the Code has been translated and adapted into six new languages (German, Czech, Slovakian, French, Portuguese and Romanian), allowing the scope of this initiative to be expanded internationally. Secondly, in Spain, the "Compliance coffee" project has been launched, to train and raise the awareness of employees, through sketches and audio-visual content, on the acceptance of gifts, conflicts of interest and the proper use of the company's assets.

In 2020, online training on the Code of Ethics and Conduct continued, with a total of 419 employees completely said training successfully. In this way, since its launch in 2019, 7,998 employees have taken this course, with a completion rate of 88%. Additionally, by including this training in the company's Welcome pack, 1,229 new hires have successfully completed this course.

In addition, during 2020, five online training courses on Compliance were given through Campus FCC, the Group's new training platform, with 18,321 students finishing the programme, representing a total of 11,633 hours of training.

With respect to the publication of the Compliance Model, the entire regulatory blockis available to the whole workforce on the corporate intranet, and both the FCC Group's Code of Ethics and Conduct and the Compliance policies are available to the public through the corporate website.

Compliance Model Certifications

To guarantee the operation and effectiveness of the Compliance Model, those responsible for the controls designed to prevent criminal risks must carry out a semi-annual self-assessment. Hence, certification is provided that the controls performed have been executed and documented, reporting any changes to them.

During 2020, two certifications of the Compliance Model were provided through the Group's tool, evaluating around 3,000 controls in both cases. Based on these evaluations, corrective measures are applied, which allows the Model to continue to be improved.

Due diligence with Human Rights

FCC fully rejects child labour, forced labour and work in painful, extreme, subhuman or degrading conditions while, at the same time, guaranteeing freedom of association and collective bargaining, as well as the rights of ethnic minorities and indigenous peoples in all areas in which the Group operates.

The FCC Group guarantees, within its catchment area, respect for human rights and public freedom, based on the legal framework of each country. This responsibility, in accordance with the provisions of the Code of Ethics and Conduct, is transmitted to all company employees, who must comply with these principles at all times.

The company's commitment to human rights is further reinforced by the FCC Group's compliance with the main international frameworks, such as the United Nations Global Compact, the Universal Declaration of Human Rights Framework, the Declaration of the Rights of the Child, the different ILO conventions and other agreements of the International Federation of Construction and Wood Workers (BWINT).

In 2020, no complaints were received regarding the violation of human rights.



The FCC Group approved the "Harassment Prevention and Eradication Protocol"

In order to reinforce its commitment to the principles set out in the Code of Ethics and Conduct and in its Compliance Model, FCC's Board of Directors approved the "Harassment Prevention and Eradication Protocol". Thus, to promote a fair diverse work environment, the protocol contemplates, among other aspects, certain measures, the most noteworthy of which were as follows: not tolerate any conduct that involves discrimination, promote a culture of respect and awareness campaigns against harassment, offer specific training in this regard, ensure the agility of complaint mechanisms, adopt disciplinary measures and guarantee the labour rights and social protection of female victims.



Alliance to achieve the universal right to water and sanitation in Europe

The United Nations General Assembly has recognised, since 2010, the Human Right to Water and Sanitation and, since 2015, the Right to Sanitation independently. For this reason, Aqualia, together with other European organisations, companies and institutions, has participated in the issuance of a joint declaration, calling on the EU institutions to consider water and sanitation as a human right within the European legislative system, thus guaranteeing these services for all citizens.

Due diligence with bribery and corruption

Through its Compliance Model, the FCC Group guarantees compliance with the laws and regulations in the places in which it operates, generating trust among its customers, shareholders, employees and business partners.

The Code of Ethics and Conduct constitutes the basis of the Compliance Model, although it is supported by the approval of various policies that enact it. One of the complementary policies to the Code is the Anti-Corruption Policy, which includes the following principles:

- Compliance with legality and ethical values.
- Zero tolerance against bribery and corruption practices.
- Property surveillance and data confidentiality.
- Rigour in control, reliability and transparency.
- Prevention of money laundering and transparent communication.
- Extension of commitment to partners in the business.
- Promotion of continuous education on ethics and compliance.
- Transparent relationship with the community.
- Conflicts of interest.

Additionally, the FCC Group has other policies related to the fight against corruption and bribery:

- Agent Policy, which establishes the general principles that should govern the relationship between the FCC Group and any agent or business developer, in order to guarantee their compliance with ethical principles in line with those of the FCC Group.
- Gift Policy, which establishes the principles relating to the making or acceptance of gifts and hospitalities, guaranteeing that they are always made in a transparent and occasional way.

At FCC, we adopt zero tolerance against corruption and bribery, thereby promoting a culture to tackle it. The prevention and mitigation of crimes related to corruption, bribery, influence peddling, fraud, money laundering and swindling is a priority for the Group. Given the possible crimes to be avoided, a risk event is associated in which it could materialise, designing the necessary processes and controls to guarantee regulatory compliance.

Regarding the procedures related to the control of bribery and corruption, the following are worthy of mention:

- Control applied to sponsorships and donations, through a request to be reviewed and approved by the Corporate Communication Department.
- The employee selection procedure based on a skills system to ensure transparency and equality in all selection processes.
- The annual training plan in matters of criminal prevention and anti-corruption.
- The approval of travel and representation expenses.
- The Purchasing Manual and the procedure for the communication and approval of the purchase required.
- The reconciliation of bank statements for the detection of outstanding or unreasonable movements.
- The management of the legal representatives for each company.
- The Due Diligence required before recruiting certain partners and agents.

When assessing exposure to crimes related to anti-corruption, analyses have been carried out in operations for all the countries in which the Group operates. In this way, the matrix of risks and controls in anti-corruption matters has been implemented in Spain and in most foreign geographies.

Finally, given the significance of this subject, specific training on corruption prevention has been devised, aligned with the principles established in the Code of Ethics and Conduct and in the Anti-Corruption Policy. This training, launched in February 2020, has been successfully completed by 3,200 FCC Group employees.

Measures to fight money laundering

During the process of preparing the crime, risk and control matrices, a series of risk events have been identified for the Group in the area of money laundering: non-compliance in the review of control and identification procedures for clients indicated in the Law on the Prevention of Money Laundering (LPBC in Spanish), non-compliance with obligations regarding information collected in the application of the LPBC and the non-application of the established internal control measures for those subject to the LPBC.



For each of these risk events, a series of controls have been planned, aimed at guaranteeing regulatory compliance by the FCC Group. In this regard, the following procedures have been established to control this area:

- Including a Money Laundering Prevention clause in real estate promotion marketing contracts.
- The review of contracts for sale of goods, lease and lease with option to purchase.
- The review of legal representatives for the revocation of powers for those who have left the company.
- The existence of an internal advisory and whistle-blower line.
- A Money Laundering Prevention Manual.
- Creation of a body for the supervision and monitoring of money laundering preventive measures.
- The identification of the parties concerned in a real estate asset, in order to assess the operation's risk.
- Training employees on Money Laundering.

As a result of its efforts in this area, the FCC Group has not received any money laundering complaints.

Transparency and accountability

In tax matters, the company complies with the Tax Authority's Code of Good Tax Practices, which establishes the principles of transparency and mutual trust, as well as good faith and loyalty between the parties, guaranteeing a more effective relationship without legal uncertainty.

Additionally, to minimise the risks derived from tax breaches, FCC has its own Code of Tax Conduct, which is mandatory for all persons linked to any Group company. This document, in line with the values established in the Code of Ethics and Conduct, establishes the basic principles of the FCC Group in tax matters, including compliance with the applicable tax regulations, respect for the "Framework Regulation on the Control of the Tax Area", and ensuring that senior management reviews significant decisions on tax matters and the promotion of transparency.

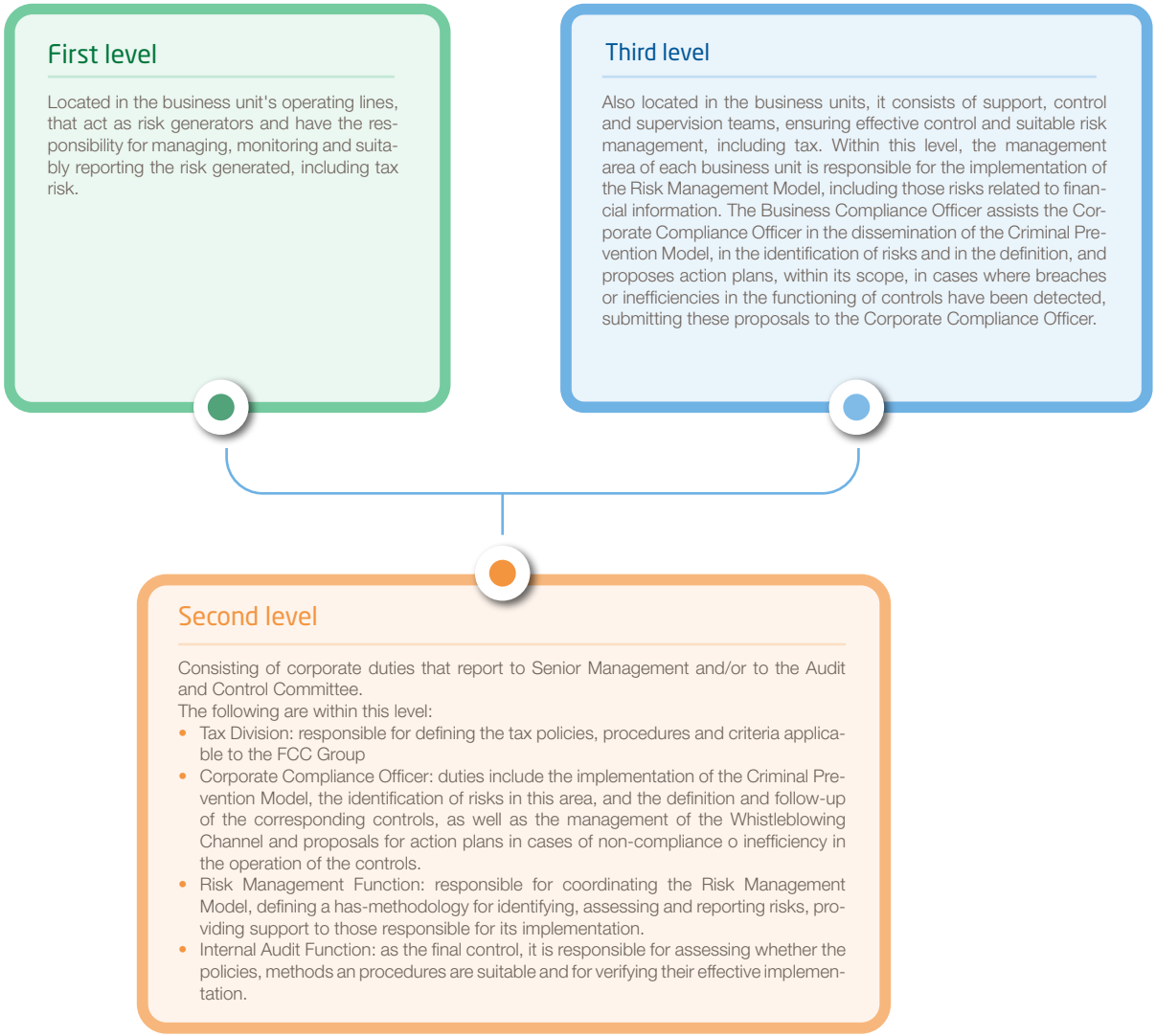
Annex IV shows the details of the profit after tax and the income tax paid by country in 2020 in those countries in which FCC has a presence, together with the public subsidies received.

Risk management at the FCC Group

The FCC Group has a Risk Management Model that is designed to identify and assess the potential risks that could affect the Group's different units. Mechanisms have also been included in the organisation processes that enable risks to managed and kept within acceptable levels, providing the Board of Directors and Senior Management with reasonable security with regard to the achievement of the main objectives defined. The Model is applied to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

The Risk Management Model is based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment. To achieve this, a three-tier system of risk management and internal control was established, the first two located in the business units and the third in the corporate areas.

The main risk scenarios can be grouped into four categories: operational, compliance, strategic and financial.



OPERATIONAL RISKS

Termination or unilateral modification of a contract contractual issues and legal disputes

- Unilateral termination of contracts
- Related economic losses
- Costly legal or arbitration proceedings
- Discrepancies in the interpretation of contractual requirements

Project rescheduling

- Lack of land availability
- Delays in obtaining licences
- Health and/or environmental restrictions
- Supply chain disruption

Risks arising from links with third parties

- Adverse project circumstances
- Reputational and/or economic problems
- Setbacks in ongoing projects

Uncertainty in pricing and optimisation of the supply chain, raw materials, energy and outsourced services

- Price fluctuations
- Difficulties in optiminsing the supply of godos and services
- Impact on the Group's results

Labour conflict

- Non-compliance with labour legislation in the various countries in which the Group operates
- Conflicts that harm the company's productive capacity
- Reputational problems

Loss of human capital

- Impact on project development
- Changes in project outcomes

Risks associated with digital transformation

- Lack of updating in related matters, at both a human and infrastructure level
- Disruptions in operations

Cyber attacks

- Effects on tangible and intangible
- Assets Prolonged interniption of operations
- Uncontrolled access to sensitive information
- Information and data leakage and/or hijacking

Heath and safety risks

- Health crises, incidents and/or accidents in the course of their activity
- Damage to operations

Environmental damage

- Damage in the form of spills, emissions, etc.
- Impact on project and contract development

COMPLIANCE RISKS

Regulatory or contractual non-compliance

- Occasional non-compliance with regulatory aspects
- Difficulties in complying with contractual requirements

Non-Compliance with the Code of Ethics

- Potential non-compliance with regulations
- Legal, economic and reputational damage

STRATEGIC RISKS

Regulatory changes and political, financial and socio-economic instability in countries and/or regions

- Decreased business opportunities
- Fall in project profitability

Global climate or health crises, natural disasters and regional armed conflicts

- Affect on towns and territories in which activities are carried out
- Decrease in demand for goods and services
- Decrease in activity level and operations
- Damage to built infrastructure
- Increased costs due to ecological and/or health transition policies
- Obstruction of mobility
- Interruption in the supply chain of goods and services

Loss of market share

- Difficulty in developing competitive and cost-effective bids
- Entry of new competitors
- Regulatory and/or trade barriers
- Restrictions for environmental or health reasons
- Loss of market share

Cut in investment and demand forecasts

- Negative impacts on projects
- Related economic imbalances and problems

Damage to reputational image

- Reputational impact
- Loss of projects
- Economic damage to the different business lines

FINANCIAL RISKS

Credit risk and liquidity risk

- Customer credit risk exposure
- Liquidity line setbacks

Restricted access to financial markets

- Difficulty in obtaining or renewing funding
- Increased requirements or guarantees requested by financiers
- Impacts on the viability of economic models supporting the repayment of funds
- Loss of business opportunities
- Effect on the normal course of business

Impairment of the commercial fund

- Losses and/or adjustments to goodwill on the balance sheet
- Impact on the FCC Group's financial results

Recoverability of deferred tax assets

- Lack of recoverability of deferred taxes due to the cyclical nature of the Tax Group's profit
- Lack of recoverability of deferred taxes due to changes in corporate income tax in Spain

Fluctuation of exchange rates

- Debt denominated in foreign currency
- Loss of investment in international markets
- Payment received in currencies other than the euro

Fluctuation of interest rates

- Increase in financial costs linked to variable interest rates
- Increase in debt refinancing costs
- New debt issuance

In 2020, the following risks have materialised:

- Reduced activity as a result of measures decreed to curb the COVID-19 health crisis.
- Inefficiencies in the supply chains of goods and services and in the mobility of human resources assigned to projects.
- Rescheduling of certain projects, especially in the infrastructure area.
- Contract and legal disputes.
- Fluctuations in the exchange rates of the currencies in which the Group operates.
- New regulatory framework following the UK's exit from the EU.



Both the FCC Group's Risk Management Model and its Compliance Model establish comprehensive frameworks to identify, assess and manage risks in their respective areas of application.

Once the risks have been identified and prioritised, it is expected to establish control mechanisms through the Risk and Control Matrices that will include key controls aimed at preventing and/or mitigating the risks and the definition of persons in charge of these control activities. For those risks that exceed the accepted level of risk or when non-compliances or inefficiencies are detected in the operation of the controls, specific Action Plans will be established taking into account their operational viability, their possible effects, as well as the cost-profit ratio of implementation.

The Risk Management Model is supervised by the Business Divisions with the support of the Risk Management area, while the Ethics and Compliance programmes are supervised by the Compliance Committee, chaired by the Corporate Compliance Officer with the support of the Compliance Officers of the businesses, following the certification of controls and processes by their owners.

For more information, see the FCC Group Annual Corporate Governance Report for 2020.

Respect for the environment at FCC

Care and protection of the environment

Throughout its 120-year history, the FCC Group has contributed, through its various business lines, to the transformation of cities. Two of its business lines, the Environment area and Aqualia, have worked to provide citizens with a cleaner and more liveable environment, while preserving the value of natural resources such as water or biodiversity. For its part, the Group's Construction and Cement area has designed the infrastructures of today and tomorrow, seeking to optimise resources, minimise the waste generated and protect the environment.

In short, the Group has generated solutions that promote urban resilience, improving people's quality of life and continually striving to reduce the current and foreseeable effects that its activity may have on the environment, ensuring environmental protection and care. Each of the Group's business lines continuously analyses its activities and processes to identify and manage the possible environmental impacts caused by them.

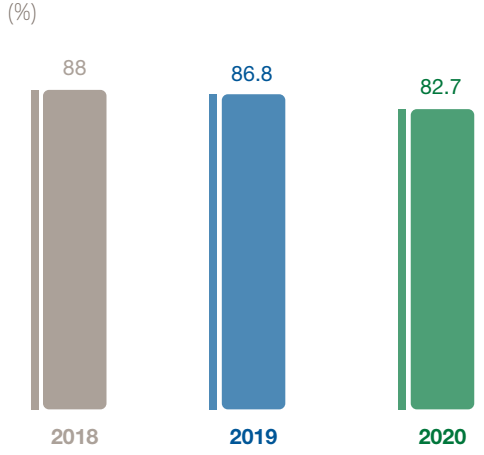
The FCC Group Environmental Management System

One of FCC's priority objectives is the implementation of an Environmental Management System that is certified in accordance with internationally accepted regulations, such as the UNE-EN ISO 14001:2015 standard (hereinafter, ISO 14001), the European EMAS Regulation ("Eco-Management and Audit Scheme") or the UNE-EN ISO 50001:2018 regulation (hereinafter, ISO 50001) for energy management systems, among others.

These certificates allow the Group's activities to be performed in line with the highest environmental management quality standards. In 2020, the percentage of certified activity stood at 83%.

The following graph shows the trend in the percentage of certified activity at the Group in the last three years:

FCC activity with environmental certification



By type of certification, all FCC Group businesses have Environmental Management Systems certified in accordance with the ISO 14001 Standard. Certification under said standard guarantees the correct management of significant environmental aspects, compliance with legislation and the establishment of a commitment to continuous improvement.

With regard to the Environment area, it has ISO 14001 certification in a total of ten countries and ISO 50001 certification in five countries. These certifications cover most of the area's activity in Spain, Portugal, the United Kingdom and central Europe (Slovakia, Hungary, Poland, Czech Republic, Poland, Romania and Serbia). As in the cement business, FCC Medio Ambiente Iberia companies are certified and registered in the EMAS.

For its part, Aqualia has ISO 14001 and ISO 50001 environmental certification. Throughout 2020, the Aguas de Guadix of Aqualia facilities have been certified under ISO 14001.

In the Construction area, for example, the certification incorporates a total of 24 countries. Other companies in the area such as FCC Industrial, Matinsa, Megaplas and Prefabricados Delta have environmental certification under ISO 14001 at centres located in Spain.

Lastly, Cementos Portland Valderrivas in Spain has ISO 14001 certification covering the activity of 75% of its cement factories. In the same manner, the same percentage of cement factories are certified and registered at EMAS, a voluntary tool designed by the European Commission for the registration and public recognition of those companies and organisations that have implemented an environmental management system that allows them to evaluate, manage and minimise their environmental impacts.

Taking into account other environmental certifications, Aqualia has its carbon footprint certified under the ISO 14064 Standard, while FCC Construcción carried out the verification under the same standard in 2020 at most of its centres. In this regard, FCC Construcción verified the emissions corresponding to the previous year at the centres located in Spain, Portugal, Romania, United Kingdom, Nicaragua, Costa Rica, Panama, El Salvador, Mexico, Colombia, Chile and Peru, which represent 53.8% of the revenue and 67.3% of the GHG emissions of the area in said year. Furthermore, in 2020, FCC Industrial renewed the "Zero Waste" certificate granted by AENOR.

FCC Group environmental policy

In 2009, the FCC Group, through the Board of Directors, approved its Environmental Policy, a policy applicable to all Group companies. The Policy is an integral part of the Environmental Management System and establishes the principles in the area of environmental conservation and the use of natural resources that each of the Group's businesses must follow.

The policy establishes the following commitments:

- Control and monitoring of significant environmental impacts.
- Pollution prevention, adaptation and mitigation of climate change.
- Observation of the environment and innovation.
- Consideration of the life cycle of its products and services.
- Commitment to continuous improvement.

Each business line may establish its own environmental policies that reflect the specific characteristics of the activities that it carries out, provided that they incorporate the principles and commitments established in the Group's Environmental Policy. The commitments that every environmental policy must contemplate are the protection of the environment, compliance with legal requirements, the promotion of continuous improvement of environmental performance, establishing additional commitments in each of the businesses:

- At the **Environment** area, FCC Medio Ambiente Iberia also has an Integrated Policy that incorporates principles of action on health and safety in the workplace, a healthy work environment and interaction with the environment. The policy focuses on the promotion of R&D&i and energy efficiency, the use of renewable energies, the reduction of pollution and Greenhouse Gas emissions. At an international level, the activity in the Environment area in the United Kingdom has specific environmental commitments and in the environmentally certified countries at FCC Environment CEE, locally adapted environmental policies are in place.
- **Aqualia** has an integrated Management System, whose scope includes quality management, the competence of testing laboratories, environmental and energy management, occupational health and well-being and information security. The Integrated Policy incorporates, among others, principles of action to ensure the achievement of the Sustainable Development Goals, the quality of treated and distributed water and, at environmental level, principles that reduce the consumption of resources, improve the management of biodiversity and of Aqualia's energy and climate performance.

- The **Construcción** area has an Integrated Policy that additionally incorporates the analysis of environmental incidents, the involvement of interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works and the company's centres.
- **Cementos Portland Valderrivas** has its own environmental policy that incorporates commitments related to its activity, such as reducing wastewater discharges, minimising waste, prioritising energy recovery, or restoring any adverse impact caused by extraction activities.



The management of environmental aspects and impacts within the Group

Taking into account the heterogeneity of the activities carried out by the Group with its four business lines, the environmental aspects and impacts derived from the activities carried out are different and, therefore, must be managed taking into account the specific features of each one of them.

In general, each of the company's business lines monitors each of the processes, trying to identify, evaluate and manage the impacts produced, to adopt the necessary practices to minimise them.

In this regard, FCC Medio Ambiente Iberia has procedures to identify and assess environmental aspects that could cause an impact on its surroundings. The main environmental aspects identified are related to the consumption of resources, waste management, noise, discharges and emissions into the atmosphere. For all aspects, actions are established focused on the elimination or mitigation of the associated impacts, whether on the environment or the health and safety of workers.

FCC Environment UK, in addition to the review of environmental aspects at operational level, carries out an annual review of the aspects and impacts at corporate level. For its part, the activity in the Environment area in the United States, despite not having a certified management system, directs its actions to the periodic maintenance of equipment, the inspection of facilities and the training of its collaborators in spill prevention and the management of emergency situations.

In the case of Aqualia, the environmental impact of its activity is related mainly with the consumption of reagents, the generation of hazardous and non-hazardous waste and energy consumption. The main actions of the company are aimed at the search for energy efficiency and the use of reagents, including improvements in the precision of measurements, calculations of the energy performance of pumps, optimisation and improvement of processes, facilities and production equipment, optimisation of the purchase of energy, etc.

In the Construction business, environmental management focuses on identifying the environmental aspects likely to cause an impact during the project, and on determining their probability of occurrence. In this regard, a series of guidelines are established to direct efforts towards those aspects that may entail a more intense impact.

There are certain environmental aspects that are considered to be significant throughout the Construction area, such as those linked to the generation of waste, the consumption of resources and the generation of noise and vibrations. Specifically for FCC Construcción's activity, the main environmental aspects would be the effects on the territory, largely due to movements on and offsite due to the work itself or the fall of granular material during transportation, as well as dust emissions into the atmosphere. With regard to the Group company Matinsa, the environmental aspects related to atmospheric emissions, from the fuel consumption of vehicles and machinery have been identified as the most significant.

To limit the impact on the environment, Construction establishes a process to identify, assess and manage environmental risks associated with infrastructures, pledging on innovation to address these risks. Simultaneously and with the same objective, the area focuses its efforts on adequate management and on the minimisation and reuse of the waste generated.

For the activity of Cementos Portland Valderrivas in Spain and Tunisia, the identification of environmental aspects is based on an analysis of the processes, facilities and products likely to generate environmental impacts with a life cycle approach. This objective and quantitative analysis takes into account the possible interactions of the Cement business activity with the environment, considering the different operating conditions that may arise: normal and abnormal circumstances, as well as potential accidental or emergency situations.

The most significant environmental issues identified for the Cement business are related to the extraction of natural resources from quarries to obtain raw materials, the emission of greenhouse gases (GHG), particles and polluting gases NOX and SO2 or the consumption of fossil fuels and electrical energy. Other significant issues are also identified, such as the generation of noise and hazardous and non-hazardous waste and the consumption of water.

Cementos Portland Valderrivas' response focuses on mitigating greenhouse gas emissions through the use of decarbonated materials to replace virgin raw materials, the use of alternative fuels such as biomass instead of fossil fuels or the energy recovery of waste whose initial destination would have been its deposit at a landfill.

Application of the precautionary principle and resources dedicated to the prevention of environmental risks

At FCC, the precautionary principle is applied through the design and implementation of its Group Environmental Risk Management Model, as well as through risk prevention activities in each of the businesses.

The FCC Group's environmental risk management model has several independent management levels to achieve greater efficiency in the Group's risk management. In the event of detecting a threat or risk that may affect the environment or health, regardless of scientific uncertainty, the Group takes the appropriate proactive measures to prevent possible damage.

In this regard, the FCC Construcción System of Good Environmental Practices® stands out, its own model, a pioneer in the sector since 2009, which allows the establishment of preventive measures in a proactive way in each company project. To enhance the positive impact of FCC Construcción on the environment, this System defines a set of environmental actions based on the initial identification of the environmental aspects that may impact the project, the assessment of its potential magnitude and its risk of occurrence. In this way, by directing efforts to aspects with a greater impact, this System allows more demanding environmental objectives to be defined than those established by legislation or by customer requirements, bringing about the company's commitment to minimise its environmental impact.

In the case of FCC Medio Ambiente Iberia, the international standards on which the company's environmental management systems are based are an instrument to prevent environmental damage in itself. Hence, the requirements under which these standards are governed, which are implemented in the organisation's management, are endowed with a preventive nature that is consistent with risk management. In turn, this risk management is aimed at product and service conformity, so the implementation of these management systems involves the application of the precautionary principle. Risks are considered and managed in each modification to the system, endeavouring to prevent them from appearing, and at the same time evaluating their probability of occurrence and their consequences. This is how serious or irreversible damage to the environment is avoided, imposing preventive measures to those projects or events in which there is no certainty regarding the effect that an activity may have on natural resources.



Similarly, regardless of whether or not they have a certified Environmental Management System, the Environment area applies the precautionary principle in all the countries in which it operates. For example, FCC Environmental Services (USA) implements preventive measures to reduce the probability of occurrence of environmental risks, as well as those related to the health and safety of its employees.

For its part, some examples of preventive measures by Aqualia would be the establishment of chlorine gas leak detection systems or the correct storage of chemicals and hazardous waste. These, according to the application regulation, must be covered, identified, with protective buckets and absorbents, to be used in a possible spillage.

Cementos Portland Valderrivas applies the precautionary principle by establishing a series of preventive measures to minimise the risks of damage to the environment. The main measures carried out in the cement business include the installation of particle filters in kilns and mills, water purification systems, adequate waste storage or techniques to reduce the emission of greenhouse gases, among others.

The establishment of measures to identify and mitigate the impact of environmental risks involves, annually, significant investments by FCC Group companies. Accordingly, in 2020, the FCC Group dedicated more than 43 million euros to environmental risk prevention, as shown below.

Monetary resources dedicated to environmental risk prevention (€) [8]

	2019	2020
Cementos Portland Valderrivas	3,687,187	4,088,682
Construction Area	22,357,762	21,443,566
Environment Area	4,552,007	18,211,325
Total	**30,596,956**	**43,743,573**

This amount includes 24 million euros invested in the renewal of the fleet of vehicles and more efficient machinery, 6.8 million euros for environmental consulting, 3 million euros in R&D projects related to environmental improvement and more than 300 thousand euros in environmental certifications. More than 8 million euros have also been earmarked to other expenses and investments aimed at environmental protection and improvement.

The increase in the amount allocated to the prevention of environmental risks with respect to 2019 is motivated by an improvement in the compilation of information from FCC Medio Ambiente Iberia that has allowed the incorporation of investment into energy efficiency measures, environmental consulting expenses or annual expense certification. Monetary resources broken down by type are detailed below.

Moreover, over 200 Group professionals work full or part time in environmental management and nearly 23,000 hours of environmental training have been provided.

Resources dedicated to the prevention of envirnonmental risks (€)



- **55%** Annual investment in renewal of the vechicle fleet and more energy-efficient machinery (hybridor renwable)
- **1%** Annual investment in energy efficient measures
- **8%** Investments in R&D projects related to environmental improvement/environmental impact reduction
- **1%** Annual environmental certification costs (ISO 14001 ISO 50001, EMAS, etc.)
- **16%** Environmental consulting expenses
- **19%** Other expenses and investments relating to environmental protection and improvement

[8] The investment for the prevention of environmental risks is not provided by Aqualia as it does not have homogeneous and disaggregated information on said investments.

Number of FCC Group provisions and guarantees for environmental risks

All FCC Group companies have a general third-party liability policy to cover accidents, damage or risks caused in the form of accidental contamination of the environment. The Group also holds an environmental third-party liability policy that ensures coverage for to 60 million euros in case of accidents and accidental contamination. Both policies have global coverage, and this can be complemented with policies contracted locally by each of the businesses.

In 2019, in order to comply with the obligations expressed in Law 26/2007 of 23 October on Environmental Responsibility, FCC Medio Ambiente Iberia analysed specific environmental risks related to treatment plants and landfills. As a result of this process, none of the 33 facilities analysed has had to establish a financial guarantee.

Additionally, the activities of the Environment area in the United States, the United Kingdom, Slovakia, the Czech Republic, Romania and Serbia have specific guarantees through policies contracted to cover environmental risks.

In this sense, Cementos Portland Valderrivas has a policy that covers, for its cement business, up to 15 million euros per claim and 30 million euros for accidental contamination.

Regarding environmental provisions, the Group has a provision of 12.43 million euros provisioned in the Cementos Portland Valderrivas division. For their part, FCC Medio Ambiente, FCC Construcción and Aqualia do not have specific provisions to deal with environmental contingencies, as the existence of significant eventualities in the matter is not considered.

FCC'S contribution to the circular economy

The circular economy for the FCC Group

To make its vision reality, offering innovative solutions that contribute to sustainable progress, the FCC Group has designed a roadmap, integrating the circular economy into its business strategy.

For FCC, the circular economy constitutes an opportunity to expand its contribution to sustainable development, while allowing the adaptation and resilience necessary for mitigation and adaptation to climate change. For this reason, circularity is integrated into two of its business lines, the Environment area and Aqualia, specialising in waste and water management, respectively. Regarding its Construction and Cement businesses, the integration of the circular economy allows it to broaden its horizon of contribution, helping it to advance towards a more sustainable economic model.



To formalise its pledge to circularity as a means to progress in sustainable development and in mitigating the effects associated with climate change, in 2017, the FCC Group signed the Pact for a circular economy, promoted by the Spanish Government's Ministry of Agriculture and Fisheries, Food and Environment in conjunction with the Ministry of Economy, Industry and Competitiveness. This initiative aims to involve all signatories in the transition towards a new economic model that is more sustainable and environmentally friendly.

To promote the FCC Group's positioning in the circular economy model, a preliminary analysis of the European Union's package of measures was carried out and monitored by the Group's business lines. Through the development of master or business sustainability plans, the lines of work and the roadmap have been formulated in the area of reduction, reuse and recovery, leading to a reduction in their environmental impact.

Taking into account the different nature of FCC's business activities, this application of a model based on the circular economy is carried out in different ways:

- The **Environment** area's activity is based on waste management, carrying out a treatment of urban and industrial waste and, therefore, promoting circularity from its collection and recycling activities to their recovery. Likewise, reduction measures are established within the facilities and contracts generated, establishing waste minimisation plans in some of their contracts. Environment area, pledging for the circular economy, tries to convert waste into resources, optimising its use. In this regard, this business encourages research and technological application, through the implementation of various innovative projects. Some of these projects are Life Methamorphosis, regarding the use of biomethane production from waste treatment plants, Life4Film, whose objective is to avoid incineration and the dumping of plastic film waste or Deep Purple, a pilot project in the management of the effluents generated at the organic waste treatment facility. On an international scale, other examples of initiatives would be the energy use of waste at the UK facilities, the application of robotics to improve the classification of waste at the FCC Environmental Services facility in Houston or the creation of a reuse centre, in the city of Trnava, Slovakia.

- For its part, **Aqualia's** business model incorporates the concept of circular economy, by providing catchment, treatment, storage, distribution, sanitation and purification services, including the reuse and reinsertion of water into the natural cycle. Additionally, and to reduce negative impacts on the environment, the water resources used in operations are purified, eliminating waste and guaranteeing the best conditions when returning said resources to the environment. In this way, and given the scarcity of this resource, Aqualia plays a fundamental role in the use and sustainable management of water.

- With regard to the **Construction** business, the main contribution in the field of circular economy is based on the commitment to innovation, promoting the use of new sustainable and reusable materials. In this context, FCC Construcción has a circular economy strategy based on six areas of action defined by the ReSOLVE framework. This framework encourages the identification of business opportunities linked to the transition process towards a circular economy as a production model. Among the specific measures that FCC Construcción has carried out would be the reuse of inerts from other works, effluents and wastewater from processes or removed topsoil. Likewise, the use of recoverable elements is maximised, such as removable walls or the use of portable treatment plants for their use in different projects, as well as the use of recycled materials. Additionally, FCC Construcción promotes digitisation as a key element in its strategy to reduce resource consumption, through the application of the Building Information Modelling (BIM) research line. This line, promoted by FCC Construcción and developed several years ago, encourages the reduction and responsible consumption of natural resources.



- Lastly, the **Cement** business applies circular economy techniques by implementing energy and waste material recovery strategies, in order to improve production efficiency and the sustainability of its activities. Also, to avoid the extraction of mineral resources, Cementos Portland Valderrivas uses secondary raw materials during different phases of the production process, thus re-using resources from other industries, such as ashes, slag, construction and demolition waste, sludge from papermaking processes, etc. Cementos Portland Valderrivas also replaces fossil fuels with alternative fuels, such as unused tyres, meat meal, sludge, vegetable oil extract and other plant biomass materials, etc.

The activity in the Environment area, contributing to the circular economy of plastic

One of the main objectives of the Environment area is the implementation of innovative recycling processes, which make it possible to avoid landfill disposal and the energy recovery of plastics present in urban waste.

For this reason, the area leads two projects co-financed within the EU's LIFE programme, located in the Ecocentral waste treatment plant in Granada:

- **Plasmix:** This programme aims to optimise the recovery of certain plastics present in municipal waste, such as polypropylene, polystyrene and expanded polystyrene. Avoiding their incineration and landfill, these materials will be recycled into high-quality granules, which can be used in new products, including food packaging.
- **Life4Film:** The objective of this project is to implement an innovative recycling process, aimed at avoiding incineration and the dispatch to landfills of plastic film (LDPE) present in urban waste. By installing a 10,000t/year recovery line, the aim is to demonstrate the profitability of the system and the possibility of replicating it at European level.

Life Infusion, turning leachate treatment plants into production and resource recovery factories

Through EBESA, FCC Medio Ambiente participates in the Life Infusion project, the objective of which is to convert leachate treatment plants into factories for the production and recovery of valuable resources, such as biomethane and bio-based fertilizers.

This project, co-financed by the European LIFE programme and approved in 2020, is the continuation of the Life Methamorphosis project, in which FCC Medio Ambiente also participated.

Life Infusion aims to demonstrate the economic, technical and environmental feasibility of recovering high-value resources from municipal wastewater.

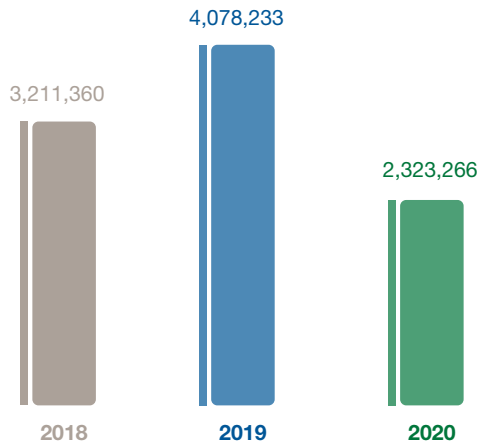
Reduction of waste generated

Responsible waste management is a particularly relevant issue for the Group, given the nature and activities carried out by its business lines. Through the circular economy, the FCC Group promotes the reduction of its own waste, carrying on its activity while, at the same time, promoting social, economic and environmental sustainability. In this vein, the nature of the company's activities is inspired by the principles of the circular economy, its maxim being 'closing the life cycle' of resources, guaranteeing their subsequent incorporation into the production process.

Below are the variations[9] in the total waste generated, as well as a breakdown by each FCC Group business line. The decrease in waste generated in 2020 is mainly due to project phases with less waste generation in the Construction area. In 2019, the generation of waste in this area was especially significant, as a result of the commencement of several projects that, in their initial phases, involve a greater movement of earth and generate a greater volume of inert waste. Likewise, the impact of COVID-19 on the normal performance of activities has been reflected in most of the environmental indicators.

Development of total waste generated (T)

(T)



Regarding the destination of waste, approximately 52%[10] of the waste that is generated is recycled, reused, composted or energetically recovered.

Breakdown of waste generated by destination (T)

Non-hazardous waste	
Reuse	33,486
Recycling	632,969
Compost	41,219
Recovery, including energy recovery	236,767
Incineration (mass burning)	23,493
Landfill	800,329
On-site storage	213,998
Other	96,472
Hazardous waste	
Reuse	23
Recycling	153,485
Compost	7
Recovery, including energy recovery	1,579
Incineration (mass burning)	254
Landfill	73,978
On-site storage	513
Other	14,694
	2,323,266

[9] The waste generated in 2019 has been recalculated due to a review in the reporting criteria.

[10] The waste admitted at centres that is kept stored on the site prior to treatment is not considered in the calculation.

Most of the waste generated originates from the Construction area and is non-hazardous, as shown in the following tables:

Distribution of total waste generated

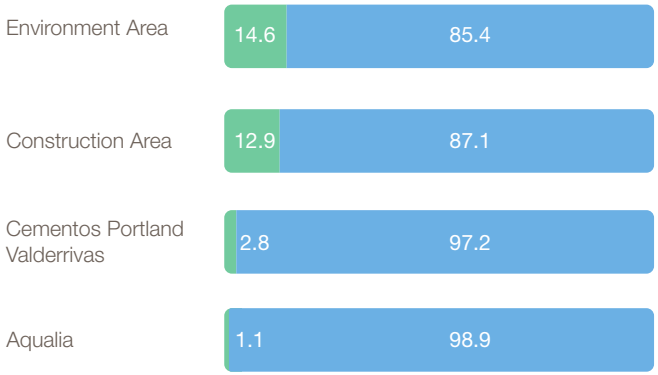
(%)



- 23.4% Aqualia
- 0.3% Cementos Portland Valderrivas
- 51.1% Construction Area
- 25.1% Environment Area

List of hazardous and non-hazardous waste generated

(%)



FCC Industrial, the first construction company to obtain a “Zero Waste” certificate

In the Construction business, FCC Industrial has become the first construction company to obtain the “Zero Waste” certificate, granted by AENOR. This certificate determines the existence of an internal traceability system in waste management, guaranteeing its recovery and therefore avoiding the deposit of waste in a landfill.

The pilot project in which this initiative has been applied, in Guadalajara (Spain), led to the recovery of 99.99% of the waste generated in building, industrial and civil engineering works. To achieve this, the company has carried out a detailed study of the fractions of waste generated, redesigning its procedures to correctly manage them.

To implement this system, FCC Industrial has required the deployment of training programmes in waste management for all the personnel involved, a correct separation of waste at source and the use of large-volume containers.

The management of waste by the activity of Environment area

FCC, through its Environmental Servicess activity, is one of the leading companies in the collection, treatment and recovery of urban and industrial waste. The objective of this area is to treat waste as a resource, reusing and recycling it as far as possible, and taking advantage of the energy value in waste, when this is feasible.

FCC collects both urban and industrial waste in thousands of municipalities, including the world's most important cities, reaching approximately nine million tons per year. Depending on the needs of each city and industry, we employ different collection systems, each with vehicles and containers chosen to maximise efficiency and minimise inconvenience for citizens and companies.

Furthermore, FCC has hundreds of national and international treatment, recycling and disposal centres that manage more than 17 million tons of waste per year. This waste is treated through thermal processes, composting, biomethanisation, recycling, incineration, controlled sanitary landfills and tips, combining multiple technologies to ensure the most thorough use. With regard to the recovery of waste, a strategic activity that makes it possible to reduce landfill disposal, FCC has specialised facilities in the United Kingdom, Austria and Spain.

The tons of waste collected, admitted and treated throughout 2020 are detailed below.

Waste collected (T)	2020
Municipal waste	6,058,676
Hazardous industrial waste	453,365
Non-hazardous industrial waste	2,470,360
Other waste (hazardous and non-hazardous)	5,529
TOTAL	**8,987,930**

Waste admitted at FCC centres (T)	2020
Municipal waste	7,123,021
Hazardous industrial waste	667,166
Non-hazardous industrial waste	9,699,244
TOTAL	**17,489,432**

Treatment of hazardous waste

Hazardous waste (T)	2020
Recovery	278,641
Stabilisation/Landfill	510,275
Transferred to end manager/other destinations	37,368
Other destinations	20,923
TOTAL	**847,206**

Treatment of non-hazardous waste

Non-hazardous waste (T)	2020
Recovery	3,729,815
Controlled landfill disposal/stabilisation	9,895,784
Transferred to end manager	2,644,518
Other destinations	42,971
TOTAL	**16,313,089**

Efficient use of resources

Due to the growing demand for natural resources globally, the FCC Group bases its strategy on their efficient management. In this regard, each of the Group's businesses implements a series of specific measures to minimise the impact of the activities carried out, establishing protocols to protect the natural resources necessary to perform its activities.

Damage to the environment, together with the possible scenario involving the depletion of resources, has propelled the FCC Group to implement increasingly more efficient management models that are compatible with sustainable development, and which reflect the company's solid commitment to environmental conservation and to the circular economy.

Water consumption and management within the Group

Forecasts of change in the distribution of rainfall mean that water resources may be scarce in many places. The FCC Group works to ensure efficient water management in each of its activities, taking into account the water infrastructure and availability in the area.

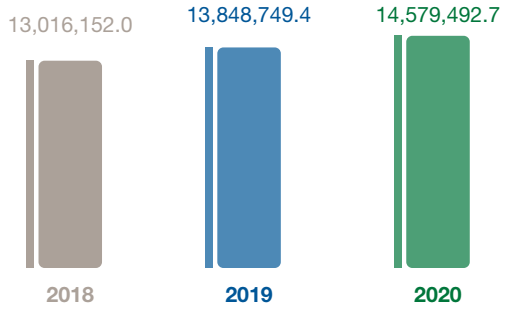
The FCC Group puts into practice all the available mechanisms to ensure the most efficient management of this resource possible, guaranteeing compliance with the territorial limits of urban water consumption, applicable to each business line.

The following table shows the trend in total water extraction over the last three business years at the FCC Group.

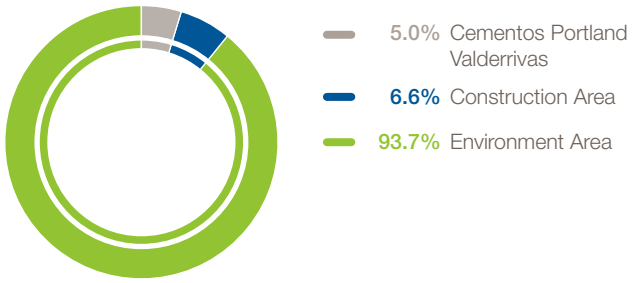
The increase in water extraction registered in 2020 is due to the extended scope of the information reported, since FCC Environment UK has been able to collect information from a greater number of locations compared to previous years.

As can be seen in the following figure, and taking into account the extraction of water by business, 94% of water consumption[11] corresponds to Environment area.

Water abstraction (m^3)



Distribution of water consumption (%)



(11) This is not considered to be consumption by Aqualia because the water monitored by the company is the water managed at its facilities. On the other hand, the Construction business does not have systems to measure the consumption of rainwater or from desalination plants, as this consumption is residual compared to the rest.

The FCC Group's businesses favour the rational and efficient consumption of this resource, carrying out different measures to optimise it.

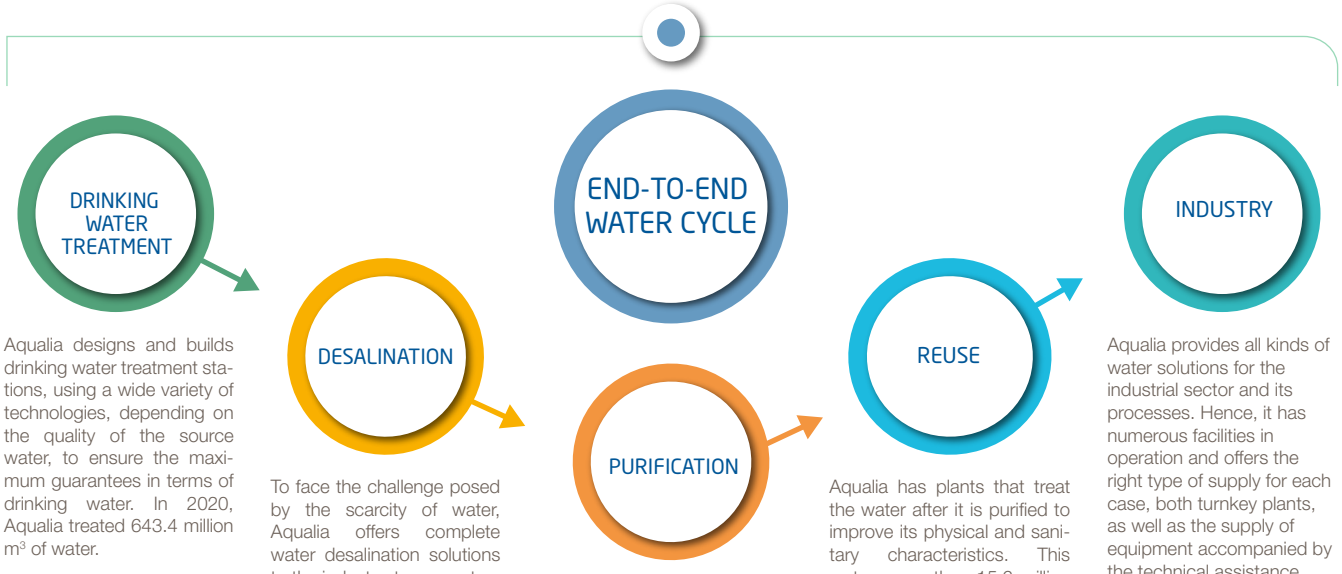
Aware of the weight it has on the Group's total consumption, the Environment area is committed to the use of technologies and equipment that allow greater efficiency in the use of water, both during the provision of its services and at its facilities. Likewise, the rational use of this resource is encouraged among operating personnel, and the use of water from alternative sources is promoted. Regarding this last point, it is worth noting, in the United Kingdom, the project for the collection of rainwater in the Harborough contract, which allowed the capture of 11,000 litres of water in 2020.

For their part, all the companies in the Construction business work to guarantee a rational consumption of this resource, betting on the awareness of their collaborators to recall the importance of making a sustainable use of water. At the same time, in 2020, Cementos Portland Valderrivas continued to work on the optimisation of water consumption by making improvements to the water networks at the facilities to reduce losses caused by breakages in old or damaged pipes.

Aqualia, specialised in the design and construction of all types of hydraulic infrastructures, efficiently manages the end-to-end water cycle, to guarantee the optimisation of public and private resources and promote the sustainable development of communities.

By managing each of the phases that make up the end-to-end water cycle, Aqualia controls the process in detail, which includes the collection, treatment and purification, distribution and collection of urban water, and its subsequent purification for its return to the natural environment in optimal conditions, providing a comprehensive service to consumers.

The main figures related to the end-to-end management of water by Aqualia are shown below:



Aqualia designs and builds drinking water treatment stations, using a wide variety of technologies, depending on the quality of the source water, to ensure the maximum guarantees in terms of drinking water. In 2020, Aqualia treated 643.4 million m^3 of water.

To face the challenge posed by the scarcity of water, Aqualia offers complete water desalination solutions to the industry, to generate a greater quantity of water resources. Aqualia designs and builds desalination plants for seawater and brackish water, including pumping and sewerage plants.

Aqualia has extensive experience in the design and construction of wastewater treatment plants with mostly domestic pollution, currently purifying the waters produced by millions of inhabitants. In 2020, Aqualia purified about 665 million m^3 of water.

Aqualia has plants that treat the water after it is purified to improve its physical and sanitary characteristics. This water, more than 15.6 million m^3 in 2020, is intended to irrigate parks, gardens or golf courses, clean roads, recharge aquifers or recover ecological flows in degraded river courses.

Aqualia provides all kinds of water solutions for the industrial sector and its processes. Hence, it has numerous facilities in operation and offers the right type of supply for each case, both turnkey plants, as well as the supply of equipment accompanied by the technical assistance required.

Natural capital: input (m^3)	2020
Drinking water produced	643,416,868
Treated water	665,830,462
Raw water purchased	201,161,827
Total water consumed in the purification and desalination processes	174,980,591
Amount of water distributed	666,335,239

Re-use of WWTP outlet water (m^3)	2020
Total volume of water treated in WWTP	682,243,654
Volume of water reused	15,632,168
% total re-used	2.3%

Consumption of raw materials

Some of the activities carried out by the FCC Group involve a necessary consumption of raw materials. For this reason, the management of these types of resources is a priority issue, and the Group encourages their optimisation to ensure their responsible use, taking into account the specificities of each business.

The activity of FCC Construcción, in addition to land occupation, involves the movement of large volumes of land for execution. To reduce the consumption of land, the company implements different actions, such as the use, as backfill in the work itself, of the material extracted in the clearing of cuttings and embankments. In this way, it is possible to reduce the volume of material loans required compared with the volume initially planned in the project.

Because of the very nature of its activity, Cementos Portland Valderrivas is a large consumer of natural raw materials. This is why it has an Environmental Policy to promote the sustainability of natural resources, by introducing the circular economy principle and promoting the use of alternative raw materials and fuels.

Simultaneously, and promoting the responsible consumption of natural resources, the company's activity allows significant waste recycling from other industries. Through the recovery of materials, obtained from waste and by-products, natural raw materials are replaced, saving non-renewable natural resources and thus avoiding the impact of their exploitation on the natural environment. In this regard, the main alternative raw materials consumed by the Cement business include fly ash, blast furnace slag, foundation sands, paper mill carbonates, industrial sludge, concrete remains, olive stones, recycled fuel oil and recovered hydrocarbon.

Aqualia mainly consumes reagents used in water management during the purification process. In line with the limitations established by the regulation, the treatment plants have analytical control procedures for the process, guaranteeing a minimum and necessary consumption of this type of products.

The activity of Environment area works to reduce the use of non-renewable natural resources, reusing the materials contained in the waste as secondary raw materials in the production cycle, provided that people's health and the protection of the environment are guaranteed. In this regard, the use, at various facilities managed by FCC Medio Ambiente Iberia, of recycled materials to replace raw materials is worthy of mention.

In addition to raw materials, each of the FCC Group businesses consumes other types of materials associated with the activity that it carries out.

The consumption of raw materials, process materials, lubricants and reagents, semi-finished products and container and packaging materials throughout 2020 is detailed below.

Materials used (T)	2020
Raw materials (metals, minerals, wood, etc.)	41,396,446
Process materials, lubricants and reagents	96,849
Semi-finished products	3,726,276
Container and packaging material (paper, cardboard, plastics)	8,671
TOTAL	**45,228,241**

Regarding the amount of raw materials reflected in the previous table, it should be noted that in the Construction area, the consumption of land and gravel increased very considerably in 2020, mainly due to the progress of the large projects commenced in 2018 and 2019.

FCC Construcción announces the incorporation of Blockchain technology through the BIMCheck project

FCC Construcción has notified its stakeholders of its participation in the creation of BIMCheck, a platform whose main objective is to improve the company's productivity through the automation of quality control and management processes. The application allows the improvement of the traceability of the materials and the documentary control of the works. It has been applied in a pilot building project in 85 homes in Tres Cantos (Spain), constituting the first experience worldwide that combines the application of BIM and Blockchain in a project.

Energy consumption

Both energy efficiency and the substitution of fossil fuels with renewable energy sources are fundamental points to turn FCC into a more sustainable business. Aware of this, the Group includes the implementation of these measures in its business model as part of its strategy.

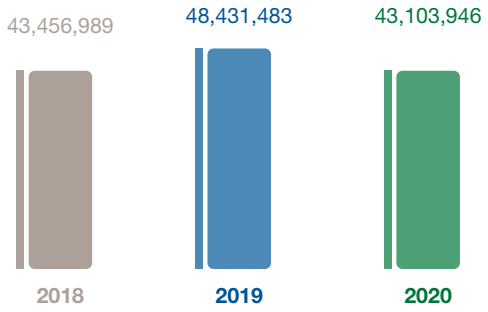
The FCC Group, through its business lines, carries out different measures to increase the energy efficiency of the organisation. In this way, both the Environment area and Aqualia have an Energy Management System certified in accordance with the ISO 50001 Standard, which implies the establishment of energy efficiency objectives and measures.

In addition, FCC's businesses work on improving the energy efficiency of its facilities and processes, through different projects, such as the replacement of luminaires with LED technology, the renewal of equipment, training in efficient driving or the installation of presence detectors, among others.

It should be noted that FCC Medio Ambiente received a prize in the 2019/2020 edition of the European Business Environmental Awards (EBAE Awards), for a project aimed at implementing affordable electric mobility in urban services. In this way, FCC Medio Ambiente Iberia has been working throughout 2020 on the adaptation of this technology, which entails enormous environmental benefits, such as the reduction of polluting emissions and noise, the reduction of the carbon footprint and the maximisation of energy efficiency.

The Group's energy consumption in the last three years is shown below, reflecting the company's efforts in this area:

Direct and indirect energy consumption (GJ)



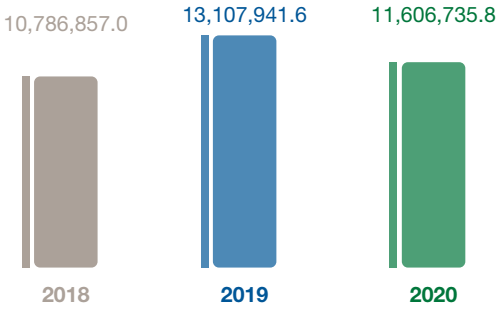
The decrease in energy consumption compared to 2019 is motivated by the effects of the pandemic on the normal development of the activity, mainly in the Cement area.

Furthermore, the FCC Group's business lines endeavour to use an increasing percentage of energy from alternative sources in their processes. In this connection, the efforts of Cementos Portland Valderrivas to replace fossil fuels with alternative fuels, such as biomass, in processes requiring a high energy consumption, such as the manufacture of cement, are worthy of mention.

Other examples of the FCC Group's commitment to the use of renewable energies would be the project to install photovoltaic solar energy at 26 Aqualia consumption points, which represents an expected annual production of 5GWh (18GJ) per year; the PPA (Power Purchase Agreement) for this business line, which aims to acquire 76GW per year of renewable energy for the next 10 years; or the use of landfill gas to generate electricity and hot water, by FCC Environmental Services in the United Kingdom and Hungary.

The consumption of renewable energy in the last three years is shown below:

Renewable energy consumption



Aqualia, researching for the future of desalination

Aqualia leads the MIDES project, which has achieved total energy autonomy for two desalination plants, in Racons (Alicante) and in Fonsalía (Santa Cruz de Tenerife).

Over five years it has gone from a small laboratory cell, which could treat a few millilitres of water a day, to the present, where almost 4 m^3 is being desalinated daily, enough to supply 25 people at each plant. This project provides a solution, simultaneously and sustainably, to the purification of wastewater and the supply of drinking water from salt water, exploiting the synergies between both processes, achieving autonomy in energy terms.

Thanks to the development and start-up of these projects, Aqualia contributes to defining the future of desalination plants, contributing at the same time to sustainable development, by integrating the fight against climate change and circular economy criteria at these types of facilities.



Cementos Portland Valderrivas is committed to using renewable energy for cement production and renews its EMAS Environmental Management and Audit System

Cementos Portland Valderrivas began, at its facilities in Alcalá de Guadaira, the largest cement manufacturing centre in Andalusia, the transition to the use of biomass as fuel. This energy source, widely used in the production of renewable energy, will reduce its greenhouse gas emissions by up to 40%.

In addition, Cementos Portland Valderrivas maintains a very demanding environmental policy, and its factory in Alcalá de Guadaira has renewed for the eleventh year its registration in the EMAS Environmental Management and Audit System, a voluntary EU mechanism that identifies and values companies committed to the environment and to compliance with current legislation.

FCC, facing the climate change challenge

Climate change is one of the greatest threats of our century, according to experts. According to the Global Risks Report of the World Economic Forum, published in 2021, the influence of environmental risks remains, confirming the trend of recent years.

In a context marked by climate uncertainty, those entities capable of reacting and anticipating possible risks related to climate change and the environment are particularly important. The FCC Group is aware, taking into account the opinion of experts and international trends, that the sustainable development of cities entails responding to great challenges, among which is the fight against climate change. In line with its mission, the Group promotes the development of innovative solutions to transform the present and future of cities, bringing about the sustainability of its business model.

In this vein, the FCC Group, in line with its commitment to integrate climate change management at all its operational levels, as well as in each of its business lines, has taken into account the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), in relation to the disclosure of climate-related information. These recommendations are structured in four blocks: governance model, strategy, risk management and metrics and objectives, with the ultimate aim of making investors and other stakeholders aware of the management and integration of risks and opportunities derived from climate change in their business model.

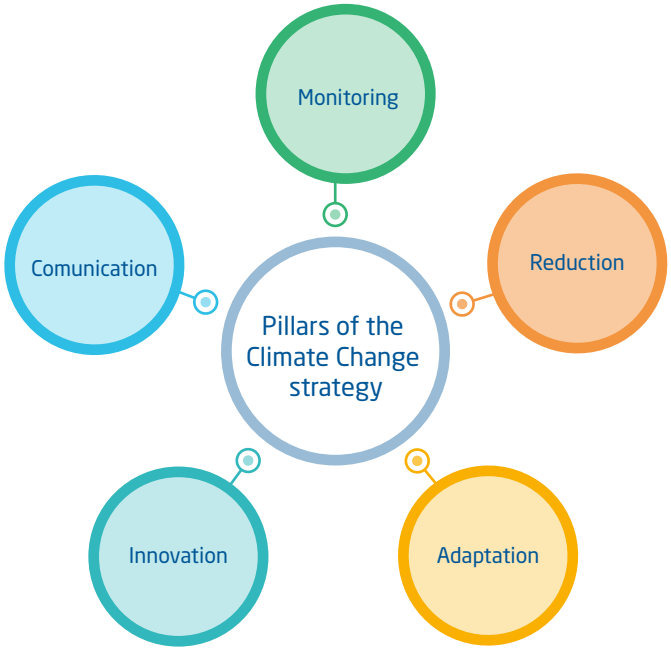
Governance model

Stakeholders are increasingly demanding the greater involvement of companies to promote more ambitious policies that allow the impacts and risks derived from their activities to be managed, including non-financial issues that directly affect the natural environment, such as those related to climate change.

The FCC Group, as a world benchmark in citizen services, specialised in the end-to-end management of water, environmental services and the infrastructure sector, is aware of the important role it plays in this task. For this reason, the company has an across-the-board governance model for all ESG aspects, including climate change management, as explained in section The Group's CSR Policy.

Strategy

In accordance with the values of integrity, transparency and professionalism that characterise the FCC Group, the company tries to inform its stakeholders, including investors, about the effect of climate change on the organisation's different lines of business, strategy and financial planning.



The company is aware that its main activities as a business, such as cement production or waste management, among others, involve the emission of greenhouse gases. With the aim of reducing these emissions to the maximum, the FCC Group has a Climate Change Strategy, which establishes the strategic lines and the roadmap until 2050, defining quantitative objectives and selecting KPIs for monitoring and reporting. This Strategy is based on the following pillars:

- **Monitoring:** despite the Group's long journey to measure the carbon footprint, the objective of this pillar is to advance in the improvement and scope of the quantification of greenhouse gas emissions.
- **Reduction:** based on the information obtained, reduction goals and actions are envisaged to attain these objectives. In this connection, the FCC Group devotes numerous efforts to the development of products and services with a lower environmental impact.
- **Adaptation:** the activities of the Group and its clients are exposed to the impacts derived from climate change, including both physical risks and the risks of transition to a low-carbon economy. The former include impacts derived from extreme weather events, for example, while the latter comprise regulatory changes that may occur in the future.
- **Innovation:** the new challenges that arise on a global scale will require the Group to be able to adapt to the new environment. In this way, FCC must develop innovations that allow it to reduce its environmental impact and to help its clients in the transition to a low-carbon economy.
- **Communication:** the FCC Group must maintain a transparent and open relationship with its stakeholders, reporting on the objectives set, the actions carried out and other initiatives that contribute to the fight against climate change.

In this way, FCC has been able to consider the impact that issues related to climate change have on its business and strategy, specifically on its products and services, its value chain, adaptation and mitigation activities, investment in research and development and company operations.

The impact that issues related to climate change have on its business and strategy

Products and services

In this regard, for example, the impact of climate change has led to the development of innovative and more sustainable initiatives that have made it possible to provide more efficient products and services in each business line, incorporating circular economy projects and mitigating, on a parallel basis, the effects of their activities on the environment.

Value chain

Risks associated with climate change, as well as ESG demands, have prompted the company to expand the scope of social and environmental criteria in its value chain. To this end, during the 2020 business year, the Purchasing Manual has been reviewed and the supplier approval procedure has been authorised, which includes financial and non-financial aspects.

Adaptation and mitigation

The company, aware that its main activities, such as cement production or waste management, among others, generate greenhouse gases, has incorporated two fundamental lines of action into its Climate Change Strategy that focus on mitigation and adaptation, to reduce these emissions, and include technical, management and energy consumption improvements.

Research and development (R&D&i)

Likewise, in this strategy, the FCC Group has a pillar related to innovation applicable to each of the business lines in a cross-cutting manner, the objective of which is to design new products that are more efficient and less dependent on coal, based mainly on continuous improvement and on the circular economy as priority axes, in the design, execution, operation and maintenance phases.

Continuing

Taking into account the possible climatic impacts derived from global warming in the company's operations, the FCC Group focuses its efforts on being part of the solution, maintaining its leadership in the management of the end-to-end water cycle, environmental services and infrastructure development and management and promoting synergies between the different business lines, to enhance profitability, mitigate climate events across the board and promote the Group's sustainable development.

Risk management

The FCC Group is aware that its business lines are exposed to risks derived from climate change, therefore different action plans are implemented at the organisation based on the activity carried out by each of them. In addition, depending on the trends and performance of each sector, each business line annually identifies the possible opportunities derived from climate change, such as, for example, the integration of the circular economy into its operations, with significant savings and a reduction in GHG emissions.

Climate-related risks and opportunities are included within the FCC Group's Risk Management Model, as well as any other type of risk that may affect FCC. In this way, its periodic evaluation is guaranteed, together with the establishment of appropriate controls for its prevention and detection.

The main risks related to climate change identified by the FCC Group include exposure to extreme weather events, water scarcity, the establishment of new limits on GHG emissions or the appearance of new regulations regarding the energy recovery of waste or the energy certification of buildings, among others.

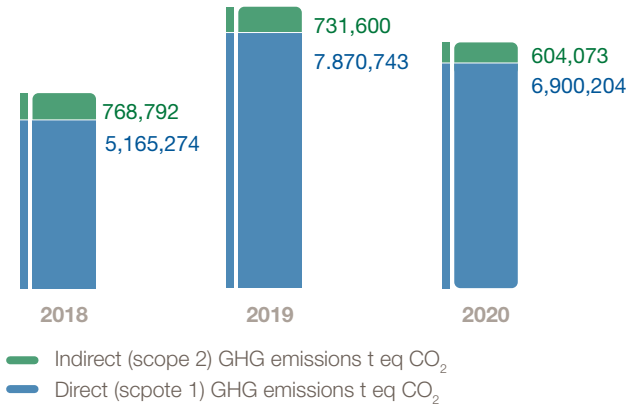
However, the FCC Group also considers that the transition towards a low-carbon economy implies the emergence of new needs in urban environments. As a result of its efforts in innovation and in mitigating its environmental impact, FCC is positioned as a leading player to respond to these needs, contributing to the sustainable development of the cities of the future.

Metrics and objectives

In the FCC Group's desire to advance in measuring the impact of the Group's activities, one of the fundamental pillars is the annual calculation of the carbon footprint of each business line. To contemplate the particularities derived from the different activities carried out, each of them has developed its own methodologies, always endorsed by the Spanish Climate Change Office.

Next, the greenhouse gas emissions of the FCC Group are detailed, including scopes 1 and 2. For their calculation, different methodologies have been used for each activity sector of the Group, all of them aligned with the *GHG Protocol*.

FCC Group direct and indirect GHG emissions (tCO2e)



Additionally, the FCC Group's direct biogenic GHG emissions amounted to 2,006,143 tCO_2 in 2020. The decrease in GHG emissions with respect to 2019, like that indicated with respect to energy consumption, is motivated by the effects of the pandemic on the normal performance of activities, mainly in the Cement area.

As part of its Climate Change Strategy, in 2019, the FCC Group approved the objectives to be met by the 2050 horizon. In this way, based on the individual objectives of the different businesses, the FCC Group has established two different emission reduction targets, differentiating between Cementos Portland Valderrivas and the rest of the Group's business lines. This is so due to the peculiar characteristics of the cement sector, in which most of the emissions are linked to its own activity, with no possibility of reduction if not due to lower production.

The Group's GHG emission reduction targets are detailed below, including scopes 1 and 2, and excluding the cement business. For these objectives, 2017 is taken as the base year:

Year	Group Objective (without cement)
2030	-10%
2040	-15%
2050	-20%

For Cementos Portland Valderrivas, the following objectives have been established, in terms of emissions intensity:

Year	Cementos Portland Valderrivas target (kg CO_2/T Clinker)
2030	768
2040	754
2050	740

To measure the degree of attainment of the FCC Group with regard to the goals described, a series of indicators have been defined for each of the business lines that make up the Group, as well as a series of intermediate objectives, calculated based on the year 2017.

Aqualia continues its innovation process by creating new solutions to fight climate change

The ABAD Bioenergy technology, patented by Aqualia, is a comprehensive biogas cleaning, improvement and purification system that allows a higher quality of biomethane to be obtained at a lower price. Aqualia has 4 treatment plants with this technology installed, so it obtains enough biomethane to supply 200 vehicles. The ABAD programme, which began in 2018 and will run until 2026, has been selected in 2020 for the Climate Project call. Thanks to its operation, the Ministry for Ecological Transition has certified and subsidised 100% of the tons of CO_2 avoided by Aqualia during 2018.

The Run4Life project, led by Aqualia, proposes a wastewater treatment system that does not require a connection to sewerage networks, re-using 100% of grey water. In 2020, after its application for two years in the Porto do Molle Business Centre, the results have been presented for this project, which is being developed on a large scale in Europe.

FCC Environment UK, supporting its clients towards a zero carbon footprint

FCC Environment UK offers innovative waste management solutions to more than 60 local authorities, to support them in their transition towards carbon neutrality. For this, it is necessary to carry out initiatives in addition to recycling practices, which contribute to the fight against climate change.

An example is the use of fully electric vehicles for waste collection in both urban and rural areas. Given the thousands of kilometres of waste disposal routes across the UK, the switch to electric mobility could have a major impact by helping to reduce emissions from its customers, supporting their transition towards a zero-carbon footprint.



The minimisation of pollution

The FCC Group, in accordance with its environmental commitment, aims to reduce polluting atmospheric emissions (mainly NOX, SOX and particles) associated with its business activities. These emissions, which do not contribute to climate change, are not related to GHG emissions, which are detailed in the previous section of this report.

In this regard, activities at the facilities of certain of the Group's business lines have fixed source emission limit values, mainly. This is the case of Cementos Portland Valderrivas, as well as the industrial waste management activity of FCC Medio Ambiente Iberia or certain facilities of FCC Environment UK. In these cases, to control pollutant emissions, the facilities have gas purification and filtering systems, among others, using different techniques depending on the characteristics of the pollutant generating process.

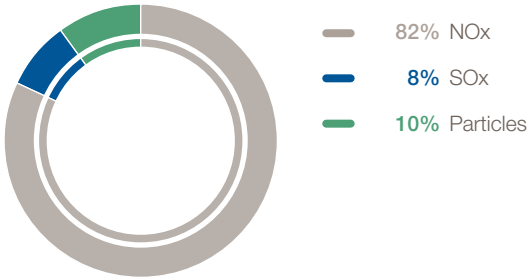
The main atmospheric emissions by type of pollutant are detailed below:

Atmospheric emissions (T)

	Aqualia	Cementos Portland Valderrivas	Construction Area	Environment Area	Total
NOx	72	5,988	437	5,303	11,801
SOx	0	717	6	495	1,218
Persistent organic pollutants (POPs)	–	0	–	0	0
Volatile Organic Compounds (VOCs)	–	144	21	142	306
Particles (MP)	–	125	1,264	53	1,443
HCL	–	8	–	54	62
HF	–	1	–	1	2
Emissions of ozone-depleting substances (ODS)	1	–	–	–	1

With regard to NOx, SOx and particles, the main emissions resulting from the activities, the proportion existing in each of them is detailed below:

Emissions of NOx, SOx and Particles (T)





These NOx, SOx and particle emissions are in line with the information provided in previous years, without detecting significant variations. The rest of the atmospheric emissions have been compiled for the first time in this report.

The specific measures adopted in each Group business with regard to atmospheric emissions vary significantly depending on the activity carried out:

- At **Cementos Portland Valderrivas**, cement manufacturing produces significant emissions into the atmosphere from Clinker furnaces. To ensure strict compliance with the emission limits, sleeve and electrostatic filters are installed to reduce concentrations in channelled sources. Other measures include the installation of filters in the transport and transfer of powder materials, the use of closed storage, wind-proofing screens, the irrigation of tracks and the use of sweepers and vacuum vehicles to avoid widespread emissions.
- The **Construction** business, for its part, establishes preventive measures, ranging from the roof of the trucks that transport powdery material, to the use of pipelines to transport debris from a height. Additionally, other measures are established, such as the irrigation of roads and stockpiles or the use of machinery with a humidifier system to reduce the emissions derived from drilling.
- The **Environment** business is committed to favouring the active degasification of the landfills it manages. In the case of landfills, the pertinent measures are established to control widespread emissions, especially in the transport of powdery material. With the aim of minimising said emissions derived from transport vehicles and machinery inside the facility, it is guaranteed that the particles deposited on the roads are not dispersed, necessary cleaning is carried out or accumulations of dust are removed, among other measures.

Additionally, in relation to spillages, the preventive measures taken by the FCC Group include, among others, the installation of water purification systems, complying, in any case, with regulatory inspections; the neutralisation of effluents with basic pH or the placement of containment elements near water bodies.

In relation to noise pollution and in order to avoid a direct impact on communities, the FCC Group ensures that local regulations on noise are respected, carrying out different types of actions, such as the installation of acoustic screens at Construction and Cement businesses, the performance of tasks at times that minimise the impact and the use, as far as possible, of more modern and silent machinery.

Then, with the aim minimising the impact from light pollution, some FCC Group businesses took different measures, such as the installation of timers and presence detection systems, or the use of directional light, which illuminates only the area required without impacting the environment.

Protecting biodiversity

The activities undertaken by the company require a certain use of natural resources, a fact that may have an impact on the ecosystems and the species that live in them. For this reason, the different businesses that make up the Group should guarantee the care, preservation and restoration of biodiversity in those areas where the company operates.

The following table shows the surface area in hectares of vulnerable protected areas, together with the affected surface areas restored by the Group in the last three years.

Measures taken to preserve or restore biodiversity

	2018	2019	2020
Protection of vulnerable areas (ha)	534	1,127	1,142
Restored affected areas (ha)	544	604	700

As can be seen, there is an ongoing increase in the number of vulnerable areas protected in 2020 compared to previous years.

Given the different nature of the activities undertaken by the FCC Group's businesses, their impacts on biodiversity vary widely, as do the measures taken to protect them:

- At **Cementos Portland Valderrivas**, the impact on biodiversity consists of the exploitation of natural resources in quarries for the supply of raw materials. To be able to measure this impact, an assessment is made of the effect on the landscape that involves observing the exploited surface compared to the restored surface. Restoration work in all the quarries during the last year consisted of morphological repair and revegetation of the exploited area. This involved applying suitable sowing and planting techniques, and using native species adapted to the particular conditions of the soil and the climate in the region, such as holm oaks, pine trees, broom and others.
- The **Construction** business has an impact on biodiversity inherent to its activity, since works may be located on land adjacent to or within protected areas. With regard to this, during the execution of the works the most valuable areas are protected, physically delimiting them, and it is important to use existing roads rather than opening new roads. Also, when the works are finished the affected areas are restored by cleaning and removing elements, de-compacting the land and adapting it morphologically to the environment, and finally planting trees and shrubs.
- With regard to the **Environment** business, the company operates in natural environments where biodiversity is present, and the company's activity contributes to its preservation, through maintenance and protection services for parks and gardens, cleaning services for beaches, and specific initiatives developed in waste treatment and disposal installations. Landfills are also usually restored with different plant species, which is very beneficial and includes the stabilisation of the waste mass and the reduction of odours.
- Globally, 145 of **Aqualia's** 6,881 installations are located in areas with a potential impact on biodiversity. For the correct management of these impacts, all the information on this type of installations is included in the company's management system, as well as on any incidents that may have occurred. in 2020 there were 7 incidents with a slight impact on biodiversity and occurring as a result of wastewater discharges, of which 3 occurred in protected areas. Additionally, and to achieve its environmental objectives, Aqualia is undertaking a number of projects for the recovery of ecosystems.

However, the FCC Group's commitment to biodiversity is not limited to mitigating the impacts that its activities may cause. In this regard, a number of initiatives deserve special mention, including collaboration with nature protection groups for the maintenance and control of biodiversity in quarries outside operations; actions such as the physical protection of specimens, relocation of plant and animal species, all undertaken by FCC Construcción; and the involvement of FCC Medio Ambiente Iberia in environmental awareness initiatives, such as collaboration with the SeoBird Life non-profit organisation. The following table details the number of construction jobs and the area affected for those that are located in areas with some type of official biodiversity protection status.

Protected vulnerable areas and affected areas

	Number of installations	Surface area (ha)
Location in natural protected areas or with a high biodiversity value	154	835
Location where the landscape is catalogued as significant	8	955
Impact on a natural watercourse in a protected area	2	12
Impact on a natural watercourse in areas with a high biodiversity value	5	848
Impact on watercourses of high or significant value for local or indigenous communities	9	878
Impact on catalogued or protected flora	13	1,459
Impact on catalogued or protected fauna	12	1,394

FCC Environment UK to relocate voles to the Greengairs landfill

As part of its restoration project at the Greengairs landfill (Scotland), FCC Environment UK will relocate colonies of voles to a new location. Voles are an endangered species in the United Kingdom, so their protection is a priority and their habitats are protected.

For their relocation, a customised habitat with 425 metres of water banks was designed in advance, leaving these rodents enough land to dig, shelter and breed. The habitat also includes open water channels to give them access to food sources. The transfer will take place once there is enough vegetation in the area, and this event will provide an opportunity to check their health, weight, sex and probability of reproduction.



Committed to the FCC Group human resources team

The DNA of the human resources team in the FCC Group

The FCC Group considers its human resources team a strategic asset, and therefore, the management of human resources and labour relations in the companies within the FCC Group is governed by the following principles:



a) Respect for human and labour rights recognised in national and international legislation, for diversity, equal opportunities and non-discrimination.

b) The design of a value offer that favours the selection, contracting and retention of talent in all the countries in which the Group operates, always with respect for the specific nature of both the area and of each business area.

c) The proposal to guarantee the training and ongoing development of its workforce worldwide, in line with the needs of each business.

d) A remuneration system that enables the attraction and retention of the best professionals and that aligns its objectives with those of the Group.

e) A suitable labour relations framework and dialogue mechanisms for adapting the organisation to business and social requirements, promoting business competitiveness and efficiency.

f) A work environment in the Group that is safe and healthy and that promotes physical and psychological well-being in the workforce and its areas of influence.

g) We need to be immersed in the digital transformation process to be able to add value to the FCC Group, leading analysis and adaptation to the changes involved in a connected society, social networks, big data, machine learning, communication channels, the internet of things, etc. We also need to provide suitable data processing that enables the optimisation and management of processes, and analysis to make it easier to take the most appropriate decisions in Human Resources Management.

h) Encourage transparency and communication, generating channels of dialogue and communication between the Group's different professionals by means of specialised work committees, surveys, the corporate website, and the Group's different intranets.

i) Alignment of the professionals with the Group's strategic objectives, always acting in an exemplary manner in accordance with the Code of Ethics and Conduct, the principles, values and other established standards.

The people in the centre: you_

People are a priority for FCC. For this reason, in 2020 "you_" was founded, the FCC Group brand in Human Resources Management. "you_" sums up the essence of who we are. It is our new way of being, of doing, of growing, of innovating, of feeling and of planning our future.

With regard to "you_", a series of projects have been initiated in the FCC Group that include a number of initiatives linked to the Group's outlook and values, including the following:

- **you_diverse:** diversity is part of FCC's talent strategy (age, race, nationality, religion, culture, etc.) and we are committed to it in each phase of the professional cycle.
- **you_health:** culture of a healthy lifestyle, fostering an organisation supported and represented by healthier, happier, more capable and more accomplished people.
- **you_digital**, which consists of a collection of training actions linked to the optimisation of processes and the digital transformation of those working for the FCC Group.

you_

By the peopleand for the people



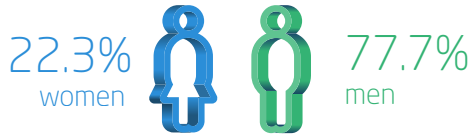
Human capital profile

Diversity in the workforce

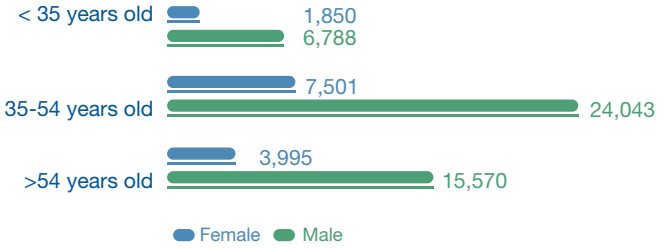
A total of 59,747 people work in the FCC Group. The distribution by gender and age range at the end of the business year is shown in the following tables.

FCC also operates in over 30 countries. The distribution of the workforce in each of these countries and by geographical area is detailed in Annex II as follows:

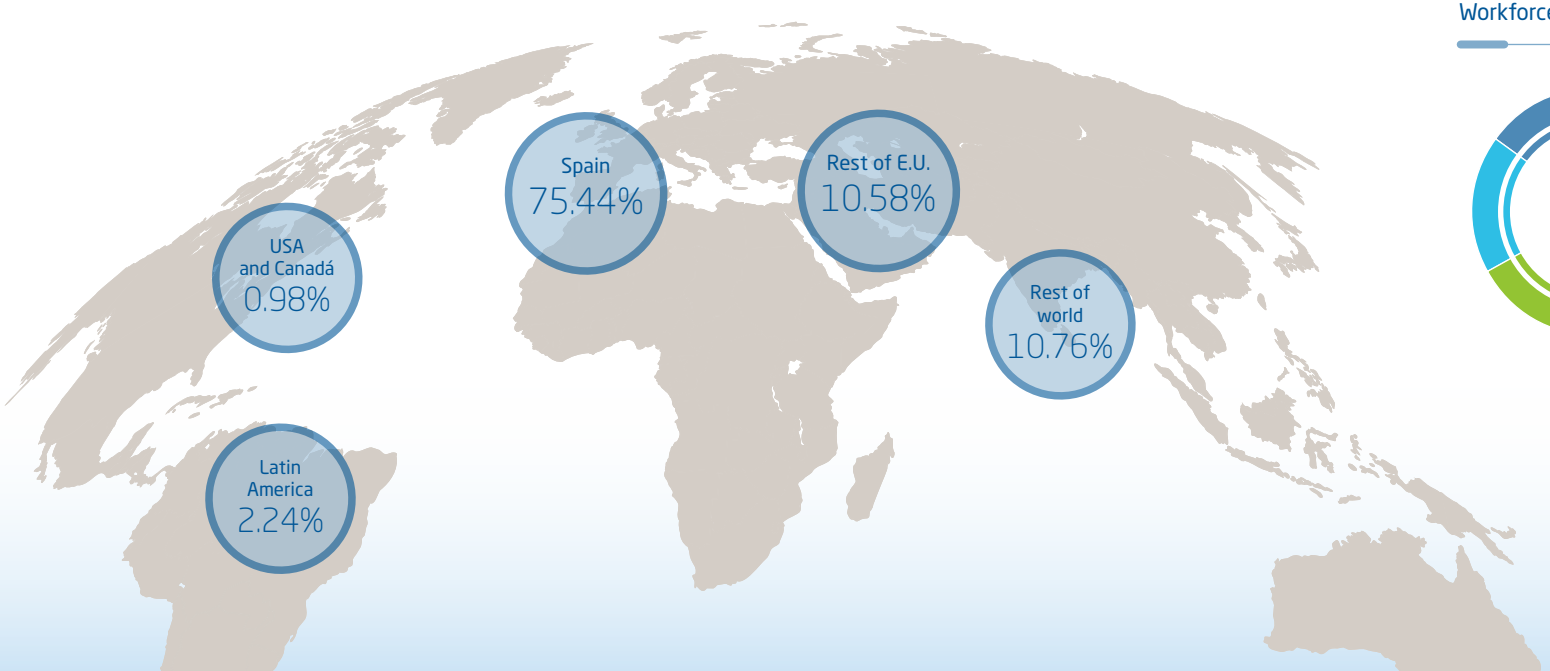
Distribution of the workforce by sex



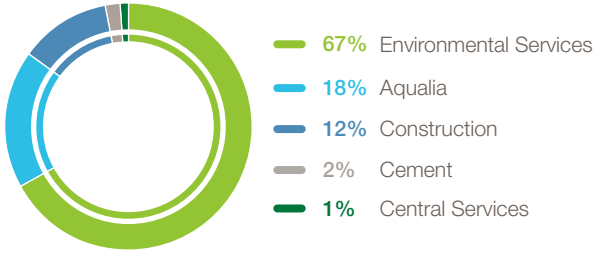
Distribution by age range



Distribution of the workforce by geographic area



Workforce by business area



Organisational structure

The FCC Group understands that it is essential to have a suitable, coherent organisation based on the strategy of each business area and its operational requirements, which enables a clear, simplified vision of the organisational structure, and which clarifies the distribution of responsibilities among the job positions and profiles required in each case.

The organisation enables the management of people in areas such as selection, functional mobility, training and the assessment of different job positions.

In the 2020 business year, FCC was completing the process of reviewing its organisational structure to adapt it to the current context. This involved an analysis of both the organisational level and the family, mission and duties of each job position within the organisation.

The above-mentioned review gave the following result for distribution by gender and functional level at the close of 2020:

Appreciation of job positions

The FCC Group is currently developing a methodology for the appreciation of work positions that will make it possible not only to adapt work positions to the strategy and production for each area, but also to express the Group's commitment to the criteria of suitability, totality and objectivity, making it easier both to improve the allocation of duties, the distribution of works and to defend the principle of equality.

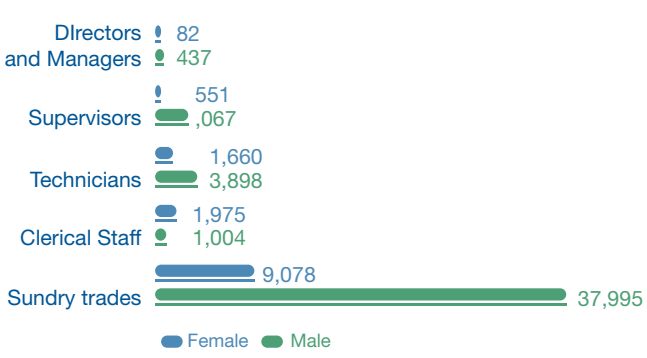
Recruitment and dismissals

The corresponding employment contracts were formalised in accordance with the most suitable modality. This depended on the specific needs for each of the activities undertaken in the different business areas.

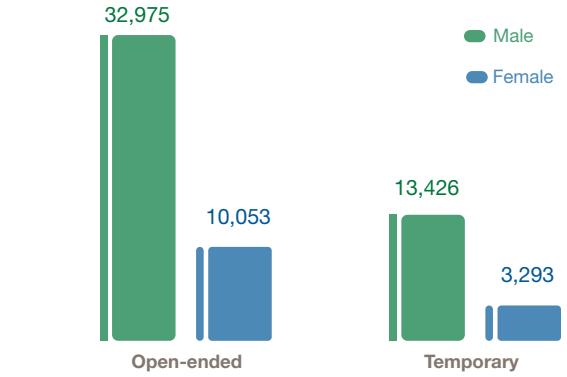
Of the total workforce, 43,028 people have an indefinite contract and 16,719 a temporary contract. It should be pointed out that a large number of the above-mentioned temporary contracts enjoy very stable employment if we take into account that many contracts are assigned in sectors in which there is an obligation for contractual subrogation. Also, 7,997 people have a part-time contract and 51,750 have a full-time contract.

The data by gender are as follows:

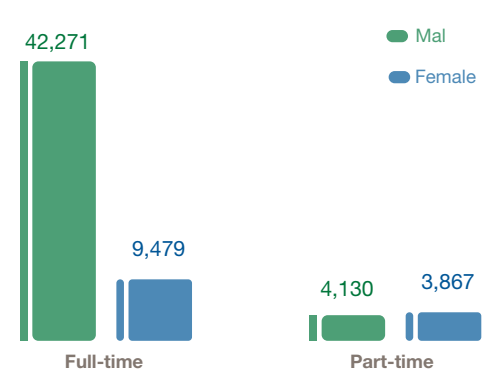
Distribution by gender and functional level



Workforce by gender and type of contract



Workforce by gender and type of working day

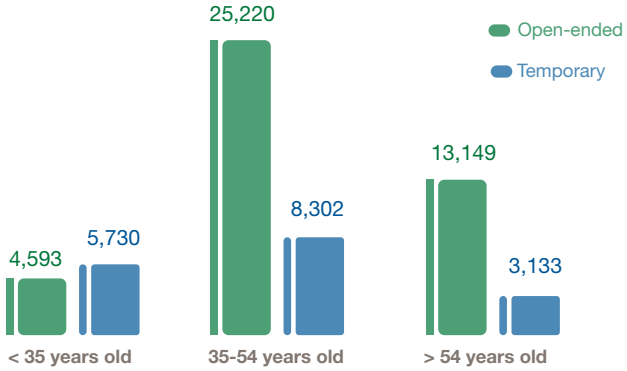


The annual average amounts to a total of 60,127 contracts of which 42,962 correspond to indefinite contracts (10,010 women and 32,952 men), while 17,165 contracts are temporary contracts (3,112 women and 14,053 men).

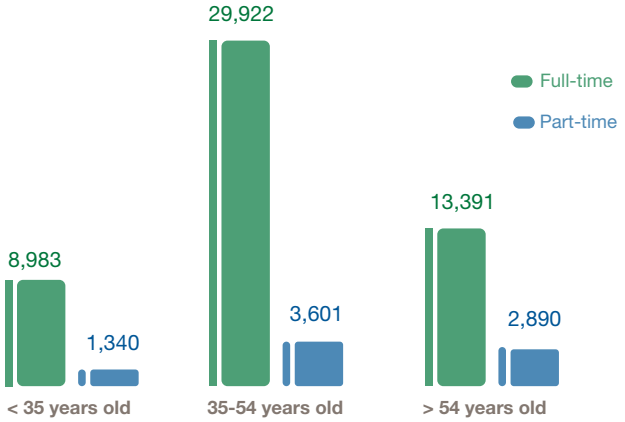
Of this annual average, 7,831 contracts are part-time (of which 3,614 correspond to women and 4,217 to men), while 52,296 are full-time (9,508 women and 42,788 men).

The following table is a breakdown of the annual average by type of contract, type of working day and age range:

Average by type of contract and age range

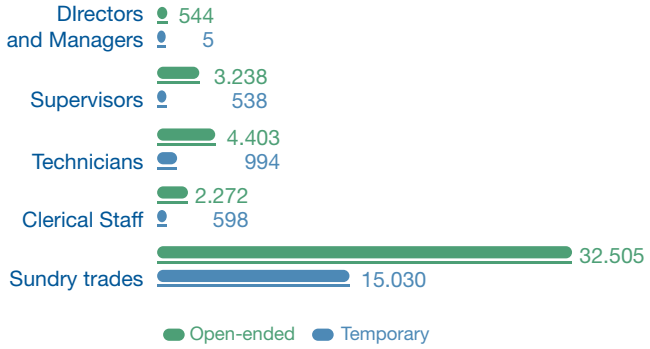


Average by type of working day and age range



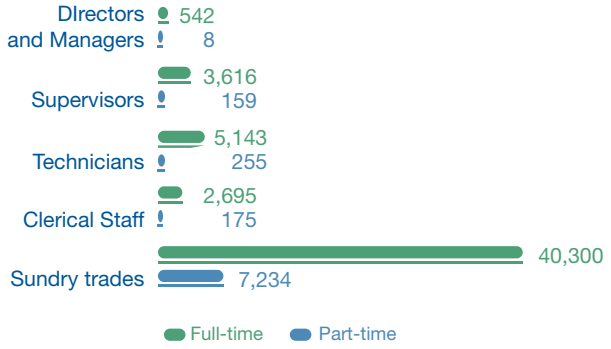
Por otro lado, y en cuanto a la distribución por nivel funcional:

Average by type of contract and functional level



With regard to the calculation of the average by type of contract, type of working day, age range and functional level, active workers in the month were counted, taking as a reference the twelve months corresponding to the 2020 business year.

Average by type of working day and functional level



In 2020 dismissals for the entire FCC Group, classified by gender, age and functional level, were as follows:

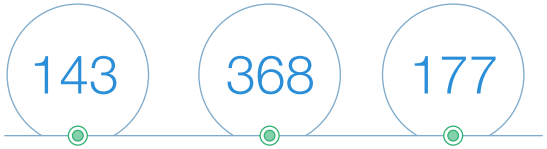
No. of dismissals by gender 2020



156 Women

532 Men

No. of dismissals by age range 2020



143 <35 years

368 35- 54 years

177 > 54 years

No. of dismissals by functional level 2020



24 Directors and Managers

63 Supervisors

114 Technicians

37 Administrative Clerks

450 Sundry trades

Commitment to talent

Responsible leadership

In the FCC Group, both the CEO and the rest of the managers do not only need to be managers of objectives and results, but also leaders in people management.

In this regard, a training plan is being developed for the entire management team, focused on the levers of self-awareness, responsible leadership, personal inspiration, the promotion of talent and innovation.

At an international level, training actions were also designed and implemented in 2020 aimed at management personnel.

Managing by skills

The FCC Group has opted for management by skills, promoting talent and the continuous development of professionals. These are transversal skills regardless of the position occupied and this to the extent that at FCC it is not only important what objectives are met but also how they are met.

The six transversal skills applicable throughout the FCC Group and that will be applied in key processes such as selection and training, are detailed as follows:



Focus on Results | Client Oriented | Flexibility | Teamwork | Comunication | Alignement

In the 2021 business year, a training plan for the skills model will be launched, focusing on the levers of self-knowledge and awareness, interpersonal skills and a strategic and systemic outlook.

In the FCC Group, the focus on results is an essential part of the skills and values that guide the performance of our employees. In this regard, meeting objectives (budgets, deadlines, projects, etc.) is essential. In the Group there is a culture of dialogue with employees with regard to their performance at work.

Join FCC

The long-term success of the Group depends on our ability to attract, motivate and develop people, and for this reason, the following commitments are made in this regard:

- Applying the principle of equal opportunities and non-discrimination to any selection, promotion or mobility process, taking the aptitude, achievements, worth and personal and professional capacity of the candidates as the criteria during the objective selection process.
- Anyone joining any company in the FCC Group will need to participate in the corresponding selection process, ensuring that the candidate meets the conditions of suitability defined for the position, going through the phases and passing the tests that are part of the corresponding selection process.
- Prioritising internal promotion for vacancies before recruiting other professionals externally in order to offer opportunities for our employees to grow and develop, providing they have the professional profile defined for the vacancy in question.
- Ensuring that new recruits receive a Welcome Programme with a training itinerary that favours rapid integration into the position and the company. In the 2021 business year the programme opens with *on boarding* on Campus with this in mind.
- In accordance with the FCC Group's principles and values, there should be promotion of young people's access to their first job through programmes and other agreements. Preference should also be given to groups at risk of exclusion and those with different capabilities. Training programmes for new talent developed by the company's different business lines are also of special interest. These include:
  - The III International Programme for Young Talent in the Construction area with training aimed at fostering the development of recent graduates to enable easy coverage of the positions in the company's international projects. 2020 saw the participation of 8 young talents.
  - Collaboration agreement with the EOI (School of Industrial Organisation) signed by Aqualia in 2016. In 2020 the company recruited 3 people as interns in the Engineering and Water Master course.
  - As part of its ongoing commitment to young talent, in 2020 FCC participated in SONDERSLAND, the largest meeting of young talent in the world.
- Guaranteeing absolute confidentiality of the process for all candidates and respect for and observance of data protection regulations at all times.

During 2020, a total of 693 internal mobility processes were published through the Epreselec tool.



New ways of learning

The data with regard to hours of training in Spain by functional level and business area are as follows:

	Directors and Managers	Supervisors	Technicians	Clerical Staff	Sundry trades	Total
National						
Environmental Services	5,686	32,828	33,064	18,364	132,096	**222,038**
Water Management	4,890	17,035	9,750	6,386	9,890	**47,951**
Construction	1,944	11,588	36,004	4,016	26,522	**80,074**
Cement	339	833	1,943	674	2,264	**6,054**
Central Services	2,077	1,284	6,439	2,516	53	**12,369**
Subtotal for Spain	**14,936**	**63,568**	**87,200**	**31,955**	**170,826**	**368,485**
International						
Environmental Services	946	11,216	12,399	7,788	106,222	**138,571**
Water Management	2,246		16,734	3,237	1,639	**23,856**
Construction		2,949	1,521	741	937	**6,147**
Cement		524	646	212	36	**1,418**
International Subtotal	**3,192**	**14,689**	**31,301**	**11,978**	**108,833**	**169,992**
Total	**18,128**	**78,257**	**118,501**	**43,933**	**279,659**	**538,477**

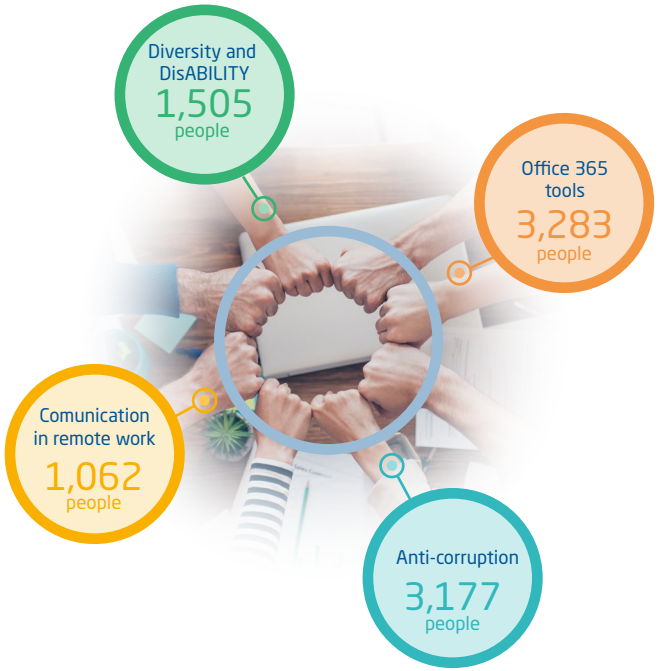
One of the essential features of global talent management is the promotion of training and professional development, which in the FCC Group is undertaken in accordance with the following inspirational principles:

- The implementation of training programmes and plans adapted to the different groups and that favour professional development for good performance of the job position. Combining the use of different methodologies for making the best use of time and scope (online, face-to-face, virtual face-to-face and blended learning).
- FCC is at the forefront in the most advanced training management tools. An example of the importance of online training is CAMPUS, the FCC University, a challenge that the company has been facing for a number of years and that has been successfully met. Campus consists of several schools, and due to their transversal nature, the following deserve special mention:



Diversity and equality

- In 2020, a number of pilot schemes were implemented for collective Mentoring and Coaching programmes to meet the challenge of team management and the integration of different generations.
- Special mention should also go to the transversal training given in the following subjects, in line with our culture for values, innovation and excellence:



Experiencing diversity first-hand

FCC is projected as a Group that is committed to diversity, with services provided by a total of 59,747 workers of 120 nationalities.

To promote this and make it our driving force, our work is based on three essential pillars:

- **Gender:** The aim is to achieve the best gender balance and possibilities for professional development in the Group's different departments and roles, with powerful training programmes in female leadership, and participation in external initiatives.
- **Personnel with disabilities:** a prominent feature is the Group's deep awareness for including people with disabilities, with a number of inclusion programmes for this group to increase the variety of talents in our teams.
- **Generational:** there is promotion of inclusion and cooperation between the different generations that coexist in each Company, with consolidation of the subsequent incorporation of young talent into the Group.

FCC maintains its commitment to the Diversity Charter in Spain, in recognition of its equality policies, its commitement to social inclusion and to becoming a diverse and socially responsible company



Gender equality

The principle of equal opportunities is for FCC an inalienable commitment to act included in the Code of Ethics and Conduct and in each of the Company's Equality Plans affecting practically 100% of the workforce in Spain, regardless of whether or not there is a legal obligation. However, special mention should go to the existence of an Equality Plan in force in the United Kingdom.

In 2020, actions in the field of equality included the signing by FCC Construcción of the III Equality Plan, extending the ongoing commitment to equality demonstrated by the more than 12 years which have elapsed since the First Plan signed.

Finally, four of the Group's main companies have been recognised and periodically renew the Seal of Excellence in Equality, awarded to the company by the Ministry with the portfolio for Equality.

Promotion of women to management positions

As a result of the FCC Group's firm conviction in favour of the promotion of women, at the end of 2020 the percentage of women occupying management positions reached 15.80% of the total number of positions of these characteristics.

The FCC Group develops and participates in training programmes aimed at creating an enriching work environment, free from discrimination and favouring diversity, with special mention for the following two training and development initiatives for women in management positions.

Specifically, in 2020 FCC celebrated International Women's Day with a firm commitment to gender-free talent, to diversity and to equality within the FCC Group.

you_woman

Iniciatives that encourage collaboration and the development of female talent

Development programme

Designed for women with high potential at the "Escuela de Organización Industrial" (EOI).

In 2020, 9 women participated, bringing the total to 76 women from the different business since 2015.

Proyect promociona

Specialises in preparing women to access senior management positions and boards of directors (CEOE-ESADE).

In 2020, 2 women participated anda total of 16 since 2014.

Non-discrimination and the prevention of harassment

Furthermore, as a complement to the whistleblower channel included in the Code of Ethics and Conduct, the Group has a Protocol for the Prevention and Eradication of Harassment that was reviewed and approved in 2020, and aims to prevent, resolve and penalise cases of workplace, sexual or gender-based harassment, thus reflecting the FCC Group's commitment to non-toleration of the abuse of authority or any type of harassment.

The protocol is binding and includes a declaration of principles, the definition of harassment, the procedure for action against harassment, a guarantee of confidentiality throughout the process and the prohibition of retaliation.

In 2020, training was provided through Campus and involved a total of 6,013 workers in Spain.

Inclusion and non-discrimination

Commitment against gender violence

The FCC Group is especially committed to combatting gender violence in all its dimensions, based on two essential principles of action: zero tolerance of gender violence and support for the social and professional integration of its victims.

To achieve this, the company closely collaborates with the network of "Companies for a Society Free of Gender Violence" in the dissemination and promotion of awareness, as well as supporting job insertion for women suffering from its after-effects.

It also collaborates with a number of foundations and entities to promote labour insertion and the integration of victims, such as the Incorpora Foundation (La Caixa), the Adecco Foundation, the Once Foundation and the Red Cross.

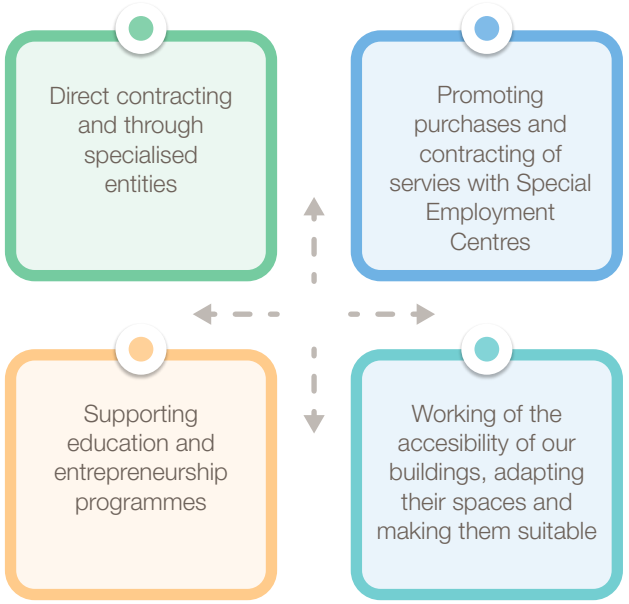
This year FCC joined the campaign promoted by the Ministry of Equality against gender violence in the face of the COVID-19 crisis: "We are with you, we will put a stop to gender violence together", is an inescapable commitment to support actions aimed at raising awareness about the need to eradicate these acts of violence and to alleviate the impact they have on the victims.

FCC also participated in one of the conferences organised by the Once Foundation Programme, specifically, the "Women On VG mode" Project for women with disabilities who are victims of gender violence.

As it does every year on 25 November, the FCC Group made an appeal both inside and outside the company by launching information and awareness actions in the work centres to remind everyone that the company remains firmly in favour of the eradication of this type of violence.

Disability

FCC's commitment to diversity and workplace inclusion for this group involves a number of actions and management strategies, including the following:



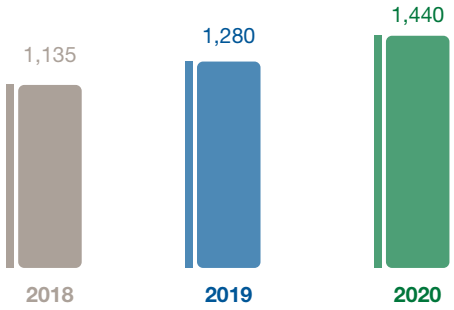
The high number of workers with recognised disabilities in the FCC Group, amounting to 1,440 in Spain, 160 more than in the 2019 business year, shows that there has been continuous growth over the last 3 years as can be seen in the following:

As for the rest of the countries, because the concept of disability is not homogeneous and because there are legal restrictions in force in some countries that prohibit employers from accessing such information, no data can be extrapolated.

The Group actively collaborates with specialist organisations that assess the management of recruitment and labour support for people with disabilities. The main organisations with which there is collaboration in Spain are the following:

FCC is also a member of the National Advisory Council for the Responsible Inserta Forum of the ONCE Foundation that met this year, with the aim of drawing up an Inclusive Reconstruction Pact, given the new social and economic challenges arising for Companies as a result of COVID-19, which pursues sustainable and inclusive reconstruction "leaving no one behind".

Developments in the number of workers with disabilities in Spain



INSERTA PROGRAMME – ONCE FOUNDATION

FCC supports a number of projects and promotes social and labour inclusion through workshops, training courses and other actions such as awareness campaigns.

INCORPORA FOUND – LA CAIXA

Environmental services maintain a collaboration agreement with Incorpora for the insertion of those groups with the greatest difficulties in labour insertion.

FAMILY PLAN – ADECCO

An action programme with a presence in Construcción, CPV and Aqualia, focused on increasing the autonomy, integration and subsequent insertion in the labour market of disabled family members.

DOWN SYNDROME – FOUNDATION

Aqualia has an agreement with the foundation for the incorporation of workers with intellectual disabilities into its workforce.

RECYCLE LIVES – ECOEMBES

Environmental Services have been collaborating with the insertion programme for people disconnected from the world of work (social sustainahility).

Accessibility

FCC is aware that accessibility is a key factor for the social inclusion of people with disabilities. Therefore, each year one of the Company's main challenges focuses on designing solutions that favour the creation of a work environment free of obstacles and barriers to guarantee the full participation and integration of all the Group's employees with disabilities.

FCC is working on a number of lines that are expected to materialise as a Universal Accessibility Management System and the award of UNE 170001 certification that certifies that the company guarantees universally accessible access and services in its buildings.

In this regard, in the 2020 business year new improvements were made in terms of accessibility in several of the FCC facilities, as well as making workers aware of the scope of the concept of Universal Design as a strategic factor and of the principles on which the concept of "Design for All" is based. With this in mind FCC participated in a training action entitled "An introduction to universal accessibility and design for all".

Salary system

FCC works in a wide variety of productive sectors (construction, water, cement, concessions, services, real estate) in OVER 40 countries and in general, the remuneration of its workers is subject to the applicable collective agreements (in the case of Spain there were over 900 collective agreements with different scopes in 2020).

The FCC Group remunerates employees in accordance with criteria such as sector and geographical competitiveness, internal equity and the level of responsibility.

Average salaries are shown in Annex II.

Average salary[12] for the management team stands at 113,100.13 euros, broken down by gender as follows: (i) average salary for women: 82,970.03 euros, and (ii) average salary for men: 118,480.51 euros.

The management team includes both senior management (reporting directly to the Managing Director) and those who hold management and responsible positions within the FCC Group.

With regard to the average salary for directors, the information is included in the Annual Remuneration Report, section C. Detail of the individual remuneration corresponding to each of the directors published each year on the company's website (https://www.fcc.es/informe-anual-sobre-remuneraciones). The total remuneration received by the 14 members of the board of directors throughout 2020 was 1,833 thousand euros.



The FCC Group is also working on and developing the necessary tools to comply with the legal provisions governing the registration and auditing of remunerations, as well as the Group's firm commitment to equal opportunities so that they will effectively comply with the principle of transparency with regard to remuneration.

(12) Including variable remuneration, allowances, indemnity and payments to long-term savings pension systems.

Wage gap

FCC's remuneration management is based on the criteria of objectivity, external competitiveness and internal equity. FCC does not differentiate by gender, so remuneration is equitably based on the level of contribution to the business (functional level) and responsibility and value in each job.

In Spain, FCC has developed a salary analysis methodology based on best practices that enables us to make a granular identification of any possible cases of remuneration inequality between women and men.

This year, all business areas have been included in the calculation of the wage gap: Central Services, Cement, Construction, Water Management and Environmental Services.

In Spain, two types of wage gap, adjusted and gross, are taken into account for calculation.

The adjusted wage gap

The adjusted wage gap is calculated by taking into account all those aspects that compare men and women in a similar situation. In addition to the gender of the employees, this comparison takes into account some of the key factors relating to remuneration for the position (functional level, seniority, applicable collective agreement).

Gross wage gap

Gross wage gap is calculated by obtaining the percentage difference between the average total salary for men and women. This data omits key factors when making the comparison, such as functional level, seniority and the applicable collective agreement.



In any case, it should be pointed out that the percentage difference does not imply the existence of gender-based remuneration discrimination, since factors that fall outside the Company's scope of action and that contribute significantly to increasing gender-based remuneration inequality may be involved, such as the masculinisation of the majority of the sectors in which the Group's activity is undertaken, working conditions arising from cases of subrogation, individual performance, economic crises, the political situation, socio-cultural reasons, academic training, experience in the position held, etc.

With regard to the salary gap in the rest of the countries in which FCC operates, in most of them there is no definition nor is there a specific concept of the gap. However, in the United Kingdom there is consolidated legislation regarding the wage gap, and the two companies in the Environment area have a wage gap of 9.96% (in favour of women) and 0.26% respectively.

Of the different actions taken, the Group makes special mention of work-life balance, flexibility, co-responsibility and disconnection



Work organisation

The organisation of working time in the different companies in the FCC Group responds to the productive requirements for each activity, in accordance with the standards and rules applicable in each sector and location.

To guarantee the well-being of its employees, the FCC Group considers that the proper management of work organisation is essential and a number of initiatives have been taken to achieve this aim. Of the different actions taken, the Group makes special mention of work-life balance, flexibility, co-responsibility and disconnection, all adapted to the different organisational and productive realities and requirements for each centre, function and activity. Here are some of them:

In Aqualia, the certification awarded by AENOR for a Family Responsible Company was maintained for continuing to promote measures with the aim of achieving balance between the personal and professional life of its employees.

Digital disconnection

In 2019, FCC proceeded to approve the Policy for the Use of Technological Means applicable throughout the Group, and continues to implement it in the international area. It involves the recognition and guarantee of working people's right to digital disconnection, adapted to the nature and characteristics of each job position.

In 2020, a training action was undertaken to publicise the rules regarding the use of technological means and the responsible use of the equipment that the company makes available to its employees. This training was completed by 8,781 employees throughout the Group.

The Group also took training and awareness-raising actions on the reasonable use of technological tools, promoting digital disconnection to achieve better organisation of working time in order to respect personal and family life. This training was undertaken by 1,430 employees throughout the Group.

Social relationships

FCC understands that social dialogue and direct communication with its workers, their legal representatives, unions and other social agents are required to create a bond with its employees, for the purpose of encouraging new agreements to be signed as a result of collective bargaining, and that different processes of a collective nature need to be established that involve transparency, the creation of follow-up committees and providing employees and their representatives with all the necessary information.

In 2020, the areas had a presence at a large number of bargaining tables for collective and work centre agreements, and they actively participated in collective bargaining for the sector.

The company is also a member of the international Construction and Wood Workers (BWI) collective that covers all civil-engineering works in the sectors in which it operates.

As for the percentage of workers covered by collective agreements, this varies depending on applicable legislation, the existence of collective agreements and even worker representation. In any case a commitment was made to comply with all applicable legislation and/or collective regulations.

The percentage of workers covered by Collective Bargaining Agreements in the different countries where the FCC Group has a presence is broken down in Annex II.



Special mention should be made of occupational health and safety in collective agreements

In a great number of collective agreements that are applicable in Spain, there is special mention for occupational health and safety in its broadest sense.

The following are the clauses most frequently included in collective agreements signed with regard to occupational health and safety:

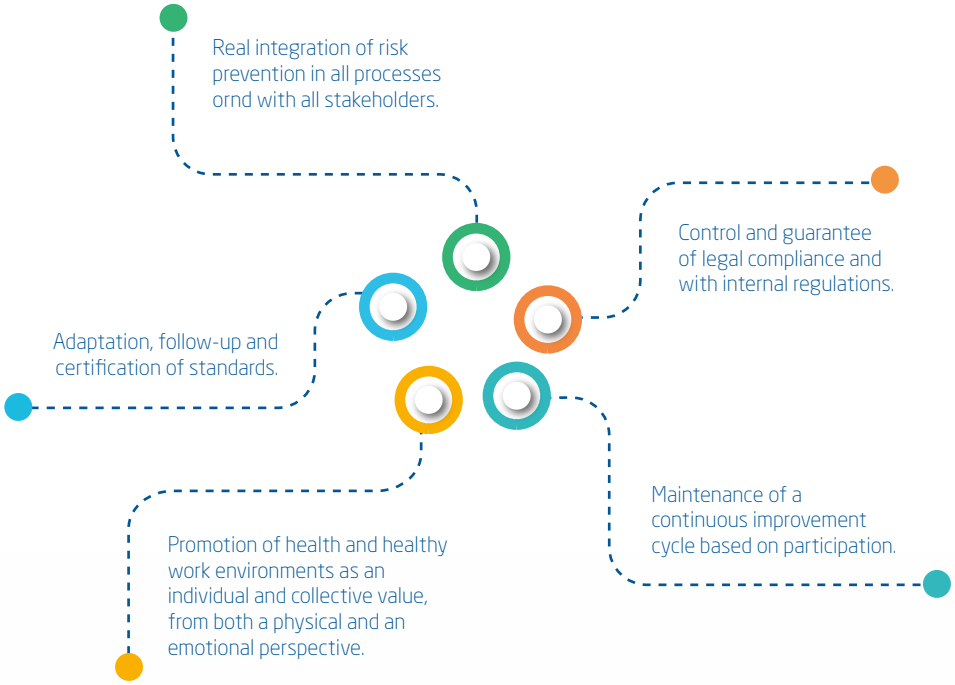
- Existence of prevention plans: risk assessment and technical-preventive action.
- Allusions to continuous improvement in the general conditions in work centres.
- Specific preventive measures such as personal protective equipment for use in emergency situations and work involving special risks.
- Communication and dialogue with prevention services.
- Health surveillance aspects: regular medical check-ups.
- Rules regarding workers' rights: participation, training and information.

Safety health and well-being

Strategy and Culture

FCC has established a strategy with regard to the safety, health and well-being of its workforce and other stakeholders, such as contractors and suppliers, based on its policy in this field approved in 2019 by the Board of Directors.

Strengthening the preventive culture and the promotion of health is one of the company's main lines of action. This objective is supported by a number of factors including the process of continuous improvement in the health and safety management systems, certification in all areas and countries in accordance with recognised international standards such as ISO 45001. This involves the certified coverage of over 95% of the total workforce.





Developments in the main indexes

Throughout 2020, there were 1,776 work accidents involving sick leave in the FCC Group. In Spain, a total of 1,495 work accidents with sick leave were registered, of which 1,113 were men and 246 women.

A significant fact is that in 2020 the global accident frequency index fell by more than 28%, standing at 17.07. The severity index also decreased by 26%, standing at 0.67. With the aim of meeting the FCC Group's "0 accidents" objective, each business area establishes annual targets for reducing accident rates at a global level and by geographical area.

Details of developments in the main accident[13] rate and absenteeism rates are as follows:

Developments in Accident Rate Indexes

Table of Contents	2018	2019	2020
Frequency	24.08	23.98	17.07
Severity	0.82	0.91	0.67

Accident Rate Indexes by geographical location

	2019		2020	
Scope	Acc. Freq.	Severity	Acc. Freq.	Severity
Spain	32.06	1.27	22.93	0.97
Global	23.98	0.91	17.07	0.67

Accident Rate Indexes by gender in Spain

	2019			2020		
Gender	Acc. Freq.	Severity	Incidence	Acc. Freq.	Severity	Incidence
Women	25.58	0.74	3.5	16.57	0.84	2.26
Men	33.52	0.9	4.94	25.97	1	3.76

Indexes for absenteeism, occupational accidents and common illness

Type	2018	2019	2020
Work Accident	0.54	0.71	0.44
Comm. Illness	7	5.63	4.05

Fatal occupational accidents

Type	2018	2019	2020
FCC	4	0	3
Subcontractor	4	2	1

Professional occupational illness by gender

Gender	2019	2020
Women	9	5
Men	3	6



(13) The frequency and severity rates are calculated on 1,000,000 and 1,000 hours worked respectively.

vive saludable

Healthy Living constitues our brand, our motto and our commitment to personal, collective and individual well-being.

Be aqualia

Within the framework og the Be Aqualia project, Aqualia has launched an initiative linked to psychosocial risk with the provision of an emotional health self-assessment programme and free psychosocial assistance.

Healthy Living Project

Throughout 2020 in the **Environment** area, the Healthy Company Management System (SIGES in Spanish) migrated to the new Healthy Organisation Management System (SIGOS in Spanish), and were awarded the corresponding certification from AENOR. Management undertaken included numerous programmes on a healthy lifestyle, alcoholism, the fight against hypertension, healthy eating and the fight against a sedentary lifestyle, heart-healthy habits, physical activity, giving up smoking and emotional well-being.

In 2020 in the **Cement** area, health promotion actions continued with the development of specific campaigns on sleep habits, emotionally coping with COVID-19 and road safety, the latter focused on the consumption of alcohol, weather conditions and cycling.

As in previous years, **FCC Construcción** prepared and published a document in 2020 with the best health and safety practices specific to the construction activity, as well as others of a general nature, relating to measures against COVID-19.

In **Aqualia** a specific channel was launched for Health and Well-Being that will serve as a channel of communication in this field with all workers throughout the company. In 2020, the following options were implemented: A system for the instantaneous reporting of incidents or dangers, recommendations against COVID-19 and videos with warm-up and stretching exercises depending on the job position.

Participation and influence

FCC's different business areas have participatory bodies that comply with legal requirements at local level, such as the Health and Safety Committees whose function is to channel consultations and the collaboration of workers in this field.

The company has several communication channels where workers can report dangers or situations where there is occupational hazard. This can also be done through their representatives in this field and there is also a whistleblower channel that can be anonymous if the person affected so wishes. It consists of an ad hoc form that can be filled in online and sent by e-mail or by post.

Externally, FCC Construcción is a member of the Seopan, and Aecom associations and organisations such as CNSST, CNC, AEC, AENOR on the Health and Safety Committee, and is also represented in the Spanish Association for Quality, via the vice-presidency of the Health and Safety Committee. FCC Construcción represents construction companies in Europe (FIEC) chairing the Social Dialogue Table and is also a member of the Encord platform, the European platform for construction companies.

FCC Medio Ambiente collaborates with the National Institute for Occupational Health and Safety (INSST in Spanish) through the Spanish Network of Healthy Companies. It also participates in the Spanish Association for Quality (AEC in Spanish) of which it is a member company, with active participation in Health and Well-Being forums and in working groups. Since 2020 it has also been a participant in "Forética", in the Health and Sustainability Action Group.

COVID-19

In view of developments in the situation with regard to the health crisis in China and its initial impact on the European continent, in the first quarter of 2020 the FCC Group set up a Crisis Committee, consisting of the company's first executive level, to adopt agile and effective measures in this regard. It has mainly been responsible for:

- Guiding and directing the Business Continuity Committees set up in each area of the FCC Group.
- Dictating the policies and protocols for mitigating the impact caused by the COVID-19 pandemic, as well as disseminating general measures for the prevention of contagion and the protection of workers.
- Following-up and controlling developments regarding coronavirus and workers in isolation as a measure to prevent contagion.

In its worth highlighting the essential role played by the FCC Group's Medical Services. They have carried out an enormous amount of work in providing advice and support in the detection and management of the risks derived from the virus in orden to protect the health of all workers. Without this, it would be difficult to image the activity continuing in such exceptional circumstances.



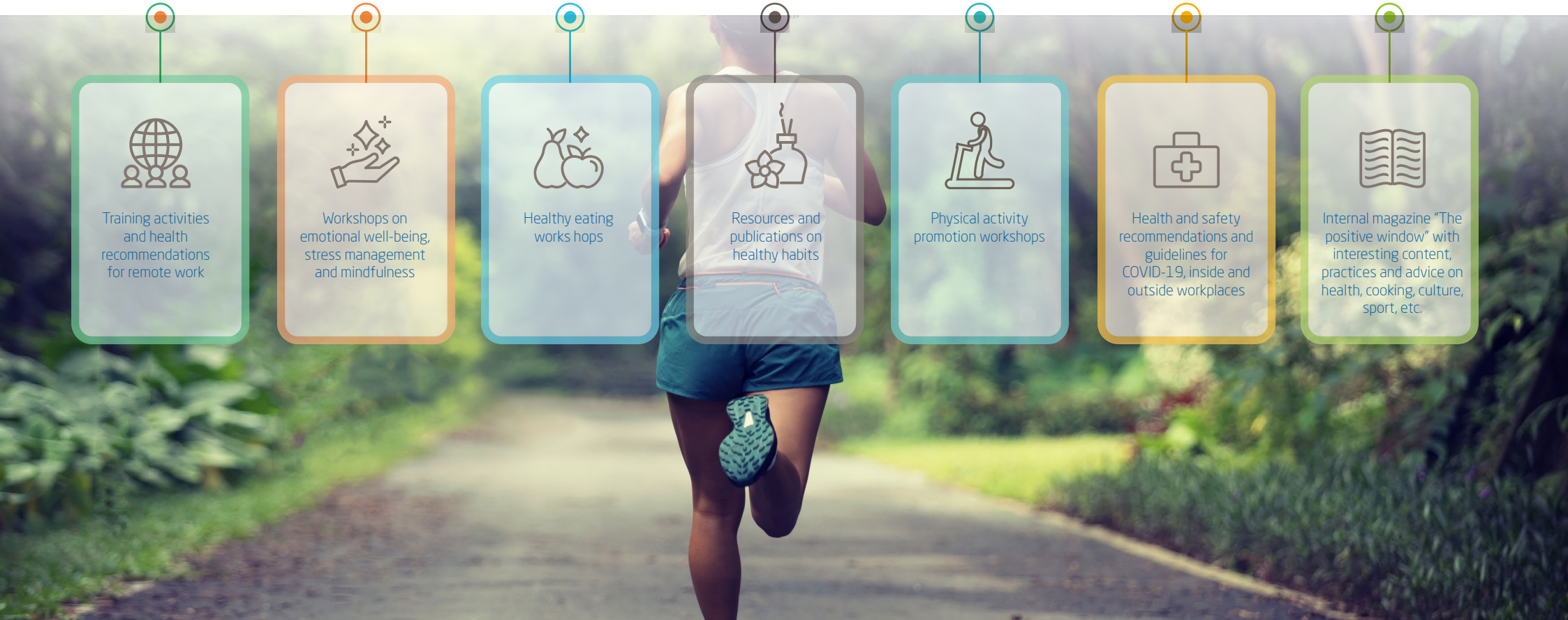
Within the abundant documentation and processes developed to deal with the extraordinary situation resulting from the pandemic, there should be special mention for the action protocols at both Corporate and Area level, and that are the focal point for instructions, communications and the definition of the preventive measures to be adopted in this situation, always based on the criteria established at all times by the Health Authority.

In this regard it should be taken into account that a large part of the activity undertaken by the Group is considered to be an essential service under the different regulations adopted, which means that a majority of workers has remained at work providing services to citizens during the entire period of lockdown, doing so with commitment and dedication and their professionalism has been publicly acknowledged by different entities.

Following on from the above, from the point of view of the provision of services by workers, the need to activate labour measures was restricted to specific cases.

As a result of the health containment measures arising from COVID-19, the Group launched a contingency mobility plan that enabled working remotely.

And finally, in line with FCC's Live Healthy strategy, and as a consequence of the pandemic caused by COVID-19, numerous technological resources were generated to provide different initiatives in an online format in the new work contexts:



FCC and its commitment to society



The FCC Group, as a provider of citizen services, works for development and social well-being. This is included in the Code of Ethics and Conduct under the principle of "Well-Being and Development in Cities". This principle serves as the basis for collaborators in all business lines to understand and resolve the expectations and needs of the communities in which the FCC Group undertakes its activity. This connection with local communities fosters the trust that society places in the Group and gives the organisation a leading role in the sustainable development of cities.

With the aim of being a key player in sustainable progress, the FCC Group incorporates social action into its business strategy, thus contributing to the creation of employment and wealth in the communities in which it operates. At the same time, the company encourages its collaborators to participate in volunteer activities that have a direct and positive impact on the communities, generating pride of belonging and contributing social value.

The social activity undertaken by the FCC Group with the local community is part of a collection of initiatives whose ultimate aim is to promote the welfare of the beneficiaries, covering two areas of action, both internally, by means of actions aimed at employees, as well as externally, by means of support projects for the local community.

Social initiatives with employees in the FCC Group

This collection of social initiatives undertaken by the FCC Group at an internal level has a positive social impact on employees, improving relationships between the different teams and departments and increasing their pride of belonging.

At an internal level, projects are directed towards the Group's own employees and are a reflection of FCC's commitment to its human capital via the social and labour integration of vulnerable groups, support for family members of employees, respect for the environment through environmental awareness programmes and the promotion of a spirit of solidarity with collaborators.

Environmental awareness of employees

The FCC Group's responsibility with sustainable development and the protection of the environment is inherent in its business model, especially with regard to environmental and water services. However, its commitment is not based solely on mitigating the environmental impact arising from its activities, but on using environmental awareness to build a culture based on respect for the environment, with the aim of guaranteeing the resilience of the cities of the future.

The FCC Group makes training, awareness-raising and volunteering actions in matters of environmental education available to the workforce. The company also produces an internal Group newsletter, which acts as a communication channel to highlight the importance to employees of those environmental projects promoted by the Group, enabling the dissemination of good practices to each business line and making their implementation possible at a transversal level.

The company developed the FCC plan for a circular economy within the framework of the 2020 CSR Master Plan, establishing the commitment and that of its employees to the care and protection of the environment. This Plan contains a line of education and awareness aimed at collaborators with regard to the circular economy, with the aim of accelerating the transition to a new, more sustainable and profitable model and positioning the company as a benchmark in the fight against climate change, especially with regard to its response to water stress and the protection of biodiversity.



It should be specially noted that Aqualia participated in the Netflix documentary "Brave Blue World" through All-Gas, a project in which the company and its partners produce biofuels from algae, thus contributing to the environmental awareness of the type of audience than can be expected for a platform that is a leader in audio-visual content.

Solidarity in FCC

With the aim of strengthening the commitment of its employees to social causes and giving them an opportunity to dedicate their time to the most vulnerable groups, the FCC Group encourages their participation in solidarity and volunteering activities. This is how the company promotes the progress of society, within the framework of socially responsible commitment and thanks to the proactivity, energy and spirit of solidarity of its workers.

With this in mind, during the last business year, FCC employees participated in a number of solidarity actions, thus contributing to building a corporate citizenship culture within the Group and supporting FCC's mission to create social value and contribute to the well-being of people. These actions are based on the open social dialogue that the company maintains with public and private institutions, social entities and associations that are part of its environment, directing efforts in the local areas closest to the communities in which it operates.

FCC Environment CEE in Poland, supported by the social vocation of its employees, collaborated in solidarity actions, involving its teams in the #gaszynchallenge campaign, to contribute to the well-being of hospitalised children through donations to foundations and through entertaining children's and collaborative games.

Last but not least, the campaign once again deserves special mention, together with the Pan y Peces Foundation under the slogan 'Give away kilos of generosity'. Thanks to the initiative and generosity of FCC employees, the solidarity campaign collected personal hygiene products, non-perishable food, Christmas sweets and toys at Christmas time for the most vulnerable families.

FCC collaborates with the Melior Foundation in its campaign to collect textbooks and school material

For the second year in a row FCC collaborated with the Melior Foundation in the "Not without my textbooks" solidarity campaign, with the aim of collecting books and school material amongst its collaborators for the neediest families with school-age children.

This initiative, within the framework of the Group's social responsibility policy, managed to collect approximately a thousand books for an unprecedented "back to school" campaign affected by the COVID-19 health crisis.



FCC Group social initiatives within the community

Actions within in the community enable an assessment of the FCC Group's social and environmental impact, to provide access to basic services and promote education. They have a direct impact on social progress and an improvement in the quality of life of citizens.

The FCC Group makes its commitment to local communities a reality by undertaking projects based on 4 social axes that extend right across the company:

- Integration of vulnerable groups.
- Social inclusion and access to services.
- Value creation in the communities.
- Assessment of the social and environmental impact of operations.
- Cooperation in education and environmental awareness.



Integration of vulnerable groups

In 2008, the FCC Group signed a collaboration agreement with the Adecco Foundation with the aim of promoting the social and labour integration of people with disabilities. As a result of this, each year family members of company employees with disabilities can access leisure activities, training, job orientation actions and employment itineraries to enable their future incorporation into the professional world. With this in mind, work is being done on the development of skills and social attitudes, as well as on taking part in leisure activities to stimulate their cognitive, physical and emotional development.

In line with labour integration, in 2010 the ONCE Foundation and the FCC Group signed the Inserta Agreement for the first time, with the aim of filling new job positions in the company by hiring people with disabilities. This collaboration agreement was renewed and this has led a total of 425 people being contracted since the beginning of the collaboration. The FCC Group also continues to be committed to the employment of young people (under 30 years of age) with disabilities, maintaining collaboration with the "Never Give Up Plan", and is a member of the Socially Responsible Public Contracting Forum (Forum with R). FCC is currently a partner in the ONCE Foundation "Inserta Responsable" Forum, as a member of the National Advisory Council.

FCC Group's commitment to the social and labour integration of different vulnerable groups is clearly demonstrated in the different projects launched by the different business lines.

A total of 252 people with disabilities were recruited in **FCC Medio Ambiente** Iberia in the 2020 business year and there were a total of 204 new recruits via the Incorpora-La Caixa Foundation. At the national level, the Environmental Services business collaborated with a number of foundations and non-profit organisations, with the aim of promoting diversity, social inclusion and improving the quality of life of groups at risk of exclusion.

Aqualia was responsible for organising Diversity Week, taking a number of initiatives under the slogan #PorLaInclusiónJugamosTodos (WeAreAllPlayingForInclusion), with the aim of raising awareness and involving all employees to help improve the quality of life of these groups.

At **FCC Construcción** the commitment to the strategy of diversity and inclusion is clearly demonstrated in the collaboration with Adecco Foundation's "La Diversidad Suma" (A Plus for Diversity) initiative, by raising awareness among professionals in this area, and integrating people with disabilities into the company.

Social inclusion and access to services

The FCC Group's business model and the activities favour access to essential services, such as electricity, drinking water and sanitation, enabling the economic and social development of the communities in which it operates.

Aqualia provides a vital service for communities by guaranteeing universal and equitable accessibility to a resource as essential as water. With the emergence of the health crisis resulting from COVID-19, Aqualia focussed its efforts on continuing to provide services relating to the management of the end-to-end water cycle, as well as on continuing to maintain its social initiatives with people at risk of social exclusion to make sure that nobody is left behind.

The activities of the **Construction** area are contributing to the sustainable development of the communities in which it operates, through improved access to essential services and the construction of water infrastructures, buildings, and communication routes.



Value creation in the communities

The services and infrastructures provided by the FCC Group contribute to the creation of value in the communities in which it operates and have a positive impact on their socio-economic development. As a result of the contracting processes for local suppliers and subcontractors, the FCC Group also contributes to the creation of jobs, growth and prosperity in its environment.

In 2020, **FCC Medio Ambiente** Iberia made a collaboration of 2.7 million euros to the development and implementation of social and environmental initiatives. With regard to suppliers, the company also made sure that they were mostly local or from municipalities near to where the company operates.

In Austria, FCC Environmental Services developed a pilot project at its headquarters to promote the use of regional products. In this way, the company reduces the environmental impact of the products for daily use, while contributing to the development of local communities, promoting the indirect creation of jobs.

A prominent feature of the company's commitment to society is the over one hundred cultural, sporting and environmental collaboration events that reflect the company's efforts to be recognised as an agent for change and involvement in the territory by establishing a relationship with citizens to create a more equitable society.

The **Construction** business has integrated the SDGs into its activity and into its value creation model in order to promote the socio-economic growth of society. The main contribution of this business to progress in the communities is through the creation of direct and indirect employment. With this in mind, the Construction business prioritises the contracting of local suppliers, which account for more than 90% of the contracts made.

To contribute to community development, **Cementos Portland Valderrivas** tries to guarantee equal opportunities in its supplier selection processes, based on an objective bidding process and the transparency of the process.

Assessment of the social and environmental impact of operations

The FCC Group is aware that its activities generate an impact on the environment and on the communities in which it operates. For this reason, the company is working to try to foster the positive impacts, while reducing the effect of the possible negative impacts that may arise.

Specifically in FCC Construcción, a series of metrics have been established to assess the social and environmental sustainability of projects at the bidding stage. These metrics assess applicable aspects in projects with regard to sustainability, where early identification enables the risk to be defined as high, average or minimal. Works which may involve local communities being affected by the development of a project are also identified. In this regard, the main impacts on the communities involve expropriation, the occupation of agricultural land, effluent discharge into water channels, noise generation, dust emissions, vibration, damage to flora and fauna, relocation of local residents or disruption to local tourist activity.

Once this study has been made, taking into account both the assessment metrics and any possible impact on the environment, FCC Construcción implements different actions and plans to improve the social conditions of the local communities on which an impact may be caused, taking into account the specific features of each project and geographical area.



FCC Communities Foundation, in the United Kingdom

The FCC Communities Foundation is a non-profit organisation founded in 1997, whose aim is to allocate funds to projects. FCC Environment UK uses this organisation to make contributions to projects with a social impact, related to biodiversity and in the area of heritage protection, thus contributing to community development.

In the 2020 business year, the entity managed to donate more than 6.1 million pounds to a total of 134 projects undertaken in the United Kingdom. The FCC Communities Foundation is currently contributing and channelling funds to two programmes:

- FCC Community Action Fund, for financing projects in England.
- FCC Scottish Action Plan, for requests from Scotland.

Cooperation in education and environmental awareness

The FCC Group is working together with different educational institutions, specifically in the field of cooperation, to promote issues such as environmental protection and the social, cultural and sustainable development of cities.

Within the **Environment** area, several countries have undertaken environmental education programmes, including Slovakia, with the participation of FCC Environment CEE in "Smietko", an educational project aimed at collecting paper and education in environmental affairs, which saw the participation of over 50 primary schools from a number of the country's regions, and in which the company collaborated with school and municipal representatives.

In this regard, **Aqualia** has undertaken a number of initiatives in the field of education and environmental awareness, highlighting a campaign to disseminate its educational platforms with the dual objective of raising awareness among children of the value of water and helping parents to reconcile remote working in full confinement. Visits to the aqualiaeduca.com online channel increased by over 112%, which goes to verify its consolidation as a source of educational consultation not only in Spain, but also internationally.

Aqualia undertook environmental awareness actions such as the delivery of 215,000 comics to children in 800 educational centres, with the aim of raising children's awareness of the end-to-end water cycle and the SDGs. In 2020 the company also launched an educational video entitled "The Sustainable Development Goals as they have never been explained to you", which aimed to bring the SDGs closer to all audiences, and which had nearly 85,000 views.

One of **FCC Construcción's** main lines of contribution to the community is cooperation in education through partnerships with educational institutions, as well as by participating in educational events and one-off forums.

Aqualia, a main player in the StepbyWater alliance

Aqualia participates in the StepbyWater alliance supported by the Government of Spain, the Spanish Federation of Municipalities and Provinces (FEMP in Spanish) and other private organisations with the aim of addressing responsible water management and thus collaborating in compliance with SDG 6 (Clean water and sanitation). With this in mind, a number of supranational initiatives have been promoted, such as the Decade of Action for Water, and Climate Summit Agreements, with the aim of positioning itself as a leading player in achieving sustainable water management.

Another line of action involves establishing the participation of the organisations involved in StepbyWater in European innovation projects, sharing their knowledge and experience with regard to water management.



Towards a more sustainable waste management model in the United Kingdom

FCC Environment UK contributed to the report entitled "No Time to Waste: Resources, recovery & the road to net-zero ", which highlights the importance and benefits of obtaining energy from waste. According to this report, allocating the 27.5 million tons of non-recyclable waste to the production of green energy is better both for the economy and for the environment than current methods, which involve exporting this waste or allocating it to landfills. This has led to a proposal for a more sustainable waste management system.

FCC Environment UK is one of the largest producers of energy from waste in the United Kingdom, it considers that this type of practice has the potential to supply hundreds of thousands of homes and businesses in this country.

The FCC Group's socio-economic contribution to sustainable development

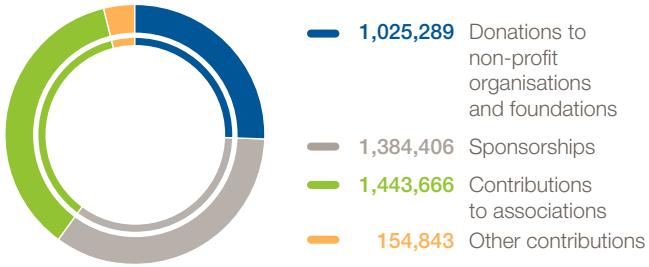
The tertiary sector, NGOs and non-profit associations and organisations now require more than ever the joint collaboration of society, companies, administrations and the public sector. They should create alliances and invest their time and efforts in making this type of entity more resilient as they are an essential part of making the world more just and equitable for all.

In this context, the FCC Group is aware of the many social and economic demands that exist in the societies in which it operates, mainly those made by non-profit entities, which work every day for the well-being of those who are most vulnerable. In addition to promoting sustainable development through its own activities arising in the different lines of business, the company also makes monetary contributions to these types of social entities for them to be able to meet the socio-economic requirements of the most disadvantaged communities and groups.

For this purpose, in the last business year and taking the consequences of the pandemic at a social level into account, the FCC Group allocated a total amount of 4 million euros by means of contributions and donations to non-profit organisations, foundations and associations. At the same time in the United Kingdom, more than 6.1 million pounds were donated via the FCC Communities Foundation in 2020.

The following is a breakdown of the contributions made:

The FCC Group's contribution in 2020



These contributions reinforce the Group's commitment to the 2030 Agenda and enable the company to actively contribute to the achieving the SDGs related to economic progress, the reduction of inequalities and the social development of communities in the present and in the future.

The main associations in which the FCC Group participates, nationally and internationally, are the following:

- Association of Public Cleaning Companies (ASELIP).
- Spanish Association of Parks and Gardens Companies (ASEJA).
- Spanish Association of Waste Management Contractors (ASEGRE).
- International association with Aquafed.
- Spanish Technological Platform for Water Supply and Sanitation Association (AEAS).
- Spanish Association for Desalination and Re-use (AEDyR).
- Spanish Urban Water Supply Services Association (AGA).
- Spanish Capital Goods Manufacturers Association (SERCOBE).
- Infrastructure Construction and Concessionary Company Association (SEOPAN).
- National Association of Water and Sanitation Utilities in Mexico (ANEAS).
- Water Environment Federation (WEF).
- CEMBUREAU European Association of Cement Manufacturers.
- ANEFHOP National Association of Prepared Concrete Manufacturers.
- CIMENT CATALÁ Cement manufacturers Association in Catalonia.
- Spanish Institute of Cement and its Applications.
- GREMI D'ARIDS Association of Catalan companies dedicated to the extraction and treatment of aggregates.
- CEMA State labour foundation for cement and the environment.
- FLACEMA Andalusian Cement and Environment Labour Foundation.
- OFICEMEN Spanish Cement Manufacturers Association.
- European Construction Industry Federation.
- Spanish Quality Association (AEC in Spanish).
- AECOM Association of Infrastructure Construction and Concessionary Companies.
- National Construction Confederation (CNC.)
- European Construction Technology Platform (ECTP).

FCC's commitment to its clients and suppliers

FCC'S commitment to its **clients**

The FCC Group's clients are the focus of its activity. This commitment, reflected in the Code of Ethics and Conduct and shared by all the organisation's personnel, involves the FCC Group striving to get to know the client, providing products and services in accordance with their needs, and making their satisfaction a priority. In this way, the Group aims to maintain long-lasting relationships, based on mutual trust, honesty, professional responsibility and value contribution. This is the perspective through which the FCC Group aims to achieve excellence in service, seeking to offer the highest quality, and contributing differential value compared with competitors.

Due to the wide variety of goods and services offered, the type of clients is different for each of the FCC Group's business lines.

- In **FCC Environmental Services**, clients are public and private entities that entrust the company with services including the management of urban and building cleaning, the maintenance of sewage networks and waste management.
- **Aqualia** manages the end-to-end water cycle, so its clients vary depending on the service offered, the company's main activity focussing on the supply of clean water for all users.
- **FCC Construcción** is responsible for the execution of civil engineering and building works, which means that it has a wide range of clients, both in the public and private sectors.
- The business of **Cementos Portland Valderrivas** involves the manufacture and sale of cement and its derivatives, so there is a direct relationship with the client. For this reason, special emphasis is placed on commercial and sales work, as well as ensuring that the product that goes on the market is of the highest quality and respects all safety standards.



Client and user health and safety

The commitments made by the **Environment** area with regard to its clients are based on guaranteeing the provision of the contracted services in accordance with the commitments made, those established by the organisation and any legal requirements that affect the activities undertaken. By complying regulations, the safety and health of end users is guaranteed, ensuring that services are provided in the safest way possible.

It should also be noted that FCC Environment UK has software that enables the recording, investigation and resolution of incidents relating to the health and safety of clients and users.

Aqualia, the health and safety of consumers is guaranteed through a comprehensive quality control system for treated water. In 2020, a total of 1,688,087 verifications were made in the European countries where Aqualia is active and non-fulfilment was detected in 1,196 cases. The company also has eight laboratories to assess water quality, within the Aqualia LAB network, having been granted accreditation in 2020 in accordance with the UNE-EN ISO/IEC 17025 standard for the Badajoz laboratory to conduct tests in the environmental field.

Following **FCC Construcción's** policy, the companies in this business pay special attention to customer relationship management, while at the same time having the utmost respect and consideration for the affected communities, indigenous peoples and cultural heritage. In all cases the safety and health of users is guaranteed through compliance with the legal requirements in the construction area that are applicable to each element, whether in the construction or maintenance phase. Both FCC Construcción and FCC Industrial have a certified Information Security Management System based on the ISO 27001 standard whose purpose is to guarantee the availability, confidentiality and integrity of information in the exercise of their activities.

In undertaking its activities, **Cementos Portland Valderrivas** has management systems that ensure the quality of its products, guaranteeing the safety and health of end-clients and complying with all legal requirements. The company evaluates 100% of the impacts on the health and safety of its products and services in accordance with the legislation in each country for the purpose of making improvements throughout their life cycle. All products are also labelled in accordance with European regulations, and are registered with the National Institute of Toxicology and Forensic Sciences.

Management of Claims and Complaints

In the management of claims and complaints, each of the Group's businesses has specific tools and procedures to suitably handle correspondence with clients and users.

FCC Medio Ambiente Iberia's integrated management system includes a procedure that establishes the methodology for the management of claims and complaints. These are registered and processed via the VISIÓN computer programme. In this regard, FCC Medio Ambiente Iberia received about 1,700 claims and complaints from clients in 2020, of which over 90% were resolved.

FCC Environmental Services has a reporting system that records complaints from clients and assigns those who will be responsible for their resolution.

In FCC Environment CEE, the registration and management of claims and complaints is undertaken at country level, establishing specific procedures for each. At a consolidated level, in FCC Environment CEE, the resolution and management of claims in the Group has risen to a total of 7,871.

In the case of **Aqualia**, throughout 2020 it received at a national and international level (Czech Republic, Italy, France, Colombia and Portugal) 16,180 claims and complaints from clients and users.

In the **Construction** area they have a management system to attend to requests received. This tool enables actions to be monitored, improvement plans to be identified and follow-up verified. Throughout 2020, the company received a total of 105 claims and complaints, 80% of which had been resolved by the end of the business year.

In **Cement**, the activity in Spain and Tunisia is certified under the ISO 9001 Standard, with specific requirements for handling these claims and complaints. The company has a consultation procedure through which a total of 15 claims and complaints were received during the last business year, of which 100% were managed and 60% resolved. In this regard, at a national level, the company's aim is to receive less than one claim or complaint for every 50,000 tons sold.

Customer service and satisfaction

Clients have been the basis of the Group's success throughout its 120-year history. The Group's journey in all these years reflects the importance of understanding the needs of clients and listening to their concerns in order to be able to adapt quickly and appropriately to a changing environment.

Each business has different tools for customer service, as well as for measuring satisfaction so as to be able to assess how we are perceived by those we serve.

This is especially the case for Aqualia, a Group activity that, given the importance and heterogeneity of its clients and users, seeks to offer a hands-on, personalised customer service that enables it to provide solutions quickly, simply and effectively.

Aqualia has a number of customer-service channels, including:

- **Customer service by telephone.** In 2020 the Customer Service Centre received 1,240,216 telephone calls.
- **Virtual office, aqualiacontact.** In 2020, 163,814 interactions were managed, including 32.34% for the modification of data, 23.77% for electronic invoicing and 19.85% for payment via bank card.
- **Application for mobile devices.** In 2020 a total of 62,562 interactions were managed via the APP made available to our clients, with 20.99% involving the modification of data and 64.08% payment via bank card.
- **Twitter @aqualiacontact.** Messages sent by users are handled and managed through the @aqualiacontact account. SMS messages are also managed for the notification of invoices with incidents and warnings regarding network breakdowns.

It should be noted that Aqualia made 6,287 surveys of aqualiacontact user clients in 2020 obtaining an index of satisfaction that was 96.80% positive.

The company also received 3,325 replies to a survey sent specifically to end and institutional clients, obtaining a rating between good and excellent in 82% of the surveys.

The **Environment** area in Spain and Portugal sent out a total of 854 surveys throughout the business year. Of the surveys received, 81% of clients rated the company's work as satisfactory or very satisfactory. The industrial waste activity in the area made a client satisfaction study by sending out a Satisfaction Questionnaire and received a very favourable average score of 8.6 out of 10.

In most of the countries where FCC Environment CEE operates, client satisfaction surveys were also made in 2020:

- In Austria, the company obtained an increase of 5 percentage points in average client satisfaction, after sending out 2,886 surveys.
- Of the 149 surveys received in Slovakia, almost 90% showed "very good" or "excellent" results.
- With regard to Hungary, due to the health crisis, in this business year only a small number of voluntary opinions were collected and analysed.
- Due to the epidemic, Poland did not receive any satisfaction surveys this year as they are usually handed out in customer service offices.
- In the Czech Republic, 143 surveys were received and the result was "excellent" in 97.5% of the cases.

In the **Construction** business there is a position called the client's interlocutor, who is responsible for dealing with any suggestions received, processing any issues raised, managing collaboration, and notifying any actions to be taken.

Final surveys of the works are also made, in which clients evaluate the service received. Most of the clients surveyed were very satisfied with the performance of the companies in the Construction business, and confirmed that they would contract services with them again. In this regard, a total of 350 surveys were sent out in the last business year, of which 88.6% returned a rating of "excellent". At a general level, the aspects best valued by clients included the works team's capabilities and technical knowledge, their availability to meet the client's needs, and their ability to resolve unforeseen issues.

In the case of **Cementos Portland Valderrivas**, the company maintains suitable, ongoing customer service through different communication channels. Special mention should go to the Digital Channel for clients that is accessible via the corporate website, and direct customer service provided by the commercial team. With the aim of determining the degree of client satisfaction, the company sent out a total of 1,008 quality surveys to end customers in 2020, obtaining an average rating of 4.11 out of 5 in the product, services, degree of trust and digital-commercial services categories.

FCC'S commitment to its **suppliers**



For the FCC Group, control of the value chain is critical and the success of the company depends on managing it correctly. Suppliers and contractors are a very significant stakeholder group given their size: in Spain alone, the Group established business relationships with more than 32,500 suppliers in 2020. Proof of the Group's commitment to local suppliers in Spain is that 98.7% of its suppliers are Spanish and 97.9% of the volume of purchases was contracted with them.

FCC is also working continuously on the application and inclusion of sustainability criteria in its purchasing processes and services provided, including binding ethical, social and environmental issues with regard to sustainability.

The FCC Code of Ethics and Conduct also includes the basic principles that all partners, collaborators and suppliers have to respect: These principles state that business partners should:

- Clearly reject corruption, bribery and fraud and be seen to behave ethically in all their business relationships.
- Defend and protect human rights and essential labour rights recognised internationally in the Universal Declaration of Human Rights, as well as the Agreements and Declaration of the International Labour Organisation (ILO) relating to the principles and essential rights of workers.
- Show a high level of commitment to compliance with occupational health and safety standards, guaranteeing a safe and healthy work environment.
- Establish sustainable environmental management that respects the environment in all their activities, not only in terms of compliance with legislation, but also when undertaking activities in order to minimise negative environmental impacts.

In 2019 the ethical clauses in the General Conditions for Contracting that suppliers have to accept were reformulated, including references to a declaration that the supplier fully understands the content and scope of the new FCC Group Anti-Corruption Policy.

The FCC Group also has a Purchasing Manual that is based on three key principles: transparency, competitiveness and objectivity. With a view to promoting stable and lasting business relationships, FCC aims to implement balanced and beneficial collaboration frameworks with suppliers, contractors, partners and collaborators.

In 2020, the FCC Group updated the Purchasing Manual within the framework of the CSR Master Plan. In this context, work was undertaken to analyse and update the map of environmental, social and governance risks for suppliers and contractors, taking into account issues such as:

- Identification of potential risks regarding sustainability.
- Inclusion of sustainability criteria in the definition of a critical supplier.
- Strengthening the monitoring and control system for those suppliers presenting the highest risk.

The Group also worked on the supplier official approval process by updating the Supplier Management procedure. The aim of the present procedure is to establish a unique methodology to standardise suppliers in the Purchasing Department's database, as well as to define a unique methodology for their assessment.

The official approval process is based on a risk analysis based in accordance with the information provided by the supplier and from a subsequent analysis, that leads to a final resolution on official approval by FCC.

For a supplier to be officially approved, they should first register on the Group's corporate platform and answer a series of questionnaires which include sustainability issues. The following are some of these issues:

- Signing an affidavit with regard to anti-corruption.
- References to documentation relating to the identification, risk assessment and certifications of the Anti-Bribery and Compliance systems implemented in the company.
- Certifications and information relating to the Quality and Environmental Management systems established in the company.
- Information relating to the Prevention of Risks at Work System.
- Information regarding customer service and satisfaction, as well as process control, official approval and assessment of suppliers.
- Workforce data, including diversity indicators such as the percentage of women, average age and average seniority of workers.
- Information on the promotion of Corporate Social Responsibility in the company, including, where applicable, a declaration of respect for human rights, anti-discrimination policies, adherence to the United Nations Global Compact, certifications of the ethical/social management system, sanctions or judicial processes for violation of human rights, communication of the sustainability policy, assessment of employee satisfaction and conciliation policies.
- Information regarding regulatory compliance, including references to their own Code of Ethics, acceptance of the FCC Group's Code of Ethics, information on the criminal prevention model, the reporting channel, the existence of a Compliance Officer, the policies for the prevention of money laundering and financing of terrorism, as well as any possible sanctions or convictions for corruption, bribery or influence peddling.

Once the questionnaires have been filled in, the responses are weighted using a points system that categorises the level of risk, assigning a degree of compliance between "A" and "D", with "A" being the level with the highest compliance. This score is notified to the supplier once it has been approved through an official approval certificate together with recommendations for improving the score, where this is of interest.

During the 2020 business year, a total of 382 suppliers completed the official approval process. Looking ahead to 2021, the Group aims to officially approve 100% of the suppliers assigned in the purchasing processes initiated throughout the year, as well as 80% of the suppliers that represent the top 20% of expenses incurred during the business year.

In the event that a supplier is classified as high risk (D), a process of Due Diligence for third parties will be undertaken to analyse in detail any possible risks that may materialise should a commercial relationship be established with this provider. Depending on the results obtained in Due Diligence, the official approval of the supplier by the Purchasing Department will be accepted or rejected. Of all the suppliers submitted to the official approval process in 2020, none had any features that resulted in them being categorised as high-risk suppliers.

There is regular assessment of suppliers that involves sending satisfaction assessment surveys to the corresponding areas within the Group. The result of these assessments is useful for negotiations, decision-making in future assignments or even to decide whether to maintain or cancel official approval. With the aim of keeping the system constantly updated, the assessment questionnaire is resent regularly and at different intervals after the contract has been awarded, provided it is still in force.

The FCC Group: innovation for sustainable development

Since it was founded in 1900, the FCC Group has always considered innovation as a priority, adapting to different technological developments to provide services with the highest standards of technical excellence. From building cities at the beginning of the century, to the development of motorways and railway and metro lines, park management and water distribution over the following decades, FCC has always participated in the development of state-of-the-art infrastructures and services within its sector.

This ongoing effort to innovate on the part of the Group has enabled FCC to enjoy a journey lasting more than 120 years. The search for innovation is part of the history and way of life in the FCC Group and can be seen in the numerous initiatives in which the different lines of business participate.

The FCC Group is aware that the future must be linked to sustainable development, so each business is looking for innovative solutions so as to be able to minimise their impact on the environment and increase the efficiency of their processes. These solutions are aimed at meeting global challenges, like the fight against climate change and transition to a circular economy model, all of which will affect the global agenda in the coming years.

FCC Environmental is committed to technological innovation in order to improve the well-being of citizens and make cities increasingly sustainable. Its R&D&I projects focus on five main areas: e-mobility, machinery, circular economy, sustainable development and "VISION" and Information and Communication Technologies. In this way, the activities of FCC Environmental Services include electric sweepers, advanced urban pruning systems, and innovative projects such as, for example, Life-4Film, aimed at avoiding incineration and sending plastic film to landfills, and Insectum, that aims to improve the revaluation of wastes by using insects.

In this regard, **Aqualia** is now considered to be as an avant-garde entity, a benchmark in the sector as a result of continuous progress in innovation and in the use of new technologies. The company has developed an R&D&i strategy, both in the production processes and in the optimal use of resources, assuming its responsibility to society and the environment and improving the quality of life of citizens, including vulnerable groups. Aqualia's innovation projects are based on identifying opportunities in issues such as quality, sustainability, smart management and eco-efficiency in which the whole workforce participates. With the aim of providing projects with better resources, the company also participates in European, national and regional R&D&I programmes relating to water management and that are co-financed by the Spanish Administration or the European Union (FP7, LIFE, H2020, Eco-Innovation, etc.).

The **Group's construction** area also actively promotes innovation through its main activities, as it is aware of the importance for the company as a differentiating factor in a highly competitive market. The innovation projects in the FCC Group's construction area are aligned with its R&D&i policy, with efforts focussed on providing added value in terms of sustainability. As a complement to this and with the aim of ensuring the maximum guarantees for quality and safety, the Group's construction area uses modern and innovative machinery in its operations, resulting in a reduction of atmospheric emissions and impact from noise and an increase in energy efficiency.



The **Cement** business is committed every year to applying R&D&i processes involving research and development for new products, and there is great awareness of social demands in environmental matters. With the aim of adapting to the changing context and guaranteeing the competitiveness of its activities in the market, the company is working for the technological innovation of products and materials to extend the useful life of infrastructures. Meanwhile, the Cement business is applying innovative techniques involving alternative manufacturing processes and eco-efficient materials to make progress in the sustainable construction of cities.

Artificial Intelligence, the key to optimising electricity costs in the cement sector

The cost of electricity cost in a cement works represents about 37 percent of variable costs, so energy efficiency is a key competitive factor for this industry. In Spain, the cement industry also faces reduced energy replacement rates, a new scenario for the CO_2 Emissions Trading System, and the cost of electricity is higher than the European average.

This need has led to a collaboration agreement between the University of Seville and Flacema, with the participation of a number of companies in the cement sector operating in Andalusia, such as Cementos Portland Valderrivas. In this context, an industrial research process will be launched, with the aim of developing a digital tool to optimise electricity costs. This tool will include neural networks, genetic algorithms and other Artificial Intelligence tools and will enable the former to lay the ground for the mathematical theories while the latter will see an improvement in competitiveness.

Life Phoenix, the project led by Aqualia for the regeneration of wastewater and the treatment of microplastics

Within a context of ecological crisis and water stress arising from the effects of climate change, the re-use of water is vitally important so as to be able to face the challenges presented by food production and water policy in the European Union. Faced with this scenario, Aqualia will be the entity responsible for leading the European Life Phoenix innovation project for the next four years. This project is a challenge that will address the problems arising from the re-use of wastewater, as well as the threat posed by emerging pollutants and microplastics.

The project lies within the framework of the European LIFE programme and has a budget of more than three million euros. It seeks to transform the use of wastewater into an element of high added value to be re-used for irrigation in the agricultural sector, in compliance with the current European directive.

The project lies within the framework of the European LIFE programme and has a budget of more than three million euros. It seeks to transform the use of wastewater into an element of high added value to be re-used for irrigation in the agricultural sector, in compliance with the current European directive.

AWA: water measurement for smart management

Industry 4.0 is already a new reality in the business of end-to-end water management, and it has accelerated digitisation and the adoption of new technologies in industrial processes.

As a result of this, Aqualia uses the Aqualia Water Analytics (AWA) platform for the smart, more efficient management of the end-to-end water cycle and has completely transformed the way it operates. AWA is an analytical tool that provides the company with transversal analysis of the end-to-end water cycle, and it covers the complete data cycle from abstraction onwards. The technological environment was designed under the principle of creating solutions adapted to each process and specific needs “Any solution does not have to be the best solution”. With regard to security, it is about generating a framework of trust, complying at all times with cybersecurity policies.

life landfill biofuel

The FCC Group, innovating to contribute to sustainable mobility

Both Aqualia and FCC Environmental participated in the Methamorphosis project, co-financed by the European LIFE program, and which ended in 2020. This project is an example of the synergies existing within the FCC Group, and aimed at developing a new system for the treatment of effluents and obtaining biofuel (biomethane) from municipal and agro-industrial waste. As a result of this project, two prototypes were built:

- UMBRELLA (FCC Medio Ambiente and Aqualia - Besòs Ecopark Municipal Wastes Plant): This prototype aims to use organic waste from water treatment to generate biogas.
- METHAGRO (Porgaporcs - Ecobiogas agro-industrial waste plant): This prototype focuses on obtaining biogas from organic waste from the Porgaporcs agri-food plant.

FCC also plays a leading role in the LIFE Landfill Biofuel project, in collaboration with six other organisations. This project aims to obtain and produce biomethane suitable to be used by vehicles from the enrichment of biogas from landfills. Once completed, the intention is to reproduce this project in other FCC landfills in Europe, thus contributing to the use of biomethane as an energy alternative.

vision smart environmental services

Smart platform for the provision of services to citizens

ICT technologies (Information and Communication Technologies) are increasingly important in the provision of truly smart services in cities and urban centres.



In order to provide effective, efficient, sustainable and comprehensive services, systems need to be in place that enable the capitalisation of best practices in processes and communications, also providing all agents (administration, citizens and companies) with collaborative tools that enable the management of information for optimal service provision.

With this in mind, FCC Medio Ambiente Iberia developed the VISION platform, a tool that integrates all aspects of FCC Medio Ambiente Iberia's management in the same environment, sharing information, processes, validations and services that facilitate progress towards excellence.

With the deployment of VISIÓN in all contracts, the tool enables all departments to work together to design and maintain a unified and updated work environment.

Gaudí Project, a new platform for knowledge management in the construction sector

Gaudí project, a new platform for knowledge management in the construction sector

The Gaudí project, executed by FCC Construcción and Vass, and financed by the Centre for Industrial Technological Development, the European Regional Development Fund (ERDF) and the Ministry of Science and Innovation, aims to create a platform for the management of knowledge in the field of construction.

This platform will enable the acquisition, storage, processing and dissemination of know-how in construction companies. By developing Artificial Intelligence, Machine Learning and Deep Learning algorithms, this platform will also enable the capture, storage, processing and dissemination of information through a shared platform.

This project will create a new Knowledge Management model for the construction sector, based on the study of the business processes established in the Management Systems in the companies participating, taking traditional knowledge processes into account (creation, storage and retrieval, transfer and application).

FCC Environment CEE, innovating for the citizens of Slovakia

FCC Environment CEE has developed a new application available in Slovakia, for the purpose of notifying users when the different types of waste will be collected. This practical tool will modernise the municipal waste collection system in Slovakia, which was previously managed by printed calendars in which citizens had to verify and review the timetable for taking out their waste to be collected.

The Vylož Smeti app: FCC, which has been available since 1 December 2020, enables users to access the collection calendar, simply by showing their address on their tablet or mobile phone.

In line with the FCC Group's strategy in the field of digitization, FCC Environment CEE in Slovakia has also developed the online tool OdpadOnline.sk. With this tool it takes users 5 minutes to request a container and ensure the safe disposal of their waste.



Annexes

Annex I: about this report

Regulatory Context

This Sustainability Report provides information on the management of key aspects (environmental, social and governance) for the company and its businesses in the period between 1 January and 31 December 2020[14].

The dissemination of non-financial information or that relating to corporate social responsibility contributes towards the measurement, monitoring and management of the performance of companies and their impact on society, and constitutes a common practice within the FCC Group. The information on FCC's ethical, environmental and social performance was prepared in accordance with the Exhaustive option in the GRI Standards (*Global Reporting Initiative*).

The FCC Group also includes in this Report the non-financial information requested by Law 11/2018, of 28 December, on non-financial information and diversity. This Report, therefore, is a constituent part of the FCC Group's Consolidated Management Report, corresponding to the 2020 business year, between 1 January and 31 December 2020.

Throughout this document, information is provided on environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as information on the Group's employees.

Principles for preparing the Report

In the preparation of this Report, the FCC Group followed the principles of the Global Reporting Initiative for the preparation of reports: Inclusion of stakeholders, context of sustainability, material value and comprehensiveness.

To identify material issues, FCC updated its materiality study for 2020, described in point correspondent of this report and taking the company's main stakeholders into account. In the event that any indicator is not material for the Group or for any of its businesses, this will be expressly stated in the text. The scope of the material topics and their coverage was developed sufficiently to reflect significant economic, environmental and social impacts and to enable stakeholders to assess FCC's performance in 2020.

The Group also took care to ensure the quality of the document, respecting the following principles: accuracy, balance, clarity, comparability, reliability and timeliness.

To ensure the reliability of the information, the Group verified its Sustainability Report independently. A guarantee report that includes the objectives and scope of the process, as well as review procedures used and their conclusions, is attached as an annex to this report.

Scope

The scope of the information provided in this report corresponds to the integration perimeter used for the financial consolidation of Fomento de Construcciones y Contratas, S.A. and subsidiaries, taking into account the data for 100% of the subsidiaries over which management is controlled, regardless of the shareholding.

The list of FCC Group companies as at 31 December 2020, and a description of each one, appear in the annexes to the annual accounts.

(14) Due to the impossibility of providing year-end data, Aqualia reports non-financial information related to environmental issues for the period from 1 December 2019 to 30 November 2020.

The FCC Group, distinguished by its geographical and activity diversity, is working to extend the scope of the information to all the companies that make up the group. However, the following is a list of companies excluded from this scope for which non-financial information for the 2020 business year has not been included:

Business	Excluded from the Scope
Environment Area	FCC Abfall Service Betriebs GmbH, FCC Centrum Nonprofit Kft., FCC Magyarország Kft, FCC EKO Polska sp. z.o.o., FCC EKO Polska sp. z.o.o., FCC Environment Romania S.R.L.
Construction Area	ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego, Áridos de Melo, S.L., Colombiana de Infraestructuras, S.A.S., Concesiones Viales S. de R.L. de C.V., Concretos Estructurales, S.A., Conservial Infraestructuras, S.L., Consorcio FCC Iquique Ltda., Construcción Infraestructuras y Filiales de México, S.A. de C.V., Construcciones Hospitalarias, S.A., Constructora Meco-Caabsa, S.A. de C.V., Constructora Túnel de Coatzacoalcos, S.A. de C.V., Desarrollo y Construcción Deyco CRCA, S.A., Edificadora MSG, S.A. (Panama), Edificadora MSG, S.A. de C.V. (El Salvador), Edificadora MSG, SA de C.V. (Nicaragua), FCC Américas, S.A. de C.V., FCC Américas Colombia, S.A., FCC Américas Panamá, S.A., FCC Colombia, S.A.S., FCC Construcción Costa Rica, S.A., FCC Construcción de México, S.A. de C.V., FCC Construcción Perú, S.A.C., FCC Construçoes do Brasil Ltda., FCC Constructii Romania, S.A., FCC Construcción International B.V., FCC Construcción Northern Ireland Limited, FCC Edificadora CR, S.A., FCC Electromechanical Llc., FCC Elliott Construction Limited, FCC Industrial de Panamá, S.A., FCC Industrial Perú, S.A., FCC Industrial UK Limited, FCC Inmobilien Holding GMbH, FCC Servicios Industriales y Energéticos México, S.A. de C.V., FCC Soluciones de Seguridad y Control, S.L., Fomento de Construcciones Colombianas, S.A.S., Fomento de Construcciones y Contratas Canadá Ltd., Impulsora de Proyectos Proserme, S.A. de C.V., Meco Santa Fe Limited, Megaplás Italia, S.p.A., Participaciones Teide, S.A., Servicios Dos Reis, S.A. de C.V., FCC Construcción Australia Pty Ltd.
Cementos Portland Valderrivas	Canteras de Alaiz, S.A., Carbocem, S.A., Dragon Alfa Cement Limited, Dragon Portland Limited, Hormigones de la Jacetania, S.A., Prebesec Mallorca, S.A., Uniland Acquisition Corporation, Uniland International B.V., Uniland Trading B.V., Áridos de Navarra, S.A., Pedrera de l'Ordal, S.L., Tratamiento Escombros Almoguera S.L.
Other activities	Autovía Conquense, S.A., Bvefdomintaena Beteiligungsverwaltung GmbH, Cemark - Mobiliario Urbano e Publicidade, S.A., Concesionaria Atención Primaria, S.A., Concesionaria Túnel de, Coatzacoalcos, S.A. de C.V., Costa Verde Habitat, S.L., F-C y C, S.L. Unipersonal, FCC Concesiones, S.A. Unipersonal, FCC Concesiones de Infraestructuras, S.L., Geneus Canarias, S.L., PPP Infraestructure Investments B.V., Per Gestora, S.L., Vela Boravica Koncern d.o.o., Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L., Grupo Cedinsa Concessionària, Cedinsa Concessionària, S.A., Cedinsa Conservació, S.L. Unipersonal, Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A.Unipersonal, Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A.Unipersonal, Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A.Unipersonal, Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A.Unipersonal.

The non-inclusion of non-financial information on these companies is due to the fact that most of them are inactive or being wound up, holding companies, companies without productive activity or incorporated during the second half of the business year. The FCC Group's non-financial reporting procedure allows those companies incorporated in the second half of the business year to make non-financial reporting on a voluntary basis, in order to have a reasonable amount of time to adapt to the management systems implemented in the Group. However, if the information is available, it is included in the data provided by each business line.

Despite the above-mentioned corporate exclusions, the non-financial information presented in this Report covers between 90 and 95% of the FCC Group's turnover, unless expressly indicated below, guaranteeing a true image of the company's non-financial performance.

With regard to specific indicators, in addition to what is expressly indicated throughout the document in other sections, those excluded from the scope of environmental indicators are detailed below:

Indicator	Excluded from the Scope
Monetary resources dedicated to the prevention of environmental risks	Aqualia
Atmospheric emissions	Prefabricados Delta (COVs), Megaplas (NOx, Sox)
Water discharges	Aqualia[15]
Generated waste	FCC Construcción (Saudi Arabia)
Water consumption	FCC Construcción (Saudi Arabia)
Energy consumption	FCC Construcción (Saudi Arabia), FCC Environmental Services
Direct GHG emissions	FCC Construcción (Saudi Arabia)
Indirect GHG Emissions	FCC Construcción (Saudi Arabia), FCC Environmental Services

This year, basic environmental indicators for the two corporate headquarters of the FCC Group in Madrid (energy consumption, water consumption, waste generated and GHG emissions) were included for the first time. These indicators, with a very low weighting with regard to the FCC Group, are the significant for the environmental management of both centres.

With regard to the exclusions from scope in the specific indicators mentioned above, these omissions are justified due to the impossibility of providing exhaustive and good quality information as at the closing date for the submission of this report. With regard to the above-mentioned omissions concerning the FCC Group's turnover, Aqualia contributes 19.3%, FCC Construcción (Saudi Arabia) 2.8% and FCC Environmental Services 1.2%. The rest of the omissions mentioned do not in any case exceed 1% of the Group's turnover.

(15) Since Aqualia's activity is to manage the end-to-end water cycle, the amounts of water discharged as a result of the purification and reuse processes are shown in the section "Water consumption and management at the Group".

Annex II: tables relating to social and personnel affairs

Developments in the distribution of the workforce by gender (31/12)

	2019	2020
Men	77.8%	77.7%
Women	22.2%	22.3%
Total	**100%**	**100%**

Developments in the distribution of the workforce by age range and gender (31/12)

	2019		2020	
	Men	**Women**	**Men**	**Women**
< 35 years	8,413	1,876	6,788	1,850
35-54 years	26,945	8,180	24,043	7,501
> 54 years	10,789	3,111	15,570	3,995
Subtotal	**46,147**	**13,167**	**46,401**	**13,346**
Total	**59,314**		**59,747**	

Developments in the distribution of the workforce by business area (Percentage)

	2019	2020
Environmental Services	67%	67%
Water Management	16%	18%
Construction	14%	12%
Cement	2%	2%
Central Services	1%	1%
Total	**100%**	**100%**

Developments in the distribution of the workforce by functional level and gender (31/12)

	2019		2020	
	Men	**Women**	**Men**	**Women**
Directors and Managers	475	90	437	82
Supervisors	3,233	610	3,067	551
Technicians	3,545	1,629	3,898	1,660
Administrative Clerks	1,074	1,805	1,004	1,975
Sundry trades	37,820	9,033	37,995	9,078
Subtotal	**46,147**	**13,167**	**46,401**	**13,346**
Total	**59.314**		**59.747**	

Developments in the distribution of the workforce by country gender (31/12)

	2019			2020		
Countries	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Spain	33,584	10,781	44,365	33,956	11,115	45,071
Czech Republic	2,161	655	2,816	2,196	648	2,844
United Kingdom	2,045	348	2,393	2,152	350	2,502
Romania	556	144	700	554	134	687
Austria	530	162	692	532	165	697
Poland	382	94	476	423	108	531
Portugal	373	88	461	443	95	538
Slovakia	361	93	454	323	91	414
Italy	207	37	244	217	35	252
Hungary	127	52	179	132	51	183
Serbia	100	34	134	94	36	130
USA	372	50	422	501	76	577
Panama	484	88	572	266	42	308
Colombia	240	51	291	666	147	813
Egypt	1,025	3	1,028	1,340	3	1,343
Tunisia	239	19	258	215	17	232
Saudi Arabia	2,294	195	2,489	1,684	134	1,818
United Arab Emirates	326	6	332	307	5	312
Rest of the World	741	267	1,008	401	94	495
Total	**46,147**	**13,167**	**59,314**	**46,401**	**13,346**	**59,747**

No. of new contracts by gender, age and functional level:

No. of new contracts by gender

	2020
Men	7,703
Women	2,540
Total	**10,243**

No. of new contracts by age and gender

	Hombre	Mujer	Total
< 35 years	2,766	894	3,660
35-54 years	3,847	1,365	5,212
> 54 years	1,090	281	1,371
Total	**7,703**	**2,540**	**10,243**

No. of new contracts by functional level and gender

	Men	Women	Total
Directors and Managers	11	3	14
Supervisors	203	73	276
Technicians	789	185	974
Administrative Clerks	122	218	340
Sundry Trades	6,578	2,061	8,639
Total	**7,703**	**2,540**	**10,243**

Developments in the number of workers by type of contract and gender

	2019		2020	
	Men	Women	Men	Women
Open-ended	32,214	10,165	32,975	10,053
Temporary	13,933	3,002	13,426	3,293
Subtotal	**46,147**	**13,167**	**46,401**	**13,346**
Total	**59,314**		**59,747**	

Developments in the number of workers by type of working day and gender

	2019		2020	
	Men	Women	Men	Women
Full-time	41,908	9,420	42,271	9,479
Part-time	4,239	3,747	4,130	3,867
Subtotal	**46,147**	**13,167**	**46,401**	**13,346**
Total	**59,314**		**59,747**	

Annual average by contract and age range

	2019		2020	
	Open-ended	Temporary	Open-ended	Temporary
< 35 years	4,603	5,895	4,593	5,730
35-54 years	26,236	8,967	25,220	8,302
> 54 years	10,375	3,001	13,149	3,133
Subtotal	**41,214**	**17,864**	**42,962**	**17,165**
Total	**59,078**		**60,127**	

Annual average for contract and gender

	2019		2020	
	Open-ended	Temporary	Open-ended	Temporary
Men	31,599	14,719	32,952	14,053
Women	9,615	3,144	10,010	3,112
Subtotal	**41,214**	**17,864**	**42,962**	**17,165**
Total	**59,078**		**60,127**	

Average by type of contract and functional level

	2019		2020	
	Open-ended	Temporary	Open-ended	Temporary
Directors and Managers	565	4	544	5
Supervisors	3,339	608	3,238	538
Technicians	3,858	1,013	4,403	994
Administrative Clerks	2,081	758	2,272	598
Sundry trades	31,372	15,480	32,505	15,030
Subtotal	**41,215**	**17,863**	**42,962**	**17,165**
Total	**59.078**		**60.127**	

Annual average for working hours and gender

	2019		2020	
	Full-time	Part-time	Full-time	Part-time
Men	41,947	4,372	42,788	4,217
Women	9,296	3,463	9,508	3,614
Subtotal	**51,243**	**7,835**	**52,296**	**7,831**
Total	**59,078**		**60,127**	

Average by type of working day and functional level

	2019		2020	
	Full-time	Part-time	Full-time	Part-time
Directors and Managers	565	4	542	8
Supervisors	3,780	167	3,616	159
Technicians	4,607	264	5,143	255
Administrative Clerks	2,666	173	2,695	175
Sundry trades	39,625	7,227	40,300	7,234
Subtotal	**51,243**	**7,835**	**52,296**	**7,831**
Total	**59,078**		**60,127**	

Developments in dismissals by functional level

	2019	2020
Directors and Managers	13	24
Supervisors	37	63
Technicians	107	114
Administrative Clerks	46	37
Sundry trades	612	450
Total	**815**	**688**

Annual average by working hours and age range

	2019		2020	
Full-time	Part-time	Parcial	Full-time	Part-time
< 35 years	9,128	1,370	8,983	1,340
35-54 years	31,406	3,797	29,922	3,601
> 54 years	10,709	2,667	13,391	2,890
Subtotal	**51,243**	**7,835**	**52,296**	**7,831**
Total	**59,078**		**60,127**	

Developments in dismissals by gender

	2019	2020
Men	662	532
Women	153	156
Total	**815**	**688**

Developments in dismissals by age range

	2019	2020
< 35 years	260	143
35-54 years	427	368
> 54 years	128	177
Total	**815**	**688**

Developments in the wage gap in Spain

	2019	2020
Adjusted wage gap	6.59%	5.85%
Gross wage gap	17.42%	18.62%

Average salaries by functional level and gender

Spain:

	2019			2020		
	Total Average Remuneration			Total Average Remuneration		
	Under 35 years old	From 35 to 54 years old	Over 54	Under 35 years old	From 35 to 54 years old	Over 54
Men						
Directors and Managers	60,375.36 €	107,200.54 €	147,318.51 €	55,734.89 €	99,168.29 €	136,326.39 €
Supervisors	29,251.61 €	45,086.22 €	50,693.67 €	30,498.07 €	45,952.00 €	53,031.57 €
Technicians	28,498.51 €	43,127.14 €	51,944.87 €	28,316.74 €	42,163.90 €	50,197.31 €
Clerical Staff	23,867.52 €	30,319.11 €	36,504.92 €	22,343.23 €	29,502.52 €	35,470.45 €
Sundry Trades	23,989.51 €	26,342.57 €	27,694.37 €	23,277.26 €	27,232.33 €	29,484.30 €
Women						
Directors and Managers	53,855.97 €	87,100.64 €	83,920.64 €	–	85,111.11 €	70,589.89 €
Supervisors	26,886.49 €	36,604.46 €	39,305.68 €	27,810.07 €	38,705.44 €	40,878.50 €
Technicians	24,391.86 €	35,679.30 €	42,562.62 €	25,128.80 €	36,154.10 €	40,968.08 €
Clerical Staff	20,873.69 €	25,063.85 €	27,821.19 €	21,872.00 €	26,135.65 €	28,782.08 €
Sundry Trades	19,211.29 €	19,991.23 €	19,138.44 €	18,850.39 €	20,263.39 €	20,392.96 €

International

	Men	Women
Saudi Arabia	57,384.35 SAR	52,712.74 SAR
Colombia	24,544,260.05 COP	31,347,442.47 COP
Egypt	120,620.20 EGP	160,272.00 EGP
United Arab Emirates	34,139.27 AED	51,600.00 AED
Italy	27,859.81 EUR	31,812.75 EUR
Panama	18,472.29 USD	26,093.70 USD
Portugal	22,892.88 EUR	28,468.91 EUR
Czech Republic	419,010.66 CZK	378,919.91 CZK
Tunisia	55,218.81 TND	48,780.97 TND

FCC defined a remuneration policy for each of the countries in which it operates, so the aggregate average remuneration for which the remuneration data for those countries in which we are established is added, it is not representative of the remuneration management undertaken in each of the business units and countries in which FCC operates.

The information required to provide breakdowns by professional classification and age range is currently not available. In this regard, the FCC Group is working to be able to provide this information.

Percentage of workers covered by collective agreement by country

Countries	Total % of workers covered by collective agreement	
	2019	2020
Saudi Arabia	0%	0%
Algeria	–	93.44%
Australia	–	0%
Austria	6%	0.10%
Belgium	–	100%
Brazil	–	100%
Bulgaria	0%	0%
Canada	–	0%
Chile	0%	0%
Colombia	0%	0%
Costa Rica	–	0%
Ecuador	–	0%
USA	0%	14.37%
Egypt	–	0%
El Salvador	–	0%
United Arab Emirates	0%	0%
Slovakia	36.83%	33.73%
Spain	100%	100%
France	100%	100%
Guatemala	–	0%
Holland	–	100%

Countries	Total % of workers covered by collective agreement	
	2019	2020
Hungary	0%	0%
Ireland	–	0%
Italy	100%	100%
Kosovo	–	0%
Mexico	0%	0%
Montenegro	–	0%
Nicaragua	–	0%
Norway	–	0%
Oman	0%	0%
Panama	30.45%	65.55%
Peru	–	0%
Poland	25%	20%
Portugal	48.26%	13.85%
Qatar	–	16.07%
United Kingdom	7.13%	7.10%
Czech Republic	36.58%	36.38%
Dominican Republic	–	100%
Romania	22.85%	20.52%
Serbia	10.56%	13.86%
Tunisia	100%	100%

Parental Leave (Spain)

	Men	Women
No. of employees entitled to paternity/maternity leave	803	173
No. of employees who took paternity/ maternity leave	803	173
No. of employees who returned to work after paternity/maternity leave ended	757	169

(*) In 2020 all countries and all areas where the FCC Group operates were included.

Annex III: tables relating to environmental issues

Noncompliance with environmental laws and regulations (307-1)

Noncompliance with environmental laws and regulations	2020
Total monetary value of fines (€)	304,256
Total number of non-monetary sanctions (No.)	23
Cases subject to mechanisms for the resolution of law suits (No.)	53

Spills (306-3) and discharges (303-4)

Derrames	2020
Total no. of significant spills (no.)	18
Total volume of significant spills (m^3)	23

Water discharges by destination (m^3)	2020
Surface water	1,954,567
Groundwater	75,832
Sea water	62,170
Third party water (total): municipal network and treatment plants	1,481,451
Third-party water transferred for use by other organisations (where applicable)	–
TOTAL	**3.574.020**

Total water discharges for fresh water or other waters (m^3)	2020
Fresh water (total dissolved solids ≤ 1000 mg/l)	1,508,526
Other waters (total dissolved solids> 1000 mg/l)	117,439
Not typified	1,948,056
TOTAL	**3,574,020**

Water discharges in areas under water stress (m^3)	2020
Fresh water (total dissolved solids ≤ 1000 mg/l)	592,343
Other waters (total dissolved solids> 1000 mg/l)	100
TOTAL	**592.443**

Import, export and transport of waste (306-4)

Import of waste (T)	2020
Amount of imported hazardous waste	54,685

Exported hazardous waste (T)	2020
Amount of exported hazardous waste	666

Transported hazardous waste (T)	2020
Amount of hazardous waste transported to other countries	57

Water abstraction (303-3)

Water abstraction (m^3)	2020
Municipal water supply or by other water companies	9,521,108
Surface waters (wetlands, rivers, lakes, captured rainwater and other water streams)	850,832
Groundwater	1,992,512
Rainwater captured and stored by the organisation	218,934
Water recycled or re-used	1,996,106
TOTAL	**14,579,493**

Water abstraction from areas WITH water stress (m^3)	2020
Municipal water supply or by other water companies	5,681,748
Surface waters (wetlands, rivers, lakes, and other water streams)	470,964
Groundwater	620,075
Rainwater captured and stored by the organisation	3,515
Water recycled or re-used	1,895,215
TOTAL	**8,671,517**

Water abstraction by water type (m^3)	2020
Fresh water (total dissolved solids ≤ 1000 mg/l)	14,579,493
Other waters (total dissolved solids> 1000 mg/l)	–
TOTAL	**14,579,493**

Consumption of materials (301-1) (301-2) (301-3)

Materials used (T)	2020
Raw materials (metals, minerals, wood, etc.)	41,396,446
Process materials, lubricants and reagents	96,849
Semi-finished products	3,726,276
Container and packaging material (paper, cardboard, plastics)	8,671
TOTAL	**45,228,241**

Origin of the materials used (T)	Renovable*	Non renovable**
Raw materials (metals, minerals, wood, etc.)	257,475	41,138,971
Process materials, lubricants and reagents	191	96,658
Semi-finished products	–	3,726,276
Container and packaging material (paper, cardboard, plastics)	4,327	4,343
TOTAL	**261,993**	**44,966,248**

Recycled consumables (T)	2020
Recycled/re-used materials	10,121,571

Retrieved packaging products and materials (T)	2020
Packaging products and materials collected, re-used or recycled at the end of their useful life	1,356
Packaging products/material sold in the period	1,336,408

(*) Renewable: materials from abundant resources that are quickly replenished through ecological cycles or agricultural processes, so that they remain available for future generations. For example, wood and biomass.

(**) Non-renewable: Resource that is not renewed within short periods of time, for example; minerals, metals, oil, gas and coal.

Energy consumption (302-1) (302-2)

Consumption of fossil fuels in fixed sources and mobile sources under operational control (GJ)	GJ
Petrol	97,236
Diesel/Diesel oil	3,766,750
Boiler oil (Diesel C)	18,320
Fuel Oil	8,954
LPG (Liquefied Petroleum Gas)	2,094
Natural gas	118,346
Compressed natural gas (CNG)	473,421
Kerosene	662
Coal (domestic)	1,082
Propane	3,439
Waste (fossil fraction)	7,207,458
Butane	15
Conventional fossil fuels in clinker kilns	12,214,421
Alternative fossil fuels in clinker kilns	1,509,222
TOTAL	**25.421.421**

Consumption of renewable fuels in fixed sources and mobile sources under operational control (GJ)	2020
Biogas burned in boilers without electricity generation	549,888
Biogas burned in engines or turbines with electricity generation	1,086,822
Waste (biomass fraction)	8,487,487
Biomethane	549
Landfill gas	4,552
Biomass	1,364,247
TOTAL	**11,493,546**

Consumption of self-produced renewable energy (GJ)	2020
From wind turbines	255
From photovoltaic panels	753
TOTAL	**1,009**

Indirect energy consumption (GJ)	2020
Indirect non-renewable consumption	6,075,789
Indirect renewable consumption	112,181
TOTAL	**6,187,970**

Energy consumption outside the organisation (GJ)[16]	2020
Purchased items and services	318,186
Activities relating to fuel and energy that are not included in scope 1 and 2	6,701
Business travel	9,069
TOTAL	**333,955**

(16) This energy consumption is only calculated at FCC Construcción, Cementos Portland Valderrivas and FCC Environment UK.

Annex IV: tax information

Profits by country and tax paid on profits

	Pre-Tax Profit 2020 (thousands of €)	Tax paid on 2020 profit (thousands of €)
Germany (*)	1,236.05	
Saudi Arabia	11,398.51	6,687.52
Algeria	26,090.55	2,446.89
Argentina (*)	0.00	
Austria	-751.22	
Australia	9,478.00	136.42
Belgium	1,093.00	0.06
Bosnia and Herzegovina (*)	-0.15	
Brazil	-2,164.77	0.10
Bulgaria	1,192.00	49.28
Canada (*)	-2,398.11	
Chile	-1,965.52	-21.13
Colombia	154.87	404.56
Costa Rica (*)	-1,987.39	
Croatia (*)		
Ecuador	178.24	155.55
Egypt	8,022.55	705.34
El Salvador	377.49	120.54
United Arab Emirates (*)	2,785.33	
Slovakia	2,599.00	952.57
Spain	390,710.12	73,172.30
United States (*)	-28,859.51	
Finland (*)	-43.00	
France	3,383.60	317.29
Greece (*)	0.00	
Guatemala	355.54	6.58
Haiti (*)	1,188.00	
Honduras (*)	-21.50	
Hungary	2,971.00	86.47
Ireland (*)	-11,584.78	
Italy	4,292.56	1766.30
Latvia (*)	-51.00	
Luxembourg (*)	-46.82	
Morocco	-1,455.00	0.28
Mexico	-223.04	7,271.02
Montenegro (*)	-362.37	
Nicaragua	604.78	34.50
Norway	234.00	
Oman (*)	256.19	
Netherlands (*)	1,183.31	
Panama	-36,065.71	9,252.40
Peru	10,206.12	769.44
Poland	3,355.00	-14.40
Portugal	2,275.60	1,892.09
Qatar	7,367.00	282.99
United Kingdom	-1,622.80	2,452.49
Czech Republic	23,476.43	5,135.23
Dominican Republic (*)	803.00	
Romania	-13,302.04	194.84
Serbia	649.44	12.26
Sweden (*)	-8.00	
Tunisia	14,540.62	5,848.86
Uruguay (*)	328.28	
TOTAL	**429,873.45**	**120,118.61**

(*) Countries that did not report any taxes. This was due to one or more of the following reasons: accumulated losses, negative results, negative tax bases from previous business years, profit was very small or Corporate Income Tax was not payable on profit in the country in question.

Public grants received (thousands of €)

	2018	2019	2020
Construction	–		–
Environmental Services	3,137	3,726	3,997
Water	11,397	10,725	8,418
Cement	135	–	–
Concessions	4,772	4,610	7,154
Real Estate	–	–	–
Central Services	–	–	–
TOTAL	**19,441**	**19,061**	**19,569**

Annex V: GRI content table

The following is the table of contents for GRI content. It shows general GRI 102 content, as well as each of the material issues identified in any of the FCC Group businesses, along with details of the corresponding GRI thematic standards. For each of the issues considered in the materiality analysis, the businesses in which they are material are identified (Environment, Water, Construction and Cement). For example, the issue regarding relationship with local communities is material for the Construction area.

The thematic GRI standards were selected taking into account the definition of each of the material issues for the FCC Group. Since this Report was prepared in accordance with the exhaustive option of Global Reporting Initiative, it responds to all the content that is part of the selected standards.

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 101: Fundamentals 2016			
General content			
GRI 102: Contenidos Generales 2016			
102-1 Name of the organisation	Fomento de Construcciones y Contratas, S.A. and subsidiaries.	–	Not applicable
102-2 Activities, brands, products, and services	FCC, creating sustainable cities.	487-489	Not applicable
102-3 Location of headquarters	Av. Del Camino de Santiago 40, 28050 Madrid, Spain.	–	Not applicable
102-4 Location of operations	FCC, creating sustainable cities.	487-489	Not applicable
102-5 Ownership and legal form	Corporate Governance Report, section A. Ownership structure.	–	Not applicable
102-6 Markets served	FCC, creating sustainable cities. FCC's commitment to its clients.	487-489; 590-592	Not applicable
102-7 Size of the organisation	FCC, creating sustainable cities. The FCC Group in figures. Annex II: Tables relating to social and personnel affairs.	487-489; 495-498; 602-607	Not applicable
102-8 Information on employees and other workers	Annex II: Tables relating to social and personnel affairs.	602-607	Not applicable
102-9 Supply chain	FCC's commitment to its suppliers.	593-594	Not applicable
102-10 Significant changes in the organisation and its supply chain	Letter from the CEO. The FCC Group in figures.	485-486; 495-498	Not applicable
102-11 Precautionary principle or approach	The management of environmental aspects and impacts within the Group.	539-542	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
102-12 External initiatives	The CSR Master Plan. Due diligence with Human Rights. Accountability and transparency. The circular economy for the FCC Group.	508; 529; 531; 542-544	Not applicable
102-13 Membership of associations	The FCC Group's socio-economic contribution to sustainable development.	589	Not applicable
102-14 Statement from senior executives responsible for decision-making	Letter from the CEO.	485-486	Not applicable
102-15 Key impacts, risks and opportunities	Risk management in the FCC Group.	532-536	Not applicable
102-16 Values, principles, standards and rules of conduct	Our mission, vision and values.	490	Not applicable
102-17 Mechanisms for advising and ethical concerns	Compliance and due diligence.	527-531	Not applicable
102-18 Governance structure	Governance structure.	491-492	Not applicable
102-19 Delegating authority	CSR Policy Governance.	506	Not applicable
102-20 Executive-level responsibility for economic, environmental and social issues.	CSR Policy Governance.	506	Not applicable
102-21 Consulting stakeholders on economic, environmental and social issues.	FCC, committed to dialogue.	520-522	Not applicable
102-22 Composition of the highest governance body and its committees	Governance structure. Diversity on the Board of Directors.	491-492; 494	Not applicable
102-23 President of the highest governance body	Corporate Governance Report, section C. Structure of the company's administration.	–	Not applicable
102-24 Nominating and selecting the highest governance body	Corporate Governance Report, section C. Structure of the company's administration Diversity on the Board of Directors.	494	Not applicable
102-25 Conflicts of interest	Corporate Governance Report, section D. Related transactions and intra-group transactions.	–	Not applicable
102-26 Role of the senior governing body in setting objectives, values and strategy	CSR Policy Governance.	506	Not applicable
102-27 Collective knowledge of the highest governance body	CSR Policy Governance.	506	Not applicable
102-28 Assessing the highest governance body's performance	Corporate Governance Report, section C. Structure of the company's administration.	–	Not applicable
102-29 Identifying and managing economic, environmental and social impacts	Risk management in the FCC Group.	532-536	Not applicable
102-30 Effectiveness of risk management processes	Corporate Governance Report, section E. Risk control and management systems.	–	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
102-31 Assessment of economic, environmental and social issues	Corporate Governance Report, section E. Risk control and management systems.	–	Not applicable
102-32 Highest governance body's role in the preparation of sustainability reports	CSR Policy Governance.	506	Not applicable
102-33 Reporting critical concerns	Compliance and due diligence.	527-531	Not applicable
102-34 Nature and total number of critical concerns	Compliance and due diligence.	527-531	Not applicable
102-35 Remuneration policies	Administrators' Remuneration.	493	Not applicable
102-36 Process for determining remuneration	Administrators' Remuneration.	493	Not applicable
102-37 Stakeholders' involvement in remuneration	Administrators' Remuneration.	493	Not applicable
102-38 Ratio of total annual salary	No information is provided.	–	Confidential information.
102-39 Percentage increase ratio of the total annual salary	No information is provided.	–	Confidential information.
102-40 List of stakeholder groups	Fostering dialogue: Main stakeholder reporting channels.	520-522	Not applicable
102-41 Collective bargaining agreements	Annex II: Tables relating to social and personnel affairs.	602-607	Not applicable
102-42 Identifying and selecting stakeholders	FCC Group Materiality Study.	523-526	Not applicable
102-43 Approach to stakeholder engagement	FCC Group Materiality Study.	523-526	Not applicable
102-44 Key topics and concerns raised	FCC Group Materiality Study.	523-526	Not applicable
102-45 Entities included in the consolidated financial statements	Annex I: About this report.	599-601	Not applicable
102-46 Defining report content and coverage of the topic	FCC Group Materiality Study.	523-526	Not applicable
102-47 List of material topics	FCC Group Materiality Study.	523-526	Not applicable
102-48 Restatements of information	Reduction of waste generated.	545-546	Not applicable
102-49 Changes in the preparation of reports	FCC Group Materiality Study.	523-526	Not applicable
102-50 Period covered in the report	Annex I: About this report.	599-601	Not applicable
102-51 Date of latest report	2017	–	Not applicable
102-52 Report preparation cycle	Annual	–	Not applicable
102-53 Contact points for questions regarding the report	rcorporativa@fcc.es	–	Not applicable
102-54 Declaration of having prepared the report in accordance with GRI Standards	Annex I: About this report.	599-601	Not applicable
102-55 GRI content table	Annex IV: GRI content table.	611	Not applicable
102-56 External verification	Independent verification report attached.	–	

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
Ethics, integrity, compliance and good governance			
Environment, Water, Construction and Cement			
GRI 103: 2016 management approach			
103-1 Explanation of the material issue and its coverage	Corporate Governance Model. Compliance and due diligence.	491-494; 527-531	Not applicable
103-2 The management approach and what it consists of	Corporate Governance Model. Compliance and due diligence.	491-494; 527-531	Not applicable
103-3 Assessment of the management approach	Corporate Governance Model. Compliance and due diligence.	491-494; 527-531	Not applicable
GRI 307: Environmental compliance 2016			
307-1 Noncompliance with environmental laws and regulations	Annex III: Tables relating to environmental issues.	608-610	Not applicable
GRI 419: Socio-economic compliance 2016			
419-1 Noncompliance with laws and regulations in the social and economic area	In 2020, FCC Construcción received a fine in this area amounting to 5.5 million dollars.	–	Not applicable
GRI 205: Anti-corruption 2016			
205-1 Transactions assessed for risks relating to corruption	Compliance and due diligence.	527-531	Not applicable
205-2 Reporting and training with regard to anti-corruption policies and procedures	Compliance and due diligence.	527-531	Not applicable
205-3 Confirmed incidents of corruption and actions taken	There is no record of confirmed cases of corruption in the FCC Group throughout 2020.	–	Not applicable
Risk control and management systems			
Environment, Construction and Cement			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Risk management in the FCC Group.	532-536	Not applicable
103-2 The management approach and what it consists of	Risk management in the FCC Group.	532-536	Not applicable
103-3 Assessment of the management approach	Risk management in the FCC Group.	532-536	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
Quality of service and client satisfaction			
Environment and Construction			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	FCC's commitment to its clients.	590-592	Not applicable
103-2 The management approach and what it consists of	FCC's commitment to its clients.	590-592	Not applicable
103-3 Assessment of the management approach	FCC's commitment to its clients.	590-592	Not applicable
GRI 416: Client health and safety			
416-1 Assessment of the health and safety impacts of the product and service categories	FCC's commitment to its clients.	590-592	Not applicable
416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	No cases of significant non-compliance were detected regarding the impacts on the health and safety of products and services.	–	Not applicable
Innovation and digital transformation			
Environment and Construction			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	The FCC Group: Innovation for sustainable development.	595-598	Not applicable
103-2 The management approach and what it consists of	The FCC Group: Innovation for sustainable development.	595-598	Not applicable
103-3 Assessment of the management approach	The FCC Group: Innovation for sustainable development.	595-598	Not applicable
Fiscal transparency and tax contribution			
Water			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	The FCC Group in figures. Accountability and transparency.	495-498	Not applicable
103-2 The management approach and what it consists of	The FCC Group in figures. Accountability and transparency	495-498	Not applicable
103-3 Assessment of the management approach	The FCC Group in figures. Accountability and transparency	495-498	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 201: Economic performance			
201-1 Direct economic value generated and distributed	The FCC Group in figures.	495-498	Not applicable
201-2 Financial implications and other risks and opportunities due to climate change	Risk management in the FCC Group. Risk management.	532-536; 555	Not applicable
201-3 Defined benefit plan obligations and otherretirement plans	Both Cementos Portland Valderrivas and some of the FCC Environmental Services contracts have this type of benefit. In the rest of the organisation, there is no company Pension Plan, there is a Retirement Savings Insurance.	–	Not applicable
201-4 Government financial assistance received	Annex IV: Tax information	611	Not applicable
Pollution prevention			
Environment and Cement			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Pollution management.	557-558	Not applicable
103-2 The management approach and what it consists of	Pollution management.	557-558	Not applicable
103-3 Assessment of the management approach	Pollution management.	557-558	Not applicable
GRI 303: Water and effluents 2018			
303-4 Water discharges	Annex III: Tables relating to environmental issues	608-610	Not applicable
GRI 305: Emissions 2016			
305-6 Emissions of ozone-depleting substances (ODS).	Pollution management.	557-558	Not applicable
305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant atmospheric emissions.	Pollution management.	557-558	Not applicable
GRI 306: Effluents and waste 2016			
306-3 Significant spills	Annex III: Tables relating to environmental issues.	608-610	Not applicable
Circular economy and waste			
Environment, Water, Construction and Cement			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	FCC's contribution to the circular economy.	542-547	Not applicable
103-2 The management approach and what it consists of	FCC's contribution to the circular economy.	542-547	Not applicable
103-3 Assessment of the management approach	FCC's contribution to the circular economy.	542-547	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 306: Effluents and waste 2016			
306-2 Waste by type and disposal method	FCC's contribution to the circular economy.	542-547	Not applicable
GRI 306: Effluents and waste 2016			
306-4 Transport of hazardous wastes	Annex III: Tables relating to environmental issues	608-610	Not applicable
Management of water resources			
Water			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Water consumption and management within the Group.	548-549	Not applicable
103-2 The management approach and what it consists of	Water consumption and management within the Group.	548-549	Not applicable
103-3 Assessment of the management approach	Water consumption and management within the Group.	548-549	Not applicable
GRI 303: Water and effluents 2018			
303-1 Interaction with water as a shared resource	Water consumption and management within the Group.	548-549	Not applicable
303-2 Management of impacts related to water discharges	Water consumption and management within the Group.	548-549	Not applicable
303-3 Water abstraction	Annex III: Tables relating to environmental issues	608-610	Not applicable
303-5 Water consumption	Water consumption is obtained from the difference between abstracted water and discharged water, this is 11 million m^3.	–	Not applicable
Consumption of materials			
Water and Construction			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Consumption of raw materials.	550	Not applicable
103-2 The management approach and what it consists of	Consumption of raw materials.	550	Not applicable
103-3 Assessment of the management approach	Consumption of raw materials.	550	Not applicable
GRI 301: Materials			
301-1 Materials used by weight or volume	Consumption of raw materials.	550	Not applicable
301-2 Recycled consumables	Annex III: Tables relating to environmental issues.	608-610	Not applicable
301-3 Products re-used and their packaging materials	Annex III: Tables relating to environmental issues.	608-610	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
Energy consumption and energy efficiency			
Water and Cement			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Energy consumption.	551-552	Not applicable
103-2 The management approach and what it consists of	Energy consumption.	551-552	Not applicable
103-3 Assessment of the management approach	Energy consumption.	551-552	Not applicable
GRI 302: Energy 2016			
302-1 Energy consumption within the organisation	Annex III: Tables relating to environmental issues.	608-610	Not applicable
302-2 Energy consumption outside the organisation	Annex III: Tables relating to environmental issues.	608-610	Not applicable
302-3 Energy intensity	717 GJ/collaborator (average workforce).	–	Not applicable
302-4 Reduction of energy consumption	Each of the FCC Group areas undertakes initiatives in favour of saving energy and using it efficiently with different results. For example, the replacement of lamps with more energy efficient models has led to a saving of 587,000 kWh in Cementos Portland Valderrivas and 5,000 kWh in Matinsa.	–	Not applicable
302-5 Reducción de los requerimientos energéticos de productos y servicios	Energy consumption.	551-552	Not applicable
Climate change			
Environment, Construction and Cement			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	FCC, facing the challenge of climate change.	553-556	Not applicable
103-2 The management approach and what it consists of	FCC, facing the challenge of climate change.	553-556	Not applicable
103-3 Assessment of the management approach	FCC, facing the challenge of climate change.	553-556	Not applicable
GRI 305: Emissions 2016			
305-1 Direct GHG emissions (scope 1)	Metrics and objectives.	555-556	Not applicable
305-2 Indirect GHG emissions when generating energy (scope 2)	Metrics and objectives.	555-556	Not applicable
305-3 Other indirect GHG emissions (scope 3)	With regard to indirect Scope 3 emissions, as one of its objectives in the Climate Change Strategy, the company is working every year to quantify them in all its businesses, in order to establish specific action plans for their reduction. Despite the fact that some areas calculate these Scope 3 emissions, work is underway to standardise calculation criteria throughout the Group.	–	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
305-4 GHG emissions intensity	125 tCO_2e GJ/collaborator (Scopes 1 + 2 and average workforce).	–	Not applicable
305-5 Reduction of GHG emissions	Distintas iniciativas de reducción de emisiones de GEI han tenido como resultado evitar 21.000 tCO_2e en Aqualia y 18.000 tCO_2e en el área de Construcción en 2020.	–	Not applicable
Attracting and retaining talent			
Environment and Construction			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Commitment to talent. Salary system. Work organisation. Social relations.	566-569; 573-574; 575; 576	Not applicable
103-2 The management approach and what it consists of	Commitment to talent. Salary system. Work organisation. Social relations.	566-569; 573-574; 575; 576	Not applicable
103-3 Assessment of the management approach	Commitment to talent. Salary system. Work organisation. Social relations.	566-569; 573-574; 575; 576	Not applicable
GRI 401: Employment 2016			
401-1 Employee recruitment and staff turnover	Annex II: Tables relating to social and personnel affairs.	602-607	Not applicable
401-2 Benefits provided to full-time employees that are not available for temporary or part-time employees	Generally speaking, there are no benefits provided for full-time employees that are not available for part-time or temporary employees.	–	Not applicable
401-3 Parental leave	Annex II: Tables relating to social and personnel affairs.	602-607	Not applicable
GRI 402: Employee-company relations			
402-1 Minimum notice to be given regarding operational changes	The notice to be given for operational changes varies depending on the country and the applicable regulations, as well as the significance of these changes. These usually vary between one week and 30 days.	–	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
Professional training and development			
Professional training and development Construction			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Managing by skills. New ways of learning.	566; 568-569	Not applicable
103-2 The management approach and what it consists of	Managing by skills. New ways of learning.	566; 568-569	Not applicable
103-3 Assessment of the management approach	Managing by skills. New ways of learning.	566; 568-569	Not applicable
GRI 404: Training and teaching 2016			
404-1 Average hours of training per year per employee	New ways of learning.	568-569	Not applicable
404-2 Programmes for improving employee aptitudes and transition aid programmes	Managing by skills. New ways of learning.	566; 568-569	Not applicable
404-3 Percentage of employees receiving regular performance and career development assessment	The percentage of employees receiving regular performance and career development assessment is not available.	–	Information not available.
Diversity, equality and inclusion			
Water			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Diversity and equality.	569-573	Not applicable
103-2 The management approach and what it consists of	Diversity and equality.	569-573	Not applicable
103-3 Assessment of the management approach	Diversity and equality.	569-573	Not applicable
GRI 405: Diversity and equal opportunities 2016			
405-1 Diversity in governing bodies and employees	Diversity in the Board of Directors. Annex II: Tables relating to social and personnel affairs.	494; 602-607	Not applicable
405-2 Ratio for basic salary and remuneration for women vs men	Salary system.	573-574	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 406: Non-discrimination			
406-1 Cases of discrimination and corrective actions taken	Reports of a labour nature received on the Ethics Channel are processed and investigated in accordance with the Whistleblowing Channel Procedure in the Group's Compliance Model, and use the Protocol for the prevention and eradication of harassment, and the Code of Ethics and Conduct as a reference. In 2020 no reports were received that concluded in the existence of discrimination.	–	Not applicable
Safety, health and well-being			
Environment, Water, Construction and Cement			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Safety, health and well-being.	577-579	Not applicable
103-2 The management approach and what it consists of	Safety, health and well-being.	577-579	Not applicable
103-3 Assessment of the management approach	Safety, health and well-being.	577-579	Not applicable
GRI 403: Occupational health and safety 2018			
403-1 Occupational health and safety management system	Strategy and Culture.	577	Not applicable
403-2 Hazard identification, risk assessment and the investigation of incidents	Participation and influence.	579	Not applicable
403-3 Occupational health services	Participation and influence.	579	Not applicable
403-4 Worker participation, consultation and communication on occupational health and safety	Numerous health and safety committees have been set up in the company in accordance with legal requirements, including joint bodies between the company and workers' representatives to inform, communicate, treat and follow up the preventive activity arising from the implementation of the management systems. The latter also provide for the existence of similar bodies in those cases where it is not legally required.	–	Not applicable
403-5 Training of workers on health and safety at work	The management systems define the training to be received in accordance with the different profiles in matters of health and safety, which results in the detection of training needs and requirements annually, which in turn and once approved is reflected in the corresponding training plans. The essential features are as follows: Preventive training for the job position, training courses (to undertake responsibilities defined in the system) and technical training (for prevention technicians and those with basic or intermediate training in the performance of preventive duties).	–	Not applicable
403-6 Promoting the health of workers	Healthy Living Project.	579	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
403-8 Workers covered by a management system for health and safety at work	Healthy Living Project.	579	Not applicable
403-9 Work-related injuries	Developments in the main indexes. The most common accident in the FCC Group is related to injuries to the musculoskeletal system.	578	Not applicable
403-10 Occupational illness and diseases	Developments in the main indexes. The vast majority of occupational illness is related to problems with the musculoskeletal system.	578	Not applicable
Contribution and social commitment			
Water			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	FCC and its commitment to society.	582-589	Not applicable
103-2 The management approach and what it consists of	FCC and its commitment to society.	582-589	Not applicable
103-3 Assessment of the management approach	FCC and its commitment to society.	582-589	Not applicable
GRI 204: Procurement practices 2016			
204-1 Proportion of spending on local suppliers	FCC's commitment to its suppliers.	593-594	Not applicable
Promotion of and respect for human rights			
Water and Construction			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Due diligence with Human Rights.	529	Not applicable
103-2 The management approach and what it consists of	Due diligence with Human Rights.	529	Not applicable
103-3 Assessment of the management approach	Due diligence with Human Rights.	529	Not applicable
GRI 407: Freedom of association and collective bargaining			
Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Compliance and due diligence.	527-531	Not applicable
GRI 408: Child labour			
408-1 Operations and suppliers considered to involve significant risk of child labour	Compliance and due diligence.	527-531	Not applicable

Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 409: Forced or compulsory labour			
409-1 Operations and suppliers considered to involve significant risk of forced or compulsory labour	Compliance and due diligence.	527-531	Not applicable
GRI 411: Rights of indigenous peoples			
411-1 Incidents of violations involving rights of indigenous peoples	In 2020, no reports were received regarding violations of the rights of indigenous peoples.	–	Not applicable
GRI 412: Human rights assessment			
412-1 Operations subject to human rights reviews or impact assessment	Compliance and due diligence.	527-531	Not applicable
412-2 Employee training on human rights policies and procedures	Compliance and due diligence.	527-531	Not applicable
412-3 Significant investment agreements and contracts that include human rights clauses or are subject to human rights assessment	Compliance and due diligence.	527-531	Not applicable
Relationship with local communities			
Construction			
GRI 103: Management approach 2016			
103-1 Explanation of the material issue and its coverage	Fostering dialogue: Main stakeholder reporting channels.	520-522	Not applicable
103-2 The management approach and what it consists of	Fostering dialogue: Main stakeholder reporting channels.	520-522	Not applicable
103-3 Assessment of the management approach	Fostering dialogue: Main stakeholder reporting channels.	520-522	Not applicable
GRI 413: Local communities			
413-1 Operations with local community engagement, impact assessments and development programmes.	Within the framework of the assessments made on the management systems for each of the businesses, possible impacts on local communities are taken into consideration before work starts on the operations. This analysis includes the participation of local communities in the process.	–	Not applicable
413-2 Operations with significant actual or potential negative impacts on local communities	No operations with significant actual or potential negative impacts on local communities were detected.	–	Not applicable

Annex VI: table of indicators law 11/2018

Law 11/18 Requirement	Reacted GRI standard	Page number
GENERAL INFORMATION		
Business model		
Brief description of the group business model (including business environment, organisation and structure)	102-1 Name of the organisation. 102-2 Activities, brands, products and services. 102-5 Ownership and legal status. 102-7 Size of the organisation. 102-18 Governance structure. 102-22 Members of the senior governing body and its committees. 102-23 President of the senior governing body. 102-45 Entities included in consolidated financial statements	491-498; 599-601; 612
Geographical presence	102-3 Location of headquarters. 102-4 Location of operations. 102-6 Markets served.	497-498; 612
Organisation's objectives and strategies	102-26 Role of the senior governing body in setting objectives, values and strategy	487-490
Main factors and trends that may affect future growth and development	103-2 The management approach and what it consists of	499-504
Company policies		
A description of the policies applied by the group regarding these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility]	103-2 The management approach and what it consists of	Refers throughout the document.
Risk management		
The main risks relating to these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility]	102-15 Main impacts, risks and opportunities. 102-29 Identification and management of economic, environmental and social impacts. 102-30 Effectiveness of risk management processes. 102-31 Appraisal of economic, environmental and social issues.	532-536; 613

Law 11/18 Requirement	Reacted GRI standard	Page number
Other		
Mention in the report of the national, European and international reporting framework used for the selection of key indicators for the non-financial results included in each of the sections	102-54 Declaration of having prepared the report in accordance with GRI Standards.	599
1. ENVIRONMENTAL ISSUES		
Detailed general information		
On current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	103: Management Approach.	539-540
On environmental assessment and certification procedures	103: Management Approach.	537-538
On resources dedicated to the prevention of environmental risks	103: Management Approach.	542
On the application of the precautionary principle	102-11 Precautionary principle or approach.	540-541
On the amount of provisions and guarantees for environmental risks	307-1 Noncompliance with environmental laws and regulations.	542
Pollution		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution)	305-6 Emissions of substances that deplete the ozone layer (ODS). 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions. 303-4 Water discharges. 306-3 Significant spills.	557-558; 608 With regard to noise pollution, the FCC Group received four sanctions in 2020.
Circular economy, waste prevention and management		
Measures for prevention, recycling, re-use, other forms of retrieval and disposal of waste	301-2 Recycled inputs. 306-2 Waste by type and disposal method.	542-547; 609-610
Actions to combat food waste	103: Management Approach.	Due to the type of activity undertaken by the FCC Group, this has not been identified as a material issue. Nevertheless, in those Group centres that have a dining room for employees, the external company providing the service takes measures to optimise estimates for requirement and reduce food waste.

Law 11/18 Requirement	Reacted GRI standard	Page number
Sustainable use of resources		
Water consumption and water supply in accordance with local limitations	303-1 Interaction with water as a shared resource. 303-2 Management of impacts related to water discharges. 303-3 Water abstraction. 303-5 Water consumption.	548-549; 609; 618
Raw material consumption and measures taken to improve the efficiency of its use	301-1 Materials used by weight or volume.	550; 609
Direct and indirect energy consumption	302-1 Energy consumption within the organisation.	551-552; 610
Measures taken to improve energy efficiency	302-4 Reduction of energy consumption. 302-5 Reduction of energy requirements for products and services.	551-552; 519
Use of renewable energy	302-1 Energy consumption within the organisation.	551-552; 610
Climate change		
Important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	305-1 Direct GHG emissions (scope 1). 305-2 Indirect GHG emissions when generating energy (scope 2). Recommendations from the Task Force on Climate-Related Financial Disclosures (TFCD).	555-556
Measures taken to adapt to the consequences of climate change	201-2 Financial implications and other risks and opportunities due to climate change. Recommendations from the Task Force on Climate-Related Financial Disclosures (TFCD).	553-554
Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures adopted for this purpose.	305-5 Reduction of GHG emissions. Recommendations from the Task Force on Climate-Related Financial Disclosures (TFCD).	555-556; 619-620
Protecting biodiversity		
Measures taken to preserve or restore biodiversity	103: Management Approach.	559-560
Impacts caused by activities or operations in protected areas	304-2: Significant impacts of activities, products and services on biodiversity.	560

Law 11/18 Requirement	Reacted GRI standard	Page number
2. SOCIAL AND PERSONNEL AFFAIRS		
Employment		
Total number and distribution of employees by gender, age, country and professional classification Total number and distribution of employment contract modalities Annual average for indefinite, temporary and part-time contracts by gender, age and professional classification	102-8 Information on employees and other workers. 405-1 Diversity in governing bodies and employees.	563-566; 603-606
Number of dismissals by gender, age and professional classification;	401-1 Employee recruitment and staff turnover.	566; 603-605
Average remuneration and developments separated by gender, age and professional classification or equal value;	102-35 Remuneration policies. 102-36 Processes to determine remuneration. 103: Management Approach.	606
Salary gap, remuneration for the same job position or the average within the company	405-2 Ratio for basic salary and remuneration for women vs men	573-574; 606
Average remuneration for directors and managers, including variable income, allowances, compensation, contributions to long-term savings systems and any other income broken down by gender	102-38 Ratio of total annual salary	573-574
Implementation of work disconnection policies	103: Management Approach.	575
Employees with disabilities	405-1 Diversity in governing bodies and employees.	572
Work organisation		
Organisation of working time	103: Management Approach.	575-576
Hours lost through absenteeism	403-2 Types of injury and the frequency rate of accidents, occupational illness, days lost, absenteeism and the number of fatalities relating to accidents at work or occupational illness.	578
Measures aimed at facilitating work-life balance and encouraging the co-responsibility of both parents	401-3 Parental leave. 103: Management Approach.	575-576; 607
Health and safety		
Occupational health and safety conditions	403-1 Occupational health and safety management system. 403-2 Hazard identification, risk assessment and the investigation of incidents.	577; 579-581
Work-related accidents, particularly their frequency and severity by gender	403-9: Work-related injuries.	578
Occupational illness by gender	403-10: Occupational illness and diseases.	578

Law 11/18 Requirement	Reacted GRI standard	Page number
Social relationships		
Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them	402-1 Minimum notice to be given regarding operational changes.	576; 620
Percentage of employees covered by collective agreement by country	102-41 Collective bargaining agreements.	607
Balance of collective agreements, particularly in the field of health and safety at work	403-4 Worker participation, consultation and communication on occupational health and safety.	577; 622
Training		
Policies implemented in the field of training	404-2 Programmes for improving employee aptitudes and transition aid programmes.	566-569
Total number of hours of training by professional category	404-1 Average hours of training per year per employee.	568
Accessibility		
Universal accessibility for people with disabilities	405-1 Diversity in governing bodies and employees.	573
Equality		
Measures taken to promote equal treatment and opportunities for women and men	103: Management Approach. 405-1 Diversity in governing bodies and employees.	569
Equality plans (Chapter III of Organic Law 3/2007 of 22 March for the effective equality of women and men), measures adopted to promote employment, protocols against gender bullying and prejudice; integration and universal accessibility for people with disabilities	103: Management Approach. 405-1 Diversity in governing bodies and employees.	570
Policy against all types of discrimination and, where applicable, for diversity management	406-1 Cases of discrimination and corrective actions taken.	571; 621
3. NFORMATION ON RESPECT FOR HUMAN RIGHTS		
Application of due diligence procedures in human rights matters	102-16 Values, principles, standards and norms of conduct. 02-17 Advisory mechanisms and ethical concerns. 412-2 Training of employees in human rights policies and procedures.	527-529
Prevention of risks of violation of human rights and, where applicable, measures to mitigate, manage and repair possible abuses committed	412-1 Operations subject to human rights reviews or impact assessment.	528-529
Cases reported involving violation of human rights	102-17 Mechanisms for advising and ethical concerns. 06-1 Cases of discrimination and corrective actions taken.	528-529; 623-624

Law 11/18 Requirement	Reacted GRI standard	Page number
Promotion of and compliance with the provisions of the essential ILO agreements relating to respect for freedom of association and the right to collective bargaining	412-1: Operations subject to human rights reviews or impact assessment.	529
Elimination of discrimination in employment and occupation		
Elimination of forced or compulsory labour		
Effective abolition of child labour		
4. INFORMATION CONCERNING THE FIGHT AGAINST BRIBERY AND CORRUPTION		
Measures taken to prevent bribery and corruption	102-16 Values, principles, standards and norms of conduct. 102-17 Advisory mechanisms and ethical concerns. 205-1 Operations assessed for corruption-related risks. 205-2 Communication and training on anti-corruption policies and procedures. 205-3 Cases of corruption confirmed and measures taken.	530-531; 615
Measures to fight money laundering	102-16 Values, principles, standards and norms of conduct. 102-17 Advisory mechanisms and ethical concerns.	531
Contributions to foundations and non-profit organisations	102-13 Membership of associations.	589
5. INFORMATION ABOUT THE COMPANY		
The company's commitments to sustainable development		
Impact of the company's activity on employment and local development	413-1 Operations with local community participation, impact assessments and development programmes. 413-2 Operations with significant real or potential negative impacts on local communities.	587-589; 624
Impact of the company's activity on local populations and on the territory	413-1 Operations with local community participation, impact assessments and development programmes. 413-2 Operations with significant real or potential negative impacts on local communities.	584-585; 624
Relationships maintained with those playing a role in local communities and how dialogue is established with them	102-43 Approach to stakeholder participation. 413-1 Operations with local community participation, impact assessments and development programmes.	520-522; 624
Partnership and sponsorship actions	102-12 External initiatives.	590

Law 11/18 Requirement	Reacted GRI standard	Page number
Subcontracting and suppliers		
Inclusion in purchase policy of social, gender equality and environmental issues	103: Management Approach.	593-594
In relationships with suppliers and subcontractors, taking their social and environmental responsibility into account	103: Management Approach.	593-594
Supervisory systems, audits and their results	103: Management Approach.	The Group has not currently implemented a supervision or auditing system for suppliers and contractors on social, environmental or gender equality issues. This system is expected to be developed in the coming business years.
Consumers		
Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of the product and service categories.	591
Claim systems	103: Management Approach.	591
Complaints received and their resolution	103: Management Approach.	592
Tax information		
Profits obtained country by country	103: Management Approach.	611
Corporate income tax paid on profit	103: Management Approach.	611
Public grants received	201-4 Government financial assistance received.	611

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Non-Financial Information Verification Statement

AENOR verification statement for

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

concerning the consolidated statement of non-financial information

FCC GROUP 2020 SUSTAINABILITY REPORT

NON-FINANCIAL INFORMATION REPORT

according to law 11/2018

for the period ending on December 31, 2020

In Madrid April 12 2021

Rafael García Meiro
Chief Executive Officer

AENOR

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the organization) with registered office at: Calle Balmes, 36 08007 Barcelona and on its behalf, Javier LOPEZ-GALIACHO PERONA, in charge of Chief Compliance Officer and Head of Corporate Responsibility of FCC Group, has commissioned AENOR to carry out a verification under a limited level of assurance of its Non-Financial Information Statement (hereinafter NFIS) in accordance with Law 11/2018 amending the Commercial Code, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity (hereinafter Law 11/2018).

As a result of the verification carried out, AENOR issues this Statement, of which the verified NFIS forms part. The Declaration is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

The purpose of the verification is to provide the interested parties with a professional and independent opinion about the information and data contained in the organization's NFIS, prepared in accordance with Law 11/2018.

Responsibility of the organization. The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018. The formulation and approval of the NFIS, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the NFIS is free from material misstatement due to fraud or error, as well as the management systems from which the information required for the preparation of the NFIS is obtained. The organisation, in accordance with the commitment formally undertaken, has informed AENOR that no events have occurred, from the date of the close of the financial year reported in the non-financial report until the date of verification, that might require corrections to be made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, in accordance with the aforementioned Act, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

Likewise, in the verification program, AENOR has considered the international requirements of accreditation, verification or certification corresponding to the information matters contemplated in the Law:

- European Regulation EMAS (Environmental Verification)

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- SA 8000 (international labour principles and rights in accordance with the ILO (International Labour Organization), the Universal Declaration of Human Rights and the Convention on the Rights of the Child. SAAS Procedure 200)
- Environmental Management System (ISO 14001).
- Social Responsibility Management System, IQNet SR 10 and SA8000 schemes
- Quality Management System (ISO 9001).
- Energy Management System (ISO 50001).
- Occupational Health and Safety Management System (ISO 45001).

Additionally, the criteria and information that have been taken into account as a reference to carry out the Verification Program have been:

1) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.

2) Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and diversity reporting by certain large companies and certain groups.

3) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)

4) the international standard ISO/IEC 17029.2019 Conformity assessment - General principles and requirements for validation and verification bodies

5) The criteria established by the global sustainability reporting initiative in the GRI standards where the organisation has opted for this recognised international framework for disclosure of information relating to its corporatesocial responsibility performance

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this Declaration.

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the Report and reviewed evidence relating to:

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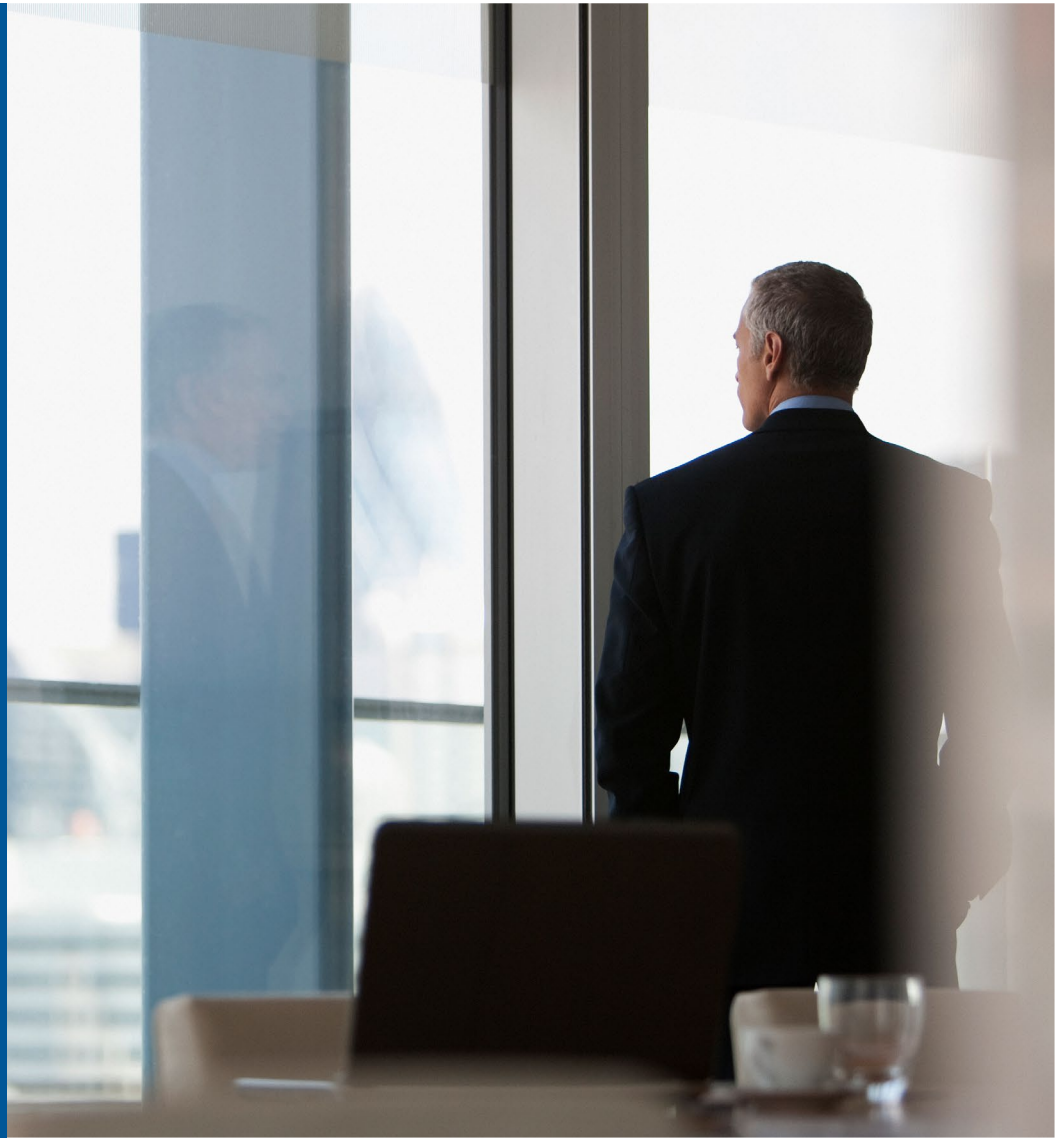
- Activities, products and services provided by the organization.
- Consistency and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the statement of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of statements from the Administrative Body.

The conclusions are therefore based on the results of this sample process, and do not absolve the Organization of its responsibility for compliance with applicable legislation.

The personnel involved in the verification process, the review of findings and the decision to issue this Statement have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.

CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that the statement of non-financial information included in the FCC GROUP CONSOLIDATED NON-FINANCIAL INFORMATION STATUS 2020 and for the information concerning the reporting period, year ended December 31, 2020, does not provide accurate information on the performance of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and subsidiaries, in terms of social responsibility under Law 11/2018. Specifically, with regard to environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery, and diversity.



A3

Annual Corporate Governance Report

End date business year in question: 2020

CIF (Tax ID): A-28037224

Corporate Name:
Fomento de Construcciones y Contratas, S.A.

Registered address:
C/ Balmes, 36. 08007 Barcelona

A. Ownership structure

A.1 Fill in the following table about the Company's capital stock:

Date of most recent change	Capital stock (€)	Number of shares	Number of voting rights
09-07-2020	409,106,618	409,106,618	409,106,618

Remarks

Indicate whether there are different share classes with different associated rights:

Yes ☐ No ☒

Class	Number of shares	Face value per share	Number of voting rights per share	Rights and obligations conferred
-	-	-	-	-

Remarks

A.2 List the direct and indirect holders of significant shares as at the reporting date, excluding directors:

Name or corporate name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
Gates III, William H.	-	5.736	-	-	5.736
Control Empresarial de Capitales S.A. de C.V.	61.157	12.993	-	-	74.150
Nueva Samede 2016, S.L.U.	4.536	-	-	-	4.536
Esther Koplowitz Romero de Juseu	0.033	4.537	-	-	4.570
Carlos Slim Helú	-	7.000	-	-	7.000

Remarks

List of indirect holdings:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
Gates III, William H.	Cascade Investment, LLC.	3.986	-	3.986
Gates III, William H.	Bill & Melinda Gates Fundation Trust	1.750	-	1.750
Control Empresarial de Capitales, S.A. de C.V.	Dominum Dirección y Gestión, S.A.	8.456	-	8.456
Esther Koplowitz Romero de Juseu	Nueva Samede 2016, S.L.U.	4.536	-	4.536
Carlos Slim Helú	Finver Inversiones 2020, S.L.U	7.000	-	7.000

Remarks

Regarding the position of CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. (CEC):

Regarding the holdings through intermediaries (i) 18,558,896 shares in Fomento de Construcciones y Contratas S.A. ("FCC") owned by Nuevas Samede 2016 S.L.U. representing 4.536% of FCC's capital stock, this is hereby is stated for the exclusive purposes of art. 24.2.B of RD 1362/2007. In spite of this, CEC does not hold any right to vote on this 4.536%. Therefore, CEC holds directly and indirectly, only 69.61% of FCC's voting rights.

Concerning the position of ESTHER KOPLOWITZ ROMERO DE JUSEU:

Esther Koplowitz Romero de Juseu directly controls 0.033% of FCC and 4.537% indirectly through Nueva Samede 2016, S.L.U., Dominum Desga, S.A. and Ejecución y Organización de Recursos, S.L.

Indicate the most significant changes in the shareholding structure during the business year:

Most significant changes

On 10 June 2020, Esther Koplowitz Romero de Juseu cancelled, on maturity, all of its debt for a total amount of 843.4 million euros, which had 60.54 million FCC shares as its guarantee.

Following this agreement, Inversora Carso's shareholding in FCC is 76.6%, while Esther Koplowitz holds a 4.6% shareholding and retains four seats on the Board of Directors.

On 15 December 2020, Control Empresarial de Capitales, S.A. de C.V. acquires Inversora Carso, S.A. de C.V.

Finver Inversiones 2020, S.L.U buys 7% from Control Empresarial de Capitales, S.A. de C.V. of FCC.

Finver Inversiones 2020, S.L.U. is 100% owned by Inmobiliaria AEG, S.A. de C.V, which in turn is controlled by Carlos Slim Helú.

A.3 Fill in the following tables on the members of the Company's Board of Directors, who have voting rights through their shares in the Company:

Name or corporate name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Aboumrad González, Alejandro	0.074	-	-	-	0.074	-	-
Colio Abril, Pablo	0.007	-	-	-	0.007	-	-
Dominum Desga, S.A.	0.000	-	-	-	0.000	-	-
Dominum Dirección y Gestión, S.A.	8.456	-	-	-	8.456	-	-
EAC Inversiones Corporativas, S.L.	0.000	-	-	-	0.000	-	-
Gil Madrigal, Manuel	0.000	0.008	-	-	0.008	-	-
Inmobiliaria AEG, S.A. de C.V.	0.000	-	-	-	0.000	-	-
Kuri Kaufman, Gerardo	0.067	-	-	-	0.067	-	-
Proglio, Henri	0.001	-	-	-	0.001	-	-
Rodriguez Torres, Juan	0.077	-	-	-	0.077	-	-
Samede Inversiones 2010, S.L.U.	0.000	-	-	-	0.000	-	-
Vazquez Lapuerta, Álvaro	0.001	-	-	-	0.001	-	-
Gómez García, Antonio	0.005	-	-	-	0.005	-	-

Total % of voting rights held by the Board of Directors	8.696

Remarks

List of indirect holdings:

Name or corporate name of the director	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights	% voting rights that can be transferred through financial instruments
Gil Madrigal, Manuel	Tasmania Inmuebles, S.L.	0.008	-	0.008	-

Remarks

A.4 Indicate, as applicable, the family, commercial, contractual or corporate relations between the holders of significant shares, insofar as that they are known by the company, unless they are immaterial or are part of ordinary commercial traffic, with the exception of those reported in section A.6:

Related name or company name	Type of relationship	Brief description
-	-	-

A.5 Indicate, as the case may be, the commercial, contractual or corporate relations between the holders of significant shares, and the company and/or its group, unless they are immaterial or are part of ordinary commercial traffic:

Related name or company name	Type of relationship	Brief description
FCC Construcción y Carso Infraestructura y Construcción S.A.B. de C.V.	Corporate	Collaboration agreement to jointly undertake projects in the Americas, excluding the United Mexican States, through the constitution of a special purpose vehicle (SPV): "FCC Américas".

A.6 Describe the relationships, unless they are immaterial to the two parties, between significant shareholders or parties represented on the Board and directors, or their representatives, in the case of corporate directors.

Explain, as applicable, how significant shareholders are represented. Specifically, indicate the directors appointed on behalf of significant shareholders whose appointment was promoted by significant shareholders, or who were linked to significant shareholders and/or entities in their group, specifying the nature of these relationships. In particular, include the existence, identity and position of Board members, or representatives of directors, of the listed company, who are, in turn, members of the governing body, or their representatives, in companies that hold significant holdings in the listed company or in entities of the group of these significant shareholders.

Name or company name of the director or representative	Name or corporate name of the related significant shareholder	Corporate name of the company of the significant shareholder group	Relationship description/ position
Alejandro Aboumrad González	Control Empresarial de Capitales, S.A. de C.V.	Several subsidiaries of the shareholder	Administrator
Antonio Gómez García	Control Empresarial de Capitales, S.A. de C.V.	Grupo Carso SAB de C.V.	Alternate Director and General Manager.
		Grupo Frisco SAB de CV	Director
		Grupo Elementia SAB de CV	Director
Gerardo Kuri	Control Empresarial de Capitales, S.A. de C.V.	Several subsidiaries of the shareholder	Director
Juan Rodríguez Torres	Control Empresarial de Capitales, S.A. de C.V.	Minera Frisco	Director
		Telesites	Non-executive chairman
		Carso Infraestructura y Construcción S.A.B. de C.V. (CICSA)	Director
Alfonso Salem Slim	Control Empresarial de Capitales, S.A. de C.V.	Several subsidiaries of the shareholder	Managing director and/or director of various subsidiary companies of the aforementioned company.

Name or company name of the director or representative	Name or corporate name of the related significant shareholder	Corporate name of the company of the significant shareholder group	Relationship description/ position
Pablo Colio Abril	Control Empresarial de Capitales, S.A. de C.V.	Carso Infraestructura y Construcción S.A.B. de C.V. (CICSA)	Director
		Cafig Constructores, S.A. de C.V.	Director
		Constructora Terminal Valle de México, S.A. de C.V.	Director
		Servicios Terminal Valle de México, S.A. de C.V.	Director
		Servicios CTVM, S.A. de C.V.	Director
		Finver Inversiones 2020, S.L.	Director
		Soinmob Inmobiliaria Española	Director
		Dominium Dirección y Gestión, S.A.	Director
Inmobiliaria AEG, S.A. de CV	Control Empresarial de Capitales, S.A. de C.V.	-	-
Samede Inversiones 2010, S.L.,	Nueva Samede 2016, S.L.U.	-	-
EAC Inversiones Corporativas, S.L.	Nueva Samede 2016, S.L.U.	-	-
Dominum Dirección y Gestión, S.A.	Nueva Samede 2016, S.L.U.	-	-
Dominum Desga, S.A.	Nueva Samede 2016, S.L.U.	-	-

Remarks

A.7 Indicate whether the Company has been informed of shareholders' agreements that affect it as established in Articles 530 and 531 of the Spanish Corporate Enterprises Act. If applicable, briefly describe them and list the shareholders affected by the agreement:

Yes ☒ No ☐

Participants of the shareholders' agreement	% of capital stock affected	Brief description of the agreement	End date of the agreement, if applicable
Esther Koplowitz Romero de Juseu and Control Empresarial de Capitales, S.A. de C.V.	50.16	Relevant fact of 27/11/2014 (see note)	Open-ended
Control Empresarial de Capitales, S.A. de C.V., Nueva Samede 2016, S.L.U., Inversora Carso S.A. de C.V. and Esther Koplowitz Romero de Juseu	72.36	Relevant fact of 05/02/2016 (see note)	Open-ended

Remarks
Relevant Fact of 27/11/2014: FCC's controlling shareholder reported that negotiations with Control Empresarial de Capitales S.A. de C.V., a company owned by Inmobiliaria Carso S.A. de C.V., which in turn is controlled by the Slim family, have been successfully completed. **Relevant Fact of 05/02/2016:** For the purposes of continuing with the recapitalisation process of Fomento de Construcciones y Contratas, S.A. ("FCC" or the "Company") through a new capital increase of €709,518,762 announced by the Company on 17 December 2015 (the "New Capital Increase"), the Company has been informed that, Esther Koplowitz Romero de Juseu ("EK") (and the companies related to her, Dominum Direccion y Gestión, S.A. ("Dominum") and Nueva Samede 2016, S.L.U. ("Nueva Samede")) have entered into a non-extinguishing modifying novation contract with Inversora Carso S.A. de C.V. ("I. Carso") and its subsidiary Control Empresarial de Capitales, S.A. de C.V. ("CEC") of the Investment Agreement signed on 27 November 2014 (the "Novation of the Investment Agreement"). The Investment Agreement was included in the relevant fact published on 27 November 2014 and subsequently deposited in the Companies Register of Barcelona. The main aspects of the Novation of the Investment Agreement are to establish the terms and conditions for: (a) the incorporation of Nueva Samede into the Novation as a future shareholder of FCC following the New Capital Increase, (b) the continuation of the FCC recapitalisation process through the New Capital Increase regulating the subscription commitment of both I. Carso as Nueva Samede and (c) the modification of certain provisions regarding Corporate Governance, the share transfer system as well as the removal of the provision regarding the maximum participation of the parties in the Company's capital shares.

Indicate whether the Company is aware of the existence of coordinated actions between its shareholders. If applicable, describe them briefly:

Yes ☐ No ☒

Participants of coordinated action	% of capital stock affected	Brief description of the coordinated action	End date of the coordinated action, if applicable
-	-	-	-

Remarks

If there has been any change or termination of these agreements or coordinated actions during the year, expressly indicate:

A.8 Indicate whether there is any natural or legal person who exercises or may exercise control over the Company pursuant to Article 5 of the Securities Market Law. If applicable, identify this person:

Yes ☒ No ☐

Name or corporate name
Control Empresarial de Capitales, S.A. de C.V.

Remarks

A.9 Fill in the following tables about the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of capital stock
1,544,773	-	0.378

Remarks

(*) Through:

Name or company name of the direct holder of the shareholding	Number of direct shares
-	-
Total:	

Remarks

Explain any significant changes during the year:

Explain the significant changes

A.10 Describe the conditions and term of the current mandate of the Shareholders' Meeting to the Board of Directors to issue, repurchase or transfer own shares.

Ordinary General Meeting Resolution of 28 June 2018 (item seven on the agenda):

Fomento de Construcciones y Contratas, S.A. was authorised, as were the Group companies meeting any of the circumstances set out under Article 42.1 of the Code of Commerce, to proceed with the derivative acquisition of own shares, through purchase and sale transactions swaps or any others allowed by law, at the price resulting from their stock market price on the day of acquisition, falling between the maximum and minimum values listed below:

The maximum value shall be calculated by increasing the maximum price for the three months prior to the moment at which the acquisition takes place by 20 percent.

The minimum value shall be calculated by deducting 20 percent from the minimum price for the three months prior to the moment at which the acquisition takes place.

In light of this authorisation, the Board, the Executive Committee and the Chief Executive Officer may, interchangeably, acquire their own shares, under the terms provided for in Article 146 of the Spanish Corporate Enterprises Act.

The Board of Directors, the Executive Committee and the Chief Executive Officer may also, interchangeably, allocate all or part of their own shares acquired as part of the execution of remuneration schemes that seek or involve the delivery of shares or option rights over shares, pursuant to the provisions of Article 146.1 of the Spanish Corporate Enterprises Act.

This authorisation is granted for the maximum period legally permitted, pursuant to the limit of the capital stock applicable according to the regulations in force at the time of acquisition.

The acquisition of shares, which shall be fully paid up, must allow FCC Group companies, who, as applicable, have acquired them, to set aside provisions for the restricted reserve set out in Article 148.c) of the Spanish Corporate Enterprises Act.

This authorisation voids the authorisation approved by the Board on 23 May 2013.

A.11 Estimated floating capital.

	%
Estimated floating capital	12.74

Remarks

A.12 Indicate whether there are any restrictions (statutory, legislative or of any kind) on the transferability of securities and/or any restrictions on the right to vote.

Specifically state whether there are any type of restrictions that may make it difficult to assume control of the Company through the acquisition of its shares on the market, as well as those prior authorisation or communication systems that, concerning the acquisition or transfer of the Company's financial instruments, are applicable on account of sector regulations.

Yes ☐ No ☒

Description of the restrictions
-

A.13 Indicate whether the General Meeting has agreed to adopt neutralisation measures against a takeover bid under the provisions of Law 6/2007.

Yes ☐ No ☒

If applicable, explain the approved measures and the terms in which the restrictions will be deemed ineffective:

Explain the measures approved and the terms under which ineffectiveness will occur

A.14 Indicate whether the company has issued securities that are not traded on a regulated market in the European Union.

Yes ☒ No ☐

If applicable, indicate the different classes of shares and, for each class of shares, the corresponding rights and obligations.

Indicate the different classes of shares

-

Note:

On 8 July 2020, FCC Servicios Medio Ambiente Holding, S.A.U., a company 100% owned by FCC, issued a Euro-Commercial Paper Programme (ECP) promissory note programme for a maximum amount of 300 million euros with the following characteristics:

1. Issuer: FCC Servicios Medio Ambiente Holding, S.A.U.

2. Maximum value of the programme: €300 million.

3. Stock Market: Main Securities Market of the Irish Stock Exchange (Euronext Dublin).

4. Programme Dealers: Banca March, Bred Banque Populaire, Société Générale and Crédit Agricole.

On 27 November 2019, it was reported as a relevant fact that FCC Servicios Medio Ambiente Holding, S.A.U., a company fully owned by FCC, approved the issuance of two simple bond (the "Bonds") as part of an agreement taken by the Board of Directors on 13 November 2019. The Company successfully completed the pricing of the two Bond issues, amounting to €600 million paying annual interest of 0.815% and maturing in 2023; and the amount of €500 million, paying annual interest of 1.661% and maturing in 2026, respectively.

On 21 March 2019, FCC approved the extension of the Euro-Commercial Paper Programme (ECP) promissory note programme amount limit from 300 million euros to a maximum amount of 600 million euros, with the following characteristics:

1. Issuer: Fomento de Construcciones y Contratas, S.A.

2. Maximum value of the programme: €300 million. €600 million.

3. Stock Market: Main Securities Market of the Irish Stock Exchange (Euronext Dublin).

4. Programme Dealers: Bankia, S.A. and Banco Sabadell, S.A., Santander and Banca March.

On 16 November 2018, FCC reported the registration of a Euro-Commercial Paper Program (ECP) for a maximum amount of €300 million with the following characteristics as relevant fact number 271621:

1. Issuer: Fomento de Construcciones y Contratas, S.A.

2. Maximum value of the program: €300 million.

3. Stock Market: Main Securities Market of the Irish Stock Exchange (Euronext Dublin).

4. Program Dealers: Bankia, S.A. and Banco Sabadell, S.A.

On 1 June 2017, it was reported as relevant fact and as a continuation to relevant facts Nos. 249540 and 252375, the pricing of two single bond issues by FCC Aqualia, S.A. (subsidiary of Fomento de Construcciones y Contratas, S.A.), for the sum of €700,000,000 paying annual interest of 1.413% and maturing in 2022 and for the sum of €650,000,000, paying annual interest of 2.629% and maturing in 2027, respectively. Both issues were secured against specific assets of the FCC Aqualia Group. Upon approval and registration of the corresponding prospectus, the Bonds were accepted to trading on the unregulated market (Global Exchange Market) of the Irish Stock Exchange.

B. General shareholders' meeting

B.1 Indicate and, where appropriate, describe, whether there are differences with the system of minimum quorums provided for in the Spanish Corporate Enterprises Act (LSC) with respect to the quorum of the General Meeting of Shareholders.

Yes ☒ No ☐

	% quorum other than the figure established in Art. 193 Spanish Corporate Enterprises Act for general situations	% quorum other than the figure established in Art. 194 Spanish Corporate Enterprises Act for the special cases set out in Art. 194 of the Spanish Corporate Enterprises Act
Quorum required at 1st call	50.00%	50.00%
Quorum required at 2nd call	45.00%	45.00%

Description of the differences

Consolidated Text of the Corporate Bylaws. Resulting text approved by the Ordinary General Meeting of 2 June 2020 and registered in the Barcelona Mercantile Registry in July 2020.

Art. 17. - Constitution of the Meeting

1. The Ordinary or Extraordinary General Shareholders' Meeting shall be validly constituted, at the first call, when the shareholders present or represented account for at least fifty percent (50%) of the subscribed capital with the right to vote; and at the second call, the constitution of the Meeting shall be valid when the shareholders present or represented account for at least forty-five percent (45%) of the subscribed capital with the right to vote. Exceptions to the foregoing are those cases in which, in accordance with the items included on the Agenda, it is not legally possible to require a higher percentage of capital for the General Meeting to be validly constituted than what is established by the applicable regulations.
2. Likewise, the percentages mentioned in the previous paragraph shall also be those applicable so that the Ordinary and Extraordinary General Meeting can validly resolve on the issue of bonds which, in accordance with the regulations applicable at any given time, are within the powers of the General Meeting, the increase or reduction of capital, the transformation, merger or spin-off of the Company, the general assignment of assets and liabilities, the suppression or removal of the right of first refusal on new shares, the transfer of address abroad and, in general, any modification of the Articles of Association.
3. If, to validly adopt an agreement with respect to any, or several, items on the agenda of the General Shareholders' Meeting, pursuant to the applicable legal or statutory regulations, a certain percentage of the capital stock must be in attendance and this percentage is not reached, or the consent of the specific shareholders affected is required and they are not present or represented, the General Shareholders' Meeting shall be limited to discussing and deciding on items on the agenda that do not require the attendance of this percentage of the capital stock or the aforementioned shareholders.

B.2 Indicate and, where appropriate, describe whether there are differences with the system provided for in the Spanish Corporate Enterprises Act (LSC) for the adoption of corporate resolutions:

Yes ☒ No ☐

Describe the differences from the system provided for in the LSC.

	Super majority other than the figure established in Article 201.2 LSC for the hypotheses provided for in 194.1 LSC	Other cases of super majority
% established by the entity for the adoption of resolutions	50.01%	0.00%

Describe the differences
Consolidated Text of the Corporate Bylaws approved at the Ordinary General Meeting on 2 June 2020 and registered with the Mercantile Registry of Barcelona in June 2020. **Art. 26. - Deliberations. Adoption of resolutions. Proceedings** 3 […] In particular, the issuance of shares or bonds or securities convertible into shares with the exclusion of the first right of refusal in favour of the shareholders of the Company shall be approved when more than fifty percent (50%) of the subscribed capital stock present or represented with voting rights vote in favour.

Note:

50.01% is calculated against the subscribed capital stock with voting rights.

B.3 Indicate the rules applicable to the modification of the Company's Bylaws. In particular, indicate the majorities required to modify the Bylaws, as well as, where applicable, the rules in place to protect the rights of shareholders in the modification of the Bylaws.

Pursuant to article 26, section 3, of the Consolidated Text of the Corporate Bylaws approved at the General Shareholders' Meeting of 2 June 2020 and registered in the Barcelona Mercantile Registry in June 2020, the following is established:

"Art. 26. - Deliberations. Adoption of resolutions. Proceedings

[…]

3. Resolutions shall be adopted by a simple majority of the votes of the shareholders present or represented at the Meeting. A resolution shall be deemed adopted when it obtains more votes in favour than against the capital present or represented, except in cases where the Act or these Articles of Association require a qualified majority.

In particular, the issuance of shares or bonds or securities convertible into shares with the exclusion of the first right of refusal in favour of the shareholders of the Company shall be approved when more than fifty percent (50%) of the subscribed capital stock present or represented with voting rights vote in favour".

Therefore, the Company's internal rules do not contain any provisions relating to the modification of the Bylaws, other than those provided for by Law.

B.4 Indicate the attendance details at the general meetings held in the year to which this report refers and those in the preceding years:

	Attendance details				
			% remote voting		
Date of the general meeting	% attendance in person	% by proxy	Electronic voting	Other	Total
2-06-2020	0.205%	61.760%	0.005%	28.170%	90.140%
Of which, Floating capital:	0.096%	9.732%	0.005%	0.007%	9.840%
8-05-2019	20.082%	70.735%	0.004%	0.005%	90.826%
Of which, Floating capital:	0.115%	9.223%	0.004%	0.005%	9.347%
28-06-2018	20.119%	69.418%	0.001%	0.003%	89.541%
Of which, Floating capital:	0.062%	8.307%	0.001%	0.003%	8.373%
28-06-2017	20.261%	68.631%	0.004%	0.030%	88.926%
Of which, Floating capital:	0.238%	7.520%	0.004%	0.030%	7.792%

Remarks

B.5 Indicate whether there have been any items on the agenda at general meetings held during the business year that, for any reason, have not been approved by shareholders.

Yes ☐ No ☒

Items on the agenda that have not been approved	% vote against (*)

(*) If the non-approval of the item can be traced to a cause other than a vote against, an explanation shall be provided in the text section and in the "% vote against" column, "N/A" shall be inserted.

B.6 Indicate whether there are any statutory restrictions that establish a minimum number of shares necessary to attend the General Shareholders' Meeting, or to vote remotely:

Yes ☐ No ☒

Number of shares required to attend the General Shareholders' Meeting	
Number of shares required to vote remotely	

Remarks

B.7 Indicate whether it has been established that certain resolutions, other than those established by law, involving an acquisition, disposal, contribution of essential assets to another company or other similar corporate transactions, must be submitted for approval by the General Shareholders' Meeting.

Yes ☒ No ☐

Explanation of the resolutions that must be submitted to the General Shareholders' Meeting, other than those established by Law
Decisions not provided for by Law, and which, according to the Corporate Bylaws, must be taken by the General Meeting, are as follows: Article 14 of the Bylaws, sections e), f), l) and o): "e) The issuance or creation of new classes or series of shares." "f) The issuance of bonds and other securities that, pursuant to the applicable regulations at any time, are the responsibility of the General Shareholders' Meeting and the delegation to the Board of Directors of the power to issue them." "l) Transactions whose effect is equivalent to the winding up of the Company." "o) The authorisation to acquire own shares within the legal limits."

B.8 Indicate the address and manner of accessing the company's website for information on Corporate Governance and other information on general shareholders' meetings that must be made available to shareholders on the Company's website.

The FCC website (www.fcc.es) has a section dedicated to Corporate Governance, accessible from the home page, through the "Shareholders and investors" and "Responsibility and Sustainability" sections. This website contains information regarding the Company's regulations on Corporate Governance, governing bodies, annual Corporate Governance and remuneration reports, shareholders' meetings, shareholder agreements, and Ethics and Integrity. Furthermore, using these tabs, under the heading "General Shareholders' Meeting", shareholders can access information on electronic voting and the electronic forum of shareholders, pursuant to the provisions of Article 539.2 of the consolidated text of the Spanish Corporate Enterprises Act.

The website is just two clicks from the home page. Its contents are structured and hierarchised, under quick access headings and all its pages can be printed out.

The pages of this website have been developed pursuant to Level AA of UNE Standard 139803:2012, which, in turn, is based on the W3C 2.0 Web Content Accessibility Guidelines.

All Priority 1 and Priority 2 requirements have been checked by expert accessibility analysts using manual accessibility analyses, complemented by different semi-automatic tools, user agents and technical aids.

C. Structure of the company's administration

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors provided for the Bylaws and the number defined by the General Shareholders' Meeting:

Maximum number of directors	15
Minimum number of directors	9
Number of directors defined by the Shareholders' Meeting	14

Remarks

C.1.2 Fill in the following table with Board members:

Name or corporate name of the director	Represent-ative	Director category	Position on the Board	First appoint-ment date	Last appoint-ment date	Election procedure	Date of birth
Dominum Desga, S.A	Esther Alcocer Koplowitz	Proprietary	Chairwoman	27-09-2000	02-06-2020	General Shareholders' Meeting Resolution	10/11/1970
Samede Inversiones 2010, S.L.U.	Esther Koplowitz Romero de Juseu	Proprietary	Deputy Chairwoman	13-04-2015	08-05-2019	General Shareholders' Meeting Resolution	10/08/1950
Pablo Colio Abril		Executive	Chief Executive Officer	12-09-2017	28-06-2018	General Shareholders' Meeting Resolution	8/06/1968
Alejandro Aboumrad González		Proprietary	Vice chairman	13-01-2015	08-05-2019	General Shareholders' Meeting Resolution	26/02/1980
Dominum Dirección y Gestión, S.A.	Carmen Alcocer Koplowitz	Proprietary	Director	26-10-2004	08-05-2019	General Shareholders' Meeting Resolution	01/01/1974
EAC inversiones corporativas	Alicia Alcocer Koplowitz	Proprietary	Director	30-03-1999	28-06-2017	General Shareholders' Meeting Resolution	10/10/1971
Manuel Gil Madrigal		Independent	Director	27-02-2015	08-05-2019	General Shareholders' Meeting Resolution	1/05/1960
Antonio Gómez García		Proprietary	Director	29-06-2016	02-06-2020	General Shareholders' Meeting Resolution	21/02/1961
Inmobiliaria AEG, S.A. de CV	Carlos Slim Helú	Proprietary	Director	13-01-2015	08-05-2019	General Shareholders' Meeting Resolution	28/01/1940
Gerardo Kuri Kaufmann		Executive	Director	13-01-2015	08-05-2019	General Shareholders' Meeting Resolution	17/12/1983
Henri Proglio		Independent	Director	27-02-2015	08-05-2019	General Shareholders' Meeting Resolution	29/06/1949
Juan Rodríguez Torres		Proprietary	Director	7-10-2015	02-06-2020	General Shareholders' Meeting Resolution	5/08/1939

Name or corporate name of the director	Represent-ative	Director category	Position on the Board	First appoint-ment date	Last appoint-ment date	Election procedure	Date of birth
Alfonso Salem Slim		Proprietary	Director	29-06-2016	02-06-2020	Acuerdo Junta General Accionistas	3/11/1961
Álvaro Vázquez de Lapuerta		Independent	Director	27-02-2015	08-05-2019	Acuerdo Junta General Accionistas	30/04/1957

Total number of directors	14

Indicate any departures, either by resignation or through an agreement reached by the general meeting, that have occurred on the Board of Directors during the reporting period:

Name or corporate name of the director	Category of the director at the time of departure	Date of most recent appointment	Departure date	Special commissions of which he/she was a member	Indicate whether the departure occurred before the end of the term
-	-	-	-	-	-

Cause of departure, if before the end of the term of office and other remarks; information on whether the director has sent a letter to the other members of the board and, regarding departures of non-executive directors, an explanation or the opinion of the director who has been dismissed by the general meeting

C.1.3 Fill in the following tables on the Board members and their different categories:

EXECUTIVE DIRECTORS

Name or corporate name of the director	Position in the company's organisational chart	Profile
Pablo Colio Abril	CEO of FCC, Chairman of FCC Construcción, Chairman of FCC Medio Ambiente, Deputy Chairman of FCC Servicios Medioambientales Holding, S.A.U and Deputy Chairman of FCC Medio Ambiente Reino Unido S.L.U.	Architect, graduating from the Higher Technical School of Madrid. He has spent most of his professional career at FCC, a company to which he has dedicated more than 25 years. Within the Group, he has been responsible for the international expansion of the Industrial area. Positions he has previously held include Managing Director of FCC Construcción and Managing Director of FCC Industrial. He is the CEO of the FCC Group and a member of its Executive Committee, functions that he combines with those of the Chairman of FCC Construcción, Chairman of FCC Medio Ambiente and Deputy Chairman of FCC Servicios Medioambiental Holding, S.A. He is also a director of the Mexican firm Carso Infraestructuras y Construcción (CICSA).
Gerardo Kuri Kaufmann	CEO of Cementos Portland Valderrivas and Realia Business	Industrial Engineer graduate from the University of Anáhuac (Mexico). From 2008 to 2010, he served as purchasing director at Carso Infraestructuras y Construcción, S.A.B. de C.V. From the incorporation of Inmuebles Carso, S.A.B de C.V., he has been in charge of its General Management. He is a member of the board of directors of Minera Frisco SAB. de C.V., Elementia, S.A., Philip Morris México, S.A. de C.V. and Inmuebles Carso, S.A.B de C.V. He is the CEO of Cementos Portland Valderrivas, S.A. and Realia Business, S.A.

Total number of executive directors	2
% of the total Board	14.29

Remarks

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
Dominum Desga, S.A. (Represented by Esther Alcocer Koplowitz)	Dominum Dirección y Gestión, S.A.	Degree in Law, she has completed the Senior Business Management Program (PADE) at the IESE in Madrid. Since January 2013, she has served as Chairwoman of the FCC Group, a member of its Executive Committee and the Appointments and Remuneration Committee. She is also a director at Cementos Portland Valderrivas, on behalf of EAC Medio Ambiente, S.L., Realia, on behalf of EAC Inversiones Corporativos, S.L., and CaixaBank-Banca Privada. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
Samede Inversiones 2010, S.L.U (Represented by Esther Koplowitz Romero de Juseu)	Dominum Dirección y Gestión, S.A.	Shareholder in FCC, S.A. through Dominum Dirección y Gestión, S.A. she is a member of the Board of Directors of FCC, S.A., and the company's Deputy Chairwoman. She is also a director at FCC Environment. She holds a degree in Philosophy and Arts from the University of Madrid; she has developed her business experience in the international field as a Director of Veolia and Vivendi. She is founder and chairwoman of the Esther Koplowitz Foundation. Among other acknowledgements, she has been awarded: the Grand Cross of Civil Merit, the Gold Medal of the Region of Madrid, the Gold Medal and the title of Academic of Honour of the Royal Academy of History, the distinction of Honorary Citizen by the Valencia City Council, the City of Barcelona Coat of Arms, the Business Leader of the Year award, granted by the Spanish Chamber of Commerce in the USA, the Blanquerna Prize of the Generalitat of Catalonia, Madrid Grand Cross of Healthcare, the Gold and Diamond Insignia of the Police Orphans Foundation, Légion d'Honneur of the French Republic and The Grand Cross of the Civil Order of Environmental Merit, awarded by the Spanish Council of Ministers. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).

Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
Alejandro Aboumrad González	Control Empresarial de Capitales, S.A. de C.V.	Industrial Engineer graduate from the University of Anáhuac (Mexico). He has worked in subsidiaries and companies related to Grupo Carso during the last 15 years, of which five years he worked at Grupo Financiero Inbursa in the area of Project Evaluation and Risk Assessment. He is member of the board of directors of Inmuebles Carso, S.A.B. of C.V. and Minera Frisco, S.A.B. of C.V., holding the post of General Manager with the latter. He is a director at Cementos Portland Valderrivas, S.A. on behalf of Inmobiliaria AEG, S.A. de C.V., and Chairman of the Board of Directors of FCC Aqualia, Chairman of FCC Servicios Medioambiental Holding, S.A.U and Deputy Chairman of the Board of FCC and Chairman of its Executive Committee. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
Dominum Dirección y Gestión, S.A. (Represented by Carmen Alcocer Koplowitz)	Dominum Dirección y Gestión, S.A.	Graduate in Law from the Francisco de Vitoria University of Madrid. She is a director at FCC, S.A. She is a director at B-1998, S.L. and sits on the Board of Directors of Cementos Portland Valderrivas, S.A., on behalf of Meliloto, S.L. She is a board member of the Esther Koplowitz Foundation. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
EAC Inversiones Corporativas, S.L. (Represented by Alicia Alcocer Koplowitz)	Dominum Dirección y Gestión, S.A.	A Law graduate, she started her professional career at Banco Zaragozano, where she worked for four years in the Finance Department, at the bank's treasury desk and served as a director. She is a director at FCC and a member of its Executive Committee. In turn, she is chairwoman of Cementos Portland Valderrivas, S.A. and a member of its Executive Committee and its Appointments and Remuneration Committee. She is a member of the Innovation Committee, under the Secretary of State for Science, Technology, and Innovation. She is also a member of the Board of the Esther Koplowitz Foundation and the Valderrivas Foundation. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
Antonio Gómez García	Control Empresarial de Capitales, S.A. de C.V.	He is a graduate in Industrial Engineering from the Universidad Iberoamericana. He has been Managing Director of Grupo Porcelanite, S.A. de C.V., of US Commercial Corp., S.A.B. de C.V., and currently holds the position of Managing Director of Grupo Carso, S.A.B. de C.V. He is a director of Grupo Frisco S.A.B. de C.V., and a director of Grupo Elementia S.A.B. de C.V. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).

Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
Inmobiliaria AEG, S.A. de CV (Represented by Carlos Slim Helú)	Control Empresarial de Capitales, S.A. de C.V.	Civil Engineer from the National Autonomous University of Mexico (UNAM). Founder of Grupo Carso, S.A.B. de C.V., América Móvil, Grupo Financiero Inbursa, and Inversora bursátil. He is the owner of Teléfonos de México (Telmex). He has been Vice-President of the Mexican Stock Exchange and President of the Mexican Association of Brokerage Houses. He was the first Chairman of the Latin American Committee of the New York Stock Exchange Board of Directors. He is currently Chairman of the Board of Directors of Carso Infraestructuras y Construcción (CICSA), Minera Frisco and President of Fundación Carlos Slim de la Educación, A.C. and Fundación Telmex, A.C. In addition, he is a member of the Board of Directors of Inmuebles Carso and IDEAL. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).

Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
Juan Rodríguez Torres	Control Empresarial de Capitales, S.A. de C.V.	Civil Engineer from the Autonomous University of Mexico. He has a full Master's degree in Operational Planning and Research from UNAM. He has also completed administration studies at IPADE and obtained a diploma in prestressed concrete in Paris. He founded the Mexican Business Generation Association. He has been Production Manager and Controller of Preesforzados Mexicanos, S.A. de ICA, and Managing Director of Domit Group in the footwear sector. He is currently a director of Minera Frisco, S.A.B. de S.A. de CV. and of Carso Infraestructura y Construcción, S.A.B. de C.V. (CICSA) and non-executive chairman of Telesites. He is a director of Cementos Portland Valderrivas, S.A., representing Inmuebles Inseo, S.A. de C.V., a director of FCC Aqualia and non-executive chairman of Realia. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
Alfonso Salem Slim	Control Empresarial de Capitales, S.A. de C.V.	He graduated in Civil Engineering from University of Anahuac in the class of 80-84. Throughout his professional career, Salem Slim has performed the role of assistant director of Expansion at Sanborns Hermanos; director of Shopping Centres at Grupo CARSO; director of Real-Estate at INBURSA; Managing Director of Hoteles Calinda, Managing Director of Grupo PC Constructores; Managing Director of IDEAL, and he is currently Deputy Chairman of the Board of Directors of IDEAL and Chairman of the Board of Directors and Managing Director of Inmuebles CARSO. He is also a member of the Board of Directors of Grupo CARSO; IDEAL; CICSA; Carso Real Estate; Gigante Grupo Inmobiliario; ELEMENTIA and Gas Natural Fenosa. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).

Total number of proprietary directors	9
% of the total Board	64.29

Remarks

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of the director	Profile
Manuel Gil Madrigal	He holds a degree in Law and Business Sciences (E-3) by ICADE and is a founding partner of the company Tasmania Gestión. In 2000 he was also founder of the financial company N+1 and has been a board member of Ezentis, Funespaña, General de Alquiler de Maquinaria (GAM) and Campofrío, among other companies. During his career he has also been director of Capital Markets for AB Asesores Bursátiles, partner of Morgan Stanley and auditor of Arthur Andersen.
Henri Proglio	A graduate of the Higher School of Business Administration (HEC) in Paris. He is currently a director of Natixis Banque and of Dassault Aviation. He has also served as Chairman of the energy giant Électricité de France (2009-2014) and Veolia Environnement (2003-2009), as well as a board member of FCC, Lagardère Group and Vinci, among other companies.
Álvaro Vázquez de Lapuerta	He holds a degree in Law and Business Studies (E-3) by ICADE and is currently a partner of the firms Akiba Partners and Meridia Capital Partners. He was General Manager for Spain and Portugal at Dresdner Kleinwort, and CEO and head of Investor Relations at securities firm BBVA Bolsa. Previously he held various positions at JP Morgan in Mexico, New York, London and Madrid.

Total number of independent directors	3
% total of the Board	21.43

Remarks

Indicate whether any director qualified as independent receives any amounts or benefits for any concept other than director remuneration from the company or its group, or maintains or has maintained, during the last tax year, a business relationship with the company or with any company in its group, either in its own name or as a significant shareholder, director or senior manager of an entity with which he/she maintains or has maintained this relationship.

None

As applicable, a reasoned statement by the Board shall be included providing the reasons why it believes that this director can perform his/her duties as an independent director.

Name or corporate name of the director	Description of the relationship	Reasoned statement

OTHER EXTERNAL DIRECTORS

The other external directors shall be identified and the reasons they cannot be considered proprietary or independent and their relationships, whether with the Company, its directors, or its shareholders, shall be detailed:

Name or corporate name of the director	Reasons	Company, executive or shareholder with whom he/she maintains a relationship	Profile

Total number of other external directors	
% total of the Board	

Remarks

Indicate the changes to the category of each director that, as appropriate, have occurred during the period:

Name or corporate name of the director	Change date	Previous category	Current category
-	-	-	-

Remarks

C.1.4 Fill in the following table with information regarding the number of female directors at the end of the past 4 business years, as well as the category of these female directors:

	Number of female directors				% of the total number of directors for each category			
	Business year t	Business year t-1	Business year t-2	Business year t-3	Business year t	Business year t-1	Business year t-2	Business year t-3
Executive	0	0	0	0	0	0	0	0
Proprietary	4	4	4	4	44.44	44.44	40	40
Independent	0	0	0	0	0	0	0	0
Other External	0	0	0	0	0	0	0	0
Total:	**4**	**4**	**4**	**4**	**28.57**	**28.57**	**26.66**	**26.66**

Remarks

C.1.5 Indicate whether the company has diversity policies in place in relation to the company's Board of Directors in terms of issues including age, gender, disability, or professional training and experience. SMEs, pursuant to the definition contained in the Account Audit Law, shall report, as a minimum, the policy established in relation to gender diversity.

Yes ☒ No ☐ Partial policies ☐

If so, describe these diversity policies, their objectives, the measures and the way in which they were applied and their results during the business year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors shall also be indicated.

In case the company has no diversity policy in place, explain the reasons for this.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained
Article 38.4.h of the Rules of the Board establishes, in accordance with the duties of the Appointments and Remuneration Committee, the following: "Assist the Board in its role of ensuring that the selection procedures of its members favour diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Directors, so that the Company deliberately seeks and includes among the potential candidates, women who meet the intended professional profile, with the Board having to explain, where applicable, through the Annual Corporate Governance Report, the reason for the scant or non-existent number of female Directors and the initiatives taken to correct this situation. For the purposes of the foregoing, it must establish a representation objective for the less represented gender in the Board of Directors and prepare guidelines on how to achieve this aim". In 2019, FCC renewed its commitment to the Diversity Charter for the period 2019-2021, a voluntary code for the promotion of the core Equality principles. The initiative, promoted by the Directorate of Justice at the European Commission as part of the development of its anti-discrimination policies, contemplates the implementation of inclusion policies and non-discrimination programmes at signatory companies.

C.1.6 Explain the measures that, where appropriate, the Appointments Committee may have agreed to ensure the selection procedures do not suffer from implicit biases that prevent the selection of female directors, and to ensure the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and make it possible to achieve a balanced presence of women and men. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of the measures
Article 38.4.h of the Rules of the Board establishes, in accordance with the duties of the Appointments and Remuneration Committee, the following: "Assist the Board in its role of ensuring that the selection procedures of its members favour diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Directors, so that the Company deliberately seeks and includes among the potential candidates, women who meet the intended professional profile, with the Board having to explain, where applicable, through the Annual Corporate Governance Report, the reason for the scant or non-existent number of female Directors and the initiatives taken to correct this situation. For the purposes of the foregoing, it must establish a representation objective for the less represented gender in the Board of Directors and prepare guidelines on how to achieve this objective". The Appointments and Remuneration Committee has not established, to date, specific additional measures to those contained in Article 38.4.h of the Board's Regulation, nor objectives other than those pertaining to the current situation. The percentage of female directors (4) on the Board of Directors is 28.57 percent.

When, despite the measures adopted, as applicable, the number of female directors or senior executives is low or zero, explain the reasons that justify this:

Explanation of the reasons
In the 2020 business year, no vacancy has been filled in any senior management position in the FCC Group, which is why it has not been feasible to hire or appoint any senior executives.

C.1.7 Explain the conclusions of the Appointments Committee on the verification of compliance with the director selection policy. And in particular, on how this policy promotes the objective that in 2020, female directors will account for at least 30% of the total members of the Board of Directors.

At the General Shareholders' Meeting of 28 June 2016, four new directors were appointed at the proposal of the controlling shareholder, Inversora Carso, in use of the powers granted in the shareholder agreement of 25 February 2016. The mandates of two other directors were also renewed at the aforementioned meeting.

On 12 September 2017, the Board of Directors appointed Pablo Colio Abril as CEO by co-option. Subsequently, on 28 June 2018, the General Shareholders' Meeting agreed to appoint Pablo Colio Abril, a member of the Board of Directors, as an executive director.

In all six cases, the Appointments and Remuneration Committee issued a favourable report to the Board of Directors on the suitability of the directors.

To this end, the Appointments and Remuneration Committee has not established, to date, objectives other than those pertaining to the current situation or additional measures to those contained in Article 38.4.h of the Board's Regulation.

As at 31 December 2020, the representation of female directors on the Board of Directors of FCC, came to 28.57 percent, with Esther Alcocer Koplowitz serving as its non-executive Chairwoman.

C.1.8 Explain, where appropriate, the reasons that proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of capital stock:

Name or corporate name of the shareholder	Justification
-	-

Indicate whether formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met. If applicable, explain the reasons that they have not been addressed:

Yes ☐ No ☒

Name or corporate name of the shareholder	Explanation

C.1.9 Indicate, whether any powers have been delegated by the Board of Directors to directors or Board Committees and what these entail:

Name or company name of the director or committee	Brief description
Pablo Colio Abril	All except those that are non-delegable

C.1.10 Identify, as the case may be, the members of the Board that assume the positions of administrators, representatives of administrators or directors at other companies that are part of the listed Company's group:

Name or corporate name of the director	Corporate name of the Group company	Position	Entrusted with executive functions?
EAC, Inversiones Corporativas, S.L.	Cementos Portland Valderrivas S.A.	Chairmanship	No
Inmobiliaria AEG, S.A. de C.V.	Cementos Portland Valderrivas	Director	No
Gerardo Kuri Kaufmann	Cementos Portland Valderrivas	Chief Executive Officer	Yes
Juan Rodríguez Torres	Cementos Portland Valderrivas	Director	No
	FCC Aqualia	Director	No
Álvaro Vázquez de Lapuerta	Cementos Portland Valderrivas	Director	No
Alejandro Aboumrad González	Cementos Portland Valderrivas, S.A.	Representative of Inmobiliaria AEG, S.A.	No
	FCC Aqualia, S.A.	Director and Chairman of the Board of Directors	No
	FCC Servicios Medioambientales Holding S.A.U	Chairman	Yes
Antonio Gómez García	FCC Américas	Alternate director	No
Pablo Colio Abril	FCC Aqualia, S.A.	Board Member, Member of the Audit And Control Committee, Member of the Investment Committee and Member of the Regulatory Compliance Committee.	No
	FCC Construcción, S.A.	Chairman	Yes
	FCC Environment (UK) limited	Administrator	Yes
	FCC Medio Ambiente Reino Unido, S.L.U	Vice chairman	Yes
	FCC Medio Ambiente, S.A.U	Chairman	Yes
	FCC Servicios Medioambientales Holding, S.A.U	Vice chairman	Yes
	FCC Concesiones, S.A.U	Chairman	Yes
	Guzman Energy O&M, S.L.	Chairman	Yes
	FCC Austria Abfall Service AG	Member of the Supervisory Board	No

Remarks

C.1.11 If applicable, list the directors or representatives of corporate directors of your Company, who are members of the Board of Directors or representatives of corporate directors of other companies listed on official securities markets other than your Group, of which the Company has been informed:

Name or corporate name of the director	Corporate name of the listed company	Position
EAC Inversiones Corporativas, S.L. (represented by Esther Alcocer Koplowitz)	Realia Business	Director
Gerardo Kuri Kaufmann	Realia Business	Chief Executive Officer
Manuel Gil Madrigal	Barón de Ley, S.A.	External director-other
Juan Rodríguez Torres	Realia Business	Non-executive chairman

Remarks

C.1.12 Indicate and, if applicable, explain whether the Company has established rules on the maximum number of Boards of Directors on which its directors may sit, identifying, where appropriate, where this provision is regulated:

Yes ☐ No ☒

Explanation of the rules and identification of the document where this is regulated

C.1.13 Indicate the amounts of the following concepts relating to the global remuneration of the Board of Directors:

Remuneration accrued during the business year in favour of the Board of Directors (thousands of euros)	1,945
Amount of rights accrued by current directors for pension benefits (thousands of euros)	0
Amount of rights accrued by former directors for pension benefits (thousands of euros)	3,151

Remarks
-

C.1.14 Identify members of senior management who are not executive directors, and indicate the total remuneration accrued in their favour during the business year:

Name or corporate name	Position(s)
Marcos Bada Gutiérrez	Managing Director of Internal Audit
Felipe B. García Pérez	General secretary
Miguel Ángel Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of Aqualia

Number of women in senior management 0	Position(s)
Percentage of total members of senior management 0%	-

Total Senior Management remuneration (thousands of euros)	1,831.73

Remarks
-

C.1.15 Indicate whether there has been any change in the Board's regulation during the business year:

Yes ☒ No ☐

Description of the changes
The Regulations of the Board of Directors were updated as a result of the amendment of Article 28 of the Corporate Bylaws agreed by the Ordinary General Meeting on 2 June 2020, setting the minimum number of members of the Board of Directors at nine (9) and the maximum at fifteen (15), with the General Shareholders' Meeting being responsible for determining the specific number of its members. The minimum and maximum number determined in the Bylaws, set at the aforementioned meeting, establishes that the number of members of the Company's Board of Directors must be fourteen (14) As a consequence of the above, the Board Resolution 26/2020, with a favourable report by the Audit and Control Committee, amended article 5 of the Board Regulations, setting the number of members of the Board of Directors of the company at 14, with said article being worded as follows: "Article 5. Quantitative composition: The Board of Directors will have fourteen (14) members".

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures:

The General Shareholders' Meeting is responsible for the appointment and removal of directors. Directors may be re-elected indefinitely, one or more times, for maximum periods of four years (Article 30.3 of the Bylaws).

Pursuant to Article 29.4 of the Bylaws, in its proposals for the appointment, re-election, ratification or removal of directors submitted to the General Shareholders' Meeting and in the appointment decisions adopted by the Board in the use of its legally attributed powers of co-option, the Board of Directors shall follow the criteria and guidelines established in this regard in the Rules of the Board of Directors.

Chapter IV of the Rules of the Board on the "Appointment and Removal of Directors" regulate these cases:

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 for consideration by the General Shareholders' Meeting and the appointment decisions adopted by the Board in the use of its legally attributed powers of co-option, shall fall on persons of recognised prestige, solvency, technical competence and experience, and shall be approved by the Board at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and after a report from the Appointments and Remuneration Committee, in the case of other directors. 2. All proposals shall be accompanied by a justifying report from the Board assessing the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Shareholders' Meeting or the Board meeting. 3. If a legal person is appointed as a Director, it shall be required to appoint one natural person to permanently exercise the corresponding duties, who shall be subject to the requirements of prestige, solvency, technical competence and experience and the system of prohibitions and incompatibilities indicated in these Rules and the duties of the Director established in these Rules shall be enforceable in a personal capacity. Corporate directors cannot revoke the appointment of a representative until they designate a replacement. Likewise, the proposed representation by a natural person shall be subject to a report by the Appointments and Remuneration Committee. 4. From the moment at which the announcement of the General Shareholders' Meeting is published, the Board of Directors shall publish, on its website, the following information on the persons proposed for the appointment or ratification as Directors and, where appropriate, on the natural person representing the corporate director: (i) their professional and biographical profile; (ii) other Boards of Directors on which they sit, whether they are listed companies or not; (iii) indication of the category of director to which they belong as appropriate, indicating, in the case of proprietary directors, the shareholder promoting their appointment, re-election or ratification or with whom they have ties; (iv) date of their initial appointment as a director at the Company, as well as subsequent appointments; (v) shares in the Company and derivative financial instruments whose underlying objects are shares in the Company, held by the director who is being ratified or re-elected or the candidate nominated to occupy the position for the first time. This information shall be kept up to date; and (vi) the reports and proposals from the competent bodies in each case. 5. The secretary of the Board of Directors shall provide each new director with a copy of the Bylaws, of these Rules, of the FCC Group's Code of Ethics, of the Internal Code of Conduct for the Stock Market, the latest individual and consolidated annual accounts and management reports, approved by the General Shareholders' Meeting, the corresponding audit reports and the latest financial and economic information submitted to the markets. They shall also be provided with the identification of the current account auditors and their representatives. 6. Each director shall sign a document confirming receipt of this documentation, that they are aware of its contents and that they faithfully fulfil their duties as a director. 7. The Company shall establish orientation programmes that provide new directors with fast and sufficient knowledge of the Company and its Group as well as the Corporate Governance rules, in addition to imparting knowledge refresher courses when the circumstances so require.

Article 17. Duration of the position

1. Directors shall serve in their post during the term established in the Bylaws. 2. Directors appointed by co-option shall hold their position until the date on which the first General Shareholders' Meeting is held. Furthermore, if the vacancy arises once the General Shareholders' Meeting has been called and before it is held, the Board of Directors may appoint a director until the next General Shareholders' Meeting is held. 3. A director whose mandate is coming to an end or who, for any other reason, ceases to hold office, may not provide services at a competitor of FCC for a period of two (2) years. 4. The Board of Directors, if deemed appropriate, may dispense with this obligation or shorten its duration.

Article 18. Re-election of directors

In addition to satisfying the established requirements in terms of appointments established in Article 16 above, prior to any re-election of directors that is submitted to the General Shareholders' Meeting, the Appointments and Remuneration Committee must issue a report in which the quality of work and dedication to the position of the proposed directors during the previous term.

Article 19. Departure of directors.

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers. 2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases: a) When they step down from their positions, posts or functions to which their appointment as executive directors was associated. b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or reduces their shareholding to a level that requires the reduction of the number of proprietary directors. c) When they are affected by any of the cases of incompatibility or prohibition provided by Law. d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk. In this regard, the directors must inform the Board of criminal cases in which they are named as defendants and the subsequent legal proceedings. In any case, if any Director is prosecuted or tried for any of the corporate crimes established in Article 213 of the Spanish Corporate Enterprises Act, the Board shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should submit his resignation or not, providing a reasoned account of this in the Annual Corporate Governance Report. 3. In the event that a natural person representing a corporate director is affected by any of the cases provided for in the previous section, this person shall be disqualified from exercising this representation. 4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be understood that there is just cause when the Director had breached the duties inherent to their position or incurred in any of the circumstances described in Article 6.2.a) of these Regulations, which prevent their appointment as an independent director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the capital stock. 5. When either by resignation or for any other reason, a director steps down from his/her post before the end of the corresponding term, an explanation shall be provided in writing sent to all the members of the Board, notwithstanding his/her resignation being communicated as a relevant fact and the reason for the resignation being reported in the Annual Corporate Governance Report. In particular, if the resignation of the Director is due to the fact that the Board has taken significant or repeated decisions, concerning which the director has made serious reservations and as a consequence of which, he/she decides to resign, in the letter of resignation addressed to other members, this circumstance shall be expressly stated.

C.1.17 Explain the extent to which the annual assessment of the Board has resulted in significant changes to your internal organisation and the procedures applicable to your activities:

Description modifications
In 2020, no shortcomings have been detected that make an action plan necessary.

Describe the assessment process and the areas assessed by the Board of Directors assisted, where appropriate, by an external consultant, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been subject to assessment.

The Board of Directors of Fomento de Construcciones y Contratas, S.A. (hereinafter, the Company) issued a report assessing the quality and efficiency of its functioning, and the functioning of its Committees, during the 2020 business year, with a view to complying with the duties imposed by Article 34.9 of the Rules of the Board of Directors, through which recommendation 36 of the Code of Good Governance for Listed Companies published by the CNMV on 18 February 2015, Article 529 nonies of the Spanish Corporate Enterprises Act and the instructions of Technical Guide 3/2017 of the CNMV published in June 2017 was introduced.

The report was examined and approved by the Company's Board of Directors, which in accordance with the aforementioned Article 34.9 of the Regulations of the Board is the body responsible for assessing the quality and efficiency of its own functioning, at its meeting on 19 January 2021. In preparing the report, all the members of the Board of Directors were involved and actively participated, taking into consideration the comments, assessments, opinions and suggestions expressed as part of this process by all of them.

For the 2020 financial report, the self-assessment process was performed assessing the different aspects that affect the functioning, efficiency and quality of the actions taken and decisions made by the Board of Directors, as well as the contribution of its members to the exercise of the duties and achievement of the aims assigned to the Board.

Furthermore, the respect and compliance by the Board of Directors and its members for the statutory precepts, the Rules of the Board of Directors and, in general, the rules of Good Governance of Listed Companies have been taken into account.

C.1.18 Breakdown, for business years in which the assessment has been aided by an external consultant, of the business relationships that the consultant or any company in its Group maintains with the Company or any company in its Group.

The information and advice of the internal services of the Company has been provided, without such advice being received from external consultants.

C.1.19 Indicate the cases in which directors are required to resign.

Consolidated text of the Regulation of the Board of Directors following the modifications of 2 June 2020 and registered in the Mercantile Registry on 13 November 2020).

Article 19. Departure of directors

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers.
2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases:
   a) hen they step down from their positions, posts or functions to which their appointment as executive directors was associated.
   b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or reduces their shareholding to a level that requires the reduction of the number of proprietary directors.
   c) When they are affected by any of the cases of incompatibility or prohibition provided by Law.
   d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk. In this regard, the directors must inform the Board of criminal cases in which they are named as defendants and the subsequent legal proceedings. In any case, if any director is prosecuted or tried for any of the corporate crimes established in Article 213 of the Spanish Corporate Enterprises Act, the Board shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should submit his resignation or not, providing a reasoned account of this in the Annual Corporate Governance Report.
3. In the event that a natural person representing a corporate director is affected by any of the cases provided for in the previous section, this person shall be disqualified from exercising this representation.
4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be understood that there is just cause when the director had breached the duties inherent to their position or incurred in any of the circumstances described in Article 6.2.a) of these Regulations, which prevent their appointment as an independent director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the capital stock.
5. When either by resignation or for any other reason, a director steps down from his/her post before the end of the corresponding term, an explanation shall be provided in writing sent to all the members of the Board, notwithstanding his/her resignation being communicated as a relevant fact and the reason for the resignation being reported in the Annual Corporate Governance Report. In particular, if the resignation of the Director is due to the fact that the Board has taken significant or repeated decisions, concerning which the Director has made serious reservations and as a consequence of which, he/she decides to resign, in the letter of resignation addressed to other members, this circumstance shall be expressly stated.

C.1.20 Are super majorities, other than those provided for by law, required for any type of decision?

Yes ☐ No ☒

If applicable, describe the differences.

Description of the differences
-

C.1.21 Explain whether there are specific requirements, other than those applicable to all directors, to be appointed as Chairman of the Board of Directors.

Yes ☐ No ☒

Description of the requirements

C.1.22 Indicate whether the bylaws or the rules of the board establish a limit on the age of directors:

Yes ☐ No ☒

	Age limit
Chairman	
Chief Executive Officer	
Director	

Remarks

C.1.23 Indicate if the Bylaws or rules of the Board establish a limit on mandates or other more stringent requirements in addition to those legally provided for independent directors, with the exception of those established in the regulations:

Yes ☐ No ☒

Additional requirements and/or maximum number of mandates.

C.1.24 Indicate whether the Bylaws or rules of the Board of Directors establish specific rules for the delegation of the votes of directors to other directors, the applicable procedure and, in particular, the maximum number of delegations that may be made to the same director, as well as if any limits have been established on the categories to which it is possible to delegate, beyond the limits imposed by the legislation. As applicable, describe these rules briefly.

There are no formal procedures for the delegation of votes on the Board of Directors.

C.1.25 Indicate the number of meetings held by the Board of Directors during the business year. Furthermore, indicate, where appropriate, the times that the Board has met without the presence of the Chairman. In this calculation, proxies granted with specific instructions shall be considered as attendance.

Number of Board meetings	9
Number of Board meetings without the Chairman's attendance	0

Remarks

Indicate the number of meetings held by the coordinating director with other directors, without the attendance or representation of any executive director:

Number of meetings	-

Remarks

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

Number of executive committee meetings	8
Number of audit committee meetings	8
Number of appointments and remuneration committee meetings	7
Number of committee meetings _____	-

Remarks

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the attendance details of its members:

Number of meetings at which at least 80% of directors were in attendance	9
% of face-to-face attendance divided by total votes during the business year	90.48%
Number of meetings with the face-to-face attendance, or proxies made with specific instructions, of all directors	0
% of votes cast with face-to-face attendance and proxies made with specific instructions, divided by total votes during the business year	90.48%

Remarks
In terms of the number of meetings held, only face-to-face attendance has been taken into account, since no proxies were made with specific instructions.

C.1.27 Indicate whether the individual and consolidated annual accounts submitted to the Board for preparation have been certified previously:

Yes ☒ No ☐

Identify, where appropriate, the person(s) who has/have certified the company's individual and consolidated annual accounts for their preparation by the Board:

Name	**Position**
Pablo Colio Abril	Chief Executive Officer
Miguel Martínez Parra	Managing Director of Administration and Finance
Juan José Drago Masiá	Managing Director of Administration

Remarks

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements submitted by the Board of Directors to the general shareholders' meeting are drawn up in accordance with accounting regulations.

The duties of the Audit and Control Committee include, but are not limited to, reviewing the preparation of the financial and economic information that FCC Group publishes periodically. This duty acquires special relevance in the case of annual information, in such a way that, prior to the preparation of the annual accounts by the Board of Directors, the Audit and Control Committee examines these accounts extensively and requests the external auditor's participation on the Committee to present the conclusions of its review work.

Thus, once prepared by the Board, the external auditor's report will not contain any reservations.

C.1.29 Does the secretary of the Board have director status?

Yes ☐ No ☒

If the secretary does not have director status, fill in the following table:

Name or corporate name of the secretary	Representative
Francisco Vicent Chuliá	_

Remarks

C.1.30 Indicate the specific mechanisms established by the Company to preserve the independence of the external auditors, as well as, if applicable, the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how they have implemented the legal provisions in practice.

To this end, Article 37. 5 of the Rules of the Board states that "The primary duty of the Audit and Control Committee shall be to support the Board of Directors in its oversight tasks, by periodically reviewing, among others, the process of preparing financial and economic information., its internal controls and the independence of the external auditor. In particular, by way of example, and without prejudice to other tasks entrusted to it by the Board of Directors, the Audit and Control Committee shall be responsible for:

a) Informing the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.

b) Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit. The external auditor shall also: (i) submit proposals for the selection, appointment, re-election and replacement of the account auditor to the Board of Directors, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted; (ii) regularly gather information from the external auditor on the audit plan and the results of its performance, in addition to maintaining its independence in the performance of its duties and verifying that Senior Management takes its recommendations into account; (iii) discuss the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence. To this end, and where appropriate, the Audit and Control Committee may submit recommendations or proposals to the Board of Directors and the corresponding monitoring period. (iv) establish the appropriate relationships with the External Auditor to receive information on issues that may pose a threat to their independence, for consideration by the Committee, and any other relating to the process of performing Accounts Audits and, where appropriate, the authorisation of services other than those prohibited, under the terms provided for in the regulations governing Account Auditing activities on the system of independence, as well as any other communications provided for in the Account Auditing legislation and in the audit regulations; (v) ensure the independence of the external auditor, establishing, in particular, appropriate measures: 1) so that the contracting of advisory and consulting services with the auditor or companies in its Group does not pose a risk to its independence, to which end the Committee shall request and receive from the auditor each year a declaration of its independence in relation to the Company or entities linked to it directly or indirectly, as well as the detailed, individual information of any type of additional services provided and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to it, pursuant to the provisions of the regulatory regulations on Account Auditing activities, and 2) so that the Company can communicate the change in auditor as a relevant fact to the CNMV and accompany this communication with a statement on any possible disagreements with the outgoing auditor and, as applicable, their nature, and in case of the resignation of the external auditor, examine the underlying circumstances; and (vi) encourage the Company's auditor to assume responsibility for audits of other Group companies.

c) Each year, prior to the issuance of the account auditing report, issue a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in section b)v)1) above, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities.

d) The supervision of the Company's Internal Audit services that ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being required to present his/her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his/her activities at the end of each year.

e) Supervise and analyse the effectiveness of the Company's internal control and of the risk control and management policy approved by the Board of Directors, ensuring that it identifies, as a minimum: (i) the different types of risks faced by the Company, including financial or economic risks, contingent liabilities and other off-balance sheet risks; (ii) the determination of the level of risk that the Company considers acceptable; (iii) the measures planned to mitigate the impact of the risks identified, should they materialise; and (iv) the information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks, and submit this to the Board for approval.

f) Supervise the process of preparing and presenting individual and consolidated annual accounts and management reports, and the periodic financial information that is disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors, before the adoption by the latter of the following resolutions: (i) financial information that, given its status as a listed company, the Company is required to publish periodically, ensuring that the interim accounts are prepared using the same accounting criteria as annual accounts and, to that end, consider the suitability of a limited review of the Company's external auditor; and (ii) the creation or acquisition of interests in special purpose entities or those registered in countries or territories that are considered tax havens, as well as any other transactions or operations of a similar nature that, given their complexity, could undermine the transparency of the FCC Group.

g) In relation to information and internal control systems: (i) supervise the preparation process and the integrity of the Company's financial information and, where appropriate, the Group's financial information, ensuring compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria; (ii) periodically supervise the internal control and risk management systems, including tax risks, ensuring that the main risks are properly identified, managed and disclosed; (iii) ensure the independence and effectiveness of the Internal Audit function, proposing the selection, appointment, re-election and removal of the head of the Internal Audit service, as well as the budget of this service, receiving periodic information about its activities and verifying that Senior Management takes into account the conclusions and recommendations in its reports; periodically receive information from the Response Committee and the Management Control and Risk Management Division, respectively, on the performance of their activities and the operation of internal controls; and (v) ensure that internal codes of conduct and corporate governance rules comply with regulatory requirements and are appropriate for the Company, in addition to reviewing compliance, by people affected by these codes and rules of governance, of their obligations to inform the Company.

h) Issue the reports and proposals requested by the Board of Directors or by the Chairman of the Board of Directors and those deemed appropriate in the proper performance of their duties and, in particular, (i) issue a report on the proposed modification of this Regulation, pursuant to the provisions of Article 4.3; (ii) make decisions in relation to the requests for information that directors, pursuant to the provisions of Article 26.3 of these Rules, submit before this Committee; and (iii) request, where appropriate, the inclusion of items on the agenda of Board meetings under the conditions and deadlines provided for in Article 34.3 of these Rules."

C.1.31 Indicate whether during the business year, the Company has changed its external auditor. If applicable, identify the incoming and outgoing auditor:

Yes ☐ No ☒

Outgoing auditor	Incoming auditor

Remarks
The General Shareholders' Meeting approved at its meeting of 2 June 2020, at the proposal of the Board of Directors, the appointment of Ernst&Young, S.L. as auditors of FCC and its consolidated group for the business years 2021, 2022 and 2023.

If there have been disagreements with the outgoing auditor, explain the nature of these:

Yes ☐ No ☒

Explanation of disagreements

C.1.32 Indicate whether the audit firm performs other work for the Company and/or its Group other than those inherent to audits and, in that case, state the fees received for this work and the percentage they represent of the fees billed to the Company and/or its Group:

Yes ☐ No ☒

	Company	Group companies	Total
Value of work other than audits (thousands of euros)	0	20	20
Value of work other than audits/Value of audit works (in %)	0.00	0.57	0.53

Remarks

C.1.33 Indicate whether the audit report of the previous year's annual accounts includes reservations or qualifications. As applicable, indicate the reasons given to shareholders at the General Shareholders' Meeting by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.

Yes ☐ No ☒

Explanation of reasons and direct link to the document made available to shareholders at the time of the call in relation to this matter

C.1.34 Indicate the number of business years that the current audit firm has been continuously auditing the Company's individual and/or consolidated financial statements. Furthermore, indicate the percentage that the number of years audited by the current audit firm accounts for in terms of the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of uninterrupted business years	19	19
Number of business years audited by the current audit firm/Number of business years that the Company or its Group have been audited (in %)	61.29%	61.29%

Remarks
The Company and the FCC Group has been audited by Deloitte, S.L. since 2002. Previously, starting in 1990, the Company and the Group was audited by Arthur Andersen, a firm that disappeared worldwide in 2002, becoming part of Deloitte.

C.1.35 Indicate and, as applicable, describe if there is a procedure for directors to receive the necessary information to prepare meetings with administrative bodies with sufficient time:

Yes ☒ No ☐

Describe the procedure
Rules of the Board of Directors. Article 26. Information and inspection powers "1. In the performance of their duties, every director has the duty to demand and the right to obtain from the Company, the adequate and necessary information that will allow them to fulfil their obligations concerning all aspects of FCC and its subsidiaries and investees, whether national or foreign. To this end, they may examine the documentation deemed necessary, make contact with those responsible for the affected departments and visit the corresponding facilities. 2. To refrain from disturbing the ordinary management of the FCC Group, the exercise of the powers of information shall be channelled through the Chairman, who shall respond to the director's requests, directly providing the information or offering the details of the corresponding contacts at the corresponding organisational level. 3. If the request for information is denied, delayed or incorrectly responded to, the requesting director may repeat their request before the Audit and Control Committee, and, once the Chairman and the requesting director have provided their reasons, this Committee shall decide how to proceed for the purposes mentioned above. 4. The requested information may only be denied when, in the opinion of the Chairman and the Audit and Control Committee, it is unnecessary or harmful to the Company's corporate interests. This refusal shall not apply when the request has been supported by the absolute majority of the Board members".

C.1.36 Indicate whether the company has established rules obliging requiring directors to disclose and, where appropriate, to resign when situations arise that affect them, whether or not this is related to their actions in the company itself, which could be harmful to the credit and reputation of the company:

Yes ☒ No ☐

Explain the rules
Rules of the Board of Directors. Article 25. Information duties of Directors. Directors shall inform the FCC Appointments and Remuneration Committee, through the Corporate Responsibility Department or any other that may replace it, of the following points: d) Legal, administrative or other claims that, given their importance, could seriously affect the reputation of FCC. e) In general, any circumstance or situation that may be relevant to their performance as an FCC Director. **Article 19. Departure of the Director.** 1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers. 2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases: a) When they step down from their positions, posts or functions to which their appointment as executive directors was associated. b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or 18 reduces their shareholding to a level that requires the reduction of the number of proprietary directors. c) When they are affected by any of the cases of incompatibility or prohibition provided by Law. d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk. In this regard, the directors must inform the Board of criminal cases in which they are named as defendants and the subsequent legal proceedings. In any case, if any Director is prosecuted or tried for any of the corporate crimes established in Article 213 of the Spanish Corporate Enterprises Act, the Board shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should submit his resignation or not, providing a reasoned account of this in the Annual Corporate Governance Report.

Explain the rules
3. In the event that a natural person representing a corporate director is affected by any of the cases provided for in the previous section, this person shall be disqualified from exercising this representation. 4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be understood that there is just cause when the director had breached the duties inherent to their position or incurred in any of the circumstances described in Article 6.2.a) of these Regulations, which prevent their appointment as an independent director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the capital stock. 5. When either by resignation or for any other reason, a director steps down from his/her post before the end of the corresponding term, an explanation shall be provided in writing sent to all the members of the Board, notwithstanding his/her resignation being communicated as a relevant fact and the reason for the resignation being reported in the Annual Corporate Governance Report. In particular, if the resignation of the director is due to the fact that the Board has taken significant or repeated decisions, concerning which the director has made serious reservations and as a consequence of which, he/she decides to resign, in the letter of resignation addressed to other members, this circumstance shall be expressly stated".

C.1.37 Indicate, unless special circumstances have arisen which have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not this is related to his or her performance in the company itself, which could be harmful to the credit and reputation of the company:

Yes ☐ No ☒

Director's name	Nature of the situation	Remarks

In the above case, indicate whether the Board of Directors has examined the case. If the answer is yes, state the reasons why, in light of the specific circumstances, it has taken any action, such as opening an internal investigation, requesting the resignation of the director or proposing the director's dismissal.

Also indicate whether the board's decision has been subject to a report from the appointments committee.

Yes ☐ No ☐

Decision taken/action performed	Reasoned explanation

C.1.38 Detail the significant agreements that the Company has entered into and that come into force, are modified or terminated in the event that control of the Company is handed over following a takeover, and their effects.

On 5 February 2016, Nueva Samede 2016, S.L.U. (hereinafter "Nueva Samede") and I. Carso (hereinafter "I. Carso") entered into an options contract to buy shares in Fomento de Construcciones y Contratas, S.A. (hereinafter, "FCC") before Madrid Notary Jaime Recarte Casanova, recorded under his notary protocol No. 285 ("Purchase Option"), by virtue of which Nueva Samede irrevocably granted I. Carso an option to purchase 9,454,167 ordinary shares of FCC, representing 2.496% of its capital stock and of which Nueva Samede is the proprietor after the subscribing and paying in of the capital increase of FCC as entered on record in the Barcelona Mercantile Registry on 4 March 2016 (the "Affected Shares").

It is hereby stated for the record that the Affected Shares form part of the 7.028% of FCC's capital stock owned by Nueva Samede which are attributed to I. Carso for the exclusive purposes of article 5.1.d of the Royal Decree regulating takeover bids and over which I. Carso has no direct or indirect voting rights.

In relation to the foregoing, as at 22 July 2016, I. Carso exercised the Purchase Option held over all the Shares Affected and effective 14 June 2016. However, the formal arrangement of the exercise of the Purchase Option was subject to the condition precedent which, cumulatively, results in the following: (i) the authorisation by the National Securities Market Commission of the Bid submitted by CEC, approved on 29 June 2016, and (ii) the presence on the FCC Board of Directors of a majority of directors appointed at the request of I. Carso and/or CEC or any company associated with I. Carso (the, "Condition Precedent"), which was fulfilled following the appointments of Miguel Martinez Parra, Alfonso Salem Slim, Antonio Gomez García, and Carlos Manuel Jarque Uribe on 28 June 2016. As at 22 July 2016, pursuant to the provisions of Article 36 of Royal Decree 1066/2007, of 27 July, the National Securities Market Commission communicated, through a relevant fact, that the takeover proposed by Control Empresarial de Capitales, S.A. de C.V. involving 100% of the capital stock of Fomento de Construcciones y Contratas, S.A., had been accepted for 97,211,135 shares representing 48.30% of the shares included in the bid and 25.66% of the capital stock of Fomento de Construcciones y Contratas, S.A.

On 3 December 2020, the CNMV was informed by means of a Notification of Major Holdings of the reverse merger by absorption dated 30 June 2020, through which Inversora Carso, S.A. de C.V. is acquired by Control Empresarial de Capitales, S.A. de C.V. (CEC). CEC controls 100% of Dominum Dirección y Gestión, S.A.

On 3 December 2020, the CNMV was informed by means of a Notification of Major Holdings that the company Nueva Samede 2016, S.L.U. is 100% controlled by Esther Koplowitz Romero de Juseu.

On 3 December 2020, by means of a Notification of Major Holdings to the CNMV, it was reported that Esther Koplowitz Romero de Juseu directly controls 0.033% of FCC and 4.536% of FCC indirectly through Nueva Samede 2016, S.L.U.

On 15 December 2020, the CNMV was informed by means of a Notification of Major Holdings that Finver Inversiones 2020, S.L.U. indirectly owns 7% of FCC. This company is 100% owned by Inmobiliaria AEG, S.A. de C.V. which in turn is controlled by Carlos Slim Helú.

C.1.39 Identify individually, when referring to directors, and on an aggregate basis for other cases and indicate, in detail, the agreements between the Company and its administrative and management positions or employees concerning compensation, guarantee or shield clauses, when they resign or are dismissed improperly or if the contractual relationship comes to an end as a result of a takeover bid or other transactions.

Number of beneficiaries	2

Type of beneficiary	Description of the agreement
Chief Executive Officer	And if the contractual relationship is terminated at the will of the CEO for any of the following causes: - Substantial changes in working conditions that are notoriously detrimental to his professional training, that are detrimental to his dignity, or that are decided with serious transgression of good faith, by the Company. - Failure to pay for three consecutive months or six alternate months, or continued delay in the payment of the remuneration agreed under the contract. - Succession of a company or significant change in ownership of the same, which has the effect of a renewal of its governing bodies or the content of its main activity, provided that the termination occurs within three months of the occurrence of such changes. - Any other serious breach of the contractual obligations by the Company, with the exception of force majeure budgets, in which the payment of compensation shall not be applicable. As in the case of free and unilateral termination from the Company, he will have the right to receive compensation resulting from the sum of the following two items: a The amount resulting from the termination of the employment relationship that the CEO previously held with FCC Construcción or with any other company of the FCC Group using 12 September 2017 as the calculation date (and in accordance with the applicable regulations on that date). The amount resulting from multiplying 7 days wages by the number of years that have elapsed from 12 September 2017 until the contract expires.

Type of beneficiary	Description of the agreement
General Secretary	Concerning the general secretary, an executive director up until 13 January 2015, the Company, having received authorisation from the Executive Committee, took out and paid up the insurance premium to cover the payment of contingencies relating to death, permanent incapacity for work, retirement pensions and benefits or other concepts to be paid, in addition to others, to certain executive directors and executives. Specifically, the contingencies giving rise to compensation are those involving the termination of the employment relationship for any of the following reasons: a) Unilateral decision of the Company. b) Winding up or disappearance of the Parent Company for any reason, including a merger or spin-off. c) Death or permanent disability. d) Other causes of physical disability or legal incapacitation. e) Substantial modification of professional conditions. f) Resignation, having reached the age of 60, at the request of the executive and with the agreement of the Company. g) Resignation, having reached the age of 65, by unilateral decision of the executive. As at 31 December 2020, the Secretary General is entitled to a net amount equivalent to 3.5 times his annual gross remuneration.

Indicate whether, beyond the assumptions provided for in the regulations, these contracts must be communicated and/or approved by the corresponding bodies of Company or its Group. If so, specify the procedures, expected cases and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	X	

	YES	NO
Is the General Shareholders' Meeting aware of the clauses?	X	

Remarks

C.2 Board Committees

C.2.1 Provide details of all the Board Committees, their members and the proportion of executive, proprietary, independent and other external directors who serve on them:

EXECUTIVE COMMITTEE

Name	Position	Category
Alejandro Aboumrad González	Chairman	External proprietary director
Dominum Desga, S.A. (representada por Esther Alcocer Koplowitz)	Voting member	External proprietary director
EAC Inversiones Corporativas, S.L. (representada por Alicia Alcocer Koplowitz)	Voting member	External proprietary director
Gerardo Kuri Kaufmann	Voting member	Executive director
Juan Rodríguez Torres	Voting member	External proprietary director
Pablo Colio Abril	Voting member	Executive director

% of executive directors	33.33
% of proprietary directors	66.67
% of independent directors	0
% of other external directors	0

Remarks

Explain the functions delegated or attributed to this Committee other than those already described in section C.1.10, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Rules of the Board of Directors.

Article 36. The Executive Committee.

1. The Board may permanently delegate all its powers to the Executive Committee, with the exception of those whose competence is reserved by Law, the Bylaws or these Rules. In particular, the Executive Committee shall be responsible, unless otherwise provided for in the delegation of powers granted by the Board, to rule on matters of investments, divestments, credits, loans, guarantees or deposits or any other financial facility, when the unit amount of which does not exceed the figure established in Article 7.2.o). Furthermore, the Executive Committee may exercise, for reasons of urgency, the powers attributed to the Board of Directors, in accordance with Article 8 of these Rules. 2. The Board of Directors, pursuant to a report issued by the Appointments and Remuneration Committee, shall appoint the directors to serve on the Executive Committee, ensuring that the shareholding structure in the different director categories is similar to that of the Board itself. Its Secretary shall be the Secretary to the Board of Directors. 3. The Executive Committee shall consist of a minimum of four (4) and a maximum of ten (10) members. 4. The members of the Executive Committee shall step down from their posts when they step down in their capacity as Director or when the Board so agrees. Vacancies that occur shall be filled as soon as possible by the Board of Directors. 5. The Chairman of the Executive Committee shall be appointed from among its members by the Committee itself. In the absence or if it is impossible for the Chairman of the Executive Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting. 6. The Executive Committee shall hold ordinary meetings each month in which the Board of Directors is not due to hold a meeting, excluding the month of August, and may meet on an extraordinary basis whenever required on account of the company's corporate interests. 7. The Executive Committee shall be called to meet by its Chairman, at his/her own initiative or at the request of at least two (2) of its members, by letter, telegram, email or fax, addressed to each of the Committee's members at least forty-eight (48) hours in advance of the date of the meeting; however, it may be called 24 (twenty-four) hours in advance of the date and time of the meeting on urgent grounds, in which case, the agenda of the meeting shall be limited to the urgent items on which grounds it was called. Along with the announcement of each meeting, the corresponding documentation will be sent to the members of the Executive Committee so that they can form an opinion and cast their

vote. 8. In the absence or if it is impossible for the Chairman of the Executive Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age. For legal persons, the age of the natural person representing the company shall be taken into account for this purpose. 9. Meetings shall be held at the registered office or at any place designated by the Chairman as indicated in the announcement. 10. The Executive Committee shall be validly constituted when at least a majority of its members are in attendance, counting those present and those represented. Those absence may be represented by another member of the Executive Committee. In any case, non-executive Directors may only be represented by another non-executive Director. 11. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak. 12. Resolutions shall be adopted by an absolute majority of the Committee's members. In case of a tie, the matter shall be submitted to the Board of Directors, to which end the members of the Executive Committee shall ask for it to meet pursuant to the provisions of Article 34 of these Rules, unless it was already due to meet in the following thirty (30) calendar days, in which case the Committee will ask the Chairman of the Board to include the items resulting in a tie on the agenda of the meeting. 13. The Executive Committee, through its Chairman, shall inform the Board of the matters discussed and the resolutions adopted by the Committee, sending a copy of the meeting minutes to all directors.

At a meeting held on 19 January 2021, a report was issued on the functioning of the Committee and the performance of its duties in 2020, concluding that the Executive Committee responsibly assumes and performs the duties and powers delegated to it by the Board of Directors, diligently and effectively handling the Company's affairs that require constant attention and monitoring.

Regarding the most important actions carried out by the aforementioned Committee, worth note is that the Committee has met eight times over the course of the 2020 business year, and with the appropriate frequency to perform its duties.

A total of 37 resolutions have been adopted during these meetings, which have dealt with the approval of the Self-Assessment Report of the Executive Committee for the 2019 business year and authorisations for: the incorporation of new companies, dissolution and liquidation of other companies, the sale of certain companies and acquisition of others, sale of shares at public auction, capital increases and reductions, opening and closing of branches, and offsetting losses, among other matters.

AUDIT AND CONTROL COMMITTEE

Name	Position	Category
Manuel Gil Madrigal	Chairman	Independent director
Juan Rodriguez Torres	Voting member	External proprietary director
Henri Proglio	Voting member	Independent director
Álvaro Vázquez de Lapuerta	Voting member	Independent director

% of proprietary directors	25
% of independent directors	75
% of other external directors	0

Remarks

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this Committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Rules of the Board of Directors.

Article 37. Audit and Control Committee

1. The Board of Directors at FCC shall establish a permanent Audit and Control Committee, without executive functions and with powers of information, advice and proposal within its scope of action, consisting of a minimum of three (3) and a maximum of six (6) directors who shall be appointed by the Board of Directors taking into account their knowledge and experience in accounting, auditing or risk management matters. All its members shall be non-executive directors and a majority shall be independent, with the Committee itself choosing its Chairman, and optionally a Deputy Chairman, from among the independent directors sitting on the Committee. The mandate of the members of the Committee shall not exceed their mandate as directors, without prejudice to them being re-elected indefinitely, insofar as they remain directors. Notwithstanding the foregoing, the term of office of the Chairman and Deputy Chairman, as the case may be, may not exceed four (4) years or their terms as members of the Committee, and may be re-elected after at least one year has elapsed since the end of their term.

2. At least one of the independent members of the Audit and Control Committee shall be appointed taking into account their knowledge and experience in accounting, auditing or both. As a whole, the members of the Committee shall have relevant technical knowledge in relation to the activity sector of the Company.

3. The Audit and Control Committee shall regulate its own functioning in accordance with the Bylaws and these Regulations. Voting members who have held the position of Chairman may not return to that position until at least one year has elapsed since the end of their term. The Audit and Control Committee shall appoint a secretary, and as applicable a deputy secretary, who shall not be a member of the Committee, who shall assist the Chairman and ensure the proper functioning of the Committee, taking care to accurately reflect the progress of meetings the nature of deliberations and the resolutions adopted in the minutes. From each meeting, the secretary or whoever exercises their duties shall prepare the minutes, which shall be signed by the members of the Committee who have attended the meeting.

4. The Audit and Control Committee shall be validly constituted when the majority of its members are in attendance, whether in person or represented, adopting its resolutions by an absolute majority of its members present or represented; in case of a tie, the Chairman shall cast the deciding vote.

5. The primary function of the Audit and Control Committee shall be to support the Board of Directors in its oversight tasks, by periodically reviewing, among others, the process of preparing financial and economic information, its internal controls and the independence of the external auditor In particular, by way of example, and without prejudice to other tasks entrusted to it by the Board of Directors, the Audit and Control Committee shall be responsible for:

   a) Inform the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.

   b) Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit. The external auditor shall also: (i) submit proposals for the selection, appointment, re-election and replacement of the account auditor to the Board of Directors, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted; (ii) regularly gather information from the external auditor on the audit plan and the results of its performance, in addition to maintaining its independence in the performance of its duties and verifying that Senior Management takes its recommendations into account; (iii) discuss the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence. To this end, and where appropriate, the Audit and Control Committee may submit recommendations or proposals to the Board of Directors and the corresponding monitoring period. (iv) establish the appropriate relationships with the external auditor to receive information on issues that may pose a threat to their independence, for consideration by the Committee, and any other relating to the process of performing accounts audits and, where appropriate, the authorisation of services other than those prohibited, under the terms provided for in the regulations governing account auditing activities on the system of independence, as well as any other communications provided for in the account auditing legislation and in the audit regulations; (v) ensure the independence of the external auditor, establishing, in particular, appropriate measures: 1) so that the contracting of advisory and consulting services with the auditor or companies in its Group does not pose a risk to its independence, to which end the Committee shall request and receive from the auditor each year a declaration of its independence in relation to the Company or entities linked to it directly or indirectly, as well as the detailed, individual information of any type of additional services provided and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to it, pursuant to the provisions of the regulatory regulations on account auditing activities, and 2) so that the Company can communicate the change in auditor as a relevant fact to the CNMV and accompany this communication with a statement on any possible disagreements with the outgoing auditor and, as applicable, their nature, and in case of the resignation of the external auditor, examine the underlying circumstances; and (vi) encourage the Company's auditor to assume responsibility for audits of other Group companies. c) Each year, prior to the issuance of the account auditing report, issue a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in section b)v)1) above, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities. d) The supervision of the Company's Internal Audit services that ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being required to present his/her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his/her activities at the end of each year. e) Supervise and analyse the effectiveness of the Company's internal control and of the risk control and management policy approved by the Board of Directors, ensuring that it identifies, as a minimum: (i) the different types of risks faced by the Company, including financial or economic risks, contingent liabilities and other off-balance sheet risks; (ii) the determination of the level of risk that the Company considers acceptable; (iii) the measures planned to mitigate the impact of the risks identified, should they materialise; and (iv) the information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks, and submit this to the Board for approval. f) Supervise the process of preparing and presenting individual and consolidated annual accounts and management reports, and the periodic financial information that is disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors, before the adoption by the latter of the following resolutions: (i) financial information that, given its status as a listed company, the Company is required to publish periodically, ensuring that the interim accounts are prepared using the same accounting criteria as annual accounts and, to that end, consider the suitability of a limited review of the Company's external auditor; and (ii) the creation or acquisition of interests in special purpose entities or

those registered in countries or territories that are considered tax havens, as well as any other transactions or operations of a similar nature that, given their complexity, could undermine the transparency of the FCC Group. g) In relation to information and internal control systems: (i) supervise the preparation process and the integrity of the Company's financial information and, where appropriate, the Group's financial information, ensuring compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria; (ii) periodically supervise the internal control and risk management systems, including tax risks, ensuring that the main risks are properly identified, managed and disclosed; (iii) ensure the independence and effectiveness of the Internal Audit function, proposing the selection, appointment, re-election and removal of the head of the Internal Audit service, as well as the budget of this service, receiving periodic information about its activities and verifying that Senior Management takes into account the conclusions and recommendations in its reports; periodically receive information from the Response Committee and the Management Control and Risk Management Division, respectively, on the performance of their activities and the operation of internal controls; and (v) ensure that internal codes of conduct and corporate governance rules comply with regulatory requirements and are appropriate for the Company, in addition to reviewing compliance, by people affected by these codes and rules of governance, of their obligations to inform the Company. h) Issue the reports and proposals requested by the Board of Directors or by the Chairman of the Board of Directors and those deemed appropriate in the proper performance of their duties and, in particular, (i) issue a report on the proposed modification of this Regulation, pursuant to the provisions of Article 4.3; (ii) make decisions in relation to the requests for information that directors, pursuant to the provisions of Article 26.3 of these Rules, submit before this Committee; and (iii) request, where appropriate, the inclusion of items on the agenda of Board meetings under the conditions and deadlines provided for in Article 34.3 of these Rules.

6. The Audit and Control Committee shall have access to the information and documentation required for the exercise of its functions and may seek the 41 advice of external professionals who, in the capacity of advisors and up to a maximum of two (2) for each member of the Committee, they believe appropriate, to which end the provisions of Articles 27.3 and 35.4 of these Regulations shall apply. These advisors shall attend meetings with the right to speak but not to vote.

7. The Audit and Control Committee shall meet at least once per quarter and, in addition, every time its Chairman calls a meeting, or at the request of two (2) of its members. Each year, the Committee shall draw up an action plan for the year to be reported to the Board of Directors, as well as a report on its activity during the year, which will serve as the basis for the evaluation that the Board of Directors will carry out. In the absence or if it is impossible for the Chairman of the Audit and Control Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age. For legal persons, the age of the natural person representing the company shall be taken into account for this purpose.

8. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak. In the absence or if it is impossible for the Chairman of the Audit and Control Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting.

9. Any member of the management team and the staff of the FCC Group shall be obliged to attend Committee meetings and to provide their collaboration and access to the information available to them when so required; to this end, the provisions of Article 35.6 of these Rules shall apply. The same shall be required of the Company's Accounts Auditors.

10. Any aspects not expressly regulated in this Article regarding the functioning of the Audit and Control Committee, shall be regulated by the Audit and Control Committee itself.

    Over the course of 2020, in the performance of said powers, the Committee has performed, by way of example, the following duties:

    – Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit, as well as submitting proposals for the selection, appointment, re-election and replacement of the account Auditor, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted.

    – Discuss the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence Receive information from the external Auditor on issues that may pose a threat to their independence and, where appropriate, the authorisation of services other than those prohibited, under the terms provided for in the regulations governing account auditing activities on the system of independence.

    – Ensure the independence of the external Auditor, establishing the corresponding measures to this end.

    – Inform the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.

    – Each year, prior to the issuance of the account auditing report, issue a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in Article 37.5 section b)v)1) of the Rules of the Board, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities. Supervise the Company's internal audit services, as well as its control and risk management policy, reviewing the identification of the most relevant risks and the adoption of the necessary measures to mitigate their impact.

- Supervise the process of preparing and submitting individual and consolidated financial statements and management reports, and the financial information that is regularly disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles.
- Report favourably on the process of preparing the individual and consolidated annual accounts and management reports for 2019, and that they have been prepared in compliance with the legal requirements and applying generally accepted accounting principles.
- Report favourably on the 2019 Annual Corporate Governance Report.
- Supervise the Company's compliance with the internal codes of conduct and the Corporate Governance rules.
- Report favourably on the adequacy of the information contained in the "Interim Statement", referring to the first and third quarters of 2020, in accordance with the provisions of article 20, section 1, of Royal Decree 1362/2007, of 19 October, and the provisions that develop it, recommending its approval by the Board of Directors and its submission to the CMNV and Stock Exchanges.
- Report, globally, on communications through the "Internal Communication Channel" and the actions carried out to this end. An internal whistleblowing channel and procedure is in place that allows employees and third parties to send their questions and report irregular behaviours confidentially.
- Propose the appointment of Ernst & Young, S.L. as the account auditors for FCC and its consolidated group for the 2021, 2022 and 2023 business years to the FCC Board of Directors, for its submission to the Ordinary General Shareholders' Meeting.
- In relation to the proposal of a flexible dividend (scrip dividend) before the FCC Board of Directors, for submission to the Ordinary General Shareholders' Meeting. The review performed by members of the Committee of the shareholder remuneration mechanism has been particularly important, ensuring the economic equivalence of the options of (i) transferring free allocation rights to FCC under the Purchase Commitment and (ii) receiving this amount in New Shares, that is, without any of these options being promoted or penalised in economic terms.
- Approve, pursuant to the provisions of Article 34.9 of the Rules of the Board, the self-assessment report on the functioning of the FCC Audit and Control Committee during the 2019 business year, to be submitted to the Board of Directors.
- Report favourably to the Board on the approval of the FCC Group's Bidding Policy.
- Report favourably on the adequacy of the information contained in the financial statements of the first half of 2020 ("Abridged financial statements" and "Interim Management Report") in terms of the provisions of Article 11 et seq. of Royal Decree 1362/2007, of 19 October, and its implementing provisions.
- Report favourably to the Board on the FCC Non-Financial Information report for the 2019 business year.
- Report favourably on the changes in the Compliance Model, as well as the approval of the modification of the FCC Group's Protocol for the prevention and eradication of harassment (workplace and sexual).
- Approve the FCC Group Safety and Crisis Management Regulations. The appointment of its members: FCC General Secretary, FCC Managing Director of Administration and Finance, FCC Director of Security and FCC Director of Human Resources. The first manager of the business affected by the incident will also be a member of this Committee, if applicable. To propose Mr Alejandro Aboumrad González as Liaison Director of the Safety and Crisis Committee with the Board of Directors.

On 19 January 2021, the Audit and Control Committee issued its report on its activities and operations throughout 2020, for assessment by the Board.

Therefore, during 2020, the Audit and Control Committee reached a total of 14 resolutions in its eight meetings, which dealt with the approval of the self-assessment report on the functioning of the Committee for 2019 business year, the approval of the report on the independence of the auditors for the 2019 business year, providing favourable information to the Board on: the Annual Corporate Governance Report, the preparation of the Financial Statements, the Non-Financial Information Report, the approval of the FCC Group's Bidding Policy, the approval of the FCC Group's Safety and Crisis Management Regulations, the distribution of dividends, the changes in the regulatory section of the Compliance Model, the modification of the Board Regulations, as well as the process of preparing the different financial and management information reports for the 2020 business year.

Based on the foregoing, it can be concluded that the Audit and Control Committee assumes and efficiently and diligently complies with the powers attributed to it in the Company's different corporate texts.

Identify the members of the Audit Committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both, and report on the date on which the Chairman of this Committee was appointed to the position.

Names of directors with experience	Manuel Gil Madrigal
Date of appointment of the Chairman to the position	The chairman of this Committee is Manuel Gil Madrigal, appointed on 8 May 2019.

Remarks

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
Álvaro Vázquez de Lapuerta	Chairman	Independent director
Dominum Desga, S.A. represented by Esther Alcocer Koplowitz	Voting member	External proprietary director
Juan Rodríguez Torres	Voting member	External proprietary director
Manuel Gil Madrigal	Voting member	Independent director

% of proprietary directors	**50**
% of independent directors	**50**
% of other external directors	**0**

Remarks

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this Committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the business year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Rules of the Board of Directors.

Article 38. Appointments and Remuneration Committee

1. The Board of Directors of FCC shall constitute a permanent Appointments and Remuneration Committee without executive functions and with powers of information, advice and proposal within its scope of action, which will be composed of a minimum of four (4) and a maximum of six (6) directors, appointed by the Board of Directors, consisting exclusively of non-executive directors, of which at least two (2) must be independent directors and two (2) proprietary directors. The Committee shall appoint the Chairman from among its independent members. The mandate of the members of the Appointments and Remuneration Committee shall not exceed their mandate as directors, without prejudice to them being re-elected indefinitely, insofar as they remain directors.

2. The Appointments and Remuneration Committee shall regulate its own functioning in accordance with the Bylaws and these Regulations. The Committee shall appoint a secretary who shall not be a member of the Committee, who shall assist the Chairman and ensure the proper functioning of the Committee, taking care to accurately reflect the progress of meetings, the nature of deliberations and the resolutions adopted in the minutes, which shall be signed by the members of the Committee attending the meeting in question. The members of the Appointments and Remuneration Committee shall step down from their posts when they do so in their capacity as directors or when the Board of Directors so agrees.

3. The Appointments and Remuneration Committee shall be validly constituted when the majority of its members are in attendance, whether in person or represented, adopting its resolutions by an absolute majority of its members present or represented; in case of a tie, the Chairman shall cast the deciding vote.

4. The Appointments and Remuneration shall have the powers of information, assessment and proposal within its powers, corresponding to it, in addition to the functions established by law, the Company Bylaws or in accordance with these Rules, the following: a) Evaluate the necessary skills, knowledge and experience in the Board of Directors. For this purpose, it will define the functions and skills necessary in the candidates who must fill each vacancy and will evaluate the time and dedication required so that they can effectively carry out their duties. Any Director may request the Appointments and Remuneration Committee to take into consideration, if it considers them suitable, potential candidates to fill the vacancies of Director. b) Examine and organise the succession of the Chairman and the CEO and, where appropriate, make proposals to the Board of Directors so that said succession occurs in an orderly and planned manner. c) Submit to the

Board of Directors proposals for the appointment and re-election of independent Directors for appointment by co-option or for submission for a decision by of the General Shareholders Meeting, as well as proposals for the re-election or removal of said Directors by the General Shareholders Meeting. d) Report on the proposals for appointment and re-election of the remaining Directors for their appointment by co-optation or for submission for a decision by the General Shareholders Meeting, as well as the proposals for their re-election or removal by the General Shareholders Meeting. e) Report on the proposals for the appointment and removal of senior executives and the basic conditions of their contracts, which the CEO proposes to the Board, proposing the persons or positions that should be considered senior executives of the Company, in addition to those provided for in Article 2.2 of these Rules and preparing the proposals for reprimands referred to its Article 19.2.d). Likewise, it will previously report on appointments for the holding of positions or posts that have an annual remuneration equal to or higher than the figure established by the Committee itself in each case, which must be reported to the Board of Directors. f) Propose to the Board of Directors the remuneration policy of the Directors and of the general directors or of those who carry out their senior management duties under the direct authority of the Board, the Executive Committee or the Chief Executive Officer, as well as the individual remuneration and the remaining contractual conditions of executive Directors, ensuring their observance. Likewise, inform and make proposals about the incentive plans of a multi-year nature that affect the Company's senior executives and in particular, those that may be established in relation to the value of the shares. Likewise, to propose to the Board of Directors the distribution among the Directors of the remuneration derived from their status as Directors agreed by the General Shareholders Meeting, in accordance with the provisions of the Company Bylaws and in this Regulation. g) Prepare and keep a record of the situations of directors and senior managers at FCC. h) Assist the Board in its role of ensuring that the selection procedures of its members favour the diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Directors, so that the Company deliberately seeks and includes among the potential candidates, women who meet the intended professional profile, with the Board having to explain, if applicable, through the Annual Corporate Governance Report, the reason for the scant or non-existent number of female Directors and the initiatives taken to correct this situation. For the purposes of the foregoing, it must establish a representation objective for the less represented gender in the Board of Directors and prepare guidelines on how to achieve this objective. i) Report on the proposed appointment of the members of the Committees of the Board of Directors. j) Report the appointment and removal of the Secretary of the Board. k) Verify the classification of the Directors as established in Article 6.3. l) Report, in advance, to the Board of Directors on all the matters provided in the Law, the Company Bylaws and these Rules and, in particular, related-party transactions. m) Receive and keep a register of situations referred to in section g) above and the personal information provided by the directors, as established in Article 25 of these Rules n) Request, where appropriate, the inclusion of items on the agenda of Board meetings under the conditions and deadlines provided for in Article 34.3 of these Rules. In the case of matters relating to the executive directors and senior executives, the Appointments and Remuneration Committee will consult the Chairman and the Company's CEO.

5. The Appointments and Remuneration Committee shall regulate its own functioning in all matters not provided for in the Bylaws and in these Rules.
6. The Appointments and Remuneration Committee shall have access to the information and documentation necessary for the performance of its duties. The members of the Appointments and Remuneration Committee may be assisted, at Committee meetings, by the persons who, in their capacity of advisors and up to a maximum of two (2) for each Committee member, they deem appropriate. These advisors shall attend meetings with the right to speak, but not vote and the provisions of Article 27 of these Rules shall apply.
7. The Committee shall meet with the established frequency and each time a meeting is called by the Chairman or requested by two (2) of its members and at least once a quarter. Each year, the Committee shall draw up an action plan for the year to be reported to the Board, as well as a report on its activity during the year, which will serve as the basis for the evaluation that the Board of Directors will carry out.
8. In the absence or if it is impossible for the Chairman of the Appointments and Remuneration Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age. For legal persons, the age of the natural person representing the company shall be taken into account for this purpose.
9. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak.
10. In the absence or if it is impossible for the Chairman of the Appointments and Remuneration Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting.

The Appointments and Remuneration Committee of Fomento de Construcciones y Contratas, S.A. has issued a report on its functioning and the performance of its duties at its meeting of 19 January 2021.

As a result of the assessment process that the Committee performed on its own functioning, positive conclusions were reached, both in terms of its composition and internal organisation and the exercise of the powers assigned to it.

During 2020, it exercised, among others, the following competences:

– Assess skills, knowledge and experience necessary in the Board are evaluated, defining the necessary candidate functions and qualifications that each vacancy should entail, and assessing the time and dedication needed to discharge their duties properly.
– Report on the proposal for the appointment and re-election of directors and members of the Committees of the Board of Directors, as well as the proposed representatives of corporate directors.

- Ensure compliance with the remuneration policy established by the Group, proposing the remuneration policy for directors and senior managers to the Board of Directors, in addition to the basic conditions of senior managers' contracts.
- Approve the content of the documents named: Appointments and Remuneration Committee Report on the Chairman of the Board of Directors and Appointments and Remuneration Committee Report on the CEO, for assessment by the Board of Directors in terms of the performance of their duties during the 2020 business year, submitted to the Board of Directors for this body to perform the assessment referred to in Article 34.9 of its Regulations.
- Approve the Report on the functioning of the Appointments and Remuneration Committee during the 2020 business year, as well as the Report ratifying the current categories (proprietary, independent or executive) of the members of the Board.
- Report on the appointment of Senior Managers and other positions that fall within the first three levels, in addition to those with remuneration equal to or greater than €75,000.
- Propose the Annual Report on the remuneration of the Directors at Fomento de Construcciones y Contratas, S.A., corresponding to the 2020 business year to the Board of Directors, for its subsequent submission at the Ordinary General Shareholders' Meeting.
- Approve the Report containing the proposed statutory remuneration of the Board for the 2020 business year.
- Report on the critical aspects relating to the general salary policy for the 2020 business year at the FCC Group.
- Propose the remuneration policy for executive directors, the terms and conditions of the CEO's contract and ensure compliance with the company's remuneration policy to the Board of Directors.

During the seven meetings held by this Committee in the 2020 business year, a total of 16 resolutions were reached, which have addressed: the approval of the Report on the functioning of the Appointments and Remuneration Committee during the 2019 business year, the report ratifying the categories of directors, the Report of the Appointments and Remuneration Committee on the Chairman of the Board of Directors, the Report of the Appointments and Remuneration Committee on the CEO, as well as the implementation of the 2019 Variable Remuneration Plan and approval of the 2020 Plan. A favourable report has also been issued on: the 2020 Salary Policy, the 2019 Annual Report on the Remuneration of FCC Directors, on proposed appointments of directors and on various contractual transactions.

Based on the foregoing, it can be concluded that the Appointments and Remuneration Committee assumes and efficiently and diligently complies with the powers attributed to it in the Company's different corporate texts.

C.2.2 Fill in the following table with information regarding the number of female directors that sit on the Committees of the Board of Directors at the end of the last four years:

	Number of female directors			
	Business year t Number %	Business year t-1 Number %	Business year t-2 Number %	Business year t-3 Number %
Executive Committee	33.33% (2)	33.33% (2)	33.33% (2)	33.33% (2)
Audit Committee	0% (0)	0% (0)	0% (0)	0% (0)
Appointments and Remuneration Committee	25% (1)	25% (1)	25% (1)	25% (1)

Remarks

C.2.3 Indicate, where appropriate, the existence of Rules applicable to Committees of the Board, their location for the purposes of consultation, and any modifications made during the business year. In turn, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

- Rules of the FCC Group Board of Directors (Chapter IX. Board Committees).
- Reports of the Commissions to assess their functioning in 2020.

D. Transactions with related parties and intra-group transactions

D.1 Explain, as appropriate, the procedure and competent bodies for the approval of transactions with related parties and intra-group transactions.

Procedure for confirming approval of related transactions
Article 24 of FCC's Regulations of the Board of Directors states that: Transactions with significant shareholders "1. The Board of Directors shall approve, upon a report from the Appointments and Remuneration Committee, any transaction performed by the Company or its Group companies with holders, whether individually or jointly, of a significant shareholding, including shareholders represented on the Board of Directors of the Company or other Group companies or with persons associated with them or their directors. The directors representing or associated with the affected shareholders shall refrain from participating in the deliberation and voting process concerning the resolution in question. 2. Only transactions that simultaneously satisfy the three characteristics indicated in section 6 of the previous Article with respect to the transactions made by the Company with its directors or persons associated with them shall be exempted from this approval".

D.2 Describe significant transactions based their amount or relevance on account of their subject matter performed between the company or Group companies and significant shareholders in the company:

Name or corporate name of the significant shareholder	Name or company name of the company or group entity	Nature of the relationship	Transaction type	Amount (thousands of euros)
Realia Business, S.A.	FC y C, S.L. Unipersonal	Contractual	Management and marketing of three property developments: Plot "10B" in Badalona, Barcelona, (141 collective dwellings available for resale and parking spaces); Plot "RCL 1B" in Tres Cantos, Madrid, (85 collective dwellings available for resale and parking spaces): Plot "RLU 2ª" in Tres Cantos, Madrid (30 single-family homes)	1,954
Realia Business, S.A.	FCC Construcción, S.A.	Contractual	Construction contracts	23,911
Realia Business, S.A.	FC y C, S.L. Unipersonal	Contractual	Exclusive marketing: Plot RU2A in Tres Cantos (marketing of 30 single-family dwellings), Plot RC1B in Tres Cantos (marketing of 85 dwellings available for resale), Plot 10A in Badalona (marketing of 141 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 144 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 42 single-family dwellings), Plot in El Berzal (marketing of 40 single-family dwellings).	-

Name or corporate name of the significant shareholder	Name or company name of the company or group entity	Nature of the relationship	Transaction type	Amount (thousands of euros)
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	Contractual	Annual preventive maintenance of generator sets in the buildings: Offices on Calle Acanto 22 and 4 units in office buildings at Avda. Del Sur del Aeropuerto de Barajas, 28, 30, 32 and 34 in Madrid (Eisenhower Business Center in Madrid), basic annual preventive maintenance of the equipment of the Uninterruptible Power Supply of the buildings: Offices at Paseo de la Castellana 216, Madrid; offices at Calle Acanto 22, and 2 units in office buildings at Avda. del Sur del Aeropuerto de Barajas, 28 and 34, Madrid.	5
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	Contractual	Service provision contract	1,397
Banco Inbursa, S.A.	Cementos Portland Valderrivas	Contractual	Accrual interest on subordinated financing.	2,076
Banco Inbursa, S.A.	FCC Construcción, S.A.	Contractual	Acquisition of certificates pertaining to works on Metro line 2 in Panama	3,818

Remarks

D.3 Describe the significant transactions based their amount or relevance on account of their subject matter performed between the company or Group companies and company directors or executives:

Name or company name of directors or executives	Name or company name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)
Alejandro Aboumrad González	FCC	Director	Provision of services	338
Gerardo Kuri Kaufmann	Cementos Portland Valderrivas	Chief Executive Officer	Provision of services	175

Remarks
-

D.4 Provide details of the significant operations carried out by the company with other companies belonging to the same Group, provided they are not eliminated in the process of preparing consolidated financial statements and are not part of the Company's routine business in terms of its purpose and conditions.

In any case, any intra-group transactions carried out with companies established in countries or territories that are considered a tax haven shall be reported:

Corporate name of the Group company	Brief description of the transaction	Amount (thousands of euros)
-	-	-

Remarks
There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

D.5 Describe the significant transactions carried out between the Company or Group Companies and other related parties, which have not been reported on in the above sections.

Corporate name of the related party	Brief description of the transaction	Amount (thousands of euros)
-	-	-

Remarks

D.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interests between the Company and/or its Group and its directors, executives or significant shareholders.

Article 23 of the Rules of the Board of Directors states that:

1. As part of his/her duty to avoid the conflicts of interests indicated in section 2.e) of the preceding article, the Director shall refrain from: a) Undertaking transactions with the Company or with Group Companies, except in the case of ordinary transactions, carried out under standard conditions for customers and of limited relevance, including those for which information is not necessary to express the true image of equity, of the financial situation and the results of the Company. b) Using the name of the Company or invoking his/her status as a director to unduly influence the execution of private transactions. c) Making use of social assets, including confidential information on the Company, for private purposes. d) Taking advantage of the Company's business opportunities. e) Obtaining advantages or remuneration from third parties other than the Company and its Group associated with the performance of their duties, unless they are a mere courtesy. f) Performing activities on their own account or on behalf of others that involve effective competition, whether current or potential, with the Company or that, in any other way, place them in a permanent conflict with the interests of the Company.
2. The above provisions shall also apply in the event that the beneficiary of the prohibited acts or activities is a person linked to the director.
3. In any case, directors shall notify the Board of Directors, through the Corporate Responsibility Department or any other department that may replace it, with sufficient notice, of any direct or indirect conflict of interests that they or persons linked to them may have with the interests of the Company or those of the group of companies that comprise the FCC Group or its related companies.
4. The Company may waive the prohibitions contained in this article in unique cases, allowing the director or related person to perform a specific transaction with the Company, the use of certain social assets, the use of a specific business opportunity, obtaining an advantage or remuneration from a third party.
5. This authorisation shall be agreed by the General Shareholders' Meeting when the intention is to waive the prohibition on obtaining an advantage or remuneration from third parties, involves a transaction worth more than ten percent (10%) of the Company's social assets or concerns the obligation to not compete with the Company. In the latter case, the waiver may only be offered in the event that the Company is expected to suffer no damages or that the damages will be offset by the advantages expected to be obtained from the waiver, and the waiver shall be granted by express and separate consent of the General Shareholders' Meeting.
6. In the other cases to which the prohibitions in this article apply, authorisation may also be granted by the Board of Directors, subject to a favourable report from the Appointments and Remuneration Committee, provided that the independence of the members granting this authorisation is guaranteed with respect to the relieved director or the related person. In addition, it will be necessary to ensure that the authorised transaction protects social assets from harm or, where appropriate, they are undertaken subject to market conditions, and the transparency of the process. The affected directors or those representing or associated with the affected shareholders shall refrain from participating in the deliberation and voting process concerning the resolution in question. Only transactions that simultaneously meet the three (3) following characteristics shall be exempted from the authorisation required from the Board of Directors referred to in the paragraph above: a) that are undertaken as part of contracts whose conditions are standardised and are applied en masse to a high number of customers; b) that are executed at generally established prices or tariffs by those who act as suppliers of the asset or service in question; and c) that its value does not exceed one percent (1%) of the Company's annual income.
7. In any case, conflicts of interest incurred by the directors shall be included in the report, under the terms established by Law.
8. For the purposes of this provision, related persons are understood as those included in the Spanish Corporate Enterprises Act.

D.7 Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiary companies, business dealings with that entity or any of its subsidiary companies (other than those of the listed company) or engages in activities related to any of their subsidiary companies.

Yes ☒ No ☐

There is a collaboration agreement between FCC Construcción (FCC Group) and Carso Infraestructuras S.A.B de CV (a company related to Control Empresarial de Capitales) to jointly undertake projects in the Americas (excluding the United Mexican States), through a special purpose vehicle (SPV) "FCC Américas".

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiary companies and the parent company or its subsidiary companies have been accurately publicly disclosed:

Yes ☐ No ☒

Report on the respective areas of activity and any business relationships between the listed company or its subsidiary companies and the parent company or its subsidiary companies, and identify where these aspects have been publicly disclosed
Collaboration agreement between FCC Construcción (FCC Group) and Carso Infraestructuras (a company related to Control Empresarial de Capitales) to jointly undertake construction projects in the Americas (excluding the United Mexican States), through a special purpose vehicle (SPV) "FCC Américas".
These aspects have not been publicly disclosed.

Identify the mechanisms planned to resolve possible conflicts of interests between the parent company of the listed company and the other Group companies:

Mechanisms to resolve potential conflicts of interests
A joint executive committee has been set up for the company FCC Américas to resolve any disputes that may arise. Regarding the FCC's Board of Directors, for the adoption of resolutions in view of the tender for a project in the Americas, directors with a potential conflict of interest abstained.

E. Risk control and management systems

E.1 Explain the scope of the Company's Risk Control and Management System, including those of a fiscal nature.

The FCC Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The FCC Group also has a Criminal Prevention Model, developed, among other aspects, through a specific matrix of risks and controls. Its integration into the organisation's processes contributes to strengthening the control environment. This is in addition to a Tax Code of Conduct and a Tax Control Framework Standard, in which the process of identifying and assessing tax risks and assigning responsibilities for both the management and reporting of these risks is implemented.

E.2 Identify the bodies at the Company responsible for the development and execution of the Risk Management System, including the tax risk management system.

The Board of Directors is responsible for approving the FCC Group control and risk management policy, identifying the main risks identified by the company and implementing and monitoring the appropriate internal control and information systems, with a view to ensuring both the future viability and competitiveness of the Group, adopting the most relevant resolutions to implement them in the best possible way.

Furthermore, it is the responsibility of the Audit and Control Committee to supervise and analyse the effectiveness of the internal control and risk control and management policy, ensuring that it identifies:

- The different types of risks to which the Group is exposed, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
- The definition of the level of risk that the Group considers acceptable.
- The measures planned to mitigate the impact of the risks identified, should they materialise.
- The information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks, and submit them to the Board for approval.

In this connection, the FCC Group Risk Management Model is based on the establishment of three levels of risk management and internal control, the first two residing with the business units and the third with the corporate areas.

The first level is assumed by the operating lines of the business unit, which act as risk generators and have the responsibility of managing, monitoring and adequately reporting the risk generated, including tax risk.

The second level, also assumed by the business units, consists of support, control and supervision teams, ensuring effective control and adequate risk management, including tax. Within this level, the management area of each business unit is responsible for the implementation of the Risk Management Model, including those risks related to financial information. The Business Compliance Officer assists the Corporate Compliance Officer in the dissemination of the Criminal Prevention Model, in the identification of risks and in the definition and monitoring of controls, and proposes action plans, within its scope, in cases where breaches or inefficiencies in the functioning of controls have been detected, submitting these proposals to the Corporate Compliance Officer.

The third level consists of corporate areas that report to Senior Management and/or to the Audit and Control Committee. This third level encompasses the Tax Division, responsible for the definition of tax policies, procedures and criteria generally applied to the FCC Group and the Corporate Compliance Officer, whose duties include the implementation of the Crime Prevention Model, the identification of risks in this area, and the definition and follow-up of the relevant controls, as well as the management of the Whistleblowing Channel and the proposal of action plans in cases in which breaches or inefficiencies have been detected in the operation of the controls. The Internal Audit and Risk Management areas, which report to the Audit and Control Committee, are also part of this third level. The Risk Management area is responsible for coordinating the Risk Management Model, defining a baseline methodology for identifying, assessing and reporting risks, providing support to those responsible for its implementation, and the Internal Audit area, in its capacity as the final level of control, ensures that the policies, methods and procedures are adequate and verifies their effective implementation.

E.3 Indicate the main risks, including tax risks and the extent to which those involving corruption are significant (the latter being understood within the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives.

Below, details are provided of the main risk scenarios, grouped by categories: strategic, operational, compliance and financial.

Strategic Risks

Regulatory changes and political and socio-economic instability in countries and/or regions. Possible regulatory changes in social, tariff, commercial, labour, corporate, health, environmental and tax matters, etc., as well as changes in the public models for the development and management of environmental services, the end-to-end water cycle and infrastructures, or periods of economic, political or social instability in countries/regions in which the FCC Group operates or could operate, may lead to a reduction in business opportunities or a decline in the profitability of projects.

Global climate or health crises, natural disasters and regional armed conflicts. Short- and medium-term climate disruptions, extreme weather phenomena, epidemics and pandemics, armed conflicts or terrorist activities that would affect the areas and territories in which the FCC Group operates and, consequently, the demand for goods and services, the operations and level of activity, and the infrastructures built and operated by the group. In addition, costs could increase due to ecological transition policies or health constraints, and mobility and optimisation of supply chains for goods and services could be hampered, affecting the achievement of the group's objectives.

Cut in investment and demand forecasts. A decline in GDP in the countries in which the group operates, the increase in public and private debt and changes in the forecasts and investment priorities of current and potential customers may have different negative impacts on the FCC Group. Furthermore, the revenues the Business Areas for Environmental Services, Water, Concessions and Real Estate are, to some extent, dependent on the level of demand, which is subject to change as a result of conditions beyond the control of the FCC Group.

Loss of market share. The FCC Group works in highly competitive markets. Any difficulty in developing competitive and profitable bids, as well as the entry of new competitors in mature markets or regulatory and commercial barriers or restrictions for environmental or health reasons, could lead to a loss of market share.

Damage to reputational image. The FCC Group may be involved in certain internal or external circumstances that could adversely affect its reputational image and consequently its business.

Operational Risks

Termination or unilateral modification of a contract, contractual issues and legal disputes. Clients may unilaterally modify or terminate certain contracts before their complete execution. The compensation that the FCC Group would receive in these cases may not be sufficient to cover the damages caused and, in addition, the FCC Group may need to resort to legal or arbitration procedures to collect it, thus increasing costs and delaying the actual receipt of the compensation. Furthermore, different interpretations of contractual and regulatory requirements may lead to discrepancies that could have an impact on the outcome of the projects.

Project reprogramming. A situation of political and/or financial economic instability in certain markets in which the FCC Group operates, together with other circumstances outside FCC's control, such as the lack of availability of land for infrastructure projects, or a delay in obtaining licences, health or environmental restrictions, disruption of the supply chain for goods and services or other things, could lead to the rescheduling of projects underway with an impact on their results.

Risks arising from links with third parties. The FCC Group could undertake its business activities jointly with public authorities or private entities through different forms of association. However, adverse circumstances in the project, or in a partner's economic or reputational situation, could lead to a situation that could adversely affect the FCC Group.

Uncertainty in pricing and optimisation of the supply chain, raw materials, energy and outsourced services. In the course of its activities, the FCC Group consumes considerable volumes of raw materials and energy, as well as working with a great number of subcontractors and manufacturers. Changing economic, environmental, health and regulatory conditions could lead to price fluctuations and difficulties in optimising the supply of goods and services, which could affect the FCC Group's results.

Labour conflict. Some of FCC Group's activities are labour intensive, with considerable geographical diversity (each with their respective labour laws), that for different reasons could lead to conflicts that will would the company's productive capacity and reputation.

Loss of human capital. The success of the FCC Group's business operations depends largely on key personnel with technical and managerial experience, so a substantial loss of such personnel could affect the completion and results of certain projects.

Risks associated with digitisation. Increased digitisation of operations and the rise of remote working could lead to disruptions in an ever-changing environment with continuous innovation.

Cyber attacks. The existence of threats of a cybernetic nature could affect tangible and intangible assets and lead to prolonged interruption, uncontrolled access and information and data leaks and/or hijacking.

Health and safety risks. One of the FCC Group's priority aims is to perform its activities with a high level of health and safety for all personnel, and to comply strictly with legal regulations in the field, which is reflected in the Prevention of Risks at Work Policy approved by the Board of Directors. Even so, the FCC Group could be affected by the health crisis and incidents or accidents in the development of its activity that could harm and interfere with operations.

Environmental damage. CC's environmental commitment is mirrored in the Group's Environmental Policy approved by the Board of Directors. The Group has environmental management systems in place, implemented in projects and contracts that are audited and certified in accordance with the UNE-EN-ISO 14001 Standard. However, due to the nature of the Group's activities, there may be circumstances under which damage may occur in the form of spills, emissions, etc., that have an impact on projects and contracts.

Compliance Risks

Regulatory or contractual non-compliance. The FCC Group's operations should respect all applicable regulations and these will vary from one jurisdiction to another and even from one municipality to another, as well as being subject to modifications. However, under certain circumstances, there may be short-term non-compliance with regulations, especially in the phase of adaptation to new legislation that could be enacted. Also, in certain projects it may be difficult to comply with all contractual requirements.

Non-Compliance with the Code of Ethics. The FCC Group has a Code of Ethics and Conduct, a Manual for Criminal Prevention and, among others, Anti-Corruption, Human Rights, Tenders, Agents, Gifts and partner relationship Policies regarding Compliance that have been approved by the Board of Directors, as well as a protocol for the prevention and eradication of bullying, all of which are binding on anyone linked to any company in the FCC Group. The high level body entrusted with promoting and supervising the Compliance Model is the Compliance Committee, chaired by the Corporate Compliance Officer.

Nevertheless, in the course of operations and relationships with clients, partners and suppliers, situations could arise that could lead to potential non-compliance with these regulations, resulting in legal, economic and reputational damages for the Group.

Financial Risks

Credit risk and liquidity risk. Both risks are mainly attributable to accounts receivable and are therefore related to the Group's exposure to the credit risk of its clients and the liquidity lines available to them. The Group monitors the credit quality of its clients, the liquidity and financing lines for each of the companies to mitigate this risk.

Restricted access to financial markets. In specific circumstances, there may be some difficulty in obtaining or renewing corporate financing or for the execution of certain projects, due to situations of general instability that cause temporary disruption for the capital markets, requirements or guarantees requested by financiers, as well as the viability of the economic models that justify the repayment of funds. All this could affect regular funding, normal business, or result in the loss of business opportunities.

Impairment of the commercial fund. The FCC Group's commercial fund has a significant positive balance. FCC cannot guarantee that the Group will not incur losses/adjustments as a result of impairment of the commercial account or any other of the Group's material assets. If this should occur it could significantly affect the FCC Group's economic result.

Recoverability of deferred tax assets. At a consolidated level in the FCC Group there is a certain volume of deferred taxes, mostly corresponding to the Spanish tax group. Their recoverability could be affected by the cyclical nature of the Fiscal Group's profit, or by future changes in tax rates, especially corporate tax in Spain.

Fluctuation of exchange rates. Exchange rate risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than the euro.

Fluctuation of interest rates. The purpose of the Group's financial policy is to make sure that exposure of its debt is partially linked to variable interest rates. Any increase in interest rates could give rise to an increase in the FCC Groups's financial costs associated with borrowings at variable interest rates and could also increase the cost of refinancing the FCC Groups's borrowings and the issue of new debt.

E.4 Identify whether the entity has risk tolerance levels, including for tax risk.

According to the Risk Management Model, the level of tolerance to risk assumed by the FCC Group shall be dynamic over time, and shall vary depending on internal and/or external factors. It shall be defined by the Board of Directors and aligned with the strategy.

The elements that shall define the risk appetite of the FCC Group are as follows:

- A general profile of medium-to-low and predictable risk, based on a diversified business model.
- A stable and recurring policy for the generation of income.
- Intense participation of Senior Management that guarantees a culture of risk management focused on the protection and assurance of an adequate return on capital.
- A management model that ensures a global and interrelated vision of all risks, as part of a robust risk control environment, with responsibilities at different levels.
- The undertaking of its activity based on a behavioural model that protects the interests of its clients and shareholders.
- Zero tolerance against bribery and corruption.
- Concerning tax risk, the Tax Control Framework Standard defines the general tax risk management policy and the levels of tax risk that can be assumed.

E.5 Indicate the risks, including tax risks, that have materialised during the business year.

In 2020, the following risks have materialised:

- **Reduced activity as a result of measures decreed to curb the COVID-19 health crisis**

  Despite the fact that the group's main activities are the provision of services classified as essential, such as waste management, water supply, urban sanitation and infrastructure management, and the stability of demand for these services, the measures decreed for health reasons due to the pandemic declared by the WHO have had some impact on activity levels.

- **Inefficiencies in the supply chains of goods and services and in the mobility of human resources assigned to projects**

  FCC has contracts in various countries around the world and optimises its supplies and work teams globally. Restrictions on the mobility of people, goods and services decreed by various countries for health reasons during 2020 have altered the logistics planned for certain projects carried out by the group.

- **Rescheduling of certain projects, especially in the infrastructure area**

  Various operational, technical and design circumstances, the availability of work areas, contractual interpretation, and especially the measures decreed to deal with the COVID-19 pandemic declared by the WHO, have made it necessary to reschedule certain projects. The FCC Group carries out various initiatives, such as including contractual clauses that allow the costs arising from said rescheduling to be passed on, in addition to an active commercial relationship with the client in search of satisfactory solutions for both parties. The year's economic environment, however, has entailed added difficulties for negotiations in this area.

- **Contract and legal disputes**

  The high number of contracts with customers, suppliers and partners, as well as the possible requirements of authorities in different jurisdictions, means that the FCC Group is a party to civil, employment, criminal, arbitration, administrative, regulatory and similar proceedings that arise during the course of its ordinary business.

- **Changes in exchange rates of currencies with which the Group operates**

  The volatility in the different currencies that affect the FCC Group's businesses continued this business year, with the devaluation of the US dollar and the Mexican peso having a significant impact. FCC Group's general policy is to mitigate the adverse effect on its financial statements of exposure to foreign currencies as much as possible, with regard to both transactional and purely equity-related movements. Therefore, the FCC Group manages the exchange rate risk that may affect both the Balance Sheet and the Income Statement, through natural coverage whenever possible, or by contracting different financial instruments.

- **New regulatory framework following the UK's exit from the EU**

  Following the entry into force of the United Kingdom's Withdrawal Agreement from the European Union, the FCC Group continues to monitor the potential effects on its businesses, especially in the Environmental Services area, and has developed plans to adapt to possible changes.

E.6 Explain the response and supervision plans for the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the Board of Directors responds to any new challenges that arise.

Both the FCC Group 's Risk Management Model and its Compliance Model establish comprehensive frameworks for the identification, assessment and management of risks in their respective fields of application.

Once the risks have been identified and prioritized, it is expected to establish control mechanisms through the Risk and Control Matrices that will include key controls aimed at preventing and/or mitigating the risks and the definition of persons in charge of these control activities. For those risks that exceed the accepted level of risk or when non-fulfilment or inefficiencies are detected in the operation of the controls, specific Action Plans will be established taking into account their operational viability, their possible effects, as well as the cost-profit ratio of implementation.

The supervision of the Risk Management Model is carried out by the Business Divisions with the support of the Risk Management area, while supervision of the Ethics and Compliance programmes is carried out by the Compliance Committee, chaired by the Corporate Compliance Officer with the support of the Compliance Officers of the businesses, following certification of controls and processes by their owners.

In light of potential political and socio-economic uncertainties, and especially in light of the increase in national deficits and public debt, the FCC Group will continue to focus on consolidating its diversified international positioning, maintaining its market share in mature markets, and on seeking new formulas for public-private partnerships for the development of the end-to-end water cycle, environmental services and infrastructures, included in medium and long-term contracts.

Faced with risks caused by climate and health crises, the FCC Group maintains its position as a leading provider of services classified as essential, such as waste collection and treatment and street cleaning, the end-to-end water cycle service and the management and maintenance of transport infrastructures, which are business areas with low flexibility in demand and stable and predictable medium- and long-term cash flows. FCC has created its own strategy to adapt to climate change in Horizon 2050 that integrates all its business lines, and which is aimed at mitigating the risks associated with climate change by taking advantage of the business opportunities it represents, based on five pillars: communication with stakeholders, reduction of carbon footprint, innovation in products and services integrating their businesses in the circular and low-carbon economy, monitoring of emissions and adaptation to regulatory changes.

In relation to the risk of termination or modification of contracts and the rescheduling of projects, the FCC Group continuously monitors contractual contingencies, the planning and budgeting of operations and pursues an active negotiation policy.

Furthermore, the FCC Group monitors its key suppliers to avoid the risks of inefficiencies in the supply chain, both due to financial difficulties of suppliers and supply problems and stock depletion owing to alterations in the production chain and in the normal transit of goods due to the impact of restrictions for health or regulatory reasons. To mitigate risks involving the uncertainty and volatility of the prices of raw materials, energy and subcontracted services, before which purchasing procedures are applied preventively, also using deviation analysis as an indicator to detect deviations.

FCC's business units also have quality assurance, environmental management and occupational risk prevention systems, certified in accordance with international standards. Some of these units are part of the European Commission's Eco-Management and Audit Scheme, which is all designed to address these types of operational and compliance risks.

With regard to the risk of vulnerability to natural disasters, in addition to implementing different preventive actions, the FCC Group's policy sets to take out the necessary insurance policies to cover the possible risks to which the various elements of its property, plant and equipment and the activities carried out are subject.

To address the risks related to cyber attacks and information security, the FCC Group has an operational unit responsible for preventing, detecting, analysing and mitigating factors related to security events, such as intrusion, attacks, etc., as well as an Information Security Management System designed in line with international standards, and that has received third party certification for certain business areas. The FCC Group also has an internal policy for complying with the requirements of the data protection regulations, in addition to those responsible for this function both in the business units and at a corporate level.

In terms of other compliance risks, the FCC Group has a Code of Ethics and Conduct, which aims to ensure all persons linked to any FCC Group company are guided by the strictest behavioural guidelines in compliance with laws, regulations, contracts, procedures and ethical principles, being binding on all these persons. The FCC Group's Compliance Model also has, among other elements, documented policies on relationships with partners in matters of compliance, anti-corruption, agents, gifts and tenders, and is complemented by a Criminal Prevention Manual, compliance committee regulations, and documented procedures for investigation and response and the Whistleblowing Channel, as well as other procedures that further develop the different principles of action included in the Code of Ethics and Conduct.

Regarding financial risks, they are controlled by specialist departments at the business units, together with the General Administration and Finance Division, whose tasks include reaching decisions on risk transfer mechanisms (insurance), covering interest rate variations, and managing asset risks.

F. Internal risk control and management systems in relation to the financial information reporting process (IFRS)

Describe the mechanisms that make up the risk management and control systems in relation to the process of reporting your institution's financial information (IFRS).

F.1 Institution's control environment.

State, indicating their main characteristics, at least:

F.1.1. The bodies and/or areas responsible for: (i) the existence and maintenance of adequate and effective IFRS; (ii) its implementation; and (iii) its supervision.

The Internal Financial Reporting Control System (hereinafter IFRS) shall provide the Audit and Control Committee and Senior Management with reasonable assurance about the reliability of the financial information submitted for approval to the Board and that is periodically disclosed to regulators and the market.

The bodies and areas at the FCC Group responsible for ensuring the existence, maintenance, implementation and supervision of an adequate and effective IFRS, as well as the responsibilities attributed to these bodies are as follows:

Board of Directors.

The duties of this Governing Body include:

– Ultimate responsibility for the approval of the Risk Control and Management Policy, including tax risks, identifying the main risks faced by the Company and implementing and monitoring the appropriate internal control and information systems, as well as the supervision of internal information and control systems.

– Defining the information and communication policies with shareholders, markets and public opinion, ensuring the quality of the information provided, approving the financial information that, due to its listed status, the Company must publish periodically.

Audit and Control Committee.

In relation to the Information and Internal Control Systems, the Audit and Control Committee is responsible for:

– Periodically reviewing, among other aspects, the process of preparing economic-financial information, its internal controls and the independence of the external auditor.

– The supervision of the Company's Internal Audit services that ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being required to present his or her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his or her activities at the end of each business year.

– The supervision and analysis of the effectiveness of the Company's internal control and of the risk control and management policy approved by the Board of Directors, ensuring that it identifies, as a minimum:

  • The different types of risks to which the Group is exposed, including financial or economic risks, contingent liabilities and other off-balance sheet risks.

  • Setting the level of risk that the Company considers acceptable.

  • The measures planned to mitigate the impact of the risks identified, should they materialise.

  • The information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

– The supervision of the preparation process and the integrity of the financial information related to the Company and its Group, reviewing compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria.

– The supervision of the process of preparing and submitting individual and consolidated annual accounts and management reports, and the periodic financial information that is disseminated to the markets, ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors of the financial information that, given its status as a listed company, the Company is required to publish periodically.

– The supervision of the auditor and his/her independence, including the reception of reports and the authorisation of certain services that could pose a threat to his/her independence.

– The supervision of the proper functioning and effectiveness of the Crime Prevention Model.

Senior Management.

The Senior Management of each of the units is ultimately responsible for the implementation of the Risk Management and Internal Control Model; its duties include the implementation of an effective and efficient control system for risks, including those associated with financial information.

General Administration and Finance Division.

The General Administration and Finance Division performs its duties in the areas of Administration, Information Systems and Technologies, Finance, Purchasing and Human Resources.

The Administration area directs the administrative management of the FCC Group and has the following duties, among others, in relation to Information Systems and Internal Control: general accounting, accounts standardisation, consolidation, tax advice, and tax procedures, tax compliance and the management of administrative procedures.

The Finance area, in relation to the Information and Internal Control Systems, its aims and actions are structured around financing the Group's activities, the management of its debt and financial risks, the optimisation of the treasury and financial assets, financial management and control, the management of markets and CNMV, the analysis and financing of investments, the management, monitoring and control of guarantees and collateral, the management of insurance and industrial and property risks and management control.

The Information Systems and Technologies area of the FCC Group ensures that adequate technological support is provided to the Group's management processes, optimising the level of service provided to users, and ensuring the confidentiality and integrity of information systems. Reporting to this area, the FCC Group has an Information Security Department responsible for defining, and implementing internal controls to verify proper compliance with corporate information security policies, including those that support the processes of preparing and publishing financial information, and that assume responsibility for data protection matters.

General Internal Audit and Risk Management Division.

Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

The responsibilities in relation to the Financial Information Control Systems of the General Internal Audit and Risk Management Division include the supervision of the process of preparing and submitting the Group's financial information before it is issued to the market, as well as contributing, together with the other areas involved, the development of internal controls by monitoring compliance with the policies, standards, procedures and activities that constitute the internal control model to ensure the correct management and reduction of risks, issuing recommendations for their improvement. Its responsibilities also include the supervision of projects and processes, performing a risk identification and an assessment of the control environment.

Compliance Committee.

This high-level internal management committee, with autonomous initiative and control powers entrusted by the Board of Directors, through its Audit and Control Committee, is responsible for promoting a culture of ethics throughout the Organisation and ensuring both internal and external regulatory compliance. Its duties and competencies include the monitoring and supervision of ethics and compliance programmes, as well as the Code of Ethics and Conduct, existing policies, rules, procedures and controls aimed, among other objectives, at preventing unlawful conduct. It is chaired by the Corporate Compliance Officer.

F.1.2. Whether the following elements are in place, especially in relation to the process of preparing financial information:

- **Departments and/or mechanisms in charge of: (i) designing and reviewing the organisational structure; (ii) of clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring there are sufficient procedures for its correct dissemination throughout the institution.**

The highest authority for the design and review of the organisational structure as well as the definition of the lines of responsibility and authority is the CEO, appointed by the Board of Directors. Each Corporate or Business Division must define the organisational structure and the lines of responsibility of its management.

The process of determining the organisational structure is regulated by section 10 of the Group's General Standards Manual, which regulates the bodies that directly report to the Board of Directors, the distribution of the Group's management duties, and the appointment of managerial positions.

The first-level organisational structure is available on the corporate intranet, with the different business units having their own organisational structures associated with specific projects and contracts.

The Appointments and Remuneration Committee is responsible for examining and organising the succession of the Chairman of the Board of Directors and the CEO of the Company and, where appropriate, making proposals to the Board of Directors for this succession to take place in an orderly and planned manner. This is in addition to reporting on proposals for the appointment and dismissal of senior executives and the basic conditions of their contracts.

Among its specific responsibilities in terms of the Internal Financial Reporting Control System, the Administration area of the General Administration and Finance Division is responsible for the assumption of high-level executive functions in the management of the IFRS, the execution of control activities relating to the consolidation subprocess and the normalisation of the processes relating to the preparation of the information. The Risk Management areas responsibilities include methodological support in the identification of risks and controls in the process of preparing financial information. Finally, the Internal Audit area supervises the process of preparing and submitting the Group's financial information before it is issued to the market.

- **Code of conduct, approval body, degree of dissemination and awareness, principles and values included (indicating whether there are specific mentions to the register of operations and preparation of financial information), body in charge of analysing non-fulfilment and proposing corrective actions and sanctions.**

The Board of Directors, as a non-delegable power, is responsible for approving the FCC Group's Regulations or Internal Codes of Conduct. The Audit and Control Committee, in accordance with the aforementioned Regulations, is responsible for ensuring that the Internal Codes of Conduct and the Corporate Governance Rules comply with the regulatory requirements and are adequate for the Company, as well as reviewing compliance by those affected by these codes and rules of governance with their duties to inform the Company.

The FCC Group has a Code of Ethics and Conduct, the last update of which was approved by the Board of Directors in September 2019, which aims to ensure all persons linked to any FCC Group company, regardless of the type of contract applicable to their employment relationship, position or geographical area in which they perform their work, are guided by the strictest behavioural guidelines in compliance with laws, regulations, contracts, procedures and ethical principles, being binding on all these persons.

This Code is published both on the corporate intranet, as well as the Group's website, in 14 languages, where it can be read, performing awareness raising and communication campaigns and encouraging employees' compliance through different internal means, in both physical and electronic formats, with a view to strengthening the personal commitment of employees to the company's ethical compliance system. Likewise, training on the Code of Ethics and Conduct, and on its implementing policies and procedures, is a key aspect, present in the annual training plans of the FCC Group and its subsidiary companies.

In line with previous business years, in 2020 various training activities were carried out on the Code of Ethics and Conduct, mainly online, through the company's new training platform "FCC Campus", due to the social and health crisis affected all the Group's regions due to COVID-19 since March.

Specifically, during the business year, five new online training courses were provided as part of the FCC Campus Compliance and Values schools: training on the Code of Ethics and Conduct; Anti-Corruption training; training on the use of technological resources; training on workplace and sexual harassment; and training on bidding processes, in order to ensure alignment with the Code of Ethics and Conduct. A total of 18,321 FCC Group students successfully completed these ethics training courses in 2020, amounting to 11,633 hours of training.

Among the principles of action included in this Code are respect for the law and ethical values, zero tolerance for bribery and corruption, the prevention of money laundering and financing terrorist activities, protection of free competition and good practices in the market, ethical behaviour on the stock market, avoidance of conflicts of interest, rigour in the control, reliability and transparency of information, protection of the Group's reputation and image, the efficient and safe use of the company's resources and assets, the monitoring of property and the confidentiality of data and information, a customer orientation, the prioritisation of people's health and safety, the promotion of diversity and fair treatment, the commitment to our environment, a transparent relationship with the community and extending the commitment to ethics and compliance to business partners.

The FCC Group's Compliance Model has, among others, documented policies on relationships with partners in matters of compliance, anti-corruption, Human Rights, agents, gifts and tenders, and is complemented by a Criminal Prevention Manual, Compliance Committee regulations, and documented procedures for investigation and response and the Whistleblowing Channel, as well as other procedures that further develop the different principles of action included in the Code of Ethics and Conduct.

Regarding the registration of transactions and the preparation of financial information, the current Code of Ethics and Conduct, under "Rigour in control, reliability and transparency", specifies "The information of the FCC Group must be prepared with the maximum reliability, complying with the applicable regulations and company rules and be duly guarded and conserved", stating that the process of accounting, registering and adequately and comprehensively documenting all transactions, income and expenses, at the time they occur, should be monitored without omitting, hiding or altering any data or information, so that the accounting and operational records faithfully reflect reality and can be verified by the control areas and by internal and external auditors. Failure to follow these premises could be considered to be fraud. The circumvention of the company's internal controls will be grounds for sanction". In addition, the FCC Group has a Tax Code of Conduct, which also includes a commitment to transparent behaviour in tax matters and an Internal Code of Conduct in the area of the FCC Group's Securities Market.

The Board of Directors has entrusted the Compliance Committee with the task of promoting an ethical culture throughout the organisation, ensuring both internal and external regulatory compliance. Its main duties and competencies include the management of the Whistleblowing Channel and the surveillance and supervision of ethics and compliance programmes, as well as the Code of Ethics and Conduct, and of policies, rules, procedures and controls. The Corporate Compliance Officer is the Chairman of the Compliance Committee and informs this Committee, at least monthly, about the performance of its duties and the level of regulatory compliance.

Furthermore, each of the Group's businesses has its own Business Compliance Officer, who assists the Corporate Compliance Officer in the implementation of the Crime Prevention Model, in the identification of risks, in the definition and monitoring of controls and in the handling of complaints and investigations relating to crimes and reported breaches of the Code of Ethics and Conduct. Furthermore, the Business Compliance Committees have been set up as a Crime Prevention body that supports, in this connection, both the Board of Directors or the equivalent decision-making body and the Corporate Compliance Committee itself.

- **Whistleblowing channel, which allows for the reporting to the audit committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organisation, stating, if applicable, whether it is confidential in nature and whether it allows for anonymous reporting, respecting the rights of the complainant and the reported party.**

The FCC Group has a Whistleblowing Channel, through which it is possible to confidentially report activities and behaviours that may involve a breach of any of the aspects of the Code of Ethics and Conduct, including potential irregularities that could have criminal consequences.

Communications can be made in three ways:

– Via the corporate intranet.

– Sending an email to a specific email address.

– Sending a letter addressed to a specific post box.

All communications are received and analysed confidentially by the Compliance Committee, and a clear protocol will apply to them comprehensively, so as to respond to them and handle them in an organised fashion. The management of the Whistleblowing Channel is regulated in the Whistleblowing Channel Procedure. The guidelines, procedures, tools and mechanisms for managing the different types of investigations within Compliance Model Monitoring are governed by the Investigation and Response Procedure, which guarantees the rights of the parties.

The functioning of the Whistleblowing Channel is described in the Whistleblowing Channel Procedure, available on the corporate intranet, in the "Policies, procedures and manuals" section, as well as in the Code of Ethics and Conduct itself, which specifies the obligation of all persons linked to FCC Group companies to report any breach of the Code of Ethics and Conduct of which they become aware.

In accordance with current data protection regulations, notifications through the Whistleblowing Channel can be either identified or anonymous, bearing in mind, in any case, that the system established guarantees the confidentiality of the complainant and takes into account the principle of non-retaliation against the person who has made a complaint.

- **Training and periodic update programmes for staff involved in the preparation and review of financial information, as well as in the assessment of the IFRS, covering at least accounting standards, audits, internal control and risk management.**

Training plans, both for the business units and at a Corporate level, include different training actions focussing on the acquisition, updating and recycling of economic-financial, regulatory, control and risk management knowledge, as well as other regulatory and business aspects, knowledge of which is necessary for the proper preparation and supervision of the Group's financial information. During 2020, 16,082 hours of specific training were provided on these subjects, among which the following training actions stand out: development of accounting treatments in International Financial Reporting Standards, investment analysis and financial modelling, reporting and budget control in project management, taxation, analysis of financial projections, asset and project financing, data protection, etc.

F.2 Assessment of financial information risks

Report, at least:

F.2.1. The main characteristics of the risk identification process, including error or fraud, in terms of:

- **Whether the process exists and is documented.**

The FCC Group Risk Management Model establishes a comprehensive framework for the identification, assessment and management of risks at all levels of the organisation, assigning responsibilities in different areas and levels of the Organisation.

Based on a cross-cutting risk matrix, the business units identify and assess the different risks, in terms of probability of occurrence and impact. This risk matrix includes risks relating to errors in the preparation of financial information under different perspectives.

Section E of this Annual Corporate Governance Report details the activities, responsibilities and functioning of the FCC Group Risk Management Model.

- **Whether the process encompasses all the financial information objectives (existence and occurrence; integrity; appreciation; presentation, breakdown and comparability; and rights and obligations),whether it is updated and how often.**

The FCC Group's Risk Matrix contemplates, from different perspectives, risks related to the most relevant financial information objectives. On the one hand, as part of Operational and Financial Risks, different aspects relating to the analysis, monitoring and efficiency in the management of different financial information are considered. As part of Compliance Risks, the repercussions of non-compliance with the regulatory requirements in accounting, commercial and corporate matters are contemplated. The risk of fraud is contemplated in the Crime Prevention Model. Finally, as part of Reporting Risks, several risks relating to shortcomings in reporting models and systems are considered, including but not limited to aspects of reliability, timeliness and transparency.

Both the identification process and the risk assessment process include periodic updates, taking into account both business needs and external factors. In addition, there are regular reports on the most significant risks of the different business units as well as the corporate functions.

- **The existence of a consolidation perimeter identification process, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose entities.**

Each of the areas into which the FCC Group is organised is responsible for maintaining and updating the consolidation perimeter corresponding to its area of activity. Documented procedures are also in place for the reporting of consolidated economic and financial information to the Administration Area, for the creation of consolidation perimeters and the execution of the consolidation process. The Accounting Consolidation and Standardisation Department carries out accounting standardisation duties to ensure that the accounting reflection of operations is correct and uniform in all the companies that make up the FCC Group and carries out the consolidation process to obtain the Group's consolidated financial statements. Additionally, periodic controls are performed on the correct accounting treatment of companies that make up the consolidation perimeter.

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

The FCC Group's Risk Matrix includes different operational, technological, information security, financial, legal, environmental and reputational risks, in addition to others, which are divided into the following five broad categories: strategic, operational, compliance, financial and reporting risks. These risks are valued considering their potential impact on the financial statements should they materialise.

- **Which governing body at the entity supervises the process.**

The Audit and Control Committee is responsible for the regular supervision of the internal control and risk management systems, including tax risks, so that the main risks are properly identified, managed and disclosed. This is with the support of the Internal Audit function in the review of controls, the General Administration and Finance Department and the Corporate Compliance Officer, whose responsibilities include the review of risk maps and controls related to the Criminal Prevention Model.

In addition, the business unit managements also supervise the risk identification process, their main duties and responsibilities being the implementation of the Risk Management Model, the analysis and monitoring of risks, the design of alert indicators and communication with the Risk Management function.

F.3 Control activities

Report, indicating their main characteristics, whether at least the following are in place:

F.3.1. Procedures for reviewing and authorising the financial information and description of the IFRS, to be disclosed to the securities markets, indicating those in charge of them, as well as descriptive documentation concerning the flows of activities and controls (including those relating to fraud risk) of the different types of transactions that may materially affect the financial statements, including the year-end accounting procedure and the specific review of the relevant resolutions, estimates, measurements and projections.

The high-level functions regarding the Internal Financial Reporting Control System are assumed by the General Administration and Finance Division of the FCC Group, which certifies the consolidated accounts in terms of their integrity and accuracy, with the approval of the CEO.

The conclusions of the internal control assessment performed by the external auditor as part of the audit of accounts, together with the supervision performed by the General Internal Audit and Risk Management Division, are submitted to the Audit and Control Committee as part of reports containing the recommendations considered necessary.

Finally, the favourable report of the Audit and Control Committee is a preliminary step as part of the preparation of the Annual Accounts and the Management Report by the Board of Directors.

In addition, as part of the process of disclosing financial information to the securities markets, either quarterly or on an exceptional basis, or when a relevant fact is issued, those responsible for each area review the information reported for the purposes of consolidation. This information is consolidated by the Group's General Administration and Finance Division, which performs specific control activities as part of the year-end accounting process to ensure the reliability of this information. The Internal Audit area supervises the process of preparing and submitting the Group's financial information before it is issued to the market.

Additionally, the specific review of the relevant resolutions, estimates, measurements and projections to quantify certain assets, liabilities, income, expenses and commitments recorded and/or broken down in the Annual Accounts, is also carried out by the General Administration and Finance Division with support from the other divisions. Hypotheses and estimates based on the evolution of the business are reviewed and analysed in cooperation with the corresponding Business Divisions.

For each of the business units, as well as for corporate services, the FCC Group has a series of controls to regulate, supervise and monitor, among other aspects, business management processes, the aim of which is to prevent and detect breaches of the FCC Group's policies and procedures and potential fraud risk situations.

In addition to the bases established in Articles 10, 11 and 14 of the Rules of the Board of Directors, which describe the specific duties relating to the Annual Accounts, the Management Report and the relationship with the securities market, the FCC Group has defined procedures in place on year-end and maintenance processes concerning the accounts plan, including procedures to ensure the correct identification of the consolidation perimeter. Specifically, the Economic-Financial Manual covers the accounting treatment of the different types of processes and transactions that may affect Financial Statements (accounting, tax, insurance, treasury, etc.), and includes a series of rules that make it possible to obtain information of an economic-financial nature in a standardised manner, including procedures to make economic and financial information available to the Administration and IT areas, obtain consolidated information, tax reporting, submission of financial statements, accounting, transactions with related parties, etc.

F.3.2. Internal control policies and procedures on information systems (among others, on access security, change control, their operation, operational continuity and segregation of duties) that support the institution's relevant processes in relation to the preparation and publication of financial information.

FCC has an Information Security Policy in place that defines the company's information security model, the regulatory body, organisation and responsibilities when it comes to the security, classification of information, the information security areas, the risk analysis model and the information auditing procedure. Internal control policies and procedures on information systems cover all the Group's information management processes, including the processes for preparing and publishing financial information. Certain part of the activities performed by Infrastructure (construction and Industrial) and Water have an international certified ISO-27001 Information Security Management System.

Worth particular mention from among the Information Security System documentation are the specific rules on database security, encryption, access control, equipment configuration control, mobile device security, backup copies, incident management, systems laboratories, networks, password security, privacy, security in developments, documents and outsourcing services to external companies, physical security, roles and responsibilities in information security, return of technological resources and compliance with the requirements of the General Data Protection Regulation. This is in addition to the Policy for the Use of Technology and the Information Management Policy. These regulations are published on the corporate intranet.

In addition, the Information Technology area has procedures in place for managing the life cycle of user access, managing changes to platforms and systems and managing security incidents and breaches.

Information and application security is monitored continuously through an SOC (Security Operations Centre) service, and periodic internal reviews of the computer control environment are also performed.

In addition, the Centre of Expertise that provides the support and maintenance service to the FCC Group's ERP has obtained the SAP "Customer Center of Expertise Primary Certification" certificate.

Lastly, in order to ensure a suitable separation of duties in the entity's important processes in relation to the preparation and publication of financial information, the FCC Group has various tools, including role matrices and approval work flows.

F.3.3. Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, as well as those aspects of assessments calculations or measurements entrusted to independent experts, which may materially affect the financial statements.

The FCC Group's Purchasing Regulations include a specific procedure for supplier management, applicable to all subcontracted activities that regulates official approval and evaluation processes, among other matters. The Purchasing Manual, which was updated in July 2020, describes these processes.

With respect to the significant activities outsourced with an impact on the financial statements, the FCC Group has outsourced the provision of management services for its IT and telecommunications infrastructures, as well as support for the main corporate applications. The Information Systems and Technologies Division has a standard that defines the security criteria in terms of outsourcing to external companies, and specific procedures for the control of outsourced services through the contractual regulation of the following aspects:

- Governance mechanisms and service monitoring
- Audits, inspections and service reviews
- Service level management
- Monitoring and control of services performed by third parties that affect ISO 27001 certifications

The main outsourced activities relating to the execution or processing of transactions reflected in the Group's Financial Statements are the measurement of derivative financial products, the performance of actuarial calculations and the appraisal of certain fixed assets. These activities are controlled by the Administration and Finance Division.

The economic information prepared in certain projects by business partners is supervised by the FCC Group's management teams for standardisation prior to consolidation in accordance with the guidelines of the procedures on the economic and financial reporting system and forms part of the auditable environment within the annual audit plans and the scope of consolidation.

F.4 Information and communication

Report, indicating their main characteristics, whether at least the following are in place:

F.4.1. A specific area in charge of defining, keeping accounting policies up to date (accounting policies area or department) and resolving queries or conflicts concerning their interpretation, maintaining fluid communication with those responsible for operations across the organisation, as well as an up-to-date accounts policy manual communicated across the units through which the company operates.

Responsibility for the application of the accounting policies at the FCC Group is centralised through the General Administration and Finance Division, to which the Accounting Consolidation and Standardisation Department and Administrative Coordination Department and Administrative Procedures and Tax Division report. These departments are responsible for functions including but not limited to:

- Defining the Group's accounting policies and incorporating them in the Financial Economic Manual.
- Issuing the accounting regulations applicable to the Group.
- Resolving queries or conflicts concerning the interpretation or application of the Group's accounting policies to any company included in the perimeter and specifying, clarifying or extending the instructions and regulations issued.
- Analysing single operations and transactions carried out or that the Group plans to carry out with a view to ensuring their adequate accounting treatment in line with the Group's accounting policies.
- Interpretation of new developments in accounting regulations and their consistent application in all the companies that form part of the Group.
- Resolution of tax queries and incidents and preparation of tax returns and compliance with other tax obligations.

The Financial and Economic Manual that includes the accounting regulations is available on the Group's Intranet. It is updated and maintained by the different departments under the General Administration and Finance Division. The FCC Group also has a Tax Code and a Tax Control Framework Standard.

F.4.2. Mechanisms for obtaining and preparing financial information in homogeneous formats, for application and use by all units of the company or Group, which support the main financial statements and notes, as well as the information provided on the IFRS.

The FCC Group has implemented SAP environment tools for the consolidation of the economic-financial information used to respond to the reporting needs of its financial statements. This tool makes it possible to centralise a significant part of the information corresponding to the accounting of the individual financial statements of the Group's subsidiaries in a single system. The system is centrally managed and uses a single account plan. Through this tool, the General Administration and Finance Department collects comprehensive information about the FCC Group as a whole, from both Spanish and foreign companies.

The accounting policies, procedures and internal rules relating to year-end, reporting and consolidation processes are described in the Group's Financial and Economic Manual, in addition to detailing the information that must be provided for the consolidation process and defining both the reporting deadlines and the base documents and forms to provide this information. This Manual also includes procedures for obtaining the consolidated information in SAP FC (creation of consolidation perimeters, execution of the consolidation process, controls, etc.) and for all reporting phases, as well as other procedures relating to the processes of applications in the SAP FC environment.

In addition, at year-end and with a view to publishing the annual financial report, the Administration area of the General Administration and Finance Department sends the year-end plan, including a series of instructions, to those responsible for providing the corresponding financial information. The Administrative Coordination Department, specifies, clarifies or extends these instructions when required.

The consolidated accounts follow the guidelines set out in the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). With a view to guaranteeing a homogeneous accounting process, the FCC Group has developed a corporate chart of accounts that is also included in the Financial and Economic Manual.

In 2020, in order to comply with ESEF regulations, the IT tools for XBRL tagging of the Consolidated Financial Statements and Notes to the Financial Statements have been adapted with the aim of publishing these statements in XHTML format.

F.5 Supervision of the system's functioning

State, indicating their main characteristics, at least:

F.5.1. The IFRS supervision activities performed by the audit committee and whether the company has an internal audit area responsible, in addition to other aspects, for supporting the committee in its work to supervise the internal control system, including the IFRS. Furthermore, the scope of the IFRS assessment carried out during the year and the procedure through which the person in charge of carrying out the assessment will communicate the corresponding results shall be indicated, whether the company has an action plan detailing the possible corrective measures, and whether their impact on financial information has been considered.

The Audit and Control Committee performs the following activities:

- Inform the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.
- Serve as a channel of communication between the Board of Directors and the external auditor at the Company, assessing the outcome of each audit and ensuring his/her independence.
- The supervision of the Company's Internal Audit services to ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being required to present his/her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his/her activities at the end of each year.
- Supervise and analyse the effectiveness of internal control at the Company and the Risk Control and Management Policy approved by the Board of Directors.
- Supervise the process of preparing and submitting the financial statements and management reports, both individual and consolidated, and the periodic financial information disclosed to the markets, ensuring compliance with legal requirements and the correct application of generally accepted accounting principles.

– Periodically supervise the Internal Control and Risk Management Systems, including tax risks, so that the main risks are properly identified, managed and made known.

The Internal Audit area forms part of the General Internal Audit and Risk Management Division. Its core mission is to facilitate the Audit and Control Committee in the fulfilment of its duties and responsibilities, acting with total independence from management areas, as it functionally reports to the Audit and Control Committee. Among its responsibilities and competencies relating to IFRS are:

– Collaborating in the supervision of the process for preparing and submitting the Group's financial information before it is issued to the market.

– Contributing, together with the other areas involved, to the development of internal control by monitoring compliance with the policies, standards, procedures and activities that constitute the internal control model to reduce risks, issuing improvement recommendations.

– Supervising projects and processes, carrying out a risk identification and an assessment of the control environment.

– Act as a third line of defence, conducting reviews of the Compliance Model.

– Performing the internal investigations designated by the Compliance Committee.

The outcome of the reviews performed by the Internal Audit area and the incidents detected are communicated by the General Internal Audit and Risk Management Division to the Audit and Control Committee.

The Audit and Control Committee is responsible for supervising the work carried out by the Audit and Risk Management Division, as well as for approving and monitoring the Annual Activity Plan. During 2020, the following tasks relating to the management and control of risks and the supervision of the Group's Financial Information were carried out by different areas:

– Review of significant applications in the field of the FCC Group's Information Technologies, as well as certain aspects of physical and logical security.

– Monitoring of internal control weaknesses detected during both the Internal and External Audit of the IT area.

– Collaborating in the supervision of the individual and consolidated financial statements of FCC, S.A., as well as the six-monthly financial statements reviewed by the external auditor.

– Collaborating in the supervision of financial and corporate information sent to regulators and markets and supervised by the Audit and Control Committee:

  • Annual financial report.
  • Management reports.
  • Six-monthly financial report.
  • Quarterly reports.
  • Annual Corporate Governance Report.

– Review of the control environment in relation to the prevention of money laundering and terrorist financing.

– Pre-approval of services other than audit services provided by audit firms, collaborating with the Audit and Control Committee in its work of monitoring the independence of the external auditor.

– Audit of key processes, works and projects/contracts focussing, in addition to other aspects, on reviewing financial information and contractual risks.

– Audit of procedures for sampling in certain business areas and reviewing support processes in certain business areas.

– Supervision of the FCC Group Criminal Compliance Model.

F.5.2. Whether a discussion procedure is in place, whereby the account auditor (pursuant to the provisions of the NTA), the internal audit area and other experts can inform Senior Management and the Audit Committee or the company's administrators of significant internal control shortcomings identified during the review of the financial statements or those entrusted to them. Furthermore, indicate whether an action plan is in place that seeks to correct or mitigate the shortcomings identified.

The Rules of the Board of Directors at the FCC Group establish that it is the responsibility of the Audit and Control Committee to serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results and discussing the significant shortcomings in the Control System Internal detected during the performance of the audit.

The Group's auditor has direct access to the Group's Senior Management, holding regular meetings, both to obtain information required for the performance of his/her work, and to communicate the control shortcomings detected. External auditors submit the conclusions of their reviews to the Audit and Control Committee, detailing the internal control shortcomings identified in the performance of their review of the Group's financial statements, including any aspect they deem relevant. In 2020, the External Auditor attended five Audit and Control Committee meetings, presenting five reports.

Furthermore, the Regulations of the Internal Audit area at the FCC Group indicate that the Audit and Control Committee shall be made aware, through the General Internal Audit and Risk Management Division, among others, of the most relevant aspects in relation to: relationships with external auditors, the outcome of the supervision of the reliability and integrity of the financial and management information of Group companies before being issued to the market, the fulfilment of internal and external regulatory requirements, the functioning of the internal control systems, and the development and functioning of risk management systems.

In addition, the Regulations of the Internal Audit area at the FCC Group establish that the Audit and Control Committee will be supported by the General Internal Audit and Risk Management Division in fulfilling its responsibilities and competences, without prejudice to the support or assistance received from other areas. The Internal Audit area performs monitoring processes on accounting information (individual and consolidated), management reports and financial information that is periodically disclosed to the markets.

The General Internal Audit and Risk Management Division at the FCC Group periodically informs the Audit and Control Committee of the significant internal control shortcomings identified during the performance of its work, indicating the recommendations to be implemented to properly correct them. The Audit and Control Committee also receives presentations performed by the General Administration and Finance Division and the Compliance Officer, as well as the different corporate areas in relation to risks that have materialised.

F.6 Other relevant information

N/A

F.7 External auditor's report

Report on:

F.7.1. Whether the IFRS information sent to the markets has been submitted to review by the external auditor, in which case, the company should attach the corresponding report as an appendix. Otherwise, the reasons for not doing so shall be indicated.

The information contained here on the Internal Financial Reporting Control System has been submitted to review by the external auditor, whose report is attached as an appendix to this document. The review has been based on the "Action Guidelines and Reporting Model for the auditor regarding information relating to the Internal Financial Reporting Control System of listed companies" published by the CNMV in 2013.

G. Degree of compliance with corporate governance recommendations

Indicate the degree of compliance at the company with the recommendations of the Code of Good Governance of Listed Companies.

In the event that any recommendation is not followed or is only partially followed, a detailed explanation of the reasons for this shall be included, so that shareholders, investors and the market in general have sufficient information to assess the company's behaviour. General explanations shall not be acceptable.

1. **The Bylaws of listed companies do not limit the maximum number of votes that can be cast by the same shareholder, nor contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.**

Compliant ☒ Explain ☐

2. **Where the listed company is controlled, within the meaning established by Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiary companies, business dealings with that entity or any of its subsidiary companies (other than those of the listed company) or engages in activities related to those of any of them, it should accurately publicly disclose the following:**

   a) **The respective areas of activity and any business relationships between, the listed company or its subsidiary companies and the parent company or its subsidiary companies.**

   b) **The proposed mechanisms for resolving any conflicts of interests that may arise.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

3. **During the ordinary general shareholders' meeting, in addition to the dissemination in writing of the annual corporate governance report, the Chairman of the Board of Directors verbally informs shareholders, in sufficient detail, of the most relevant aspects of the Company's Corporate Governance and, in particular:**

   a) **Of the changes that have occurred since the previous Ordinary General Shareholders' Meeting.**

   b) **Of the specific reasons that the company does not follow any of the recommendations in the Corporate Governance Code and, as applicable, any alternative rules that apply in this regard.**

Compliant ☐ Partially compliant ☐ Explain ☒

The Company believes that the provisions of the company's corporate governance information to shareholders in the specific report prepared to this end is sufficient; this report accompanies the information made available before the Meeting is held.

In this connection, the announcement of the General Shareholders' Meeting is expressly indicated in the "Right to Information" section that all shareholders are entitled to obtain from the Company, for consideration at its registered office or for immediate dispatch free of charge, including the Annual Corporate Governance Report, which is submitted to shareholders for approval as part of the Management Report.

This Report can be consulted on the Company's website and in the corporate governance section.

4. **The company defines and promotes a policy regarding communication and contact with shareholders, institutional investors in the framework of their involvement in the company, as well as with voting advisors that fully complies with the standards in force to combat market abuse and addresses shareholders in the same position equally. The company publishes this policy on its website, including information related to the way in which it has been implemented and identifying the points of contact or persons responsible for carrying it out.**

And, notwithstanding the legal obligations to disclose inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that helps to maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant ☐ Partially compliant ☐ Explain ☒

The company has drafted its Policy on Communication and Contacts with Shareholders, Institutional Investors, Analysts, Voting Advisors and Credit Rating Agencies, which the Board of Directors plans to approve in the 2021 business year.

5. **The Board of Directors does not submit a proposal for the delegation of powers to issue convertible shares or securities excluding the pre-emptive subscription right, for an amount greater than 20% of the capital at the time of delegation, to the General Shareholders' Meeting.**

   When the Board of Directors approves any issuance of shares or convertible securities excluding the pre-emptive subscription right, the company immediately publishes the reports on said exclusion to which trade legislation refers on its website.

Compliant ☒ Partially compliant ☐ Explain ☐

6. **The listed companies that prepare the reports mentioned below, whether they are mandatory or voluntary, publish them on their website well in advance of the Ordinary General Shareholders' Meeting, even when their dissemination is not mandatory:**

   a) **Report on the independence of the auditor.**

   b) **Reports on the functioning of the audit committee and the appointments and remuneration committee.**

   c) **Report of the audit committee on related transactions.**

Compliant ☐ Partially compliant ☒ Explain ☐

The company approves the self-assessment reports corresponding to the Audit and Control Committee and the Appointments and Remuneration Committee at the first Board meeting of the business year.

These reports are not published when the company considers that information is already provided to this end in Section C.2.1 on the IAGC Board of Directors committees, which is available on the Group's corporate website.

The approval of transactions with related parties lies with the Appointments and Remuneration Committee responsible for this specific function.

Also in Section D2 of the IAGC, the significant transactions that have taken place during the year are listed.

7. **The Company broadcasts General Shareholders' Meetings live, on its website.**

   And that the company has mechanisms that enable proxy voting and voting by remote means and even, in the case of large-cap companies and to the extent appropriate, attendance and active participation at the General Meeting.

Compliant ☒ Partially compliant ☐ Explain ☐

8. **The audit committee should ensure that the financial statements submitted by the Board of Directors to the general shareholders' meeting are drawn up in accordance with accounting standards. In those cases in which the auditor has included an exception in the audit report, the chairman of the audit committee should clearly explain at the general meeting the audit committee's opinion on its content and scope, and a summary of said opinion should be made available to shareholders at the time of publication of the notice of call to the meeting, together with the rest of the board's proposals.**

Compliant ☒ Partially compliant ☐ Explain ☐

9. The Company publishes on its website, on a permanent basis, the requirements and procedures that it shall accept to demonstrate ownership of shares, the right to attend the general shareholders meeting and the exercise or delegation of the right to vote.

   These requirements and procedures promote the attendance and exercise of shareholders' rights and are applied in a non-discriminatory manner.

Compliant ☒ Partially compliant ☐ Explain ☐

10. When a legitimate shareholder has exercised, before the General Shareholders' Meeting is held, the right to add to the agenda or submit new resolutions, the Company:

   a) Immediately disseminates these additional items and new resolutions proposed.

   b) Discloses the attendance card template or vote delegation form or distance voting form with the necessary modifications so that the new items on the agenda and alternative resolution proposals can be voted on under the same terms as those proposed by the Board of Directors.

   c) Submits all the alternative points or proposals to a vote and apply the same voting rules as applied to those prepared by the Board of Directors, including, in particular, assumptions or deductions on the meaning of the vote.

   d) After the General Shareholders' Meeting, communicate the breakdown of the vote on these additional items or alternative proposals.

Compliant ☐ Partially compliant ☒ Explain ☐ Not applicable ☐

Two different systems are used, for practical reasons, to count votes, all pursuant to the provisions of Article 20 of the Rules of the General Shareholders' Meeting, although the Chairman of the Board, in each specific case, may decide to apply the same counting system (Art. 20, section 4 of the Rules of the General Meeting).

11. If the company plans to pay out attendance premiums to the General Shareholders Meeting, a general policy on these premiums is established in advance and this policy is stable.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

12. The Board of Directors performs its functions with unity of purpose and independence of judgment, treats all shareholders in the same position in the same way and is guided by the social interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and maximisation of the economic value of the company.

   And in the pursuit of social interests, in addition to respect for the laws and regulations and conduct based on good faith, ethics and respect for commonly accepted uses and good practices, the company seeks to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Compliant ☒ Partially compliant ☐ Explain ☐

13. The Board of Directors is the correct size to ensure it is effective and participative, meaning it is advisable to have between five and fifteen members.

Compliant ☒ Explain ☐

14. The Board of Directors should adopt a policy aimed at encouraging a suitable composition for the Board of Directors and it should:

a) be specific and verifiable;

b) ensure that proposed appointments and re-elections are based on a preliminary analysis of the powers required by the Board of Directors; and

c) promote the diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior executives are considered to be conducive to gender diversity.

The result of the preliminary analysis of powers required by the Board of Directors is included in the explanatory report issued by the Appointments Committee that is published when the General Shareholders Meeting is called and to which the ratification, appointment or re-election of each director is submitted.

The Appointments Committee will verify compliance with this policy and will be informed in the Annual Corporate Governance Report.

Compliant ☒ Partially compliant ☐ Explain ☐

15. Proprietary and independent directors represent a large majority of the Board of Directors and that the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the shareholding of the executive directors in the Company's capital.

And that the number of female directors should account for at least 40% of the members of the Board of Directors by the end of 2022 and beyond, but no less than 30% before then.

Compliant ☐ Partially compliant ☒ Explain ☐

With regard to the percentage of female directors, the FCC's Board of Directors has four female directors out of a total of 14, entailing a percentage of 28.57.

16. The percentage of proprietary directors compared to the total of non-executive directors is no greater than the proportion between the capital of the Company represented by these directors and other capital.

This criteria may be relaxed:

a) At companies with a high capitalisation with few shareholdings considered significant by law.

b) For companies in which there is a large number of shareholders represented on the Board of Directors who have no links to one another.

Compliant ☒ Explain ☐

17. The number of independent directors represents at least half the total number of directors.

However, when the company is not highly capitalised or when, even if it is, one shareholder or more shareholders are acting together, controlling more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Compliant ☐ Explain ☒

On its Board of Directors, FCC has three independent directors out of a total of fourteen members, representing 21 percent of the total number of directors.

FCC believes that this percentage does not require an increase in the number of independent directors, considering the Company's very concentrated shareholding structure and the effective role of the three independent directors.

18. Companies publish the following information about directors on their website, and keep it up to date:

a) Professional and biographical profile.

b) Other boards of directors to which they belong, whether at listed companies or not, and the other paid activities they perform, regardless of their nature.

c) Indication of the category of Director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.

d) Date of their first appointment as a Director of the Company, as well as subsequent re-elections.

e) Shares in the company, and options on them, that they own.

Compliant ☐ Partially compliant ☒ Explain ☐

The company makes available on its website the professional and biographical profile, other boards of directors to which the directors belong, the director's category, the date of his or her first appointment and the shares in the company, without considering it necessary, for the time being, to disclose other remunerated activities carried out by the director, whatever their nature.

19. The Annual Corporate Governance Report, after a check performed by the Appointments Committee, explains the reasons that proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital stock; and it explains the reasons that formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

20. Proprietary directors submit their resignation when the shareholder they represent fully transfers their shareholding. They also do so, in the corresponding number, when said shareholder reduces their shareholding to a level that requires a reduction in the number of their proprietary directors.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

21. The Board of Directors does not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be considered that there is just cause when the director first occupies new positions or contracts new obligations that prevent him/her from dedicating the necessary time to the performance of the duties assigned to the position of director, breaches the duties inherent to the position in question or incurs in any of the circumstances resulting in him/her losing his/her status as an independent director, pursuant to the provisions of the applicable legislation.

The removal of independent directors may also be proposed as a result of takeovers, mergers or other similar corporate transactions that involve a change in the capital structure of the company, when these changes in the structure of the Board of Directors can be attributed to the criteria of proportionality indicated in recommendation 16.

Compliant ☒ Explain ☐

22. Companies should establish rules requiring directors to report and, where appropriate, resign when situations arise affecting them, whether or not this is related to their actions in the company itself, which could be harmful to the credit and reputation of the company. This is in addition to the specific requirement of informing the Board of Directors of any criminal proceedings in which they are under investigation, as well as the progress of any such proceedings.

And, having been informed of or otherwise having become aware of any of the situations mentioned in the previous paragraph, the board should examine the case as soon as possible. It should also, in view of the specific circumstances, decide, after a report from the appointments and remuneration committee, whether or not to adopt any measures, such as opening an internal investigation, requesting the resignation of the director or proposing his or her dismissal. And to report on the matter in the annual corporate governance report, unless there are special circumstances justifying this, which should be recorded in the minutes. This is notwithstanding the information that the company must disclose, where appropriate, at the time of adopting the corresponding measures.

Compliant ☒ Partially compliant ☐ Explain ☐

23. All directors clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. The same applies, in a special way, to independents and other directors who are not affected by any potential conflict of interests, in the case of decisions that may harm shareholders not represented on the Board of Directors.

When the Board of Directors adopts significant or repeated decisions about which the director would have made reservations, he/she shall draw the necessary conclusions and, if he chooses to resign, explain his/her reasons for doing so in the letter indicated in the following recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he/she does not have the status of a director.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

24. When, either by resignation or by resolution of the general meeting, a director steps down before the end of their term of office, they should sufficiently explain the reasons for their departure or, in the case of non-executive directors, their views on the reasons for the board's decision to dismiss them, in a letter sent to all members of the Board of Directors.

And, notwithstanding the fact that all the above is disclosed in the annual corporate governance report, to the extent that it is relevant for investors, the company should announce the departure as soon as possible, including a sufficient mention of the reasons or circumstances provided by the director.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

25. The Appointments Committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And the Rules of the Board establish the maximum number of Boards on which its directors may serve.

Compliant ☐ Partially compliant ☒ Explain ☐

In Article 21.4 of the Rules of the Board, the Company establishes that "Directors must inform the Appointments and Remuneration Committee of their other professional obligations, should they could interfere with their dedication of the position, and the Board shall establish, at the proposal of the Appointments and Remuneration Committee, the number of Boards on which directors may serve".

Since the aforementioned Committee has not stipulated this number to date, the Company believes that it is partially compliant with the recommendation.

The Company, for the time being, has not set the maximum number of Boards to which each director may belong, since the dedication of the directors to the company has proven to be adequate, without it being necessary, therefore, to define a number.

26. The Board of Directors meets with the necessary frequency to perform its duties effectively and, at least, eight times a year, following the programme of dates and matters established at the beginning of the year, with each director allowed to individually propose other items on the agenda not initially provided for.

Compliant ☒ Partially compliant ☐ Explain ☐

27. The absence of directors is limited to indispensable cases and quantified in the Annual Corporate Governance Report. And should such absences occur, the directors appoint a proxy with instructions.

Compliant ☒ Partially compliant ☐ Explain ☐

28. When the directors or the secretary express concern about any proposal or, in the case of directors, about the progress of the company and these concerns are not resolved by the Board of Directors, at the request of the person expressing them, these shall be recorded in the minutes.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

29. The Company establishes the appropriate channels so that directors can obtain the necessary advice for them to perform their duties, including, if the circumstances so require, external advice charged to the company.

Compliant ☒ Partially compliant ☐ Explain ☐

30. Regardless of the knowledge required by directors in the exercise of their duties, the companies also offer the directors knowledge refresher programmes when the circumstances so advise.

Compliant ☒ Explain ☐ Not applicable ☐

31. The agenda of meetings clearly indicates the points on which the Board of Directors must adopt a decision or resolution so that the directors can study or collect, in advance, the information necessary for its adoption.

When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions that do not appear on the agenda for approval by the Board of Directors, the prior and express consent of the majority of the directors present shall be required, duly reflected in the minutes.

Compliant ☒ Partially compliant ☐ Explain ☐

32. Directors are periodically informed of changes in the shareholding structure and of the opinion that significant shareholders, investors and rating agencies have about the company and its Group.

Compliant ☒ Partially compliant ☐ Explain ☐

33. The Chairman, as the person responsible for the effective functioning of the Board of Directors, in addition to exercising the duties assigned to him by Law and in the Bylaws, prepares and submits a programme of dates and matters to be discussed to the Board of Directors; organises and coordinates the periodic assessment of the Board, as well as, where appropriate, the company's Chief Executive; is responsible for the direction of the Board and the effectiveness of its functioning; ensures that sufficient discussion time is devoted to strategic issues, and agrees and reviews knowledge refresher programmes for each director, when the circumstances so advise.

Compliant ☒ Partially compliant ☐ Explain ☐

34. When there is a coordinating director, the Bylaws or the Rules of the Board of Directors, in addition to the powers that correspond to him by Law, assign the following powers thereto: preside over the Board of Directors in the absence of the Chairman and Deputy Chairman, as applicable; echoes the concerns of non-executive directors; maintains contact with investors and shareholders to obtain their points of view to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinates the Chairman's succession plan.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

35. The secretary of the Board of Directors ensures that the Board of Directors takes into account the recommendations on good governance contained in the Code of Good Governance applicable to company in its actions and decisions.

Compliant ☒ Explain ☐

36. The Board of Directors assesses, once a year, and adopts, where appropriate, an action plan that corrects any shortcomings detected regarding:

a) The quality and efficiency of the functioning of the Board of Directors.

b) The functioning and composition of its committees.

c) Diversity in the composition and powers of the Board of Directors.

d) The performance of the Chairman of the Board of Directors and the Chief Executive of the company.

e) The performance and contribution of each director, paying particular attention to those responsible for the different Board Committees.

To perform the assessment of the different committees, the report submitted to the Board of Directors will be used, and for the Board assessment, the report submitted to the Appointments Committee.

Every three years, the Board of Directors will be assisted by an external consultant in performing the assessment, whose independence shall be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group may have with the company or any Group company shall be broken down in the Annual Corporate Governance Report.

The process and the areas assessed shall be described in the Annual Corporate Governance Report.

Compliant ☐ Partially compliant ☒ Explain ☐

The Board of Directors internally performs the annual assessment of the efficiency of its functioning, its committees, as well as that of the Chairman of the Board of Directors (non-executive) and the CEO.

The Company believes that the conclusions drawn during the internal assessment make it possible to sufficiently correct any shortcomings detected or improvements in the functions assigned to the Board.

The assessment with the help of an external consultant has been carried out twice in the past. The Board shall assess the suitability of requesting such external assistance each business year.

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent and its secretary should be the secretary of the Board of Directors.

Compliant ☐ Partially compliant ☒ Explain ☐ Not applicable ☐

The secretary of the Executive Committee is the same as the secretary to the Board. However, in the composition of this committee, there are no independent directors, whereas there are three such directors on the Board.

All decisions taken by the Executive Committee are reported to the Board.

On this Committee, independent directors may request as many clarifications or comments as they deem appropriate.

Given the continuous control that the Board exercises over the Executive Committee, it has not been considered necessary to include independent directors on this Committee.

38. The Board of Directors is always aware of the matters discussed and the decisions taken by the Executive Committee and that all the members of the Board of Directors receive a copy of the minutes of the Executive Committee meetings.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

39. Members of the Audit Committee as a whole, and especially its Chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Compliant ☒ Partially compliant ☐ Explain ☐

40. Under the supervision of the Audit Committee, there is a unit that assumes the internal audit function ensuring the proper functioning of the information and internal control systems, which functionally reports to the non-executive Chairman of the Board or the Audit Committee.

Compliant ☒ Partially compliant ☐ Explain ☐

41. The head of the unit responsible for the internal audit function should present the annual work plan to the audit committee for approval by the committee or the board, report directly to it on its implementation, including any incidents and limitations on scope arising in the course of its implementation, the results and follow-up of its recommendations, and submit an activities report to it at the end of each business year.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

42. In addition to those provided by law, the Audit Committee assumes responsibility for the following functions:

1. In relation to information and internal control systems:

a) Supervise and assess the preparation process and the integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, if applicable, the group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, reviewing compliance with regulatory requirements, the adequate definition of the scope of consolidation and the correct application of accounting criteria.

b) Ensure the independence of the Internal Audit function; propose the selection, appointment and removal of the head of the Internal Audit service, as well as the budget of this service; approving or proposing approval to the Board of the annual internal audit orientation and work plan, making sure that its activity is mainly focused on relevant risks (including reputational risks); receive periodic information about its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial, accounting or any other irregularities related to the company that they become aware of within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for scenarios where communications can be made anonymously, respecting the rights of the complainant and the reported party.

d) Generally ensure that the policies and systems in place for internal control are effectively implemented in practice.

2. **In relation to the external auditor:**

   a) **In case of the resignation of the external auditor, examine the circumstances that may have led to this.**

   b) **Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.**

   c) **Ensure that the company communicates any change in auditor through the CNMV and accompanies this with a statement about the possible existence of disagreements with the departing auditor and, if there were any disagreements, the nature of them.**

   d) **Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them about the work undertaken and the development of the accounting and risk situation at the company.**

   e) **Ensure that the company and the external auditor respect the rules in force on the provision of services other than auditing services, the limits on the concentration of the auditor's business and, in general, the other rules applicable to the auditor's independence.**

Compliant ☐ Partially compliant ☒ Explain ☐

The meeting referred to in section 2.d) of this recommendation is not held, since this responsibility is delegated in full to the Audit and Control Committee, and the external auditor is responsible for presenting this information to the members of the Board.

43. **The Audit Committee may summon any employee or manager at the company, and even arrange for them to appear without any other manager present.**

Compliant ☒ Partially compliant ☐ Explain ☐

44. **The Audit Committee is informed about the structural and corporate modifications that the company plans to perform for its analysis and preliminary report to the Board of Directors on its economic conditions and its accounting impact and, especially, where appropriate, on the proposed exchange ratio.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

To date, all directors at the company, including independent directors, have voted in favour of the transactions referred to in this recommendation, meaning that the step previous to those before the Audit and Control Committee is not considered necessary.

In any case, on the Board of Directors, members of the Audit and Control Committee may present their reflections and opinions, which will be taken into account by the Board at the time of making a decision.

45. **The risk control and management policy identifies or determines at least:**

   a) **The different types of risk, both financial and non-financial, (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) that the company faces, including financial or economic, contingent liabilities and other off-balance-sheet risks.**

   b) **A tiered risk management and control model, including a specialised risk committee where sectoral rules require this or where the company deems it appropriate.**

   c) **The level of risk that the Company considers acceptable.**

   d) **The measures planned to mitigate the impact of the risks identified, should they materialise.**

   e) **The information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.**

Compliant ☒ Partially compliant ☐ Explain ☐

46. Under the direct supervision of the Audit Committee or, where appropriate, a specialised committee of the Board of Directors, there is an internal risk control and management function performed by an internal unit or department at the company that has been expressly attributed the following functions:

    a) Ensure the proper functioning of the control and risk management systems and, in particular, that all important risks affecting the Company are properly identified, managed, and quantified.

    b) Actively participate in the preparation of the risk strategy and in the important decisions about its management.

    c) Ensure that control and risk management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Compliant ☒ Partially compliant ☐ Explain ☐

47. The members of the Appointments and Remuneration Committee, or of the Appointments Committee and the Remuneration Committee, if they are separate, should be appointed ensuring that they have the knowledge, skills and experience suitable for the duties they are called upon to perform and the majority of the members should be independent directors.

Compliant ☐ Partially compliant ☒ Explain ☐

The Appointments and Remuneration Committee is currently made up of two proprietary and two independent directors, one of whom is the Chairman.

FCC believes that the make up of the Appointments and Remuneration Committee, with two independent members out of a total of four, one of whom is also the Chairman, sufficiently guarantees the proper functioning of this Committee".

48. Large-cap companies should have a separate appointments committee and a separate remuneration committee.

Compliant ☐ Explain ☒ Not applicable ☐

The two recommended committees are integrated into a single appointments and remuneration committee, as the Board of Directors believes that the combination of the two facilitates the carrying out of the duties assigned to them.

49. The Appointments Committee should consult with the Chairman of the Board of Directors and the CEO of the Company, especially on matters relating to executive directors.

    And any director may request the consideration of potential candidates to fill vacancies of Director from the Appointments Committee, if it finds them suitable in its opinion.

Compliant ☒ Partially compliant ☐ Explain ☐

50. The Remuneration Committee should carry out its duties independently and, in addition to the duties assigned by law, should have the following responsibilities:

    a) To propose to the Board of Directors the basic conditions of senior management contracts.

    b) To verify compliance with the remuneration policy established by the company.

    c) To regularly review the remuneration policy applied to directors and senior executives, including the share based remuneration systems and their application, and ensure that their individual remuneration is in line with that paid to the other directors and senior executives at the Company.

    d) To ensure that any conflicts of interest do not undermine the independence of the external advice provided to the committee.

e) To verify the information on directors' and senior executives' remuneration contained in the various corporate documents, including the annual directors remuneration report.

Compliant ☒ Partially compliant ☐ Explain ☐

51. The remuneration committee should consult with the company's chairman and CEO, especially on matters relating to executive directors and senior executives.

Compliant ☒ Partially compliant ☐ Explain ☐

52. The rules governing the composition and operation of the supervision and control committees should be set out in the regulations of the Board of Directors and be consistent with those applicable to the legally obligatory committees in accordance with the above recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) Their chairmen should be independent directors.

c) The Board of Directors should appoint the members of these committees, bearing in mind the knowledge, skills and experience of the directors and the duties of each committee, and should discuss their proposals and reports; and to report, at the first plenary session of the Board of Directors after its meetings, on its activity and should be accountable for the work carried out.

d) The committees may seek external advice, when they consider it necessary for the carrying out of their duties.

e) Minutes should be taken of their meetings and made available to all directors.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the Board of Directors, which may be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the Board of Directors, in the exercise of its powers of self-organisation, has decided to set up. Such a committee should be formed solely of non-executive directors, the majority of whom should be independent, and should be specifically attributed at least the duties indicated in the following recommendation.

Compliant ☐ Partially compliant ☒ Explain ☐

Although in the operations of the Board of Directors these skills are dealt with in the agenda of its committees, some of the duties indicated in the Recommendation are not formally attributed to one of its committees by the Regulations of the Board of Directors.

54. The minimal duties referred to in the above recommendation are as follows:

a) Overseeing compliance with the company's corporate governance rules and internal codes of conduct, and ensuring that the corporate culture is aligned with its purpose and values.

b) Overseeing the implementation of the general policy on economic-financial, non-financial and corporate reporting as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the institution communicates and interacts with small and medium-sized shareholders will also be monitored.

c) Regular evaluation and review of the Company's corporate governance system and environmental and social policy, in order for them to fulfil their aim of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders.

d) Ensuring that the company's environmental and social practices are in line with the established strategy and policy.

e) The supervision and evaluation of the processes of relationship with the different stakeholders.

Compliant ☒ Partially compliant ☐ Explain ☐

55. Sustainability policies on environmental and social issues should at least identify and include:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, environment, diversity, accountability, respect for human rights and prevention of corruption and other unlawful actions.

b) Methods or systems for monitoring compliance with policies, associated risks and their management.

c) Mechanisms for monitoring non-financial risk, including those related to ethical and business conduct issues.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Compliant ☒ Partially compliant ☐ Explain ☐

56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualifications and responsibility required for the position, but should not be so high as to compromise the independent judgement of non-executive directors.

Compliant ☒ Explain ☐

57. Variable remuneration linked to the company's performance and personal performance, as well as compensation in the form of shares, options or rights to shares or instruments linked to the value of the share and long-term savings schemes such as pension plans, retirement systems or other social welfare systems, should be exclusively limited to executive directors.

The delivery of shares may be considered as remuneration to non-executive directors when it is subject to their remaining on the board. The foregoing shall not apply to the shares that the director needs to sell, if any, to meet the costs related to their acquisition.

Compliant ☒ Partially compliant ☐ Explain ☐

58. In the case of variable remuneration, remuneration policies should include the necessary technical limits and precautions to ensure that said remuneration is related to the professional performance of its beneficiaries and is not simply a result of general market or sector trends or other similar circumstances.

And, in particular, that the variable components of remuneration:

i. Should be linked to performance criteria that are predetermined and measurable, and these criteria should take into account the risk assumed in order to obtain a result.

ii. Should promote the sustainability of the company and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

iii. Should be designed on the basis of a balance between the achievement of short-, medium- and long-term objectives, allowing performance to be rewarded for continued achievement over a period of time sufficient to assess their contribution to sustainable value creation, so that the elements used to measure that performance do not revolve solely around one-off, occasional or extraordinary events.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

59. The payment of variable components of remuneration is subject to sufficient verification that the performance or other conditions set out above have been effectively met. Entities shall include in the annual directors' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, entities should consider the establishment of a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that can lead to their total or partial loss should an event occur prior to the time of payment that makes this advisable.

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

The CEO's variable is related to EBITDA, operating cash flow and individual objectives. This variable is approved once the Board of Directors has drawn up the accounts and approved the financial objectives.

60. Remuneration related to the Company's profit and loss should take into account any qualifications in the external auditor's report that reduce said profit and loss.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments tied to their value.

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

The FCC Group's remuneration policy does not include the delivery of shares or financial instruments linked to their value to its executive directors, as this is considered more appropriate.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, executive directors may not transfer ownership or exercise them until at least three years have passed.

An exception is made where the director has, at the time of the transfer or exercise, a net economic exposure to share price changes of a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The above will not apply to shares that the director needs to dispose of in order to meet the costs related to their acquisition or, after a favourable assessment from the appointments and remuneration committee, to address extraordinary situations that so require it.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

63. Contractual agreements should include a clause allowing the company to claim reimbursement of the variable components of remuneration when the payment has not been in accordance with the performance conditions or when they have been paid on the basis of data which is subsequently proven to be inaccurate.

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

Variable remuneration is approved by the Board of Directors once the parameters to which it is tied have been verified. It has not been considered necessary, both because of the volume of the remuneration and the time at which it is paid, to establish additional precautions.

64. **Severance payments of payments for contract termination should not exceed a set amount equivalent to two years' total annual remuneration and should not be paid until the company has been able to verify that the director has met the criteria or conditions established for their receipt.**

    For the purposes of this recommendation, termination or contractual termination payments include any payments that accrue or are payable as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-compete agreements.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

H. Other information of interest

1. If there are any relevant aspects of Corporate Governance in the Company or in the Group Entities that have not been included in the other sections of this report, but that are necessary to include in order to obtain more complete and detailed information on the governance structure and practices in the entity or its group, please briefly describe them.

2. This section may also include any other information, clarification or detail related to the previous sections of the report insofar as they are relevant and not repetitive.

   Specifically, it shall indicate whether the company is subject to legislation other than Spanish legislation on corporate governance and, if so, include any information that it is obliged to provide that is different from that required in this report.

3. The Company may also indicate whether it has voluntarily adhered to other international, sectoral or other codes of ethical principles or good practice. If applicable, the code in question and the date of adhesion shall be specified. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010.

VOLUNTARY ADHERENCE TO CODES OR GOOD PRACTICES:

Since 2018, FCC has had a new Code of Ethics and Conduct approved by its Board of Directors. Likewise, in 2018, the Board of Directors approved a regulatory section on Compliance and a Group-wide risk control system. In 2019, the Board of Directors slightly updated the Group's Code of Ethics and Conduct.

The FCC Group provides its employees with a whistleblowing channel for reporting possible breaches of its Code of Ethics and Conduct and criminal offences.

FCC has been a member of the United Nations Global Compact since 7 May 2007.

Regarding tax matters, on 28 July 2010 the Board of Directors of FCC adopted the decision to adhere to the Code of Good Tax Practices, thereby effectively complying with the obligations arising from it each year.

This annual corporate governance report was approved by the company's Board of Directors at its meeting on 25 February 2021.

Indicate whether any directors voted against or abstained from voting on the approval of this Report.

Yes ☐ No ☒

Name or company name of the director who voted against the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

Remarks

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DETAILS

End date of the reference year: 31/12/2020

CIF (Tax ID): A-28037224

Corporate name:

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Registered address:

BALMES, 36 BARCELONA

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

A. OWNERSHIP STRUCTURE

A.1. Fill in the following table about the Company's capital stock:

Date of most recent change	Capital stock (€)	Number of shares	Number of voting rights
09/07/2020	409,106,618.00	409,106,618	409,106,618

Indicate whether there are different share classes with different associated rights:

[ ] YES
[√] No

A.2. List the direct and indirect holders of significant shares as at the reporting date, excluding directors:

Name or corporate name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
ESTHER KOPLOWITZ ROMERO DE JUSEU	0.03	4.54	0.00	0.00	4.57
WILLIAM H. GATES III	0.00	5.74	0.00	0.00	5.74
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	61.16	12.99	0.00	0.00	74.15
CARLOS SLIM HELÚ	0.00	7.00	0.00	0.00	7.00
NUEVA SAMEDE 2016, S.L.U.	4.54	0.00	0.00	0.00	4.54

List of indirect holdings:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
ESTHER KOPLOWITZ ROMERO DE JUSEU	NUEVA SAMEDE 2016, S.L.U.	4.54	0.00	4.54

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
WILLIAM H. GATES III	BILL & MELINDA GATES FOUNDATION TRUST	1.75	0.00	1.75
WILLIAM H. GATES III	CASCADE INVESTMENT, LLC.	3.99	0.00	3.99
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	DOMINUM DIRECCION Y GESTION, S.A.	8.46	0.00	8.46
CARLOS SLIM HELÚ	FINVER INVERSIONES 2020, S.L.U	7.00	0.00	7.00

A.3. Fill in the following tables on the members of the Company's Board of Directors, who have voting rights through their shares in the Company:

Name or corporate name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
HENRI PROGLIO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DOMINUM DESGA, S.A.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E.A.C. INVERSIONES CORPORATIVAS, S.L.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INMOBILIARIA AEG, S.A. DE C.V.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PABLO COLIO ABRIL	0.01	0.00	0.00	0.00	0.01	0.00	0.00
ALEJANDRO ABOUMRAD GONZÁLEZ	0.07	0.00	0.00	0.00	0.07	0.00	0.00
GERARDO KURI KAUFMANN	0.01	0.00	0.00	0.00	0.01	0.00	0.00
JUAN RODRÍGUEZ TORRES	0.08	0.00	0.00	0.00	0.08	0.00	0.00
ÁLVARO VÁZQUEZ LAPUERTA	0.00	0.00	0.00	0.00	0.00	0.00	0.00

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

Name or corporate name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MANUEL GIL MADRIGAL	0.00	0.01	0.00	0.00	0.01	0.00	0.00
ANTONIO GÓMEZ GARCIA	0.01	0.00	0.00	0.00	0.01	0.00	0.00
SAMEDE INVERSIONES 2010, S.L.U	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DOMINUM DIRECCION Y GESTION, S.A.	8.46	0.00	0.00	0.00	8.46	0.00	0.00

Total % of voting rights held by the Board of Directors	8.70

List of indirect holdings:

Name or corporate name of the director	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights	% voting rights that can be transferred through financial instruments
MANUEL GIL MADRIGAL	TASMANIA INMUEBLES, S.L.	0.01	0.00	0.01	0.00

A.7. Indicate whether the Company has been informed of shareholders' agreements that affect it as established in Articles 530 and 531 of the Spanish Corporate Enterprises Act. If applicable, briefly describe them and list the shareholders affected by the agreement:

[v] Yes
[ ] No

Participants of the shareholders' agreement	% of capital stock affected	Brief description of the agreement	End date of the agreement, if applicable
ESTHER KOPLOWITZ ROMERO DE JUSEU, INVERSORA CARSO S.A. DE C.V., NUEVA SAMEDE 2016, S.L.U., CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	72.36	Relevant Fact of 05/02/2016	Indefinite

Participants of the shareholders' agreement	% of capital stock affected	Brief description of the agreement	End date of the agreement, if applicable
ESTHER KOPLOWITZ ROMERO DE JUSEU, CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	50.16	Relevant fact of 27/11/2014	Indefinite

Indicate whether the Company is aware of the existence of coordinated actions between its shareholders. If applicable, describe them briefly:

[ ] Yes
[v] No

A.8. Indicate whether there is any natural or legal person who exercises or may exercise control over the Company pursuant to Article 5 of the Securities Market Law. If applicable, identify this person:

[v] YES
[ ] No

Name or corporate name
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.

A.9. Fill in the following tables about the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares(*)	Total % of capital stock
1,544,733		0.38

(*) Through:

Name or company name of the direct holder of the shareholding	Number of direct shares
No data	

A.11. Estimated floating capital:

	%
Estimated floating capital	12.74

A.14. Indicate whether the company has issued securities that are not traded on a regulated market in the European Union.

[v] Yes
[ ] No

B. GENERAL SHAREHOLDERS' MEETING

B.4. Indicate the attendance details at the general meetings of shareholders' held in the business year to which this report refers and those in the two preceding business years:

	Attendance details				
Date of the general meeting	% attendance in person	% by proxy	% remote voting		Total
			Electronic voting	other	
28/06/2017	20.26	68.63	0.00	0.03	88.92
Of which, Floating capital:	0.24	7.52	0.00	0.03	7.79
28/06/2018	20.12	69.42	0.00	0.00	89.54
Of which, Floating capital:	0.06	8.31	0.00	0.00	8.37
08/05/2019	20.08	70.74	0.00	0.01	90.83
Of which, Floating capital:	0.12	9.22	0.00	0.01	9.35
02/06/2020	0.21	61.76	0.01	28.17	90.15
Of which, Floating capital:	0.10	9.73	0.01	0.01	9.85

B.5. Indicate whether there have been any items on the agenda at general meetings held during the business year that, for any reason, have not been approved by shareholders.

[ ] Yes
[v] No

B.6. Indicate whether there are any statutory restrictions that establish a minimum number of shares necessary to attend the general shareholders' meeting, or to vote remotely:

[ ] Yes
[v] No

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for the Bylaws and the number defined by the general shareholders' meeting:

Maximum number of directors	15
Minimum number of directors	9
Number of directors defined by the shareholders' meeting	14

C.1.2 Fill in the following table with Board members:

Name or corporate name of the director	Representative	Director category	Position on the Board	First appointment date	Last appointment date	Election procedure
HENRI PROGLIO		Independent	DIRECTOR	27/02/2015	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
DOMINUM DESGA, S.A.	ESTHER ALCOCER KOPLOWITZ.	Proprietary	CHAIRMAN	27/09/2000	02/06/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
E.A.C. INVERSIONES CORPORATIVAS, S.L.	ALICIA ALCOCER KOPLOWITZ	Proprietary	DIRECTOR	30/03/1999	28/06/2017	GENERAL SHAREHOLDERS' MEETING RESOLUTION
INMOBILIARIA AEG, S.A. DE C.V.	CARLOS SLIM HELÚ	Proprietary	DIRECTOR	13/01/2015	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
PABLO COLIO ABRIL		Executive	CHIEF EXECUTIVE OFFICER	12/09/2017	28/06/2018	GENERAL SHAREHOLDERS' MEETING RESOLUTION
ALEJANDRO ABOUMRAD GONZÁLEZ		Proprietary	VICE CHAIRMAN	13/01/2015	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

Name or corporate name of the director	Representative	Director category	Position on the Board	First appointment date	Last appointment date	Election procedure
GERARDO KURI KAUFMANN		Executive	DIRECTOR	13/01/2015	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
JUAN RODRÍGUEZ TORRES		Proprietary	DIRECTOR	07/10/2015	02/06/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
ÁLVARO VÁZQUEZ LAPUERTA		Independent	DIRECTOR	27/02/2015	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
MANUEL GIL MADRIGAL		Independent	DIRECTOR	27/02/2015	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
ALFONSO SALEM SLIM		Proprietary	DIRECTOR	29/06/2016	02/06/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
ANTONIO GÓMEZ GARCIA		Proprietary	DIRECTOR	29/06/2016	02/06/2020	GENERAL SHAREHOLDERS' MEETING RESOLUTION
SAMEDE INVERSIONES 2010, S.L.U	ESTHER KOPLOWITZ ROMERO DE JUSEU	Proprietary	1ST DEPUTY CHAIRMAN	13/04/2015	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION
DOMINUM DIRECCION Y GESTION, S.A.	CARMEN ALCOCER KOPLOWITZ	Proprietary	DIRECTOR	26/10/2004	08/05/2019	GENERAL SHAREHOLDERS' MEETING RESOLUTION

Total number of directors	14

Indicate any departures, either by resignation or through an agreement reached by the general meeting, that have occurred on the Board of Directors during the reporting period:

Name or corporate name of the director	Category of the director at the time of departure	Date of most recent appointment	Cancellation date	Special commissions of which he/she was a member	Indicate whether the departure occurred before the end of the term
No data					

C.1.3 Fill in the following tables on the Board members and their different categories:

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Position in the company's organisation chart	Profile
PABLO COLIO ABRIL	Chief Executive Officer of FCC	Architect, graduating from the Higher Technical School of Madrid. He has spent most of his professional career at FCC, a company to which he has dedicated more than 25 years. Within the Group, he has been responsible for the international expansion of the Industrial area. Positions he has previously held include Managing Director of FCC Construcción and Managing Director of FCC Industrial. He is the CEO of the FCC Group and a member of its Executive Committee, functions that he combines with those of the Chairman of FCC Construcción, Chairman of FCC Medio Ambiente and Deputy Chairman of FCC Servicios Medioambiental Holding, S.A. He is also a director of the Mexican firm Carso Infraestructuras y Construcción (CICSA).
GERARDO KURI KAUFMANN	Chief Executive Officer of Cementos Portland Valderrivas	Industrial Engineer graduate from the University of Anáhuac (Mexico). From 2008 to 2010, he served as purchasing director at Carso Infraestructuras y Construcción, S.A.B. de C.V. From the incorporation of Inmuebles Carso, S.A.B de C.V., he has been in charge of its General Management. He is a member of the board of directors of Minera Frisco SAB. de C.V., Elementia, S.A., Philip Morris México, S.A. de C.V. and Inmuebles Carso, S.A.B de C.V. He is the CEO of Cementos Portland Valderrivas, S.A. and Realia Business, S.A.

Total number of executive directors	2
% of the total Board	14.29

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
DOMINUM DESGA, S.A.	DOMINUM DIRECCION Y GESTION, S.A.	Degree in Law, she has completed the Senior Business Management Program (PADE) at the IESE in Madrid. Since January 2013, she has served as Chairwoman of the FCC Group, a member of its Executive Committee and the Appointments and Remuneration Committee. She is also a director at Cementos Portland Valderrivas, on behalf of EAC Medio Ambiente, S.L., Realia, on behalf of EAC Inversiones Corporativos, S.L., and CaixaBank-Banca Privada. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
E.A.C. INVERSIONES CORPORATIVAS, S.L.	DOMINUM DIRECCION Y GESTION, S.A.	A Law graduate, she started her professional career at Banco Zaragozano, where she worked for four years in the Finance Department, at the bank's treasury desk and served as a director. She is a director at FCC and a member of its Executive Committee. In turn, she is chairwoman of Cementos Portland Valderrivas, S.A. and a member of its Executive Committee and its Appointments and Remuneration Committee. She is a member of the Innovation Committee, under the Secretary of State for Science, Technology, and Innovation. She is also a member of the Board of the Esther Koplowitz Foundation and the Valderrivas Foundation. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
INMOBILIARIA AEG, S.A. DE C.V.	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	Civil Engineer from the National Autonomous University of Mexico (UNAM). Founder of Grupo Carso, S.A.B. de C.V., América Móvil, Grupo Financiero Inbursa, and Inversora bursátil. He is the owner of Teléfonos de México (Telmex). He has been Vice-President of the Mexican Stock Exchange and President of the Mexican Association of Brokerage Houses. He was the first Chairman of the Latin American Committee of the New York Stock Exchange Board of Directors. He is currently Chairman of the Board of Directors of Carso Infraestructuras y Construcción (CICSA), Minera Frisco and President of Fundación Carlos Slim de la Educación, A.C. and Fundación Telmex, A.C. In addition, he is a member of the Board of Directors of Inmuebles Carso and IDEAL. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
ALEJANDRO ABOUMRAD GONZÁLEZ	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	Industrial Engineer graduate from the University of Anáhuac (Mexico). He has worked in subsidiaries and companies related to Grupo Carso during the last 15 years, of which five years he worked at Grupo Financiero Inbursa in the area of Project Evaluation and Risk Assessment. He is member of the board of directors of Inmuebles Carso, S.A.B. of C.V. and Minera Frisco, S.A.B. of C.V., holding the post of General Manager with the latter. He is a director at Cementos Portland Valderrivas, S.A. on behalf of Inmobiliaria AEG, S.A. de C.V., and Chairman of the Board of Directors of FCC Aqualia, Chairman of FCC Servicios Medioambiental Holding, S.A.U and Deputy Chairman of the Board of FCC and Chairman of its Executive Committee. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
JUAN RODRÍGUEZ TORRES	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	Civil Engineer from the Autonomous University of Mexico. He has a full Master's degree in Operational Planning and Research from UNAM. He has also completed administration studies at IPADE and obtained a diploma in prestressed concrete in Paris. He founded the Mexican Business Generation Association. He has been Production Manager and Controller of Preesforzados Mexicanos, S.A. de ICA, and Managing Director of Domit Group in the footwear sector. He is currently a director of Minera Frisco, S.A.B. de S.A. de CV. and of Carso Infraestructura y Construcción, S.A.B. de C.V. (CICSA) and non-executive chairman of Telesites. He is a director of Cementos Portland Valderrivas, S.A., representing Inmuebles Inseo, S.A. de C.V., a director of FCC Aqualia and non-executive chairman of Realia. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
ALFONSO SALEM SLIM	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	He graduated in Civil Engineering from University of Anahuac in the class of 80-84. Throughout his professional career, Salem Slim has performed the role of Deputy Manager of Expansion at Sanborns Hermanos; director of Shopping Centres at Grupo CARSO; director of Real-Estate at INBURSA; managing director of Hoteles Calinda, managing director of Grupo PC Constructores; managing director of IDEAL, and he is currently deputy chairman of the Board of Directors of IDEAL and chairman of the Board of Directors and managing director of Inmuebles CARSO. He is also a member of the Board of Directors of Grupo CARSO; IDEAL; CICSA; Carso Real Estate; Gigante Grupo Inmobiliario; ELEMENTIA and Gas Natural Fenosa. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
ANTONIO GÓMEZ GARCIA	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	He is a graduate in Industrial Engineering from the Universidad Iberoamericana. He has been Managing Director of Grupo Porcelanite, S.A. de C.V., of US Commercial Corp., S.A.B. de C.V., and currently holds the position of Managing Director of Grupo Carso, S.A.B. de C.V. He is a director of Grupo Frisco S.A.B. de C.V., and a director of Grupo Elementia S.A.B. de C.V. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
SAMEDE INVERSIONES 2010, S.L.U	DOMINUM DIRECCION Y GESTION, S.A.	Shareholder in FCC, S.A. through Dominum Dirección y Gestión, S.A. she is a member of the Board of Directors of FCC, S.A., and the company's Deputy Chairwoman. She is also a director at FCC Environment. She holds a degree in Philosophy and Arts from the University of Madrid; she has developed her business experience in the international field as a Director of Veolia and Vivendi. She is founder and chairwoman of the Esther Koplowitz Foundation. Among other acknowledgements, she has been awarded: the Grand Cross of Civil Merit, the Gold Medal of the Region of Madrid, the Gold Medal and the title of Academic of Honour of the Royal Academy of History, the distinction of Honorary Citizen by the Valencia City Council, the City of Barcelona Coat of Arms, the Business Leader of the Year award, granted by the Spanish Chamber of Commerce in the USA, the Blanquerna Prize of the Generalitat of Catalonia, Madrid Grand Cross of Healthcare, the Gold and Diamond Insignia of the Police Orphans Foundation, Légion d'Honneur of the French Republic and The Grand Cross of the Civil Order of Environmental Merit, awarded by the Spanish Council of Ministers. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).
DOMINUM DIRECCION Y GESTION, S.A.	DOMINUM DIRECCION Y GESTION, S.A.	Graduate in Law from the Francisco de Vitoria University of Madrid. She is a director at FCC, S.A. She is a director at B-1998, S.L. and sits on the Board of Directors of Cementos Portland Valderrivas, S.A., representing Meliloto, S.L. She is a board member of the Esther Koplowitz Foundation. The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidiary relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).

Total number of proprietary directors	9
% of the total Board	64.29

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of the director	Profile
HENRI PROGLIO	A graduate of the Higher School of Business Administration (HEC) in Paris. He is currently a director of Natixis Banque and of Dassault Aviation. He has also served as Chairman of the energy giant Électricité de France (2009-2014) and Veolia Environnement (2003-2009), as well as a board member of FCC, Lagardère Group and Vinci, among other companies.
ÁLVARO VÁZQUEZ LAPUERTA	He holds a degree in Law and Business Studies (E-3) by ICADE and is currently a partner of the firms Akiba Partners and Meridia Capital Partners. He was Managing Director for Spain and Portugal at Dresdner Kleinwort, and CEO and head of Investor Relations at securities firm BBVA Bolsa. Previously he held various positions at JP Morgan in Mexico, New York, London and Madrid.
MANUEL GIL MADRIGAL	He holds a degree in Law and Business Sciences (E-3) by ICADE and is a founding partner of the company Tasmania Gestión. In 2000 he was also founder of the financial company N+1 and has been a board member of Ezentis, Funespaña, General de Alquiler de Maquinaria (GAM) and Campofrío, among other companies. During his career he has also been director of Capital Markets for AB Asesores Bursátiles, partner of Morgan Stanley and auditor of Arthur Andersen.

Total number of independent directors	3
% of the total Board	21.43

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Indicate whether any director qualified as independent receives any amounts or benefits for any concept other than director remuneration from the company or its group, or maintains or has maintained, during the last business year, a business relationship with the company or with any company in its group, either in its own name or as a significant shareholder, director or senior manager of an entity with which he/she maintains or has maintained this relationship.

As applicable, a reasoned statement by the Board shall be included providing the reasons why it believes that this director can perform his/her duties as an independent director.

Name or corporate name of the director	Description of the relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS			
The other external directors shall be identified and the reasons they cannot be considered proprietary or independent and their relationships, whether with the Company, its directors, or its shareholders, shall be detailed:			
Name or corporate name of the director	Reasons	Company, executive or shareholder with whom he/she maintains a relationship	Profile
No data			

Total number of other external directors	N/A
% of the total Board	N/A

Indicate the changes to the category of each director that, as appropriate, have occurred during the period:

Name or corporate name of the director	Change date	Previous category	Current category
No data			

C.1.4 Fill in the following table with information regarding the number of female directors at the end of the past 4 business years, as well as the category of these female directors:

	Number of female directors				% of the total number of directors for each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Executive					0.00	0.00	0.00	0.00
Proprietary	4	4	4	4	44.44	44.44	40.00	40.00
Independent					0.00	0.00	0.00	0.00
Other External					0.00	0.00	0.00	0.00

	Number of female directors				% of the total number of directors for each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Total	4	4	4	4	28.57	28.57	26.66	26.66

C.1.11 If applicable, list the directors or representatives of corporate directors of your Company, who are members of the Board of Directors or representatives of corporate directors of other companies listed on regulated markets other than your Group, of which the Company has been informed:

Name or corporate name of the director	Corporate name of the listed company	Position
E.A.C. INVERSIONES CORPORATIVAS, S.L.	Realia Business, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	Realia Business, S.A.	CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	Realia Business, S.A.	CHAIRMAN
MANUEL GIL MADRIGAL	Barón de Ley, S.A.	DIRECTOR

C.1.12 Indicate and, if applicable, explain whether the company has established rules on the maximum number of Boards of Directors on which its directors may sit, identifying, where appropriate, where this provision is regulated:

[ ] Yes
[v] No

C.1.13 Indicate the amounts of the following concepts relating to the global remuneration of the Board of Directors:

Remuneration accrued during the business year in favour of the Board of Directors (thousands of euros)	1,945
Amount of rights accrued by current directors for pension benefits (thousands of euros)	
Amount of rights accrued by former directors for pension benefits (thousands of euros)	3,151

C.1.14 Identify members of senior management who are not executive directors, and indicate the total remuneration accrued in their favour during the business year:

Name or corporate name	Position(s)
FELIPE BERNABÉ GARCÍA PÉREZ	General Secretary
MIGUEL MARTINEZ PARRA	Managing Director of Administration and Finance
FELIX PARRA MEDIAVILLA	Managing Director of Aqualia
MARCOS BADA GUTIÉRREZ	Managing Director of Internal Audit

Number of women in senior management	

Percentage of total members of senior management	0.00

Total Senior Management remuneration (thousands of euros)	1,831

C.1.15 Indicate whether there has been any change in the Board's regulation during the business year:

[v] Yes
[ ] No

C.1.21 Explain whether there are specific requirements, other than those applicable to all directors, to be appointed as Chairman of the Board of Directors.

[ ] Yes
[v] No

C.1.23 Indicate if the Bylaws or rules of the Board establish a limit on mandates or other more stringent requirements in addition to those legally provided for independent directors, with the exception of those established in the regulations:

[ ] Yes
[v] No

C.1.25 Indicate the number of meetings held by the Board of Directors during the business year. Furthermore, indicate, where appropriate, the times that the Board has met without the presence of the Chairman. In this calculation, proxies granted with specific instructions shall be considered as attendance.

Number of Board meetings	9
Number of Board meetings without the Chairman's attendance	0

Indicate the number of meetings held by the coordinating director with other directors, without the attendance or representation of any executive director:

Number of meetings	0

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

Number of Audit and Control Committee meetings	8
Number of Appointments and Remuneration Committee meetings	7
Number of Executive Committee meetings	8

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C.1.26 Indicate the number of meetings held by the Board of Directors during the business year and the attendance details of its members:

Number of meetings at which at least 80% of directors were in attendance	9
% of face-to-face attendance divided by total votes during the business year	90.48
Number of meetings with the face-to-face attendance, or proxies made with specific instructions, of all directors	
% of votes cast with face-to-face attendance and proxies made with specific instructions, divided by total votes during the business year	90.48

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the board for preparation have been certified previously:

[v] Yes
[ ] No

Identify, where appropriate, the person(s) who has/have certified the company's individual and consolidated financial statements for their preparation by the Board:

Name	Position
JUAN JOSÉ DRAGO MASÍA	Managing Director of Administration
PABLO COLIO ABRIL	Chief Executive Officer
MIGUEL MARTINEZ PARRA	Managing Director of Administration and Finance

C.1.29 Does the secretary of the Board have director status?

[ ] Yes
[v] No

If the secretary does not have director status, fill in the following table:

Name or corporate name of the secretary	Representative
FRANCISCO VICENT CHULIA	

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C.1.31 Indicate whether during the business year, the Company has changed its external auditor. If applicable, identify the incoming and outgoing auditor:

[ ] Yes
[v] No

If there have been disagreements with the outgoing auditor, explain the nature of these:

[ ] Yes
[v] No

C.1.32 Indicate whether the audit firm performs other work for the Company and/or its Group other than those inherent to audits and, in that case, state the fees received for this work and the percentage that the aforementioned amount represents of the fees billed for audit work to the Company and/or its group:

[ ] Yes
[v] No

C.1.33 Indicate whether the audit report of the previous business year's financial statements includes qualifications. As applicable, indicate the reasons given to shareholders at the General Shareholders' Meeting by the Chairman of the Audit Committee to explain the content and scope of these qualifications.

[ ] Yes
[v] No

C.1.34 Indicate the number of business years that the current audit firm has been continuously auditing the Company's individual and/or consolidated financial statements. Furthermore, indicate the percentage that the number of business years audited by the current audit firm accounts for in terms of the total number of business years in which the financial statements have been audited:

	Individual	Consolidated
Number of uninterrupted business years	19	19

	Individual	Consolidated
Number of business years audited by the current audit firm/Number of business years that the Company or its Group have been audited (in %)	61.29	61.29

C.1.35 Indicate and, as applicable, describe if there is a procedure for directors to receive the necessary information to prepare meetings with administrative bodies with sufficient time:

[v] Yes
[ ] No

Describe the procedure
Rules of the Board of Directors. Article 26. Information and inspection powers "1. In the performance of their duties, every director has the duty to demand and the right to obtain from the Company, the adequate and necessary information that will allow them to fulfil their obligations concerning all aspects of FCC and its subsidiaries and investees, whether national or foreign. To this end, they may examine the documentation deemed necessary, make contact with those responsible for the affected departments and visit the corresponding facilities. 2. To refrain from disturbing the ordinary

management of the FCC Group, the exercise of the powers of information shall be channelled through the Chairman, who shall respond to the director's requests, directly providing the information or offering the details of the corresponding contacts at the corresponding organisational level. 3. If the request for information is denied, delayed or incorrectly responded to, the requesting director may repeat their request before the Audit and Control Committee, and, once the Chairman and the requesting director have provided their reasons, this Committee shall decide how to proceed for the purposes mentioned above. 4. The requested information may only be denied when, in the opinion of the Chairman and the Audit and Control Committee, it is unnecessary or harmful to the Company's corporate interests. This refusal shall not apply when the request has been supported by the absolute majority of the Board members".

C.1.39 Identify individually, when referring to directors, and on an aggregate basis for other cases and indicate, in detail, the agreements between the Company and its administrative and management positions or employees concerning compensation, guarantee or shield clauses, when they resign or are dismissed improperly or if the contractual relationship comes to an end as a result of a takeover bid or other transactions.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
CEO and General Secretary	CHIEF EXECUTIVE OFFICER: And if the contractual relationship is terminated at the will of the CEO for any of the following causes: - Substantial changes in working conditions that are notoriously detrimental to his professional training, that are detrimental to his dignity, or that are decided with serious transgression of good faith, by the company. - Failure to pay for three consecutive months or six alternate months, or continued delay in the payment of the remuneration agreed under the contract. - Succession of a company or significant change in ownership of the same, which has the effect of a renewal of its governing bodies or the content of its main activity, provided that the termination occurs within three months of the occurrence of such changes. - Any other serious breach of the contractual obligations by the Company, with the exception of force majeure budgets, in which the payment of compensation shall not be applicable. As in the case of free and unilateral termination from the Company, he will have the right to receive compensation resulting from the sum of the following two items: a) The amount resulting from the termination of the employment relationship that the CEO previously held with FCC Construcción or with any other company of the FCC Group using 12 September 2017 as the calculation date (and in accordance with the applicable regulations on that date). The amount resulting from multiplying 7 days wages by the number of years that have elapsed from 12 September 2017 until the contract expires. GENERAL SECRETARY: Concerning the general secretary, an executive director up until 13 January 2015, the Company, having received authorisation from the Executive Committee, took out and paid up the insurance premium to cover the payment of contingencies relating to death, permanent incapacity for work, retirement pensions and benefits or other concepts to be paid, in addition to others, to certain executive directors and executives. Specifically, the contingencies giving rise to compensation are those involving the termination of the employment relationship for any of the following reasons: a) Unilateral decision of the Company. b) Winding up or disappearance of the parent Company for any reason, including merger or spinoff. c) Death or permanent disability. d) Other causes of physical or legal incapacitation. e) Substantial modification of professional conditions. f) Resignation, having reached the age of 60, at the request of the executive and with the agreement of the Company. g) Resignation, having reached the age of 65, at the executive's sole discretion. As at 31 December 2020, the General Secretary is entitled to a net amount equivalent to 3.5 times his annual gross remuneration.

Indicate whether, beyond the assumptions provided for in the regulations, these contracts must be communicated and/or

approved by the corresponding bodies of company or its group. If so, specify the procedures, expected cases and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	v	

	Yes	No
Is the General Shareholders' Meeting aware of the clauses?	v	

C.2. Board of Directors Committees

C.2.1 Provide details of all the Board of Directors Committees, their members and the proportion of executive, proprietary, independent and other external directors who serve on them:

Audit and Control Committee		
Name	Position	Category
HENRI PROGLIO	VOTING MEMBER	Independent
JUAN RODRÍGUEZ TORRES	VOTING MEMBER	Proprietary
ÁLVARO VÁZQUEZ LAPUERTA	VOTING MEMBER	Independent
MANUEL GIL MADRIGAL	CHAIRMAN	Independent

% of executive directors	0.00
% of proprietary directors	25.00
% of independent directors	75.00
% other external directors	0.00

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the business year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Identify the director members of the audit committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both, and report on the date on which the Chairman of this Committee was appointed to the position.

Names of directors with experience	MANUEL GIL MADRIGAL
Date of appointment of the Chairman to the position	08/05/2019

Appointments and Remuneration Committee		
Name	Position	Category
DOMINUM DESGA, S.A.	VOTING MEMBER	Proprietary
JUAN RODRÍGUEZ TORRES	VOTING MEMBER	Proprietary
ÁLVARO VÁZQUEZ LAPUERTA	CHAIRMAN	Independent
MANUEL GIL MADRIGAL	VOTING MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	50.00
% of independent directors	50.00
% other external directors	0.00

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the business year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Executive Committee		
Name	Position	Category
DOMINUM DESGA, S.A.	VOTING MEMBER	Proprietary
E.A.C. INVERSIONES CORPORATIVAS, S.L.	VOTING MEMBER	Proprietary
PABLO COLIO ABRIL	VOTING MEMBER	Executive
ALEJANDRO ABOUMRAD GONZÁLEZ	CHAIRMAN	Proprietary
GERARDO KURI KAUFMANN	VOTING MEMBER	Executive
JUAN RODRÍGUEZ TORRES	VOTING MEMBER	Proprietary

% of executive directors	33.33
% of proprietary directors	66.67
% of independent directors	0.00
% other external directors	0.00

Explain the functions delegated or attributed to this Committee other than those already described in section C.1.9, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the business year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

C.2.2 Fill in the following table with information regarding the number of female directors who sit on the Committees of the Board of Directors at the end of the last four business years:

	Number of female directors							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	0	0.00	0	0.00	0	0.00	0	0.00
Appointments and Remuneration Committee	1	25.00	1	25.00	1	25.00	1	25.00
Executive Committee	2	33.33	2	33.33	2	33.33	2	33.33

D. TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS

D.2. Describe significant transactions based their amount or relevance on account of their subject matter performed between the company or Group companies and significant shareholders in the company:

Name or corporate name of the significant shareholder	Name or company name of the company or group entity	Nature of the relationship	Transaction type	Amount (thousands of euros)
REALIA BUSINESS, S.A.	FC y C, S.L. Unipersonal	Contractual	Receipt of services	1,954
REALIA BUSINESS, S.A.	FCC Construcción, S.A.	Contractual	Provision of services	23,911
REALIA BUSINESS, S.A.	FC y C, S.L. Unipersonal	Contractual	Receipt of services	
BANCO INBURSA, S.A.	Cementos Portland Valderrivas, S.A.	Contractual	Interest charged	2,076
BANCO INBURSA, S.A.	FCC Construcción, S.A.	Contractual	Financing agreements: other	3,818
REALIA PATRIMONIO, S.L.U	FCC Industrial e Infraestructuras Energéticas S.A.U.	Contractual	Provision of services	1,397
REALIA PATRIMONIO, S.L.U	FCC Industrial e Infraestructuras Energéticas S.A.U.	Contractual	Provision of services	5

D.3. Describe the significant transactions based their amount or relevance on account of their subject matter performed between the company or group companies and company directors or executives:

Name or company name of directors or executives	Name or company name of the company or group entity	Relationship	Nature of the transaction	Amount (thousands of euros)
ALEJANDRO ABOUMRAD GONZÁLEZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS SA	Director	Provision of services	338
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS SA	Chief Executive Officer	Provision of services	175

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D.4. Provide details of the significant operations carried out by the company with other companies belonging to the same Group, provided they are not eliminated in the process of preparing consolidated financial statements and are not part of the Company's routine business in terms of its purpose and conditions.

In any case, any intra-group transactions carried out with companies established in countries or territories that are considered a tax haven shall be reported:

Corporate name of the Group company	Brief description of the transaction	Amount (thousands of euros)
No data		N/A

D.5. Describe the significant transactions carried out between the Company or Group Companies and other related parties, which have not been reported on in the above epigraphs.

Corporate name of the related party	Brief description of the transaction	Amount (thousands of euros)
No data		N/A

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G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance at the company with the recommendations of the Code of Good Governance of Listed Companies.

In the event that any recommendation is not followed or is only partially followed, a detailed explanation of the reasons for this shall be included, so that shareholders, investors and the market in general have sufficient information to assess the company's behaviour. General explanations shall not be acceptable.

1. The Bylaws of listed companies do not limit the maximum number of votes that can be cast by the same shareholder, nor contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.

   Compliant [X] Explain [ ]

2. Where the listed company is controlled, within the meaning of Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiary companies, business dealings with that entity or any of its subsidiary companies (other than those of the listed company) or engages in activities related to those of any of them, it should accurately publicly disclose the following:

   a) The respective areas of activity and any business relationships between, the listed company or its subsidiary companies and the parent company or its subsidiary companies.

   b) The proposed mechanisms for resolving any conflicts of interests that may arise.

   Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

3. During the ordinary general shareholders' meeting, in addition to the dissemination in writing of the annual corporate governance report, the Chairman of the Board of Directors verbally informs shareholders, in sufficient detail, of the most relevant aspects of the company's corporate governance and, in particular:

   a) Of the changes that have occurred since the previous ordinary general shareholders' meeting.

   b) Of the specific reasons that the company does not follow any of the recommendations in the Corporate Governance Code and, as applicable, any alternative rules that apply in this regard.

   Compliant [ ] Partially compliant [ ] Explain [X]

The Company believes that the provisions of the company's corporate governance information to shareholders in the specific report prepared to this end is sufficient; this report accompanies the information made available before the Meeting is held.

In this connection, the announcement of the General Shareholders' Meeting is expressly indicated in the "Right to Information" section that all shareholders are entitled to obtain from the Company, for consideration at its registered office or for immediate dispatch free of charge, including the Annual Corporate Governance Report, which is submitted to shareholders for approval as part of the Management Report.
This Report can be consulted on the Company's website and in the corporate governance section.

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4. The company defines and promotes a policy regarding communication and contact with shareholders, institutional investors in the framework of their involvement in the company, as well as with voting advisors that fully complies with the standards in force to combat market abuse and addresses shareholders in the same position equally. The company publishes this policy on its website, including information related to the way in which it has been implemented and identifying the points of contact or persons responsible for carrying it out.

   And, notwithstanding the legal obligations to disclose inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that helps to maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

   Compliant [ ] Partially compliant [ ] Explain [X]

The company has drafted its Policy on Communication and Contacts with Shareholders, Institutional Investors, Analysts, Voting Advisors and Credit Rating Agencies, which the Board of Directors plans to approve in the 2021 business year.

5. The Board of Directors does not submit a proposal for the delegation of powers to issue convertible shares or securities excluding the pre-emptive subscription right, for an amount greater than 20% of the capital at the time of delegation, to the General Shareholders' Meeting.

   When the Board of Directors approves any issuance of shares or convertible securities excluding the pre-emptive subscription right, the company immediately publishes the reports on said exclusion to which trade legislation refers on its website.

   Compliant [X] Partially compliant [ ] Explain [ ]

6. The listed companies that prepare the reports mentioned below, whether they are mandatory or voluntary, publish them on their website well in advance of the Ordinary General Shareholders' Meeting, even when their dissemination is not mandatory:

   a) Report on the independence of the auditor.

   b) Reports on the functioning of the audit committee and the appointments and remuneration committee.

   c) Report of the audit committee on related transactions.

   Compliant [ ] Partially compliant [X] Explain [ ]

The Company approves the self-assessment reports corresponding to the Audit and Control Committee and the Appointments and Remuneration Committee at the first Board meeting of the business year.
These reports are not published when the company considers that information is already provided to this end in Section C.2.1 on the IAGC Board of Directors committees, which is available on the Group's corporate website.
The approval of transactions with related parties lies with the Appointments and Remuneration Committee responsible for this specific function. Also in Section D2 of the IAGC, the significant transactions that have taken place during the business year are listed.

7. The Company broadcasts General Shareholders' Meetings live, on its website.

   And that the company has mechanisms that enable proxy voting and voting by remote means and even, in the case of large-cap companies and to the extent appropriate, attendance and active participation at the General Meeting.

   Compliant [X] Partially compliant [ ] Explain [ ]

8. The audit committee should ensure that the financial statements submitted by the Board of Directors to the general shareholders' meeting are drawn up in accordance with accounting standards. In those cases in which the auditor has included an exception in the audit report, the chairman of the audit committee should clearly explain at the general meeting the audit committee's opinion on its content and scope, and a summary of said opinion should be made available to shareholders at the time of publication of the notice of call to the meeting, together with the rest of the board's proposals.

   Compliant [X] Partially compliant [ ] Explain [ ]

9. The Company publishes on its website, on a permanent basis, the requirements and procedures that it shall accept to demonstrate ownership of shares, the right to attend the general shareholders meeting and the exercise or delegation of the right to vote.

   These requirements and procedures promote the attendance and exercise of shareholders' rights and are applied in a non-discriminatory manner.

   Compliant [X] Partially compliant [ ] Explain [ ]

10. When a legitimate shareholder has exercised, before the General Shareholders' Meeting is held, the right to add to the agenda or submit new resolutions, the Company:

    a) Immediately disseminates these additional items and new resolutions proposed.

    b) Discloses the attendance card template or vote delegation form or distance voting form with the necessary modifications so that the new items on the agenda and alternative resolution proposals can be voted on under the same terms as those proposed by the Board of Directors.

    c) Submits all the alternative points or proposals to a vote and apply the same voting rules as applied to those prepared by the Board of Directors, including, in particular, assumptions or deductions on the meaning of the vote.

    d) After the General Shareholders' Meeting, communicate the breakdown of the vote on these additional items or alternative proposals.

    Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

Two different systems are used, for practical reasons, to count votes, all pursuant to the provisions of Article 20 of the Rules of the General Shareholders' Meeting, although the Chairman of the Board, in each specific case, may decide to apply the same counting system (Art. 20, section 4 of the Rules of the General Meeting).

11. If the company plans to pay out attendance premiums to the General Shareholders Meeting, a general policy on these premiums is established in advance and this policy is stable.

    Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

12. The Board of Directors performs its functions with unity of purpose and independence of judgment, treats all shareholders in the same position in the same way and is guided by the social interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and maximisation of the economic value of the company.

    And in the pursuit of social interests, in addition to respect for the laws and regulations and conduct based on good faith, ethics and respect for commonly accepted uses and good practices, the company seeks to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

    Compliant [X] Partially compliant [ ] Explain [ ]

13. The Board of Directors is the correct size to ensure it is effective and participative, meaning it is advisable to have between five and fifteen members.

    Compliant [X] Explain [ ]

14. The Board of Directors should adopt a policy aimed at encouraging a suitable composition for the Board of Directors and it should:

a) Is specific and verifiable.

b) ensure that proposed appointments and re-elections are based on a preliminary analysis of the powers required by the Board of Directors; and

c) promote the diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to be conducive to gender diversity.

The result of the preliminary analysis of powers required by the Board of Directors is included in the explanatory report issued by the Appointments Committee that is published when the General Shareholders Meeting is called and to which the ratification, appointment or re-election of each director is submitted.

The Appointments Committee will verify compliance with this policy and will be informed in the Annual Corporate Governance Report.

Compliant [X] Partially compliant [ ] Explain [ ]

15. Proprietary and independent directors represent a large majority of the Board of Directors and that the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the shareholding of the executive directors in the Company's capital.

And that the number of female directors should account for at least 40% of the members of the Board of Directors by the end of 2022 and beyond, but no less than 30% before then.

Compliant [ ] Partially compliant [X] Explain [ ]

With regard to the percentage of female directors, the FCC's Board of Directors has four female directors out of a total of 14, giving a percentage of 28.57.

16. The percentage of proprietary directors compared to the total of non-executive directors is no greater than the proportion between the capital of the Company represented by these directors and other capital.

This criteria may be relaxed:

a) At companies with a high capitalisation with few shareholdings considered significant by law.

b) For companies in which there is a large number of shareholders represented on the Board of Directors who have no links to one another.

Compliant [X] Explain [ ]

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

17. The number of independent directors represents at least half the total number of directors.

However, when the company is not highly capitalised or when, even if it is, one shareholder or more shareholders are acting together, controlling more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Compliant [ ] Explain [X]

On its Board of Directors, FCC has three independent directors out of a total of fourteen members, representing 21 percent of the total number of directors.
FCC believes that this percentage does not require an increase in the number of independent directors, considering the Company's very concentrated shareholding structure and the effective role of the three independent directors.

18. Companies publish the following information about directors on their website, and keep it up to date:

a) Professional and biographical profile.

b) Other Boards of Directors to which they belong, whether at listed companies or not, and the other paid activities they perform, regardless of their nature.

c) Indication of the category of Director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.

d) Date of their first appointment as a Director of the Company, as well as subsequent re-elections.

e) Shares in the company, and options on them, that they own.

Compliant [ ] Partially compliant [X] Explain [ ]

The company makes available on its website the professional and biographical profile, other boards of directors to which the directors belong, the director's category, the date of his or her first appointment and the shares in the company, without considering it necessary, for the time being, to publicise other remunerated activities carried out by the director, whatever their nature.

19. The annual corporate governance report, after a check performed by the Appointments Committee, explains the reasons that proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital stock; and it explains the reasons that formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

20. Proprietary directors submit their resignation when the shareholder they represent fully transfers their shareholding. They also do so, in the corresponding number, when said shareholder reduces their shareholding to a level that requires a reduction in the number of their proprietary directors.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

21. The Board of Directors does not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be considered that there is just cause when the director first occupies new positions or contracts new obligations that prevent him/her from dedicating the necessary time to the performance of the duties assigned to the position of director, breaches the duties inherent to the position in question or incurs in any of the circumstances resulting in him/her losing his/her status as an independent director, pursuant to the provisions of the applicable legislation.

The removal of independent directors may also be proposed as a result of takeovers, mergers or other similar corporate transactions that involve a change in the capital structure of the company, when these changes in the structure of the Board of Directors can be attributed to the criteria of proportionality indicated in recommendation 16.

Compliant [X] Explain [ ]

22. Companies should establish rules requiring directors to report and, where appropriate, resign when situations arise affecting them, whether or not this is related to their actions in the company itself, which could be harmful to the credit and reputation of the company. This is in addition to the specific requirement of informing the Board of Directors of any criminal proceedings in which they are under investigation, as well as the progress of any such proceedings.

And, having been informed of or otherwise having become aware of any of the situations mentioned in the previous paragraph, the board should examine the case as soon as possible. It should also, in view of the specific circumstances, decide, after a report from the appointments and remuneration committee, whether or not to adopt any measures, such as opening an internal investigation, requesting the resignation of the director or proposing his or her dismissal. And to report on the matter in the annual corporate governance report, unless there are special circumstances justifying this, which should be recorded in the minutes. This is notwithstanding the information that the company must disclose, where appropriate, at the time of adopting the corresponding measures.

Compliant [X] Partially compliant [ ] Explain [ ]

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

23. All directors clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. The same applies, in a special way, to independents and other directors who are not affected by any potential conflict of interests, in the case of decisions that may harm shareholders not represented on the Board of Directors.

When the Board of Directors adopts significant or repeated decisions about which the director would have made reservations, he/she shall draw the necessary conclusions and, if he chooses to resign, explain his/her reasons for doing so in the letter indicated in the following recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he/she does not have the status of a director.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

24. When, either by resignation or by resolution of the general meeting, a director resigns before the end of their term of office, they should sufficiently explain the reasons for their resignation or, in the case of non-executive directors, their views on the reasons for the board's decision to remove them, in a letter sent to all members of the Board of Directors.

And, notwithstanding the fact that all the above is disclosed in the annual corporate governance report, to the extent that it is relevant for investors, the company should publish the resignation as soon as possible, including a sufficient reference to the reasons or circumstances provided by the director.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

25. The Appointments Committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And the Rules of the Board establish the maximum number of Boards on which its directors may serve.

Compliant [ ] Partially compliant [X] Explain [ ]

In Article 21.4 of the Rules of the Board of Directors, the Company establishes that "Directors must inform the Appointments and Remuneration Committee of their other professional obligations, should they could interfere with their dedication of the position, and the Board shall establish, at the proposal of the Appointments and Remuneration Committee, the number of Boards of Directors on which directors may serve".
Since the aforementioned Committee has not stipulated this number to date, the Company believes that it is partially compliant with the recommendation.
The Company, for the time being, has not set the maximum number of Boards to which each director may belong, since the dedication of the directors to the company has proven to be adequate, without it being necessary, therefore, to define a number.

26. The Board of Directors meets with the necessary frequency to perform its duties effectively and, at least, eight times a year, following the programme of dates and matters established at the beginning of the business year, with each director allowed to individually propose other items on the agenda not initially provided for.

Compliant [X] Partially compliant [ ] Explain [ ]

27. The absence of directors is limited to indispensable cases and quantified in the annual corporate governance report. And should such absences occur, the directors appoint a proxy with instructions.

Compliant [X] Partially compliant [ ] Explain [ ]

28. When the directors or the secretary express concern about any proposal or, in the case of directors, about the progress of the company and these concerns are not resolved by the Board of Directors, at the request of the person expressing them, these shall be recorded in the minutes.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

29. The Company establishes the appropriate channels so that directors can obtain the necessary advice for them to perform their duties, including, if the circumstances so require, external advice charged to the company.

Compliant [X] Partially compliant [ ] Explain [ ]

30. Regardless of the knowledge required by directors in the exercise of their duties, the companies also offer the directors knowledge refresher programmes when the circumstances so advise.

Compliant [X] Explain [ ] Not applicable [ ]

31. The agenda of meetings clearly indicates the points on which the Board of Directors must adopt a decision or resolution so that the directors can study or collect, in advance, the information necessary for its adoption.

When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions that do not appear on the agenda for approval by the Board of Directors, the prior and express consent of the majority of the directors present shall be required, duly reflected in the minutes.

Compliant [X] Partially compliant [ ] Explain [ ]

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

32. Directors are periodically informed of changes in the shareholding structure and of the opinion that significant shareholders, investors and rating agencies have about the company and its Group.

Compliant [X] Partially compliant [ ] Explain [ ]

33. The chairman, as the person responsible for the effective functioning of the Board of Directors, in addition to exercising the duties assigned to him by law and in the bylaws, prepares and submits a programme of dates and matters to be discussed to the Board of Directors; organises and coordinates the periodic assessment of the board, as well as, where appropriate, the company's chief executive; is responsible for the direction of the board and the effectiveness of its functioning; ensures that sufficient discussion time is devoted to strategic issues, and agrees and reviews knowledge refresher programmes for each director, when the circumstances so advise.

Compliant [X] Partially compliant [ ] Explain [ ]

34. When there is a coordinating director, the Bylaws or the Rules of the Board of Directors, in addition to the powers that correspond to him by Law, assign the following powers thereto: preside over the Board of Directors in the absence of the Chairman and Deputy Chairman, as applicable; echoes the concerns of non-executive directors; maintains contact with investors and shareholders to obtain their points of view to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinates the Chairman's succession plan.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

35. The secretary of the Board of Directors ensures that the Board of Directors takes into account the recommendations on good governance contained in the Code of Good Governance applicable to company in its actions and decisions.

Compliant [X] Explain [ ]

36. The Board of Directors assesses, once a year, and adopts, where appropriate, an action plan that corrects any shortcomings detected regarding:

a) The quality and efficiency of the functioning of the Board of Directors.

b) The functioning and composition of its committees.

c) Diversity in the composition and powers of the Board of Directors.

d) The performance of the Chairman of the Board of Directors and the Chief Executive of the company.

e) The performance and contribution of each director, paying particular attention to those responsible for the different Board Committees.

To perform the assessment of the different committees, the report submitted to the Board of Directors will be used, and for the Board assessment, the report submitted to the Appointments Committee.

Every three years, the Board of Directors will be assisted by an external consultant in performing the assessment, whose independence shall be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group may have with the company or any Group company shall be broken down in the Annual Corporate Governance Report.

The process and the areas assessed shall be described in the Annual Corporate Governance Report.

Compliant [ ] Partially compliant [X] Explain [ ]

The Board of Directors internally performs the annual assessment of the efficiency of its functioning, its committees, as well as that of the Chairman of the Board of Directors (non-executive) and the CEO.
The Company believes that the conclusions drawn during the internal assessment make it possible to sufficiently correct any shortcomings detected or improvements in the functions assigned to the Board.
The assessment with the help of an external consultant has been carried out twice in the past. The Board shall assess the suitability of requesting such external assistance each business year.

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent and its secretary should be the secretary of the Board of Directors.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

The secretary of the Executive Committee is the same as the secretary to the Board. However, in the composition of this committee, there are no independent directors, whereas there are three such directors on the Board.
All decisions taken by the Executive Committee are reported to the Board.
On this Committee, independent directors may request as many clarifications or comments as they deem appropriate.
Given the continuous control that the Board exercises over the Executive Committee, it has not been considered necessary to include independent directors on this Committee.

38. The Board of Directors is always aware of the matters discussed and the decisions taken by the Executive Committee and that all the members of the Board of Directors receive a copy of the minutes of the Executive Committee meetings.

Compliant [X]Partially compliant [ ] Explain [ ] Not applicable [ ]

39. Members of the Audit Committee as a whole, and especially its Chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Compliant [X] Partially compliant [ ] Explain [ ]

40. Under the supervision of the Audit Committee, there is a unit that assumes the internal audit function ensuring the proper functioning of the information and internal control systems, which functionally reports to the non-executive Chairman of the Board or the Audit Committee.

Compliant [X] Partially compliant [ ] Explain [ ]

41. The head of the unit responsible for the internal audit function should submit the annual work plan to the audit committee for approval by the committee or the board, report directly to it on its implementation, including any incidents and limitations on scope arising in the course of its implementation, the results and follow-up of its recommendations, and submit an activities report to it at the end of each business year.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

42. In addition to those provided by law, the Audit Committee assumes responsibility for the following functions:

1. In relation to information and internal control systems:

a) Supervise and assess the preparation process and the integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, where applicable, the group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, reviewing compliance with regulatory requirements, the adequate definition of the scope of consolidation and the correct application of accounting criteria.

b) Ensure the independence of the Internal Audit function; propose the selection, appointment and removal of the head of the Internal Audit service, as well as the budget of this service; approving or proposing approval to the Board of the annual internal audit orientation and work plan, making sure that its activity is mainly focused on relevant risks (including reputational risks); receive periodic information about its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial, accounting or any other irregularities related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the complainant and the reported.

d) Generally ensure that the policies and systems in place for internal control are effectively implemented in practice.

2. In relation to the external auditor:

a) In case of the resignation of the external auditor, examine the circumstances that may have led to this.

b) Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.

c) Ensure that the company communicates any change in auditor through the CNMV and accompanies this with a statement about the possible existence of disagreements with the departing auditor and, if there were any disagreements, the nature of them.

d) Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them about the work undertaken and the evolution of the accounting and risk situation at the company.

e) Ensure that the company and the external auditor respect the rules in force on the provision of services other than auditing services, the limits on the concentration of the auditor's business and, in general, the other rules applicable to the auditor's independence.

Compliant [ ] Partially compliant [X] Explain [ ]

The meeting referred to in section 2.d) of this recommendation is not held, since this responsibility is delegated in full to the Audit and Control Committee, and the external auditor is responsible for presenting this information to the members of the Board.

43. The Audit Committee may summon any employee or manager at the company, and even arrange for them to appear without any other manager present.

Compliant [X] Partially compliant [ ] Explain [ ]

44. The Audit Committee is informed about the structural and corporate modifications that the company plans to perform for its analysis and preliminary report to the Board of Directors on its economic conditions and its accounting impact and, especially, where appropriate, on the proposed exchange ratio.

Compliant [ ] Partially compliant [ ] Explain [X] Not applicable [ ]

To date, all directors at the company, including independent directors, have voted in favour of the transactions referred to in this recommendation, meaning that the step previous to those before the Audit and Control Committee is not considered necessary.
In any case, on the Board of Directors, members of the Audit and Control Committee may present their reflections and opinions, which will be taken into account by the Board at the time of making a decision.

45. The risk control and management policy identifies or determines at least:

a) The different types of risk, both financial and non-financial, (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) that the company faces, including financial or economic, contingent liabilities and other off-balance-sheet risks.

b) A tiered risk management and control model, including a specialised risk committee where sectoral rules require this or where the company deems it appropriate.

c) The level of risk that the Company considers acceptable.

d) The measures planned to mitigate the impact of the risks identified, should they materialise.

e) The information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Compliant [X] Partially compliant [ ] Explain [ ]

46. Under the direct supervision of the Audit Committee or, where appropriate, a specialised committee of the Board of Directors, there is an internal risk control and management function performed by an internal unit or department at the company that has been expressly attributed the following functions:

a) Ensure the proper functioning of the control and risk management systems and, in particular, that all important risks affecting the Company are properly identified, managed, and quantified.

b) Actively participate in the preparation of the risk strategy and in the important decisions about its management.

c) Ensure that control and risk management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Compliant [X] Partially compliant [ ] Explain [ ]

47. The members of the Appointments and Remuneration Committee, or of the Appointments Committee and the Remuneration Committee, if they are separate, should be appointed ensuring that they have the knowledge, skills and experience suitable for the duties they are called upon to perform and the majority of the members should be independent directors.

Compliant [ ] Partially compliant [X] Explain [ ]

The Appointments and Remuneration Committee is currently made up of two proprietary and two independent directors, one of whom is the Chairman.
FCC believes that the make up of the Appointments and Remuneration Committee, with two independent members out of a total of four, one of whom is also the Chairman, sufficiently guarantees the proper functioning of this Committee[1].

48. Large-cap companies should have a separate appointments committee and a separate remuneration committee.

Compliant [ ] Explain [X] Not applicable [ ]

The two recommended committees are integrated into a single appointments and remuneration committee, as the Board of Directors believes that the combination of the two facilitates the carrying out of the duties assigned to them.

49. The Appointments Committee should consult with the Chairman of the Board of Directors and the CEO of the Company, especially on matters relating to executive directors.

And any director may request the consideration of potential candidates to fill vacancies of Director from the Appointments Committee, if it finds them suitable in its opinion.

Compliant [X] Partially compliant [ ] Explain [ ]

50. The Remuneration Committee should carry out its duties independently and, in addition to the duties assigned by law, should have the following responsibilities:

a) To propose to the Board of Directors the basic conditions of senior management contracts.

b) To verify compliance with the remuneration policy established by the company.

c) To regularly review the remuneration policy applied to directors and senior executives, including the share based remuneration systems and their application, and ensure that their individual remuneration is in line with that paid to the other directors and senior executives at the Company.

d) To ensure that any conflicts of interest do not undermine the independence of the external advice provided to the committee.

e) To verify the information on directors' and senior executives' remuneration contained in the various corporate documents, including the annual directors remuneration report.

Compliant [X] Partially compliant [ ] Explain [ ]

51. The remuneration committee should consult with the company's chairman and CEO, especially on matters relating to executive directors and senior executives.

Compliant [X] Partially compliant [ ] Explain [ ]

52. The rules governing the composition and operation of the supervision and control committees should be set out in the regulations of the Board of Directors and be consistent with those applicable to the legally obligatory committees in accordance with the above recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) Their chairmen should be independent directors.

c) The Board of Directors should appoint the members of these committees, bearing in mind the knowledge, skills and experience of the directors and the duties of each committee, and should discuss their proposals and reports; and to report, at the first plenary session of the Board of Directors after its meetings, on its activity and should be accountable for the work carried out.

d) The committees may seek external advice, when they consider it necessary for the carrying out of their duties.

e) Minutes should be taken of their meetings and made available to all directors.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the Board of Directors, which may be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the Board of Directors, in the exercise of its powers of self-organisation, has decided to set up. Such a committee should be composed solely of non-executive directors, the majority of whom should be independent, and should be specifically attributed the minimum functions indicated in the following recommendation.

Compliant [ ] Partially compliant [X] Explain [ ]

Although in the operations of the Board of Directors these skills are dealt with in the agenda of its committees, some of the duties indicated in the Recommendation are not formally attributed to one of its committees by the Regulations of the Board of Directors.

54. The minimum duties referred to in the above recommendation are as follows:

a) Overseeing compliance with the company's corporate governance rules and internal codes of conduct, and ensuring that the corporate culture is aligned with its purpose and values.

b) Overseeing the implementation of the general policy on economic-financial, non-financial and corporate reporting as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the institution communicates and interacts with small and medium-sized shareholders will also be monitored.

c) Regular evaluation and review of the Company's corporate governance system and environmental and social policy, in order for them to fulfil their aim of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders.

d) Monitoring that the company's environmental and social practices are in line with the strategy and policy.

e) The supervision and evaluation of the processes of relationship with the different stakeholders.

Compliant [X] Partially compliant [ ] Explain [ ]

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

55. Sustainability policies on environmental and social issues should at least identify and include:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, environment, diversity, accountability, respect for human rights and prevention of corruption and other unlawful actions.

b) Methods or systems for monitoring compliance with policies, associated risks and their management.

c) Mechanisms for monitoring non-financial risk, including those related to ethical and business conduct issues.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Compliant [X] Partially compliant [ ] Explain [ ]

56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualifications and responsibility required for the position, but should not be so high as to compromise the independent judgement of non-executive directors.

Compliant [X] Explain [ ]

57. Variable remuneration linked to the company's performance and personal performance, as well as compensation in the form of shares, options or rights to shares or instruments linked to the value of the share and long-term savings schemes such as pension plans, retirement systems or other social welfare systems, should be exclusively limited to executive directors.

The delivery of shares may be considered as remuneration to non-executive directors when it is subject to their remaining on the board. The foregoing shall not apply to the shares that the director needs to sell, if any, to meet the costs related to their acquisition.

Compliant [X] Partially compliant [ ] Explain [ ]

58. In the case of variable remuneration, remuneration policies should include the necessary technical limits and precautions to ensure that said remuneration is related to the professional performance of its beneficiaries and is not simply a result of general market or sector trends or other similar circumstances.

And, in particular, that the variable components of remuneration:

a) Should be linked to performance criteria that are predetermined and measurable, and these criteria should take into account the risk assumed in order to obtain a result.

b) Should promote the sustainability of the company and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

c) Should be designed on the basis of a balance between the achievement of short-, medium- and long-term objectives, allowing performance to be rewarded for continued achievement over a period of time sufficient to assess their contribution to sustainable value creation, so that the elements used to measure that performance do not revolve solely around one-off, occasional or extraordinary events.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

59. The payment of variable components of remuneration is subject to sufficient verification that the performance or other conditions set out above have been effectively met. Entities shall include in the annual directors' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, institutions should consider the establishment of a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that entails their total or partial loss should an event occur prior to the time of payment that makes it advisable to do so.

Compliant [ ] Partially compliant [ ] Explain [X] Not applicable [ ]

The CEO's variable is related to EBITDA, operating cash flow and individual objectives. This variable is approved once the Board of Directors has drawn up the accounts and approved the financial objectives.

60. Remuneration related to the Company's profit and loss should take into account any qualifications in the external auditor's report that reduce said profit and loss.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments tied to their value.

Compliant [ ] Partially compliant [ ] Explain [X] Not applicable [ ]

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

The FCC Group's remuneration policy does not include the delivery of shares or financial instruments linked to their value to its executive directors, as this is considered more appropriate.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, executive directors may not transfer ownership or exercise them until at least three years have elapsed.

An exception is made where the director has, at the time of the transfer or exercise, a net economic exposure to share price changes of a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The above will not apply to shares that the director needs to dispose of in order to meet the costs related to their acquisition or, after a favourable assessment from the appointments and remuneration committee, to address extraordinary situations that so require it.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

63. Contractual agreements should include a clause allowing the company to claim reimbursement of the variable components of remuneration when the payment has not been in accordance with the performance conditions or when they have been paid on the basis of data which is subsequently proven to be inaccurate.

Compliant [ ] Partially compliant [ ] Explain [X] Not applicable [ ]

Variable remuneration is approved by the Board of Directors once the parameters to which it is tied have been verified. It has not been considered necessary, both because of the volume of the remuneration and the time at which it is paid, to establish additional precautions.

64. Severance payments of payments for contract termination should not exceed a set amount equivalent to two years' total annual remuneration and should not be paid until the company has been able to verify that the director has met the criteria or conditions established for their receipt.

For the purposes of this recommendation, termination or contractual termination payments include any payments that accrue or are payable as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-compete agreements.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

Indicate whether any directors voted against or abstained from voting on the approval of this Report.

[ ] Yes
[v] No

I hereby declare that the data included in this statistical annex match and are consistent with the descriptions and data included in the annual corporate governance report published by the Company.

Fomento de Construcciones y Contratas, S.A.

Auditor's report on the information relating to the system of Internal Control over Financial Reporting (ICFR) of Fomento de Construcciones y Contratas, S.A. for 2020

25 February 2021

Deloitte.

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR 2020

To the Directors of Fomento de Construcciones Contratas, S.A.,

As requested by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("the Entity") and in accordance with our proposal-letter of 16 July 2020, we have applied certain procedures to the accompanying "Information relating to the ICFR" system of Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2020, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system.

It should be noted in this regard that, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity 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 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 "Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Entities", published by the Spanish National Securities Market Commission (CNMV) on its website, which establish 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 significantly less extensive 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 the year ended 31 December 2020 described in the accompanying Information relating to the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

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Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information includes all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013, and subsequent amendments, the most recent being CNMV Circular 1/2020, of 6 October ("the CNMV Circulars").

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process that goes into drawing up the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.

3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly the documentation furnished directly to those responsible for describing the ICFR system. In this regard, the aforementioned documentation includes reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.

4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Perusal of the minutes taken at meetings of the Board of Directors, the Audit and Control Committee and other committees of the Entity in order to assess the consistency of the ICFR system issues addressed at those meetings with the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of the CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Raquel Martínez Armendáriz

25 February 2021



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