

## **EXPLANATORY REPORT ISSUED BY THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. REGARDING THE DIRECTOR APPOINTMENT PROPOSAL (ITEM 4 ON THE AGENDA)**

This report was drawn up by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter referred to as the "**Company**" or "**FCC**") as prescribed by article 529 *decies*, section 5 of the Spanish Corporate Enterprises Act and article 16 of the Regulations of the Board of Directors, to explain the following director appointment proposal to be submitted for approval at the General Meeting under item 4 of the Agenda:

### **4. Appointment of Pablo Colio Abril as executive director.**

*It is hereby proposed: "Upon a prior favourable report by the Appointments and Remuneration Committee, to appoint PABLO COLIO ABRIL as an executive director on the Board of Directors as of the date of this Meeting and for the term prescribed by the Company Bylaws of four (4) years."*

During its session on 12 September 2017 and further to a favourable report by the Appointments and Remuneration Committee, the Board of Directors resolved to appoint Pablo Colio Abril as an executive director through the co-option system. In accordance with article 244 of the Spanish Corporate Enterprises Act, the appointment by co-option expires at the next scheduled general meeting.

This report was drawn up to assess the skills, experience and merits of the candidate, whose election is proposed to the General Meeting, for which the Board of Directors has considered the suitability of the director's professional profile for the specific features of the business and the Company's growing internationalisation.

The Board of Directors has verified that the candidate meets all the requirements in terms of integrity, aptitude, sound judgment, competence, experience, qualifications, training, availability and dedication to his role, and is not involved, whether directly or indirectly, in any of the incompatibility or prohibition causes contemplated by law, the Company Bylaws or the Regulations of the Board of Directors.

The main particulars of Pablo Colio Abril's professional curriculum vitae are:

Architectural Degree from the Escuela Técnica Superior of Madrid. His professional career has mostly been within FCC, where he has worked for over 23 years.

In the FCC Group, he has been responsible for the international expansion of the Industrial area. Some of the previous positions he held include general manager of FCC Construcción and general manager of FCC Industrial.

He is currently the Chief Executive Officer of the FCC Group and a member of its Executive Committee, duties that are compatible with the duties of the general

manager of FCC Construcción. He is also a board member for the Mexican firm Carso Infraestructuras y Construcción (CICSA).

In addition to the foregoing, the Board of Directors considers that the conduct of Pablo Colio Abril as a member of the Company's Board of Directors since his appointment has been proper in all aspects: performance of the position of executive director and, in particular, in his capacity as Chief Executive Officer; dedication to the office; and effective discharge of the duties attributed thereto.

The Appointments and Remuneration Committee has issued a prior report, approved at its meeting on 9 May 2018, in favour of the proposal to appoint director Pablo Colio Abril as an executive director.

Board of Directors therefore positively acknowledges the curriculum vitae and professional career of Pablo Colio Abril, which show that he has the suitable skill sets, experience and merits to hold the office of director of FCC. The Board of Directors thus believes that his appointment as an executive director is therefore justified.

Madrid, 9 May 2018