

REPORT OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ON THE PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS (ITEM 6 OF THE AGENDA)

Background and justification of the proposals

This report is produced by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter referred to as the "**Company**") in accordance with the provisions of Article 529 decies.5 of the Capital Company Law, to justify the following proposed appointment/re-election of directors submitted to the General Meeting of Shareholders for approval, under point 6 of the agenda:

6. Appointment and/or re-election of directors.

6.1. Re-election of DOMINUM DESGA, S.A. as director representing controlling shareholders.

The following is proposed: "Re-elect, based on a favourable report of the Appointments and Remuneration Committee, as member of the Board of Directors, effective as of the date of this Meeting and for the period established in the Articles of Association of four (4) years, DOMINUM DESGA, S.A. with the category of director representing controlling shareholders".

6.2. Ratification and appointment of MR JUAN RODRÍGUEZ TORRES as director representing controlling shareholders.

The following is proposed: "Ratify and appoint, based on a favourable report of the Appointments and Remuneration Committee, as member of the Board of Directors, effective as of the date of this Meeting and for the period established in the Articles of Association of four (4) years, MR JUAN RODRIGUEZ TORRES, with the category of director representing controlling shareholders".

6.3. Appointment of MR CARLOS MANUEL JARQUE URIBE as executive director.

The following is proposed: "Appoint, based on a favourable report of the Appointments and Remuneration Committee, as member of the Board of Directors, effective as of the date of this Meeting and for the period established in the Articles of Association of four (4) years, MR CARLOS MANUEL JARQUE URIBE, with the category of executive director".

The purpose of this report is to assess the competence, experience and merits of the candidates whose appointment and re-election are being proposed to the Meeting, for the purpose of which the Board of Directors has taken into account the suitability of the professional profiles of the directors to the particular features of the business and the growing international presence of the Company.

The Board of Directors has also verified that the candidates meet the requirements based on honour, aptitude, solvency, competence, experience, qualification, training, availability and commitment to their role, that they contribute to the diversity of the

composition of the Board of Directors, and that they are not directly or indirectly concerned by any of the causes of disqualification or prohibition set out by Law, the Articles of Association and the Rules of the Board of Directors.

The Appointments and Remuneration Committee previously issued a report, which was approved at its meeting of 04 May 2016, which favourably reports on (i) the proposed re-election of the director DOMINUM DESGA, S.A., (ii) the proposed ratification and appointment of MR JUAN RODRIGUEZ TORRES, both as directors representing controlling shareholders; and (iii) the proposed appointment of MR CARLOS MANUEL JARQUE URIBE, as executive director.

1. Justification of the proposed re-election of the director DOMINUM DESGA, S.A.
Represented by Ms Esther Alcocer Koplowitz

DOMINUM DESGA, S.A. has held the post of director of the Company since 27 September 2000; it has been represented by the natural person Ms Esther Alcocer Koplowitz.

Juris Doctor, Ms Esther Alcocer Koplowitz has completed the Programme on the Senior Management of Companies (PADE) at the IESE in Madrid.

Since January 2013, she has been the Chairwoman of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., a member of its Executive Committee and the Appointments and Remuneration Committee.

She chairs the Foundation of the Spain - Colombia Council; she is the Deputy Chairwoman of the Latin America Business Council (CEAL), a member of the board of the "Women for Africa" Foundation, Carolina Foundation, SERES Foundation and the Executive Committee of the Association of Former Students of IESE (Madrid).

Ms Esther Alcocer Koplowitz (as natural person representative of EAC INVERSIONES CORPORATIVAS, S.L.) is a member of the Board of Directors of Realía Business, S.A., chair of its Executive Committee and a member of the Appointments and Remuneration Committee of this company.

Furthermore (as natural person representative of EAC MEDIO AMBIENTE, S.A.), she is a member of the Board of Directors of Cementos Portland Valderrivas, S.A.

She is a director of CaixaBank-Banca Privada.

In view of the connection of DOMINUM DESGA, S.A. with DOMINUM DIRECCIÓN Y GESTIÓN, S.A., its re-election as a director representing a controlling shareholder is being proposed.

The Board of Directors, in light of the Report of the Appointments and Remuneration Committee, takes the view that the performance of DOMINUM

DESGA, S.A. as a member of the Board since its appointment on 23 May 2013 has been more than satisfactory in all aspects: performance of the post of director; quantity and quality of its work; and dedication to the post; it also promotes diversity in the composition of the Board of Directors.

Furthermore, the Board of Directors, in light of the Report of the Appointments and Remuneration Committee, values the CV and professional background of Ms Esther Alcocer Koplowitz, which show that she has the appropriate skills, experience and merits to undertake the post of natural person representative of the director DOMINUM DESGA, S.A.

It is the opinion of the Board of Directors that this justifies her re-election as director, with the capacity of a director representing a controlling shareholder.

2. Justification of the proposed ratification and appointment of MR JUAN RODRÍGUEZ TORRES

Mr Juan Rodríguez Torres is a Civil Engineer for the Autonomous University of Mexico (UNAM). He has completed a Master's Course in planning and operational research of UNAM. He has also completed administration studies at the IPADE and has a degree in pre-stressed concrete from Paris. He founded the Mexican Generation Business Association. He has been the Production Manager and Controller of Preesforzados Mexicanos, S.A. de ICA and General Manager of the Domit Group, involved in the Rock Filling sector.

He is presently a Director of Minera Frisco, S.A.B. de S.A. de CV. and a member of the Advisory Board of Banamex-Citi.

He is a director of Cementos Portland Valderrivas, S.A.

He is a member of the Board of Directors of Realia Business, S.A. and non-executive Chairman of the Board, a member of the Executive Committee and chair of the Appointments and Remuneration Committee and the Audit and Control Committee of this company.

In view of his connection with Control Empresarial de Capitales, S.A de C.V. his re-election as director representing controlling shareholders is being proposed.

The Board of Directors, in light of the Report of the Appointments and Remuneration Committee, takes the view that the performance of Juan Rodríguez Torres as a member of the Board since his appointment by co-optation on 07 October 2015 has been more than satisfactory in all aspects: performance of the post of director; quantity and quality of his work; and dedication to the post; it also promotes diversity in the composition of the Board of Directors.

Furthermore, the Board of Directors, in light of the Report of the Appointments and Remuneration Committee, values the CV and professional background of Mr Juan

Rodríguez Torres, which show that he has the appropriate skills, experience and merits to undertake the post of director.

It is the opinion of the Board of Directors that this justifies his ratification and appointment as director, with the capacity of a director representing a controlling shareholder.

3. Justification of the proposed appointment of MR CARLOS MANUEL JARQUE URIBE

Mr Carlos Manuel Jarque Uribe has a Degree in Actuary Sciences from the Anáhuac University (Huixquilucan, Mexico). He has completed post-graduate studies at the London School of Economics, the University of Oslo, the Australian National University and Harvard University.

Mr Carlos Manuel Jarque has held a range of public and private sector posts in Mexico. During his career, he has been the Manager of Economic Studies of Telephony in Mexico; Chairman of the Inter-Secretarial Committee of Reporting and Monitoring Public Finances in Mexico; Chairman of the National Institute of Statistics, Geography and Computer Science (INEGI); Secretary of the National Development Plan of Mexico for the period between 1995 to 2000; he has held the post of Minister of Social Development; at the Inter-American Development Bank (IADB); he has been the Manager of the Sustainable Development Department, Secretary and Representative of the Entity in Europe; he has undertaken the role of Executive Director of América Móvil, responsible for Corporate, Governmental and International Relations. He has also been a member of the Board of Directors for Financial Institutions and companies in the construction, mining and real estate sectors, as well as in citizen services.

He is a director of Cementos Portland Valderrivas, S.A. and Realia Business, S.A.

Since August 2015, he has held the post of chief executive of Fomento de Construcciones y Contratas, S.A.

During that time he has undertaken management duties since August 2015 in FCC, such as CEO/Chief Executive of the FCC Group; his appointment as an executive director is being proposed in order to occupy the current vacancy in the Board of Directors of the Company.

The Board of Directors, in light of the Report of the Appointments and Remuneration Committee, values the CV and professional background of Mr Carlos Manuel Jarque Uribe, which show that he has the appropriate skills, experience and merits to undertake the post of director.

It is the opinion of the Board of Directors that this justifies his appointment as a director, with the capacity of an executive director.