



FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

**COMPLETE TEXT OF THE MOTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE  
ORDINARY GENERAL MEETING  
OF 28 JUNE 2018**

1. **Examination and approval, if appropriate, of the financial statements and management reports corresponding to financial year 2017 for the company Fomento de Construcciones y Contratas, S.A. and the Consolidated Group thereof, and the management of the Board of Directors during the indicated year.**

It is hereby proposed: "To adopt the financial statements and management report corresponding to financial year 2017 of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter also referred to as the "Company" or "FCC") and its Consolidated Group.

These documents received a favourable report by the Audit and Control Committee and were verified by the Company Auditor."

It is also hereby proposed: "To approve the Board of Directors' management of the Company during the accounting period ended 31 December 2017."

2. **Examination and approval, if appropriate, of the proposed allocation of the 2017 financial year profit.**

Company financial results of fiscal year ended 31 December 2017.	
Profit of:	€184,337,192.04

In light of the resulting profit of the Profit and Loss Account of the accounting year for FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ending on 31 December 2017, the following motion is proposed: To apply the 2017 profits (€184,337,192.04) as follows:

- To legal reserve: €49,651,604.60
- To unrestricted reserves: €134,685,587.44

3. **Re-election of statutory auditors of the Company and its Consolidated Group.**

It is hereby proposed: "Upon a prior favourable report from the Audit and Control Committee, to re-commission the Statutory Auditor of the Company and its Consolidated Group for 2019, namely DELOITTE, S.L., with registered office at Madrid at Plaza Pablo Ruiz Picasso 1; entered on the Madrid Companies Registry at volume 13,650, folio 188, section 8 and page M-54414; registered in the Official Register of Auditors (ROAC) under No. S-0692 and bearing Tax ID (CIF) No. B79104469."



#### **4. Appointment of PABLO COLIO ABRIL as executive director.**

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 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.

In light of the foregoing, 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 the present Meeting and for the term prescribed by the Company Bylaws of four (4) years."

#### **5. Remuneration of the members of the Board of Directors.**

##### **5.1. Remuneration of the members of the Board of Directors corresponding to financial year 2017.**

According to the Annual Director Remuneration Report, which was submitted to the Ordinary Annual Shareholders Meeting on 28 June 2016 for a consultative vote, and as stipulated in article 38 of the Company Bylaws, the director remuneration system includes (a) the consideration comprising a share in net profits after seeing to the legal reserve and settling the payment to shareholders of the minimum dividend of four per cent (4%) of the nominal value of the shares; and (b) remuneration for effective attendance of the directors at the sessions and meetings of the Board and its Committees.

In accordance with the foregoing, there is no accrual of any director remuneration consisting in a share of the net profits. Consequently, directors will be remunerated based on the performance of their offices solely by virtue of their attendance at the meetings of the Board of Directors and its internal Committees, and, for the purposes thereof, as established in article 38 of the Bylaws, the General Meeting must determine the quantity corresponding to each year in this respect, which will be distributed by the Board of Directors to its members regarding their effective attendance at the meetings.

On the basis of the foregoing, it is hereby proposed: "To approve, in accordance with article 38 of the Company Bylaws, the total amount of €474,125 to distribute amongst the directors corresponding to the 2017 remuneration for effective attendance at the meetings of the Board of Directors and its Committees."

##### **5.2. Consultative vote on the Annual Director Remuneration Report corresponding to financial year 2017.**

As stipulated by article 541 of the Corporate Enterprises Act and article 38 of the Company Bylaws, the Board of Directors must draw up an annual report on the remuneration of directors. At its meeting on 27 February 2018, the Company's Board of Directors, following a prior favourable report from the Appointments and Remuneration Committee, approved the Annual Director Remuneration Report that was posted as a Price-Sensitive Information Disclosure on the website of the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores - CNMV) on 28 February 2018, and then posted by the Company on its website upon publication of the notice of General Meeting.



On the basis of the foregoing, it is hereby proposed: "To approve, via a consultative vote, the Annual FCC Director Remuneration Report corresponding to financial year 2017."

### **5.3. Approval of the Director Remuneration Policy**

It is hereby proposed: "To approve, as prescribed by article 529 *novodecies* of the Spanish Corporate Enterprises Act, the Director Remuneration Policy of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., which was made available to shareholders as of the date of the publication of the notice of General Meeting, together with the report of the Appointments and Remuneration Committee. The policy will remain valid during three years following the date of its approval at the General Meeting."

### **6. Sale of 49% of the share capital of FCC AQUALIA, S.A. Approval for the effects contemplated in article 160 of the Spanish Corporate Enterprises Act.**

On 16 March 2018, "Fomento de Construcciones y Contratas, S.A.," together with the firm International Services INC., S.A., a wholly owned subsidiary of FCC (as Sellers), entered into a purchase agreement with the company IFM Global Infrastructure Fund (through its downstream company Global Infraco Spain, S.L.U., "IFM") (as Purchaser) for the sale of 49% of the shares of the share capital of the subsidiary FCC Aqualia, S.A. (hereinafter referred to as the "Purchase Agreement"), which is currently subject to achievement of certain previously specified milestones inherent in transactions of this sort, including yet not restricted to authorisations in terms of competition law and financial institutions (hereinafter referred to as the "Transaction").

The price to pay by the Purchaser is one billion, twenty-four million euros (€1,024,000,000), and the main purpose thereof is the reduction of the financial debt of Fomento de Construcciones y Contratas, S.A. and the rest to attend to other corporate needs of the group.

As is usual practice for transactions of this sort, upon signature of the Purchase Agreement until the Transaction concludes, FCC Aqualia, S.A. will continue to follow its ordinary course of its business, and the continuity of its executive team, present corporate strategy and maintenance of its operations and commercial relationships are expected in any case.

In this regard, the entry of the new partner will enable consolidation of FCC Aqualia, S.A. as one of the leading water management companies and the development of new markets.

Following the best practices in corporate governance and absolute corporate transparency, the Board of Directors of Fomento de Construcciones y Contratas, S.A. has decided to submit the divestment transaction described above to the Company's shareholders at the Annual General Meeting for approval.

In light of the foregoing, and pursuant to article 160 f of the Corporate Enterprises Act currently in force, the purchase transaction through which Fomento de Construcciones y Contratas, S.A., directly and indirectly through its subsidiary International Services INC., S.A., sells forty-nine per cent (49%) of the shares constituting the total share capital of the subsidiary FCC Aqualia, S.A. to IFM is approved, for which the Board of Directors, with express power further to delegate to any of its members, is granted all the powers that may be necessary or convenient for executing the transaction".

### **7. Authorisation to the Board of Directors, with express power of substitution, for the derivative acquisition of own shares and authorisation to subsidiary companies so that they can acquire shares of Fomento de Construcciones y Contratas, S.A., all within the limits and subject to the requirements set out in the Spanish Corporate Enterprises Act.**



In accordance with the standard practice of listed companies, the Board of Directors should have an authorisation for the derivative acquisition of own shares in the future. Therefore, it is hereby proposed: "To authorise FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and the companies of its Group where there arises any of the cases contemplated in article 42, paragraph 1 of the Spanish Code of Commerce, to carry out the derivative acquisition of own shares through purchase operations, swaps or any other transaction permitted by law at the price of its stock listing price on the acquisition date, which should fall within the maximum and minimum values detailed below:

- The maximum value shall be the result of increasing the maximum listing price in the three (3) months prior to the moment of acquisition by twenty per cent (20%).
- The minimum value shall be the result of lowering the minimum listing price in the three (3) months prior to the moment of acquisition by twenty per cent (20%).

By virtue of the present authorisation, any of the Board of Directors, Executive Committee or Chief Executive Officer may acquire treasury shares in the terms and conditions provided for under article 146 of the Spanish Corporate Enterprises Act.

All or some of the acquired own shares may be used by the Board of Directors, Executive Committee or Chief Executive Officer for executing remuneration programmes either for the purpose of or entailing the delivery of shares or option rights on shares as provided for by article 146(1) of the Spanish Corporate Enterprises Act.

The present authorisation is granted for the maximum period permitted by law and must likewise adhere to the applicable share capital limit according to the pertinent legislation in force on the acquisition date.

The acquisition of shares, which must be fully paid in, should allow the acquiring FCC Group companies to appropriate the mandatory restricted reserve stipulated by section c) under article 148 of the Spanish Corporate Enterprises Act. This authorisation will invalidate the resolution by the Meeting on 23 May 2013."

#### **8. Reduction of the term of notice for extraordinary general meetings**

As provided for by article 515 of the Corporate Enterprises Act, the deadline for convening Extraordinary General Meetings may be reduced to a minimum notice period of fifteen (15) days, so long as the Company permits all its shareholders to vote via electronic channels and this reduction is agreed by a favourable vote from shareholders representing two-thirds of the share capital at the Annual General Meeting. The cited Act states that the resolution regarding a reduced term is only valid until the next Annual General Meeting.

On the basis of the foregoing, it is hereby proposed: "To approve, according to article 515 of the Spanish Corporate Enterprises Act, that Extraordinary General Meetings may be convened as necessary with a notice period of at least fifteen days. The present resolution will be valid until the next Annual General Meeting is held."

#### **9. Vesting directors with sufficient powers for implementation, execution of the related notarial acts, registration, rectification and performance of the adopted resolutions.**

It is hereby proposed: "To endow the Company's Board of Directors and all individual members thereof, including its Secretary and Deputy Secretary, with the broadest scope of powers as necessary under law, with express powers for substitution, so that any individual member thereof,



severally and indistinctly, may take the steps to convert the resolutions adopted at the General Meeting into a notarial act, with sufficient powers to correct, rectify or interpret the wording thereof on the basis of the verbal or written qualification on record at the Companies Registry and for the sole purpose of entry thereon. This authorisation likewise entails the execution of any class of notarial or parol documents or instruments that may be necessary for executing, implementing and formalising all resolutions adopted by the Meeting with no limitation thereupon."