

FCC GROUP' NON-FINANCIAL REPORT

CONTENTS

1.	About this report	4
1.1.	Compliance of FCC with the Non-Financial Information and Diversity Law 11/2018	4
1.2.	Information about the meaning of sustainability for FCC.....	5
	Business model	5
	Inventory of policies relating to the sustainability of the FCC Group	6
	Non-financial risks to which the FCC Group is exposed	11
	FCC contributes to achieving Sustainable Development Goals (SDGs)	16
2.	THE FUNDAMENTALS OF THE COMPANY: VALUES AND GOOD GOVERNANCE.....	18
2.1.	Introduction to the company's values, a sign of identity.....	18
2.2.	Good Governance	19
2.2.1.	FCC's Governing bodies.....	19
2.2.2.	Composition of the Board of Directors and the Committees:	21
2.2.3.	Diversity on the Board of Directors	21
2.2.4.	Operation of the Board and Board Committees	22
2.2.5.	Remunerations policy.....	23
2.3.	FCC's Due Diligence: the compliance model, the Code of Ethics and Conduct, its policies and procedures].....	24
2.3.1.	Safeguarding Ethics and Integrity at FCC	25
2.3.2.	Respect for Human Rights at FCC	26
2.3.3.	The fight against corruption and bribery	27
2.3.4.	Procedures for assessing counterparty risk.....	29
2.3.5.	Fiscal transparency: Accountability	30
3.	OUR PEOPLES.....	32
3.1.	Key FCC employment data	33
	Diversity in the FCC Group workforce.....	33
	Average remuneration and gender pay gap	36
3.2.	Attract, motivate, develop and retain talent	37
	Training in the FCC Group in 2018	37
3.3.	Organisation of employment	39

Work-life balance.....	40
Disconnection	41
3.4. Diversity management in the FCC Group.....	42
Equality between men and women	42
Disability.....	44
3.5. Social Relationships	47
Collective bargaining, balance of collective agreements.....	47
Special mention of occupational health and safety in collective agreements	47
3.6. Health and safety.....	48
FCC's preventive management.....	48
How FCC has decreased the accident rate.....	49
FCC's medical service.....	50
FCC healthy company	50
4. MANAGING IMPACTS, WORKING NEW OPPORTUNITIES	51
4.1. Caring for and protecting the environment.....	51
4.1.1. FCC's management of the main environmental risks faced by the Group's business lines	52
4.1.2. FCC Group policies on environmental issues.....	55
4.1.3. Environmental management system	56
4.2. How FCC reduces its polluting emissions.....	56
4.3. FCC joins the circular economy	60
4.4. Efficient waste management.....	62
4.5. Responsible use of resources at FCC.....	64
4.5.1. Responsible water management	64
Water management by Aqualia:	66
4.5.2. Consumption of raw materials.....	67
4.5.3. Energy consumption.....	68
4.6. FCC and climate change	70
4.7. Protecting biodiversity.....	74
4.8. Summary table of environmental indicators	76
5. CREATING SOCIAL VALUE	77
5.1. FCC's commitment to its customers	79
5.2. FCC's commitment to the sustainable development of the communities in which it operates.....	80

5.3. Strengthening the value chain [5.2.1; 5.2.2; 5.2.3 - LINF 11/2018]	83
ANNEX I: SCOPE AND MATERIALITY	85
Scope of the Report.....	85
Materiality Study	87
ANNEX II: Table of Indicators Law 11/2018 - GRI Relationship.....	90

1. About this report

1.1. Compliance of FCC with the Non-Financial and Diversity Information Law 11/2018

On 29 December 2018, the Non-Financial Information and Diversity Law 11/2018 (LINF) was definitively published in the Official State Gazette (BOE). This concluded the transposition process into Spanish law of Directive 2014/95/EU of the European Parliament and Council, which began in January 2017 with a draft law and led to the approval of Royal Decree-Law 18/2017 of 24 November.

The new text adopted increases transparency requirements and is one of the most advanced transpositions in Europe.

In its commitment to reporting non-financial information, through this report, the FCC Group not only continues its habitual practice of reporting on its CSR, following recommendation 55 of the CNMV's Good Governance Code and complying with article 39, paragraph 2, of the current Sustainable Economy Act 2/2011, but also complies with the Non-Financial Information and Diversity Act, sharing information with the reader relating to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as information relating to Group employees.

All the indicators required by Law 28/11 that are material for the FCC Group and those that are not material for the Group are reported below.

To identify material matters, FCC carried out a "Materiality Study" in 2017, which was approved in 2018. With this study, the Group measures the importance of the most important aspects of business strategy and corporate responsibility, identifies the expectations of sector leaders and articulates responses to their needs (for more details on this study, see Appendix I).

Information on the FCC Group's ethical, environmental and social performance to date has been reported in accordance with the Sustainability Reporting Guidelines of the *Global Reporting Initiative* (GRI). For the 2018 report, and in order to fully adapt to the requirements of the Law, the GRI standard has not been strictly followed. However, the information reported can be largely linked to that requested by GRI. Appendix II of this report shows the link between the information reported under the Law and the GRI indicators.

The information is reported, for each issue/chapter, following the framework indicated by the Law. In other words:

- Main risks and impacts related to the issue
- Key Policies and Due Diligence
- The outcome of the policies
- Key indicators

In addition, this report has been subject to review by an independent third party. (See appendix Verification Report).

1.2. Information about the meaning of sustainability for FCC

The Fomento de Construcciones y Contratas Group, which has been in existence for more than 100 years, has, since its inception, shown its commitment to the progress of the societies or communities in which it has operated.

Large companies cannot succeed in societies where the well-being of people, respect for the environment and human rights are not guaranteed. For this reason, since the Group was founded, hundreds of initiatives have been developed which today we would call corporate social responsibility (CSR).

In 2005, the Board of Directors took the voluntary decision to publish a report to inform its stakeholders of its socially responsible actions, with the aim of transmitting and sharing its commitment to sustainability and social welfare.

This commitment as a Group was expanded to the rest of its subsidiaries, and its Water, Environment, Construction and Cement divisions, which also decided to publish a CSR or sustainability report either every year or every two years.

In July 2016, the plenary session of the Group's Board of Directors, in accordance with Article 529 ter of the Spanish Limited Liability Companies Act and Recommendation 54 of the CNMV's Good Governance Code for Listed Companies, approved FCC Group's Corporate Social Responsibility Policy, attributing its supervision to the Executive Committee.

The Board has also approved various CSR master plans in subsequent years. The latter, its fourth plan, was validated by the company's highest administrative body at its November 2017 session and with a planned implementation of it for the years 2018-2020. With this approval, FCC follows Recommendations 53 and 54 of the aforementioned CNMV Code, and with the publication of the Report, Recommendation 55.

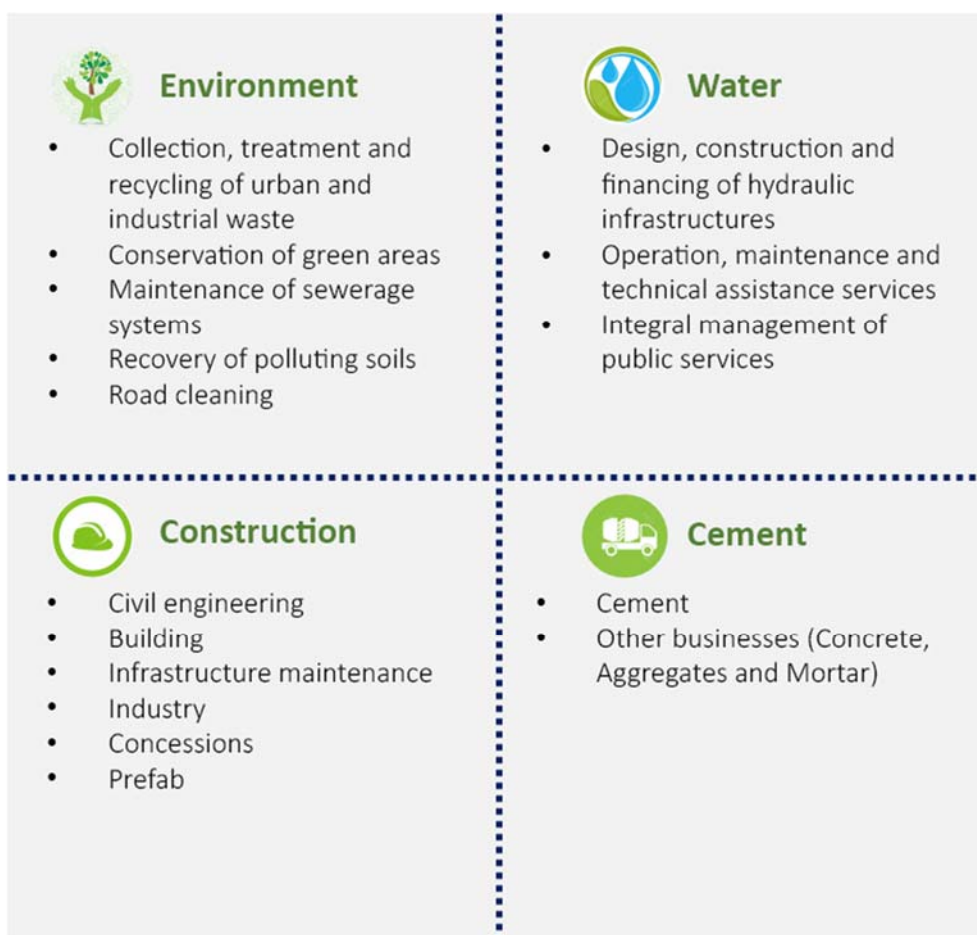
Business model

The FCC Group is an international benchmark as one of the main groups of citizen services. Since its inception, and through its activity, it contributes to the improvement and development of the cities in which it operates.

The FCC Group is currently present in more than 40 countries, with a particularly significant presence in the United Kingdom, Panama, Peru, Mexico, Saudi Arabia and Qatar. 45.1% of its turnover comes from international markets.

The development of cities entails major challenges such as population growth, climate change, scarcity of natural resources and increasing inequality. Through its Mission - to improve people's quality of life through the design, implementation and efficient and sustainable management of environmental services, end-to-end water management and the construction of major infrastructure works. FCC responds to all these challenges.

The FCC Group's activities and sectors:



For the company, these challenges transform its competitive environment and, in turn, drive the commitment to provide solutions to them, as well as detect opportunities linked to its business. Corporate Social Responsibility (hereinafter CSR) is the tool that allows FCC to identify trends and define a response through several channels: materiality analysis, development of programmes within the framework of the CSR 2020 Master Plan (CSR2020M), monitoring of objectives, and corporate and per business reporting.

Inventory of policies relating to the sustainability of the FCC Group

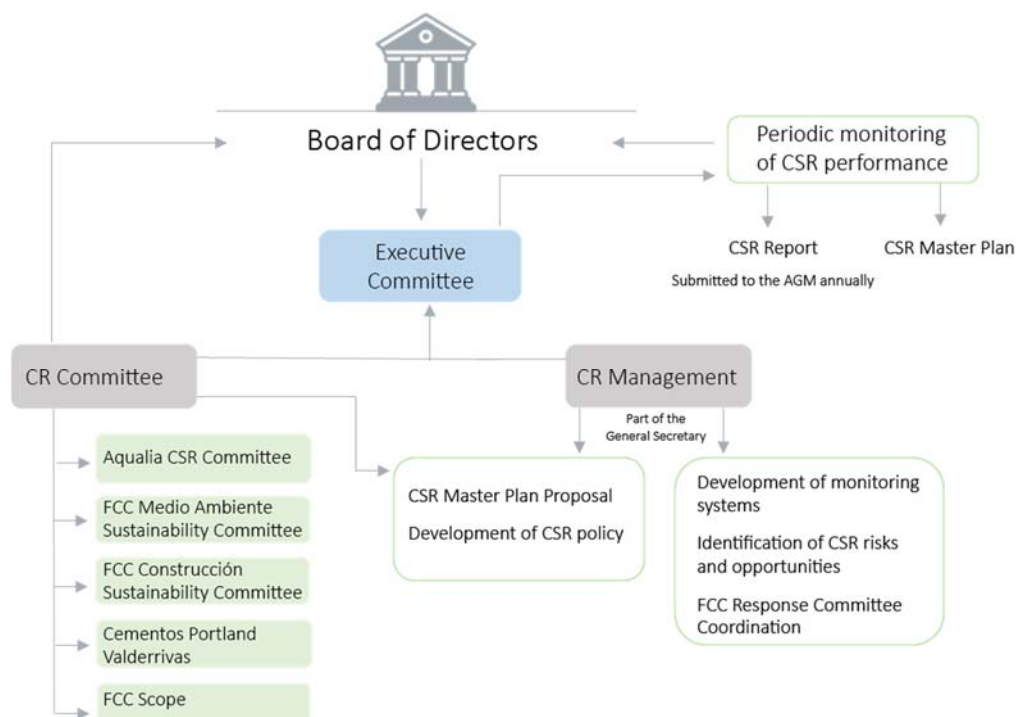
The company's current Code of Ethics and Conduct, which was updated in February 2018 by the Board of Directors, is the document which cover compliance with those aspects of an ethical, environmental and social nature, which in turn are developed in the different corporate policies, responsibilities and action plans.

The current Corporate Social Responsibility Policy, which was approved on 28 July 2016 by FCC's full Board of Directors, defines the commitments acquired by all the company's businesses in terms of integrity and business ethics, respect for the environment and the creation of shared value with society.

The Executive Committee, guarantor of compliance with the CSR Policy

The Policy grants the Board of Directors the correct supervision in CSR matters by delegating this function to its Executive Committee, thus following recommendation 53 of the Good Governance Code of Listed Companies of the CNMV (hereinafter, GGC).

Coordination and materialisation of the CSR Policy in FCC



The CSR 2020 Master Plan

FCC's Board of Directors also approved the IV CSR 2018-2020 Master Plan, in order to comply with the provisions of the CSR Policy and respond to its commitments to society. This plan has been prepared from an in-depth analysis of social and environmental needs, as well as medium- and long-term trends. The new training developments, the global challenges identified in the United Nations Agenda 2030 for Sustainable Development, the demands of the environment and the purpose of adding value to the Group's own business have marked the definition of 15 action programmes, structured around the following three axes:



Corporate policies, responsibilities and action plans

Together with the Code of Ethics and Conduct, the CSR Policy and the CSR 2020 Master Plan, the FCC Group has complementary policies and action plans that contribute to responding to the challenges faced by the Group in the areas of social affairs and human and environmental resources.

Some of these policies are presented below. However, the results of these, as well as the key indicators for their monitoring, are set out in the relevant chapters further on.

	Policies or actions	Description
Social and Human Resource Policies	Human resources policy	Its objective is excellence in performance and commitment to employees, favouring a healthy and non-discriminatory environment in which to attract and encourage talent with a long-term vision.
	Social dialogue and liaising policy	It seeks to promote the implementation of agreements through collective bargaining, as well as to ensure that the different collective processes are carried out transparently, setting up monitoring committees and providing employees and employee representatives with all the necessary information.
	Equal opportunities plans	The different equal opportunity plans of the FCC companies expound the company's commitment to equal opportunities through specific measures adapted to the reality of its businesses and the particularities of its sectors of activity. These plans include specific measures adapted to the reality of each business and have the corresponding monitoring bodies, composed in equal numbers with business and trade union representation, which promote the development and integration of the different subjects and measures referred to in the plans.
	Human Resources Policy	Its objective is to prevent, detect and eradicate human rights violations. It reflects its commitments around seven basic pillars: — Freedom of association and collective bargaining — Decent and paid employment — Forced and child labour. — Diversity and inclusion — Health and safety — Data privacy — Respect for communities

Compliance policies	Anti-corruption policy	It complies with the principles contained in the Code of Ethics and Conduct, in which fraud and corruption activities are not tolerated. It is based on nine fundamental principles: — Compliance with legality and ethical values — Zero tolerance for bribery and corruption — Prevention of money laundering and transparent communication — Transparent relationship with the community — Conflicts of interest — Surveillance of ownership and confidentiality of data — Rigour in control, reliability and transparency — Extension of commitment to business partners — Promotion of continuous training on ethics and compliance
	Policy on Relationship with Shareholders and counterparties	It establishes uniform principles and criteria to be followed in terms of communication, acceptance and implementation of the compliance mechanisms established in the FCC Group's Crime Prevention Model, in all relations with business partners, with the aim of guaranteeing reliability and transparency in these relations.
	FCC's Environmental Policy	It reflects the Group's commitment to preserve the environment and the use of the resources available around it: – Continuous improvement. – Control and monitoring. – Climate change and pollution prevention. – Care for the environment and innovation. – Life cycle of our product and services.
Environmental Policies	Climate Change Strategy (currently under review)	Its main objective is to reduce greenhouse gas (GHG) emissions into the atmosphere by improving efficiency in the use of resources.

Non-financial risks to which the FCC Group is exposed

The FCC Group has a risk-management policy and system approved by the Board of Directors, designed to identify and assess potential risks that could affect business and build mechanisms into the organisation's processes to enable risks to be managed within acceptable levels, providing the FCC Board of Directors and management a reasonable degree of assurance that targets can be met. Its scope of application covers all the companies that make up the Group, as well as the investees in which FCC has effective control and the acquired companies, from the date on which the acquisition becomes effective.

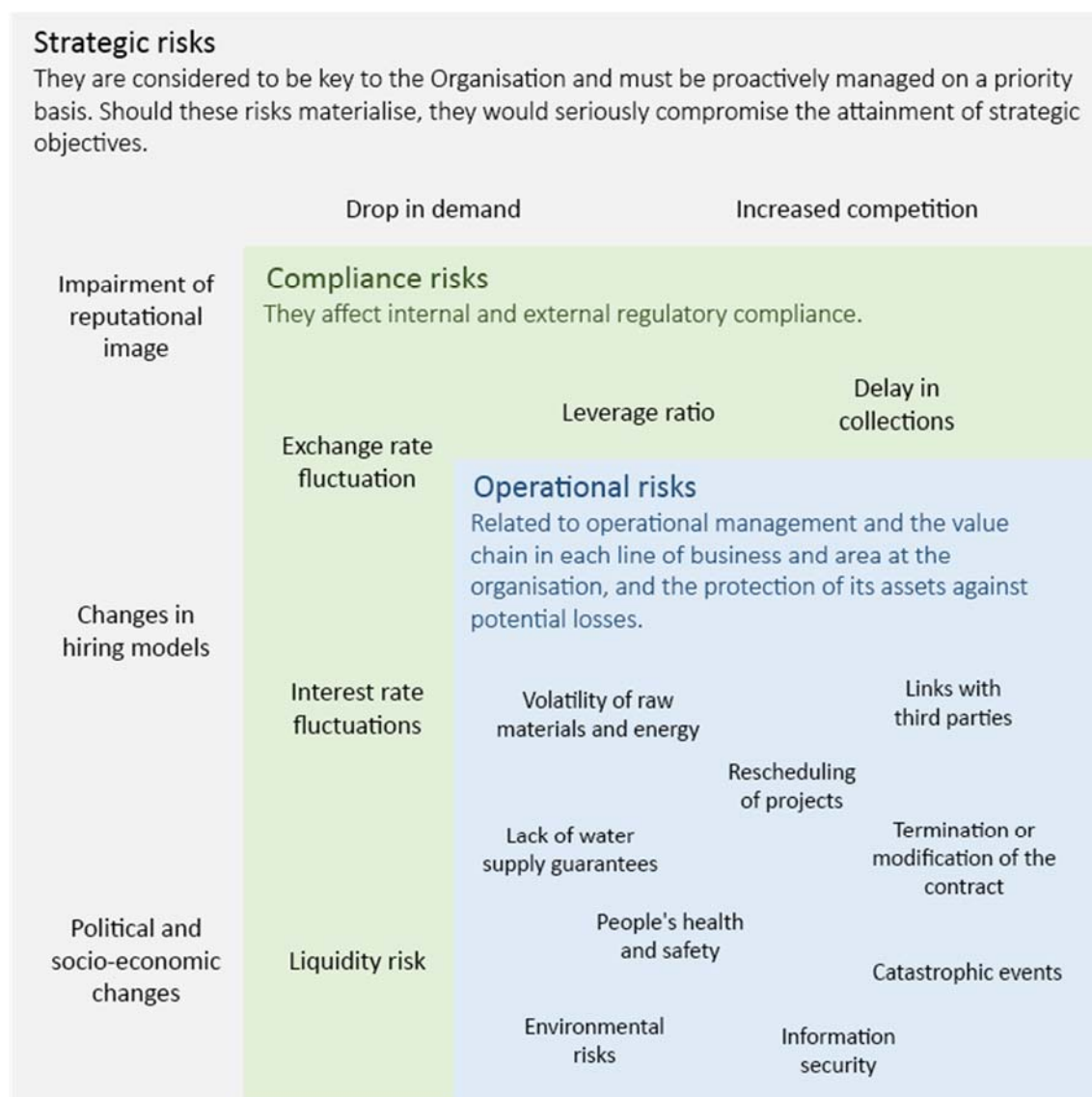
The FCC Group operates on a global scale and in different sectors and, therefore, its activities are subject to diverse socioeconomic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects it is involved in, which could affect how its goals are accomplished.

The Group's risk management system categorises FCC's risks into five major categories:

- Strategic risks: those that are considered key to the organisation and must be managed proactively and prioritised. Should these risks materialise, they could seriously compromise the achievement of strategic objectives.
- Operational risks: those risks related to the operational management and value chain of each of the business lines and functions of the organisation and the protection of its assets against possible losses.
- Compliance risks: These are those that affect both internal and external regulatory compliance.
- Financial risks: Risks associated with financial markets, the generation and management of cash.
- Reporting risks: Risks relating to internal and external financial information, covering aspects such as reliability, opportunity and transparency.

The main non-financial risks identified by the Group are set out below:

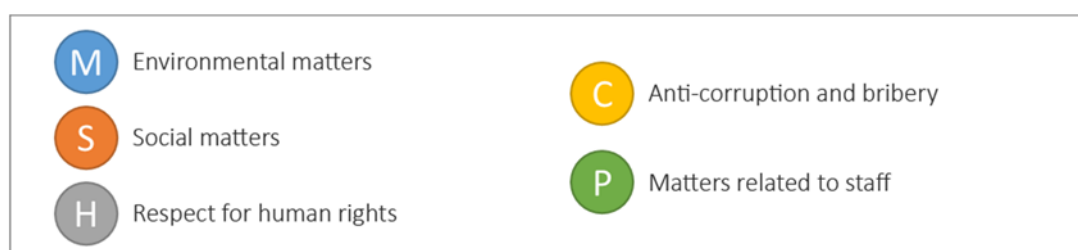
Main risks that may affect the FCC Group



The main risks identified in the Group related to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as personnel risks related to the Group's activities, are described below.

In addition, the report is structured in three main chapters which set out the main policies pursued by the group with regard to these issues, as well as the results of these policies and key indicators.

Risk table key



Identified risks by the FCC Group		Possible associated impacts
STRATEGIC	Geopolitical policies/decisions	Loss of business opportunities.
	Political and socio-economic developments in countries and/or regions	Economic intervention by national/regional governments, fluctuations in local economic growth, political, social, legal, regulatory and macroeconomic instability or the possibility of local conflict, which could generate negative impacts on the Group.
	Changes in development and management models for environmental services, full water cycle and infrastructures. 	Loss of business opportunities. In addition, the different contractual modalities for infrastructure management, such as payment based on availability, with long-term contracts, could require the contribution of relevant financing and lead to an increase in uncertainty.
	Loss of market share	the FCC Group competes with major groups in the search for new businesses and those in which it already operates. Any possible difficulty in undertaking competitive bids with profitability could reduce the market share.
	Cuts in investment and demand forecasts.	Economic or political uncertainties in certain markets in which FCC operates could lead to a decline in revenue from public administrations, which in turn could lead to a reduction in public spending in certain areas of activity. On the other hand, the profitability of the Environmental Services and Water Business Areas is, to a certain extent, dependent on the level of demand, which may vary as a result of market conditions, which are beyond the control of the FCC Group and the FCC Group's ability to control efficiency and costs.
	Delay in the new contracts planned in Spain	As a result of a possible slowdown in economic recovery in Spain, mainly due to continued political instability, the FCC Group could be affected by the delay or even abandonment of potential projects by customers in both the private and public sectors. Moreover, for services provided in which certain assets are owned by public administrations but managed and operated by the FCC Group, the Group's operating costs could increase if the administrations do not make the necessary investments for the suitable maintenance and renewal thereof.

OPERATIONAL RISK	Impairment of reputational image 	The FCC Group may find itself involved in certain actions, use of its image, damage by negative external publicity and public opinion against the company which could negatively impact its reputational image and, therefore, its business. It may also face a gap in perception between internal and external public. The company's brand reputation is managed by the FCC Group's Communications, Corporate Marketing and Brand Department.
	Uncertainty and volatility of raw materials, energy and outsourced services 	The FCC Group consumes significant amounts of raw materials and energy, and works with numerous subcontractors and industries. Changing economic conditions, and uncertainty in general could cause price oscillations that would affect FCC Group profits.
	Municipal reversion of the management of services currently provided by the FCC Group 	Municipal reversion could particularly affect the Environmental and Water Services business area, which would have a negative impact on present and future results and the order book.
	Catastrophic events 	The complexity of certain environments in which FCC Group carries out its businesses increases exposure to the risk arising from unforeseen events that injure people or damage assets or the environment. Unforeseen events include natural disasters and terrorist or criminal activity.
	Information security	The occurrence of criminal acts of a cybernetic nature, whether or not directed specifically against the company, could affect its tangible and intangible assets and lead to a prolonged stoppage of the operation.
	Rescheduling of projects	Political and/or economic-financial instability in certain markets in which FCC Group operates, as well as Other operating circumstances outside the control of FCC, such as the lack of available land for infrastructure projects, could result in the rescheduling of the various projects in progress, which would have an effect on their outcome.
	Lack of guarantees for supply of water 	The growing drought situation in Spain could affect the normal supply of water, thereby impacting the end-to-end water management business carried out by FCC.
	Risks deriving from associations with third parties 	FCC Group may carry out its business activities jointly with public authorities or private entities through various types of associations. The participants in these entities share operating, economic and financial risks associated with certain projects or activities. However, adverse developments in the project, activity, underlying economic and political situations, or in the economic position of the partners could lead to the appearance of a conflict, which could negatively affect the FCC Group.

	Unilateral termination or modification of the contract	Public administrations may unilaterally modify or terminate certain contracts before they are completely executed. The compensation that FCC Group would receive in these cases may not be sufficient to cover the damages caused and, furthermore, such compensation could be difficult to collect.
	The departure of key technical and management personnel could affect the successful outcome of business operations 	The success of FCC Group's business operations largely depends on key personnel, with technical and management experience. If FCC Group loses a substantial part of this key personnel, which is unlikely, it could be difficult to replace them and make the successful management of its business more complicated.
	Conflicting employment matters 	FCC Group carries out certain businesses that are labour intensive, with significant geographic diversity (and labour legislation), and conflicts may arise for various reasons that could harm the Company's production capacity and its reputation.
	Results for people's health and safety  	One of FCC Group's priorities is to carry out its activities with a high level of occupational and health safety for all of its personnel, as well as strict compliance with relevant legislation, which is covered by the Occupational Risk Prevention Policy approved by the Board of Directors. FCC Group could still, occasionally, be affected by incidents or accidents at its worksites, facilities or when carrying out its services which, in turn, could cause damages and interfere with operations.
	Environmental risks 	FCC's Environmental commitment is set out in the Group's Environmental Policy approved by the Board of Directors. The Group applies environmental management systems to projects and contracts, which are audited and certified in accordance with the UNE-EN-ISO 14001 standard. Nevertheless, due to the nature of the Group's activities, circumstances could arise that give rise to damages consisting of spillages, emissions, etc., that have an impact on the development of projects and contracts.
COMPLIANCE	Litigation  	FCC Group is, and may be in the future, a party to civil, criminal, arbitration, administrative, regulatory and similar proceedings that may arise during the ordinary course of its business. A court judgement or arbitration award that does not coincide with FCC's legal interpretation could have an impact on results or changes in the management of the service/project concerned.
	Difficulty in adapting to regulatory and/or legislative changes   	FCC Group must respect applicable laws and regulations when executing its operations. These laws and regulations vary from one jurisdiction to another, even among municipalities, and they are subject to changes. A change in the legal framework, could give rise to modifications in FCC Group's operating conditions. In some cases this could affect its results and financial situation.
	Failure to comply with the Code of Ethics and Conduct   	The FCC Group has adopted a Code of Ethics and Conduct that regulates the principles that must guide the Group's behaviour and set out relations between the Group's employees and the employees' relations with the rest of its stakeholders, which must be complied with by everyone in the

		Group. Failure to comply with the Code of Ethics and Conduct may cause serious harm to the FCC Group, including impairment of reputational image and damages.
	Quality of service: risk of low Quality 	The FCC Group has quality management systems in place that are deeply rooted in the organisation. These systems are audited and certified by accredited entities in accordance with the UNE-EN ISO 9001 standard in all their significant activities. Failure to comply with contractual quality requirements could have an impact on results due to penalties and additional costs, as well as an impact on the reputational image of the FCC Group.

FCC contributes to achieving Sustainable Development Goals (SDGs)

Against this context of sustainability for FCC, since 2015 when the United Nations approved the 17 Sustainable Development Goals (SDGs), the Group has integrated this compilation of commitments into its corporate social responsibility, contributing to their achievement and aligning itself with the international sustainability agenda.

The 17 Goals group together 169 specific goals and constitute a common sustainable development agenda for governments, civil society and the private sector.

FCC's activities contribute directly to achieving the following SDGs:



Indirectly, the Group also contributes to the achieving the following SDGs:

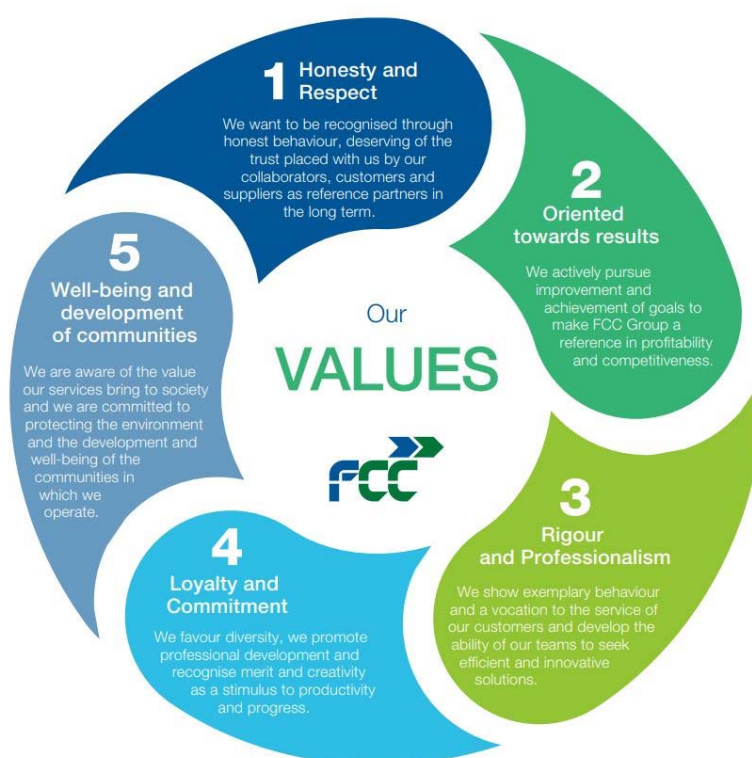
1 AN END TO POVERTY 	An end to poverty	3 HEALTH AND WELL-BEING 	Health and Well-Being	4 QUALITY EDUCATION 	Quality education
Through the creation of local employment in communities by promoting the business fabric of local areas		Implements health and safety policies for its employees, its people, its suppliers and the communities in which it operates		Establishes partnerships with universities and educational centres, and provides training to its employees, as well as encouraging training for local communities	
5 GENDER EQUALITY 	Gender equality	8 WORK AND ECONOMIC GROWTH 	Work and economic growth	10 REDUCING INEQUALITIES 	Reducing inequalities
Promotes gender equality in its processes, training and remuneration of all professionals, in addition to participating in awareness-raising initiatives		Contributes to the economic development of communities, providing employment and respecting human rights		Reduces inequality in communities by promoting equal opportunities, inclusive programmes and through employability with decent wages	
15 LIFE OF TERRESTRIAL ECOSYSTEMS 	Life of terrestrial ecosystems	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	Peace, justice and strong institutions	17 ALLIANCES TO ACHIEVE THE OBJECTIVES 	Alliances to achieve the objectives
Sustainably manages its projects to prevent land deterioration and minimise biodiversity loss		Reduces inequality in communities by promoting equal opportunities, inclusive programmes and through employability with decent wages		Respects the principles of its Code of Ethics, which it reviews periodically, extending compliance to all areas in which it operates and to its entire supply chain	

2. THE FUNDAMENTALS OF THE COMPANY: VALUES AND GOOD GOVERNANCE

The FCC Group carries out its activities following the strictest ethical principles and maintaining the highest standards of operational excellence. These principles are reflected in its Code of Ethics and Code of Conduct, which are applicable in all its divisions and geographies.

2.1. Introduction to the company's values, a sign of identity

The ethical principles that govern the Group are reflected in FCC's values, sign of identity and good work:



The responsible and effective management of the FCC Group - understood as ethical, transparent and responsible behaviour towards stakeholders, respect for human rights and the fight against all types of corruption - is essential to ensure the company's long-term sustainability.

Together with the Code of Ethics and Conduct, the company has social policies, due diligence procedures, plans and initiatives and control mechanisms which, taken together, reflect the group's standards and principles that guarantee responsible and effective management.

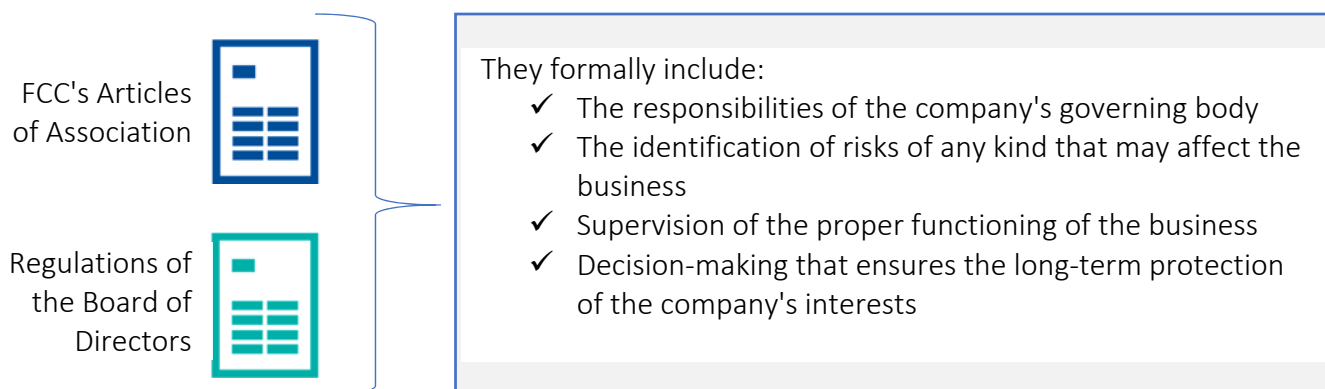
It is FCC's Corporate Governance System that ensures compliance with all these procedures and policies.

2.2. Good Governance

In its commitment to good governance, the FCC Group aligns its corporate governance guidelines with the recommendations of the Good Governance Code of listed companies of the National Securities Market Commission (CNMV) that apply to it, particularly those that include CSR among the responsibilities of the Board of Directors (Recommendations 53, 54 and 55). In addition, the FCC Group observes international good practices such as those issued by the International Corporate Governance Network (ICGN) and other sector leader organisations in Corporate Governance.

In addition, the company publishes annually its Annual Corporate Governance Report and its Annual Remuneration Report which is communicated to the CNMV.

The Group formally has a definition of the responsibilities of the governing body, supervision of the strategy and proper operation of its activity, decision-making and supervision of risks, which is included in the Articles of Association and Regulations of the Board of Directors.

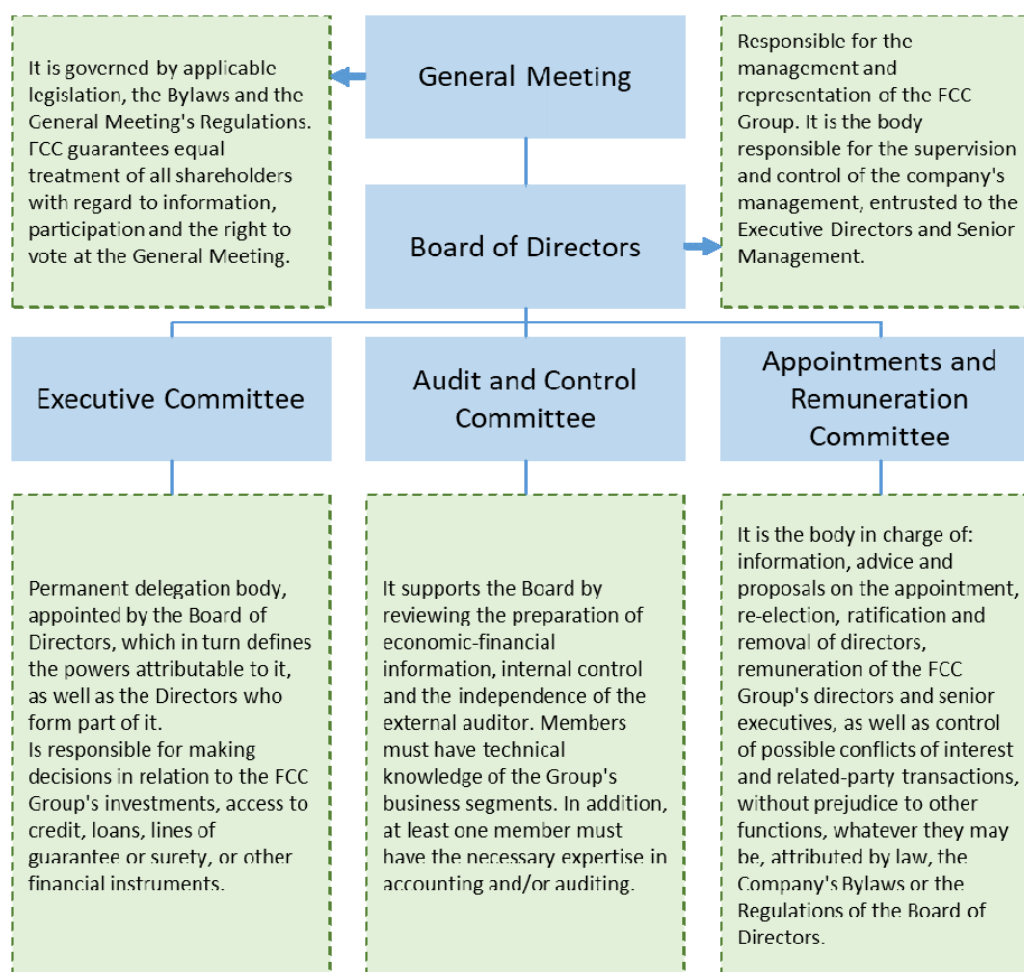


2.2.1. FCC's Governing bodies

The FCC Group has five governing bodies, each of which is assigned certain functions and powers, as shown in the table below.

The governance and administration of the company correspond to the General Shareholders' Meeting and to the Board of Directors, appointed by the General Meeting to represent it, within the scope of the functions and powers attributable to each of them. The distribution of powers and duties between the Board of Directors and its Committees seeks to achieve the corporate purpose and efficiency.

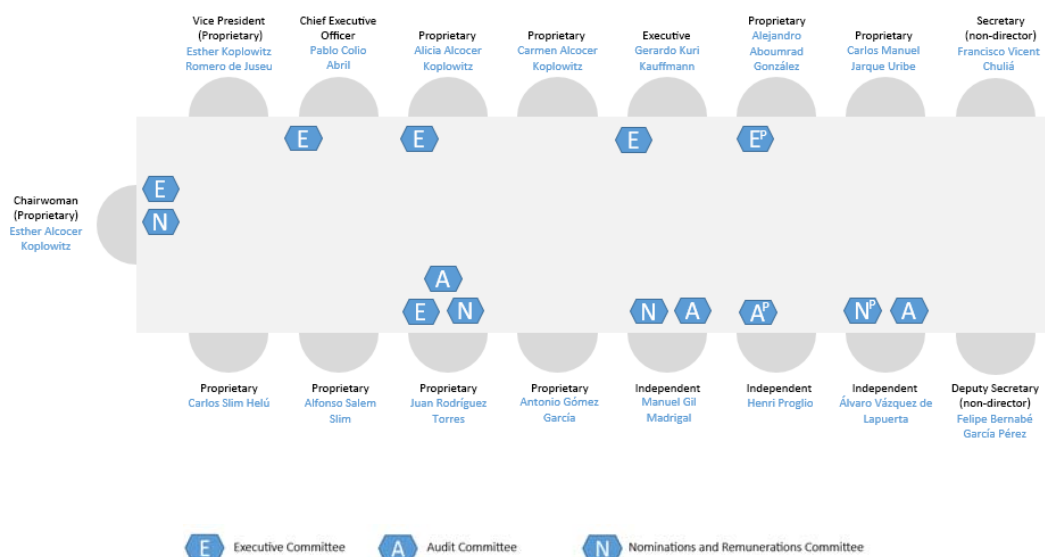
Governing bodies and associated responsibilities:



The General Shareholders' Meeting appoints the directors of the FCC Group. These are qualified as executive, proprietary and independent.

The Appointments and Remuneration Committee proposes the independent directors, who are elected by the General Meeting, following criteria of rigorous professionalism and full independence. This proposal comes from an independent third party responsible for the selection of directors of listed companies, which meets the needs of the FCC Group's profile and the requirements of professionalism and independence required by law and good governance practices.

2.2.2. Composition of the Board of Directors and the Committees:



2.2.3. Diversity on the Board of Directors

The FCC Group is firmly committed to being a diverse and inclusive company. This commitment is not only present in its workforce but also in its governing bodies. It is worth noting the high percentage of women (27%) and foreign national directors (53%) on the Board of Directors.

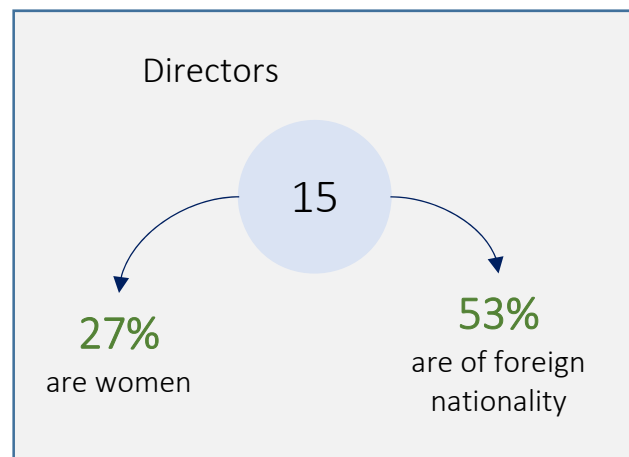
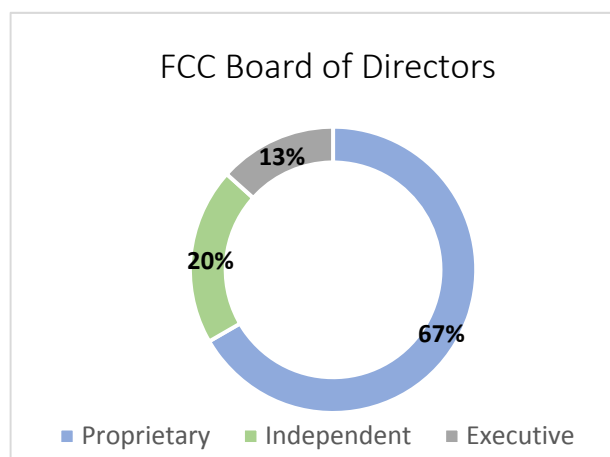
FCC's commitment to the equal involvement of men and women on the Board of Directors was formalised in 2014 through an agreement with the Ministry of Health, Social Services and Equality. In light of this commitment, the Board of Directors of FCC undertakes to:

- move forward in compliance with the recommendation of the article 75 of the Organic Law 3/2007 of 22 March, for the Effective Equality of Men and Women;
- publicly disclose and keep duly updated the information of the directors in accordance with the recommendations of the Code of Good Governance of listed companies;
- include in the internal regulations explicit references for the promotion of balanced participation of men and women on the board, as well as trying to incorporate members of the less represented gender onto the board.

In addition, FCC has signed up to *the Diversity Charter*, a voluntary code committed to promoting the fundamental principles of Equality. The initiative, supported by the European Commission's Justice Department for the development of its policies to fight against discrimination, contemplates the implementation of inclusive policies and non-discrimination programmes in the signatory companies.

The diversity of FCC's Board of Directors is not limited to the area of gender, but goes further, including the diversity of nationalities of its directors and professional diversity, so that they have the necessary skills to understand the reality of the company's different businesses.

Diversity on FCC's Board of Directors



With 27% of women on the Board of Directors, FCC is above the average of the Boards of Directors of IBEX 35 companies, which is 24%.

2.2.4. Operation of the Board and Board Committees

In 2018, FCC's Board of Directors held a total of nine meetings, with an attendance ratio of 97.7%, thus complying with Article 34.1 of the Regulations of the Board of Directors and Article 31.1 of the Articles of Association, which obliges it to

Board of Directors
9 meetings
97% attendance

Similarly, each of the Board committees also held a large number of meetings to ensure the proper management of the Group:

Committee	No. of meetings
Executive Committee	8
Audit Committee	9
Appointments and Remuneration Committee	8

To ensure the meetings are effective, the directors are provided with the necessary information so that they can form their opinion and cast their vote in relation to the matters submitted for consideration, as established in article 34.3 of the Regulations of the Board of Directors.

2.2.5. Remunerations policy

The body responsible for agreeing on the distribution of remuneration among the members of the Board is the General Meeting. This takes into account the roles and responsibilities exercised by each of them within the Board itself or the Internal Committees. The directors are also remunerated for attending Board meetings and those of its Internal Committees, and it is the General Meeting which determines the corresponding amount for this concept each year. It should be noted that the remuneration for attending meetings is only effective when the director attends in person, and not by proxy or means of remote communication. Executive directors also receive a variable amount linked to compliance of company objectives.

Principles and criteria for setting remuneration



Remuneration of FCC Directors and Executives in 2018

	2018
Average remuneration Directors ¹	124,333,33 €

FCC's remuneration policy must respect the criteria established in article 28.2 of the Regulations of the Board of Directors, whereby remuneration must be in reasonable proportion to the importance of the company, its economic situation at any given time and the market standards of comparable companies. In addition, the remuneration system established must aim to promote the profitability and long-term sustainability of

¹ Includes variable remuneration, per diems and indemnities

the company and incorporate the necessary safeguards to prevent excessive risk-taking and the rewarding of unfavourable results.

2.3. FCC's Due Diligence: the compliance model, the Code of Ethics and Conduct, its policies and procedures].

A company cannot be sustainable if it does not guarantee respect for people's dignity and fundamental rights. Respect for people is an essential element for the FCC Group in all its activities. This is reflected in the company's current Code of Ethics and Conduct, which includes the guidelines of conduct that guide the behaviour of FCC professionals in matters of an ethical, social and environmental nature.

In 2018, the FCC Group decided to adopt a compliance model, based on the highest international standards, in order to strengthen the company's ethical culture and prevent illegal behaviour.

In February, FCC's Board of Directors approved a new Code of Ethics and Conduct for the Group. In addition, in a statement, the entire Group was reminded of its commitment to applying the highest standards of integrity and regulatory compliance in its businesses.

In July 2018, a series of documents were approved that make up the FCC Group's Compliance Model. These are the Anti-Corruption Policy, Relationship with Shareholders Policy, Crime Prevention Manual, Compliance Committee Regulations, Ethical Channel Procedure and the so-called Investigation Procedure, also incorporating the so-called Sexual or Occupational Harassment Protocol, which was already in force.

Later, during the month of September, the Group's Compliance Committee was constituted, for which the Group's Compliance Officer is the chairman; and as ex officio members, the General Director of Legal Counsel and the Director of HR Coordination and Development, attending as guests were the Compliance Officers of the businesses and the Internal Auditor.

The Group's Compliance Committee is the high level internal and permanent collegiate body, with autonomous powers of initiative and control, to which the Board of Directors has assigned the duties of being in charge of promoting the ethical culture in the organisation and ensuring regulatory and normative compliance, both internally and externally.

Likewise, in the different areas, compliance committees have been created, of which the Compliance Officer of the area, Legal Director and the respective HR Director are part.

The review of the Code of Ethics and Conduct in 2018 reinforces and ratifies FCC's commitment to exemplary conduct by all its members, including issues relating to human rights, corruption, bribery, health and safety, and their application by FCC people and in their relations with third parties.

The current Code of Ethics and the regulatory block on Compliance (Compliance Policies and Systems, Risk Management and Criminal Compliance and Anti-Corruption, Manual on Prevention and Response to Crime, Ethical Channel, Response Committee, Internal

Regulations on Conduct in Relation to the Securities Market, Code of Fiscal Conduct, Tax control framework regulations, adherence to the Code of Good Tax Practices and the General Regulations Manual), are the essential instruments to which the actions of all the Group's companies and all its employees are subject and must be constantly reviewed and updated in order to adapt to best business practices.

All FCC employees and executives must be familiar with these instruments and guide their actions by the principles and regulations that make up the culture of compliance within the FCC Group, promoting their application and collaborating intensively and giving priority to their improvement, when required to do so or on their own initiative. Staff are reminded of the obligation to communicate potential irregularities or malpractices through the confidential channels set up for this purpose, of which they may become aware of.

Furthermore, in order to express the FCC Group's commitment to respect human rights within the framework of the CSR 2018-2020 Master Plan, the FCC Group has drawn up a Human Rights Policy which is expected to be approved by the Board of Directors between the first and second quarters of 2019, as detailed below in the specific section on human rights in this report.

2.3.1. Safeguarding Ethics and Integrity at FCC

Control mechanisms are necessary in order to guarantee compliance with the principles contained in the Code of Ethics and Conduct. The Audit and Control Committee oversees the efficiency of the company's internal control, including the assessment of risks related to Ethics, Integrity and Compliance and integrating these into the risk management and control system.

Prevention, detection and response to crime within the company is the responsibility of the FCC Response Committee. In addition, this committee is also responsible for supervising the reporting of incidents involving criminal offences and breaches of the Code of Ethics and Conduct.

FCC also provides all group employees with an internal communication channel to report possible breaches of the Code of Ethics and Conduct. Employees are provided with an e-mail address (canaletico@fcc.es) for this, as well as a mailing address addressed to the Chairman of the Response Committee.

During 2018 FCC gave classroom-based training on the Code of Ethics and Conduct, the Compliance Model and on the controls and processes designed to minimise criminal risks and harassment. This class-room based training was attended by the entire corporate management team of FCC and the FCC divisions, as well as the owners of controls and processes identified in the criminal risk matrix.

134

people attended these trainings in 2018

In 2018 a total of 45 notifications were received through the FCC Group's Ethical Channel, either through the corporate intranet, e-mail or post office box.

Of these 45 notifications received, 20 have been classified as high risk, 9 as medium risk and 16 as "other notifications".

The high and medium risk notifications received are mainly in relation to labour conflicts or potential harassment at work.

With respect to the remaining "other notifications", the topics have revolved around labour complaints, commercial issues or queries of all kinds.

Responsibilities and control mechanisms in FCC



2.3.2. Respect for Human Rights at FCC

The FCC Group does not envisage its activity without the protection and respect of human rights and acts, within its sphere of influence and in accordance with the legal framework of each country, encouraging its compliance.

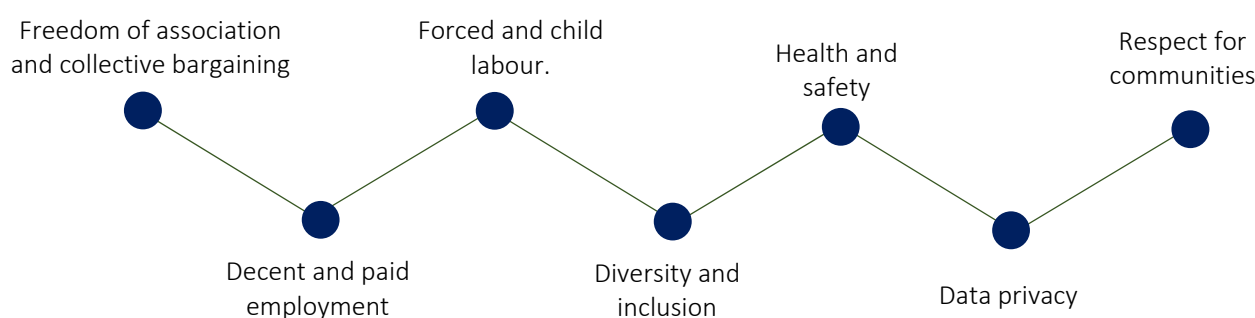
In particular, it expresses its total rejection of child labour, forced labour and work carried out in conditions that are harsh, extreme, subhuman or degrading, and undertakes to respect freedom of association and collective bargaining, as well as the rights of ethnic minorities and indigenous peoples in the places where it carries out its activities.

This commitment is reflected in the Human Rights Policy, drawn up in 2018 within the framework of the current CSR Master Plan, approved by the CSR committee and which will be submitted for consideration by the Board of Directors in 2019.

This policy is based on a diagnosis of the impact of its activity on all the societies and communities in which the Group operates, and on the exercise of due diligence for the prevention, detection and eradication of violations, contemplating a formal declaration on human rights, establishing responsibility for its management, implementing training and awareness in human rights, and establishing mechanisms to identify, prevent and mitigate potential negative consequences on human rights.

In this Policy, the Group reflects its commitments around seven basic pillars to ensure respect for Human Rights.

The Pillars of the Human Rights Policy



Approval of FCC Group's Human Rights Policy, as well as supervision of its compliance, will fall to the Board of Directors, which in general is responsible for supervising the company's Corporate Social Responsibility Policy, through the Executive Committee.

In 2018, the FCC Group did not receive any complaints on human rights violations through its Ethical Channel.

With its Human Rights Policy, FCC strengthens its adherence to the following international frameworks for the respect of Human Rights



2.3.3. The fight against corruption and bribery

The FCC Group has an ethics and compliance model that is developed through internal policies, procedures and controls, which are reviewed and updated periodically.

Through this model, the FCC Group aims to prevent and detect risks of non-compliance, including those linked to criminal offences, and to minimise their possible impacts.

As mentioned above, the Code of Ethics and Conduct forms the basis of the FCC Group's Compliance Model and includes FCC Group's commitment to strict compliance with applicable laws, as well as the prevention of fraud, corruption, money laundering and irregularities in payments, the use and protection of assets, the handling of information, the management of possible conflicts of interest, and the management of sponsorships, patronages and collaborations, among others.

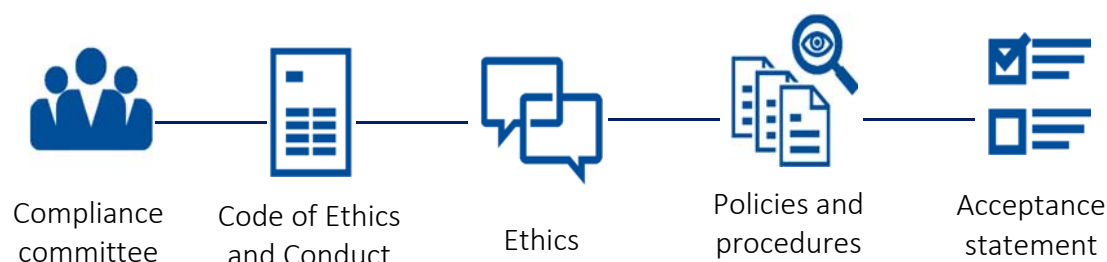
In June 2018, FCC Group's Board of Directors approved its Anti-corruption Policy in order to implement compliance in these areas. This Policy responds to the principles contained in the Code of Ethics and Conduct, in which fraud and corruption activities are not tolerated.

The Principles of the FCC Group's Anti-Corruption Policy

- 1 Compliance with legality and ethical values
- 2 Zero tolerance for bribery and corruption
- 3 Prevention of money laundering and transparent communication
- 4 Transparent relationship with the community
- 5 Conflicts of interest
- 6 Surveillance of ownership and confidentiality of data
- 7 Rigour in control, reliability and transparency
- 8 Extension of commitment to business partners
- 9 Promotion of continuous training on ethics and compliance

The FCC Group has mechanisms to prevent, detect, investigate and sanction possible cases of fraud and corruption in order to implement its Anti-corruption Policy.

Due control in anti-corruption matters



The FCC Group's commitment to zero tolerance of any type of non-compliance related to corruption and bribery is also included in the Criminal Compliance Model. The fundamental tools for prevention, detection and response to the risk of committing criminal offences are also included therein. This includes the identification and prioritisation of risk behaviours for committing criminal offences, including those related to corruption, bribery, influence peddling, fraud, money laundering and fraud, the prevention and mitigation of which is a priority for the Group, through specific controls and actions. An analysis has been carried out of the exposure to the risk of criminal offences in operations and in all the geographical areas in which the Group operates so as to prepare the risk and control matrix, and specifically the anti-corruption matrix. This matrix is implanted in Spain and is progressively being implanted internationally.

FCC is committed to communication and training so as to strengthen the culture of compliance among the people who form part of the company.

Both the Directors and the Senior Executives of the Group are obliged to periodically report any transaction, on their own account, involving the subscription, purchase or sale of affected securities or instruments, whether carried out personally or by related parties, in accordance with the provisions of the FCC Group's Internal Code of Conduct in the Securities Market.

Information on non-profit associations and entities is notified in Chapter 5 of this report.

2.3.4. Procedures for assessing counterparty risk

The FCC Group's compliance model provides for a system to assess counterparties that include agents, business partners, suppliers and third parties. This assessment involves carrying out an assessment of the counterparty in economic, financial, occupational risk prevention, environmental, social and integrity matters, so that before a relationship is started with a third party, appropriate checks have been carried out in order to prevent any exposure to a counterparty risk. These counterparty evaluations, which will be launched in 2019, will be carried out through data analysis and *business intelligence*, which allow FCC to obtain the most complete information to make a decision in any contractual relationship or collaboration agreement.

In particular, for sponsorship and donation operations, not only must the suitability of the counterparty be verified, but the object of sponsorship or donation, as well as the

amount, must be approved by the Communications Officer of the group. The compliance function should be consulted if there is any doubts regarding the transaction.

All operations under this model are reviewed by internal audit.

2.3.5. Fiscal transparency: Accountability

In compliance with the transparency requirements of the new Law 11/2018, a breakdown of income tax information in the countries where FCC has a presence is given below, together with information on public subsidies received in 2018.

Profits obtained by the Group in 2018 and income tax paid in 2018 country by country²

FCC Group Countries	Profit before tax in 2018 (thousands of euros)	Income tax paid in 2018 (thousands of euros)
GERMANY	54.00	
SAUDI ARABIA	29,170.00	5,386.91
ALGERIA	15,193.00	1,908.30
AUSTRIA	5,609.00	-23.92
BELGIUM	6,481.00	5.73
BOSNIA HERZEGOVINA	-10.00	0.00
BRAZIL	-1,367.00	41.02
BULGARIA	-284.00	135.91
CANADA	10,515.00	0.00
CHILE	-4,461.00	271.31
COLOMBIA	2,079.00	677.89
COSTA RICA	-3,747.00	50.11
ECUADOR	420.00	22.41
EGYPT	3,469.00	746.64
UNITED ARAB EMIRATES	5,122.00	0.00
SLOVAKIA	3,285.00	1,224.82
SPAIN	249,902.00	71,662.05
UNITED STATES	-29,993.00	2,153.90
FINLAND	418.00	0.00
GREECE	1,000.00	2.12
GUATEMALA	-550.00	21.75
HAITI	-649.00	0.00
HONDURAS	177.00	0.00
HUNGARY	2,069.00	61.53
IRELAND	1,671.00	0.00
ITALY	5,440.00	2,346.69
LATVIA	-103.00	0.00
LUXEMBOURG	-78.00	0.00
MOROCCO	228.00	0.27
MEXICO	3,118.00	2,963.62
MONTENEGRO	-1,157.00	4.61

² The countries that do not report taxes are due to any of the following causes: accumulated losses, negative results, tax loss carryforwards from previous years, insubstantial material or because the profit is not taxed through Income Tax in the country in question.

FCC Group Countries	Profit before tax in 2018 (thousands of euros)	Income tax paid in 2018 (thousands of euros)
NICARAGUA	-2,373.00	120.78
OMAN	161.00	0.00
THE NETHERLANDS	-1,848.00	34.90
PANAMA	6,138.00	11,743.42
PERU	2,266.00	323.24
POLAND	-15,189.00	-32.51
PORTUGAL	5,096.00	1,170.68
QATAR	5,179.00	538.74
UNITED KINGDOM	14,929.00	267.35
CZECH REPUBLIC	20,136.00	4,343.57
DOMINICAN REPUBLIC	238.00	0.00
ROMANIA	8,321.00	275.62
SERBIA	-90.00	-145.23
TUNISIA	12,486.00	2,074.66
URUGUAY	12.00	0.00
TOTAL	358,483.00	110,378.86

Public subsidies received in 2018

In 2018, the FCC Group received a total of 19,441 thousand euros in public subsidies:

Areas	(thousands of euros)	
	2018	2017
Construction	—	—
Services	3,137	4,099
Aqualia	11,397	11,056
Cement	135	—
Concessions	4,772	2,295
Real-estate	—	—
Central Services	—	—
Total FCC Group	19,441	17,450

3. OUR PEOPLE

FCC works every day to achieve excellence in the performance of its employees, to promote the talent of its teams and foster an inclusive, healthy and non-discriminatory working environment with a long-term vision. The Group reflects this commitment to employees in its Human Resources Policy and demonstrates it through numerous internal procedures, programmes and actions that it reviews and continuously improves.

Behind every FCC project there is a great team of people willing to make it happen.

The common nexus between all professionals is a common culture, based on the FCC Group's own values. The entire team shares a vision: to be a benchmark International Group in services to citizens, which offers global and innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improve the quality of life of citizens, and to the sustainable progress of society.

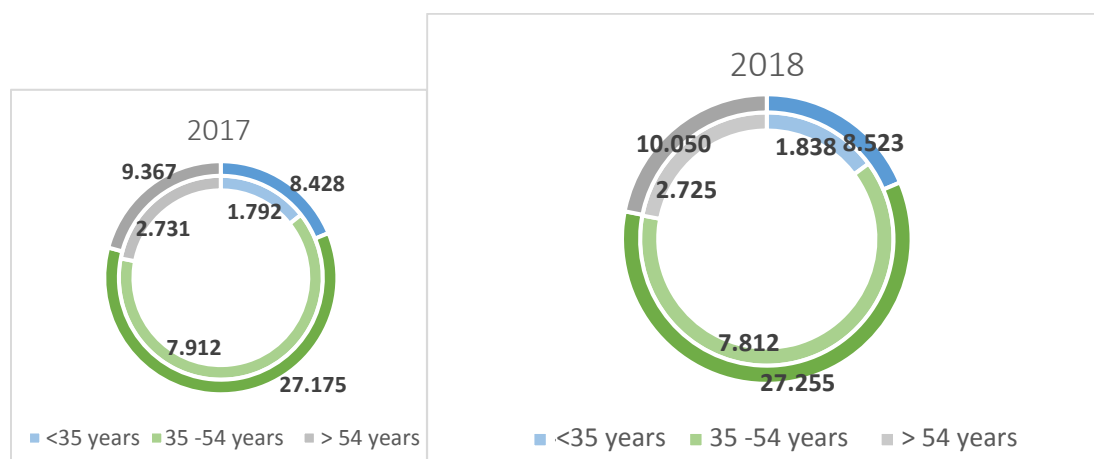
Except in those cases where it is specifically stated, the data provided include those of international scope. In the cases in which it is not included, the diversity of the different applicable legislations must be taken into account, as well as the difficulty of having homogeneous data due to the existence of different information systems and the pending consolidation of the internal criteria defined in this respect.

3.1. Key FCC employment data

The activities carried on by the FCC Group are diversified into business areas of a different nature. For this reason, the company needs to have a diverse workforce, made up of different professional profiles.

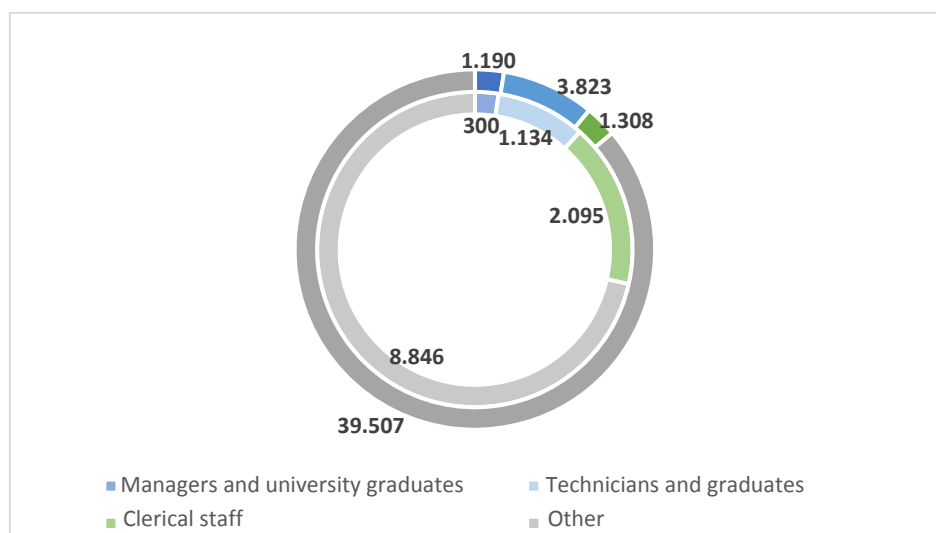
Diversity in the FCC Group workforce

Comparison of workforce by gender and age - 2017 and 2018



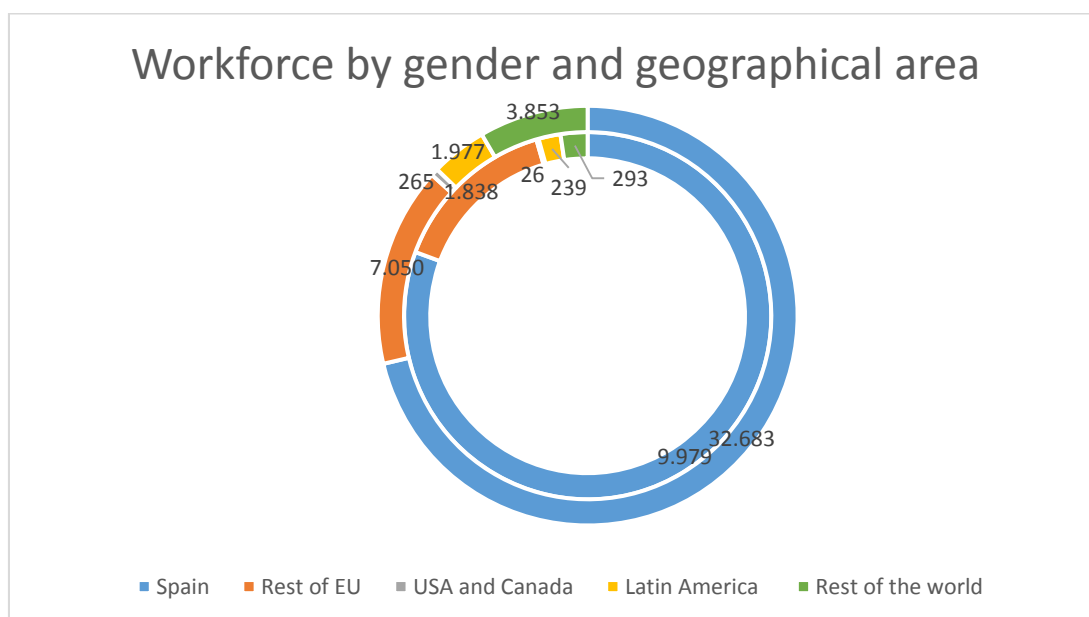
Inner circle: Women
Outer circle: Men

Workforce by gender and position 2018



Inner circle: Women
Outer circle: Men

Workforce by gender and geographical area



Inner circle: Women

Outer circle: Men

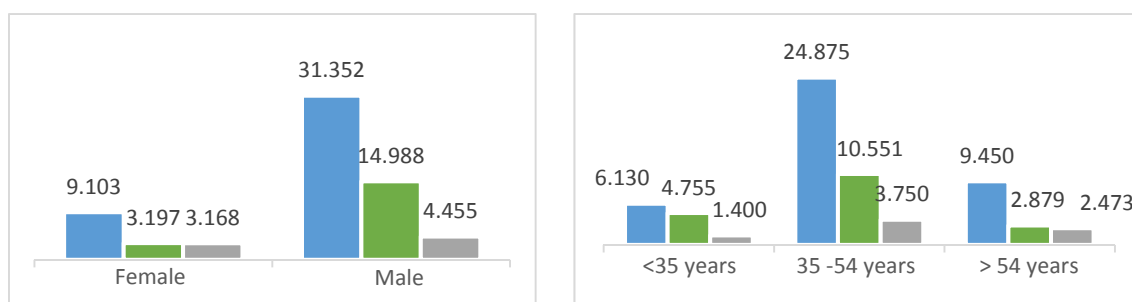
The corresponding employment contracts are formalised, depending on the specific needs of each of the activities carried out by the business areas.

Total and average annual employees by contract type - 2018

Of the total workforce of 58,203 people, 41,215 have a permanent contract and 16,988 have a temporary contract. It should be noted that many of the temporary contracts mentioned enjoy great stability in employment, bearing in mind that there are many workers attached to contracts in sectors in which there is a contractual subrogation obligation. In addition, 7,902 employees have a part-time contract and 50,301 have a full-time contract.

Regarding the annual average number of contracts, 40,455 correspond to permanent contracts, while 18,185 are temporary contracts. Of the annual average number of contracts, 7,623 are part-time, while 51,017 are full-time.

Average annual contract type by gender, age and category - 2018



	Permanent	Temporary	Part-time
Managers and university graduates	1,400	158	20
Technicians and graduates	4,069	1,863	100
Clerical staff	2,509	706	182
Other	32,477	15,458	7,321

■ Permanent
 ■ Temporary
 ■ Part-time

Number of redundancies by gender, age and professional classification - 2018

In 2018, as was already the case in 2017, it has not been necessary to resort to collective redundancy files, once the intense financial crisis of years ago had been overcome. In 2018, the terminations of contracts for reasons not attributable to the employee have been due to specific needs for adjustments in different contracts, in order to adapt to the productive and organisational reality of the different businesses and contracts. The number of redundancies according to gender, age and classification is as follows³:

Number of redundancies (Spain)	2018
Female	73
Male	246

Number of redundancies (Spain)	2018
<35 years	72
35-54 years	176
> 54 years	71

Number of redundancies (Spain)	2018
Managers and university graduates	15
Technicians and graduates	29
Clerical staff	17
Other	258

³ As for the international area, the different classification of the nature of extinctions, evaluated according to the different legislations, makes it difficult to analyse the data. For future exercises we will work on a formula that allows us to treat the data in a standardised way.

Average remuneration and gender pay gap

For the FCC Group, transparency and equality are a reflection of its commitment to the people who make up the company. For this reason, the FCC Group publishes the remuneration of the Board of Directors annually in its Annual Remuneration Report, which is communicated to the CNMV. In addition, data relating to Directors' remuneration are provided in chapter 2 of this report.

With respect to the management team⁴, the Group's average overall fixed remuneration in Spain amounts to 95,595 euros, corresponding to 98,882 euros for the average salary of men and 75,316 euros for women. In the international sphere, for 2018 there was no homogeneous definition of management positions that would allow average remuneration to be obtained for this purpose. This data will be available to the Group in 2019.

In addition, the remuneration system in the FCC Group generally adapts to the salary structure established in the applicable collective bargaining agreements, which, as a general rule, consists of basic salary, seniority and bonuses linked to the conditions, quality and/or quantity of work.

Currently, as part of its long-term sustainability objectives, the Group is working on: (i) the definition and framework of all staff at the corresponding functional levels, and (ii) the definition of posts. On this basis, the average remunerations and their evolution disaggregated by gender and age will be able to be obtained. This process is very complex given the number of collective agreements and agreements that apply (more than 800).

Insofar as qualitative and quantitative information on compensation is not available, it is currently not feasible to carry out the relevant calculations for the analysis of the gender pay gap, given the enormous complexity described above and the multiple independent variables that influence a person's salary. The FCC Group's structure includes the following: collective bargaining agreements, "inherited" working conditions, mandatory contractual subrogation in many of its activities and seniority, among others.

FCC is progressively working on this calculation of the gender pay gap by area. FCC Industrial has been the first line of business to begin and is currently finalising the study. Aqualia has also begun this calculation, and due to the complexity of the process, it is expected that it will be completed shortly. In the coming months, studies will begin in Construction, Environmental Services and Corporate Services.

It should be noted that the FCC Group does not have any payment systems or savings provisions for its employees.

⁴ Both senior management (direct reporting to the Managing Director) and the employees who hold management positions and positions of responsibility in the FCC Group are part of the management team.

3.2. Attract, motivate, develop and retain talent

The FCC Group promotes a suitable working environment with the aim of attracting, motivating, developing and retaining the best professionals.

The first step to achieve this is in the employee selection process. FCC resorts to external recruitment sources and seeks to have a significant presence in many of them: LinkedIn, Infojobs, websites of public employment services or universities and professional associations. These not only offer a large number of potential employees, but also provide greater visibility for FCC as an employer.

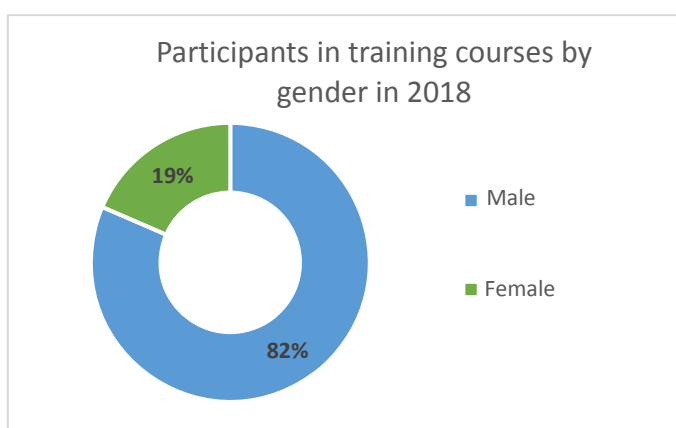
However, its most common recruitment source is the internal mobility that FCC offers its professionals. It provides new development opportunities and facilitates mobility between businesses and countries, improving informal networks, cross communication, increasing synergies and knowledge transfer between businesses.

314 internal
mobility offers in
2018

With regard to recruitment, it should be noted that the FCC Group understands that depersonalised selection processes avoid possible discrimination, so with this in mind, in 2017 the FCC Group joined the Ministry of Health, Consumer Affairs and Social Welfare Project to promote an anonymous C.V. for job offers for executives.

Once talent has been attracted, the Group focuses its efforts on contributing to the development of its professionals with a dual objective, who not only have advanced technical and management skills, but who end up becoming leaders and benchmarks in the sector.

Training in the FCC Group in 2018



Percentage of training hours by business area

	2017	2018
Environmental Services	72.1%	60.5%
Water Products	13.6%	17.9%
Construction	11.3%	15.6%
GCPV	2.6%	4.2%
Corporate Services	0.4%	1.8%

Number of hours performed by participants and professional levels in 2018⁵

	Executives	Middle management	Technicians	Qualified personnel	Unqualified personnel
Environmental Services	1,405.3	10,851.4	11,124.8	39,041.8	94,301.7
Water Products	3,014.0	26,128.0	12,431.0	9,497.0	30,034.0
Construction	869.5	9,292.0	28,213.0	26,974.0	5,333.0
GCPV	535.0	3,415.0	3,265.0	6,892.0	770.0
Corporate Services	2,148.0	1,272.0	3,010.0	1,609.5	0.0

At a transversal level, in 2018 a series of high-impact training actions were carried out in absolute accordance with the values and culture of the FCC Group:

- Launch of the Code of Ethics and Conduct training plan, with the aim of establishing the principles that guide behaviour in the Group and strengthening the culture of compliance with internal laws and regulations. It is planned to extend this training to the international area in the coming years.
- Training in risks and controls, with the aim of identifying strategic, operational, compliance and financial risks that facilitate ongoing management through action plans
- Training in data protection in view of the application of the General Data Protection Regulations.

In addition, the FCC Group develops and participates in training programmes aimed at creating an enriching working environment, free from discrimination and favouring diversity. Among the actions carried out, it is worth mentioning three initiatives for the training and development of women in leadership positions.

⁵ The data provided corresponds to the national area. A system is planned to be implemented for future years to standardise professional groups in order to provide data from the international sphere.

Promociona Project, specialising in preparing women for senior management positions and boards of directors. Coordinated and co-financed by the CEOE, with the participation of the Ministry of Health, Social Services and Equality and the collaboration of ESADE. Three women from FCC have participated.

Development programme aimed at women with high potential from the Escuela de Organización Industrial (School of Industrial Organisation) (EOI) In 2018, 10 women completed this training.

3rd edition of the Mentoring Programme and Scholarship Programme “Mujeres STEM 2018/2019” of the Sepi Foundation, in Aqualia.

Finally, the programmes for the training of new talents developed by the company's different business lines are of special interest:

- International Programme for Young Talents launched in the Construction area: the training aims to promote the development of recent graduates in order to ensure that positions in the company's international projects are covered.
- Trainee positions at Aqualia: in 2018 it has incorporated trainees who have completed the Master's Degree in Water Engineering from the EOI, with which the company has had a collaboration agreement since 2015.
- International trainee positions of the End of Master's Project that have been carried out since 2015 in the Environmental Services area, providing students in the last year of the ICAI Master with an international project to carry out their “*end of master work*”.

3.3. Organisation of employment

In order to guarantee the wellbeing of its employees, the FCC Group considers it essential to properly manage the organisation of work and has different initiatives to achieve its objective.

Pillars of FCC's culture for the design of the employment organisation:



Participatory design

Involve Group members in implementing initiatives that take into account their perspectives and experiences



Development of personal skills and resources

To provide people with a body of knowledge that allows them to have a global vision of their work



Flexibility plans

Match employees' time to their individual needs



Information Technology

Distribute knowledge throughout the organisation



Group company networks

Deliver complex solutions that meet the needs of customers and projects

Among the different actions carried out, the Group places special emphasis on work-life balance, flexibility, co-responsibility and disconnection, which are adapted to the different organisational or production realities and needs of each centre, function or activity.

Work-life balance

Some of the measures carried out in Spain are:

- Continuous working day in summer periods
- Continuous working day on Fridays
- Flexibility in the choice of when holidays are enjoyed and extension of the period they are enjoyed outside the calendar year
- Flexibility of coming in and leaving the offices and at lunchtime
- Extension of lactation time, reduction of working hours or leave to care for family members
- Partial early retirement
- Extension of the period for reserving a job in the event of leave of absence to care for children or family members
- Extension of leave due to birth, serious illness or death, with additional extension for travel

There is currently no information that can be processed uniformly, given the difficulty derived from diversity in applicable legislation and policies for the international area. The Group has policies and commitments (adherence to the UN Global Compact, Framework Agreement between FCC Construcción, S.A., and the CCOO and UGT Construction and Wood Trade Union Federations, etc.), which are applicable in all the countries in which

the Group is present. Work will be done on a system to measure these policies at international level, for future years.

Information leaflets prepared by the Environment area on the Equality Plan have been used, in order to disseminate the work-life balance and co-responsibility measures, in which information on the subject has been included. A new brochure was published in 2018, which expressly mentions that men avail themselves of measures for work-life and family-life balance, thus promoting and favouring co-responsibility.



Disconnection

The FCC Group is committed to the well-being of its workers and recognises the right to digital disconnection as a fundamental element to achieve a better organisation of working time in the interest of respecting personal and family life.

The company's philosophy is that users of technological resources should not connect to them outside of their working hours, as long as they do not have to comply with any obligation or responsibility regarding their job that cannot be postponed.

Along these lines, the Group is preparing a policy proposal, which will be implemented together with certain training actions, in order to raise awareness and train workers on the reasonable use of technological tools, avoiding the risk of computer fatigue.

On the other hand, and for this, it is important to point out the technological developments that allow a proper work-life balance and disconnection:

1. **Management of own affairs:** Request for holidays or access to payroll through the new SAP digital platform, IRIS, which allows access from any device and place in a simple, fast manner.
2. **Launch of Connect 365:** A smart solution for a new way of working. It provides a digital workstation with more secure, flexible and easy-to-use tools to manage documents and workflows in the cloud. A change that involves the whole company and enables an environment full of possibilities to improve the way people work.

3.4. Diversity management in the FCC Group

FCC implements policies to promote equal opportunities and the diversity of its workforce through programmes, internal procedures and actions aimed at creating a working environment free of any type of discrimination.

In this regard, FCC has opted to create ethical principles and values to promote equal opportunities in all aspects of people management, from the process of selecting new candidates to the training programme for its employees.

The implementation of these values is ensured through an ongoing dialogue with the social actors. This dialogue translates into achieving important milestones in the field of equality and diversity, such as the development of female employment in under-represented sectors, the integration of people with disabilities or marginalised groups, among others.

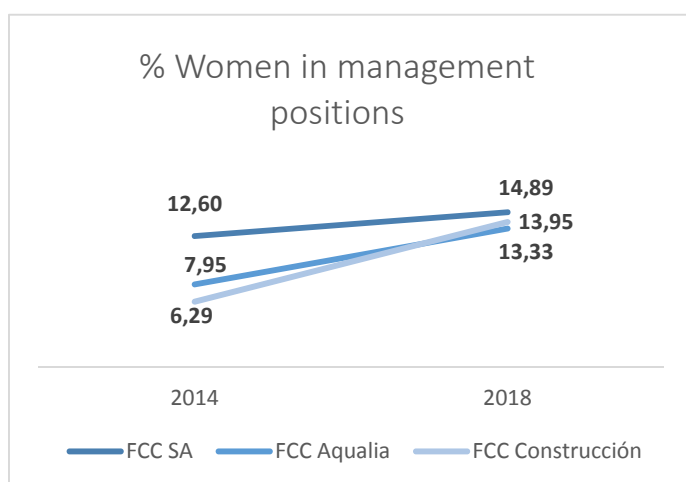
For the international area, we refer to what is included in the Work-life balance section.

Equality between men and women

For FCC, the principle of equal opportunities is an unwavering commitment to action, set out in its Code of Ethics and Conduct, which reflects FCC's responsibility in this area. Women represent 21% of the Group's workforce.

Commitments undertaken by FCC to guarantee gender equality

- FCC adheres to the principles of the United Nations Global Compact, which help companies to examine their policies and practices that they apply for the empowerment of women.
- FCC's main companies, such as Environmental Services, Construcción and Aqualia, have signed an agreement with the Ministry of Health, Consumption and Social Welfare to increase the presence of women in positions of responsibility.



The balance of these agreements has been very satisfactory, having achieved an increase in the percentage of women in positions of responsibility, as can be seen in the graph below, which explains the evolution from the time of signing (2014) to the end of the agreement (2018).

- FCC has eight **Equality Plans** drawn up and implemented with the main trade union organisations. These Equality Plans are applicable to the entire workforce in Spain since they extend their scope of application to companies with fewer than 250 workers. In addition, up to four companies in the Group have the *Equality Seal in the Company*, a mark of excellence awarded by the Ministry with the Equality portfolio.

Other initiatives launched to enhance the value and visibility of the business commitment to Equality have been:

- Environmental Services participated in the XV Women's Race 2018 in Madrid, registering nearly 60 women workers and their families, who joined the "pink tide" called to this initiative in which a total of 35,000 women participated.



- On the website that Aqualia has specifically for Equality, <http://www.aqualiaigualdad.com/>, in 2018 the United Nations campaign, "Now is the time", has been highlighted among the publications, to reflect on how to speed up attaining the Sustainable Development Goals that most directly affect women and girls around the world, within the Agenda 2030 framework. A video has also been posted on its homepage on Aqualia Women 2018.



Commitment against gender violence

FCC has a public and ongoing commitment against gender violence based on two fundamental principles: zero tolerance and support for the social and professional integration of the victims. The company continues to collaborate with the "Companies for a Society Free of Gender Violence" network in its work to disseminate and raise awareness, as well as to support the labour inclusion of victims.

In order to develop this commitment, the company has the support of specialised entities such as Integra Foundation and the Red Cross, both for dissemination and awareness, as well as for the labour inclusion of women who have been victims of gender violence. Specifically, the Integra Foundation has given special recognition to the work carried out in FCC's Environmental Services area, having employed nearly 80 women in 2018, reaching the target of 122%.

In addition, on 25 November every year the FCC Group makes an appeal within the company to remember its principles and to report on its commitment and vision: zero tolerance of gender violence and promotion of the social and professional integration of female victims. For this occasion, FCC Medio Ambiente generated its specific "by your side" brand and campaign aligned with the company's values of equality, non-

discrimination, diversity and social and labour action, and was launched to celebrate the international day to eliminate violence against women.

Protocol for the Prevention and Eradication of Harassment

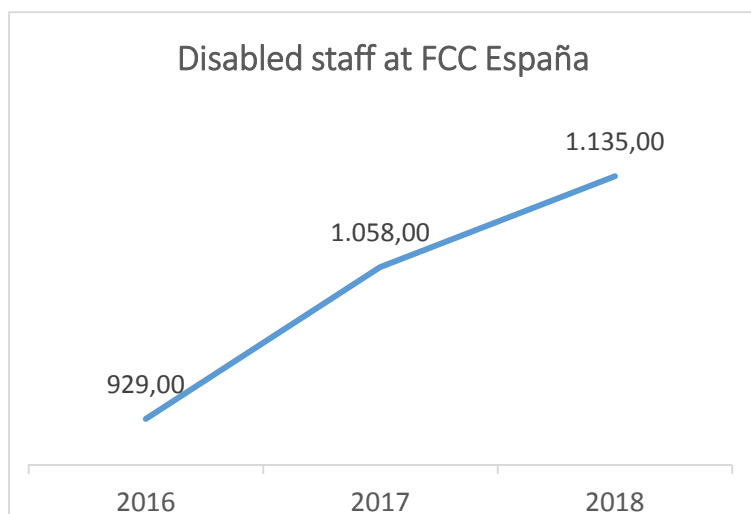
The Group has a *Protocol for the Prevention and Eradication of Harassment* which aims to prevent, resolve and punish harassment that may occur at work, whether sexual or that is based on gender discrimination. The protocol, which must be complied with, sets out the principles of the FCC Group's commitment in this area, aimed at guaranteeing the dignity, integrity and equal treatment of all persons. FCC has enabled a confidential online email address and complaint form.

In 2018, the FCC Compliance Committee received a total of 22 complaints of a labour nature through its complaints channel - mostly due to incidents in the area of respect between people.

Disability

FCC maintains and reinforces its commitment to people with disabilities by advancing its commitment to being an increasingly diverse and socially responsible company, promoting actions and projects that promote inclusion, accessibility and equality through employment. An example of this is the high number of employees with a disability recognised in FCC Spain, which are 1,135.

Evolution of disabled workers in FCC Spain⁶:

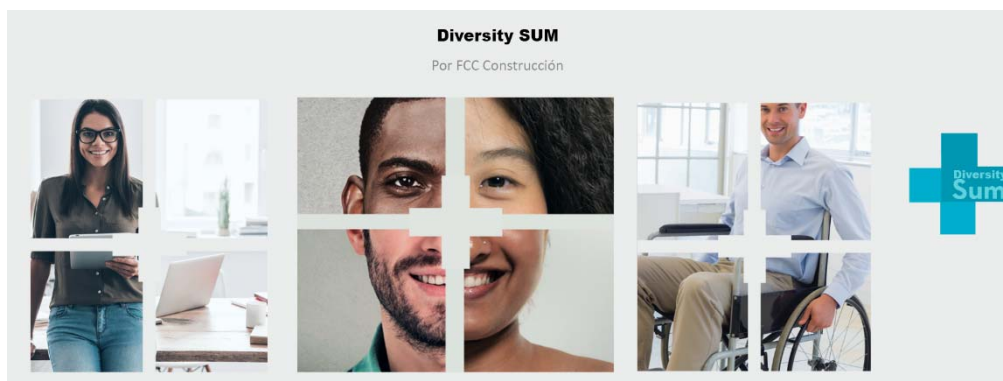


One of the most noteworthy projects in the field of integrating disabled people into the workplace is FCC EQUAL CEE, promoted by the Environmental Services area. This is a special employment centre, in which 30 people with disabilities already participate, which seeks to offer job opportunities and provide skills and competencies for professional development in the company.

⁶ Specifically, as for the international area, the different classification of disabled persons, evaluated according to the different legislations, makes it difficult to analyse the data. For future exercises we will work on a formula that allows us to treat the data in a standardised way.

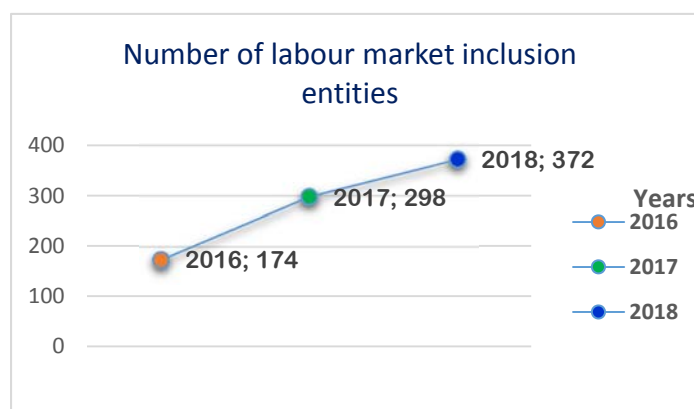
Likewise, in the Construction area, the *La Diversidad Sum* project, has been launched, and a space has been created in the intranet for Equality and Diversity for this, called *enpositivofcc.com*, which includes the principles and values of the company, its mission, vision and the actions implemented for effective equality between women and men.

The project has been created fundamentally to strengthen its strategy of diversity and support for groups at risk of social exclusion. Within the framework of this development, *Disability Day* was held, which included a series of workshops and activities organised by FCC Construcción and FCC Industrial with the Adecco Foundation.



In addition, the Group actively collaborates with specialised organisations that advise on the management of recruitment and employment support for people with disabilities. The main organisations with which we collaborate are the following:

- Incorpora Foundation (La Caixa): Environmental Services has signed a collaboration agreement with Incorpora for the insertion of the groups with the greatest difficulties in labour insertion, which includes 372 labour insertion entities, which has allowed it to multiply the number of insertions exponentially, doubling its figures in less than three years.



- ONCE Foundation (*Inserta Programme*): FCC supports different projects and promotes social and labour inclusion through workshops, training courses and other actions, such as awareness-raising campaigns.

- Adecco Foundation(*Family Plan*): an action programme focused on increasing autonomy, integration and subsequent access to the labour market for family members with disabilities, which is present in Construction and Aqualia.
- Prevent Foundation (*Learning and Entrepreneurship Programme*): FCC has once again participated in a training and *mentoring* programme in collaboration with the ESADE business school, which provides knowledge and training for entrepreneurs with disabilities.
- The Down Syndrome Foundation: Aqualia has an agreement signed with the Foundation for the incorporation of workers with intellectual disabilities to its staff. It has been recognised by the entity one more year, with the Stela 2018 award.
- Recycling to Change Lives Programme (ECOEMBES): Environmental Services has been collaborating with the specific insertion programme for people disconnected from the world of work, being the main actor in the public presentation of the programme in the presence of the Minister of Employment and Social Security, as a sector entity committed to this social sustainability project.



Accessibility

The inclusion of people with disabilities is not possible if accessible and barrier-free environments are not guaranteed for all people in the Group, regardless of their needs.

In 2018 FCC participated in the First Diagnosis of Accessibility in the Community of Madrid: The Value of Accessible Environments, carried out by the Prevent Foundation and promoted by the Regional Health and Safety Institute. This consisted of a basic study of accessibility in the working environment at the corporate headquarters of the entire FCC Group, which is located in Las Tablas (accessibility criteria have been applied which corresponded to nearly 80 indicators). The company has also implemented a control and monitoring procedure to record all improvement actions undertaken and to carry out periodic checks on their maintenance.

Finally, it should be noted that the company's website has been developed in compliance with Level AA according to Standard UNE 139803:2004, which in turn is based on the

Accessibility Guidelines for Web Content 1.0 of the W3C, adopting a series of measures with the aim of ensuring accessibility to the content:

- Facilitate user access regardless of their capabilities or environment.
- Allow access with different user agents.
- Include clear and well-structured content.
- Improve browsing and user experience.

Web accessibility is AENOR certified and covers all areas except cement.

3.5. Social Relationships

FCC understands that in order to establish a link with its employees, it is necessary to have social dialogue and communication with its workers, their legal representatives, trade unions and other social agents in order to promote the implementation of agreements through collective bargaining and that the different collective processes are carried out transparently, setting up monitoring committees and providing employees and workers' representatives with all the necessary information.

The Labour Relations function deals with the monitoring of collective procedures, collective bargaining and social dialogue (which is the main tool for identifying the needs and sensitivities of the different interest groups) and also defines the general criteria for action, monitoring and coordination of the equality and diversity and disability management plans and seals.

Collective bargaining, balance of collective agreements

All FCC Spain personnel are covered by a collective bargaining agreement, regardless of the area of activity.

In the Construction and Cement areas, collective bargaining is mainly channelled through sectoral agreements (state and provincial agreements). It also participates, through different business associations, in the negotiation of different sector collective agreements within the different areas and activities of FCC.

In the Environmental Services and Water divisions, collective agreements for contracts and work centres are of great importance in addition to the sectoral agreements. During 2018, these areas have had a presence in numerous roundtables for the negotiation of agreements or collective bargaining agreements in the workplace, and have actively participated in sectoral collective bargaining (at both state and provincial levels).

Thus, more than 800 collective bargaining agreements or agreements, of different scope and extension, are applicable.

Special mention of occupational health and safety in collective agreements

In a large number of the collective bargaining agreements applicable in Spain, special attention is paid to those encompassing occupational health and safety.

Thus, the General Agreement on Construction devotes an entire book to this subject and the Chemical Industry, in 2018, signed a chapter for this.

In the various company or workplace agreements, special attention is also paid to health and safety. The clauses that have been most frequently included in the collective bargaining agreements entered into with respect to occupational health and safety are as follows:

- Existence of prevention plans: risk assessment and technical-preventive action
- References to the continuous improvement of the general conditions of workplaces
- Specific preventive measures such as personal protective equipment, and in emergency situations or work with special risks
- Communication and dialogue with prevention services
- Health monitoring issues: periodic medical check-ups
- Regulations in relation to workers' rights: participation, training and information
- Legal representation of workers: health and safety committees and prevention officers

Finally, it should be pointed out that work continued on Aqualia's Charter for Occupational Health during 2018, in which representatives of the major trade unions and the company's management collaborated in the improvement of health and welfare conditions through dialogue and planning good practices at a global level.

3.6. Health and safety

FCC is working to create a preventative culture to create risk-free environments for its employees. Health and safety is a commitment for the organisation, through the constitution of its own joint prevention services in each of the business areas.

FCC's preventive management

The Code of Ethics and Conduct, approved in 2018, states that the prevention of risks at work is a differentiating and indispensable element for FCC to protect the health and safety of employees and partners. It also adds that the FCC Group is committed to generating a healthier lifestyle culture.

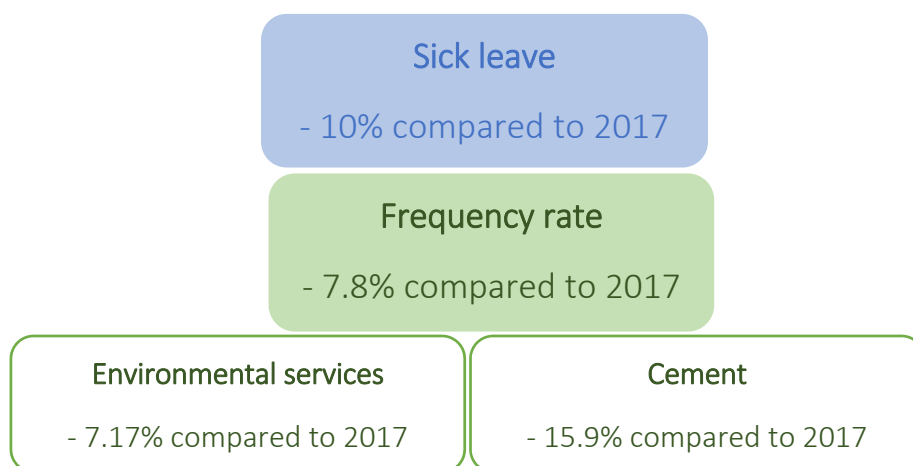
Preventive management is carried out on the basis of a Prevention Plan or Management System certified and audited internally and externally throughout the Group each year. In 2018, the OHSAS 18001 certification was renewed in all areas, gradually starting to adapt the systems to the new ISO 45001 standard.

In 2018, a joint prevention service was set up to cover Corporate Services, considering this model to be more in line with their organisational reality. Thus, the areas of Infrastructures, Environmental Services, Water Management and Corporate Services have an equivalent organisational model for health and safety management, consisting of a joint prevention service that covers the companies operating in each area, which are formally adhered to this service.

In addition, the FCC Group has been recognised in several areas for its management and implementation of a preventive culture, such as the National ACEX Road Maintenance Safety Award.

In terms of its participation in specialised forums, FCC is a member of AESPLA (Asociación Española de Servicios de Prevención Laboral), a national benchmark organisation in the field of occupational risk prevention.

How FCC has decreased the accident rate



Evolution of Accident Rates:

	2016	2017	2018	Contents
Total FCC	27.31	26.15	24.08	Frequency
	0.91	0.91	0.82	Severity

Accident rates by geographical area 2018

	Freq Acc.	Severity	Scope
Total FCC	29.94	1.07	Spain
	24.08	0.82	Global

Accident rates by gender 2018

	Freq.Acc.	Severity	Incident	Gender
Total FCC	31.73	1.14	4.74	Male
	24.93	0.99	3.48	Female

Indices for Absenteeism due to work accident and common illness 2018

	2016	2017	2018	Type
Total FCC	0.72	0.73	0.54	Acc. Work
	6.82	7.24	7	Illness Common

Fatal Workplace Accidents

	2016	2017	2018	Type
Total FCC	2	4	4	Own
	7	2	4	Subcontracted

During 2018, the company continued to promote the "Zero Accidents" objective in its works. Aqualia has developed special attention contracts to reduce accident rates, with specific preventive measures and monitoring plans. In the Environmental Services area, a health and safety management model has been designed and launched in a waste treatment centre, which will be exported to the rest of the company's centres.

The Group has also organised the fourth edition of its health and safety awards, the purpose of which is to reward initiatives carried out by FCC's departments, teams, business areas or individuals, which contribute to strengthening the culture of prevention and the promotion of health and well-being in the workplace.

FCC's medical service

FCC Medical Services in Spain is responsible for promoting the physical, mental and social wellbeing of workers, preventing damage caused by working conditions and protecting against health risks caused by agents outside the working environment.

In 2018, a new IT tool to manage the monitoring of health was put into service, which substantially improves agility in obtaining information, applying protocols and complying with personal data protection regulations. It is possible to homogenise and integrate the work of the different medical services with this new application.

Also noteworthy is the implementation of a protocol for action in the event of a health emergency in corporate buildings.

Medical check-ups

+ 4% compared to 2017

FCC healthy company

The promotion of health and well-being is another of the organisation's primary objectives. In recent years this has resulted in multiple initiatives and the incorporation of procedures and processes that have as a reference the renowned management models of healthy company, such as AENOR.

With regard to the main milestones in this area, the following should be highlighted in Spain:

- Certification of the Healthy Company Model in all delegations of the FCC Medio Ambiente Nacional division.
- Health promotion campaigns, and active participation in external initiatives such as the Ehealth Challenge.
- Assessment of psycho-social factors in head offices, with high staff participation (>75%).
- Training activities and promotion of the physical, social and emotional well-being of employees.

4. MANAGING IMPACTS, WORKING NEW OPPORTUNITIES

The FCC Group integrates three businesses through which it seeks to contribute to improving the environment, the well-being of citizens and their surroundings.

In particular, the *raison d'être* of FCC Medio Ambiente is the protection and improvement of natural and urban environments, providing services such as the collection, treatment, recycling, energy recovery and elimination of solid urban waste; street cleaning; maintenance of sewer networks; maintenance and conservation of green areas; recycling, recovery, treatment and elimination of industrial waste, as well as the decontamination of soils and groundwater.

In the case of Aqualia, its activity not only contributes to the care and well-being of its customers but also to the preservation of the value of natural resources, such as water resources and the protection of biodiversity.

In the Infrastructures (Construction and Cement) area, the Group contributes to promoting the sustainable and inclusive development of cities, mitigating their impact on the environment through measures to optimise the use of the necessary resources, investments in the control and reduction of emissions, and continuous monitoring provided by its environmental management systems.

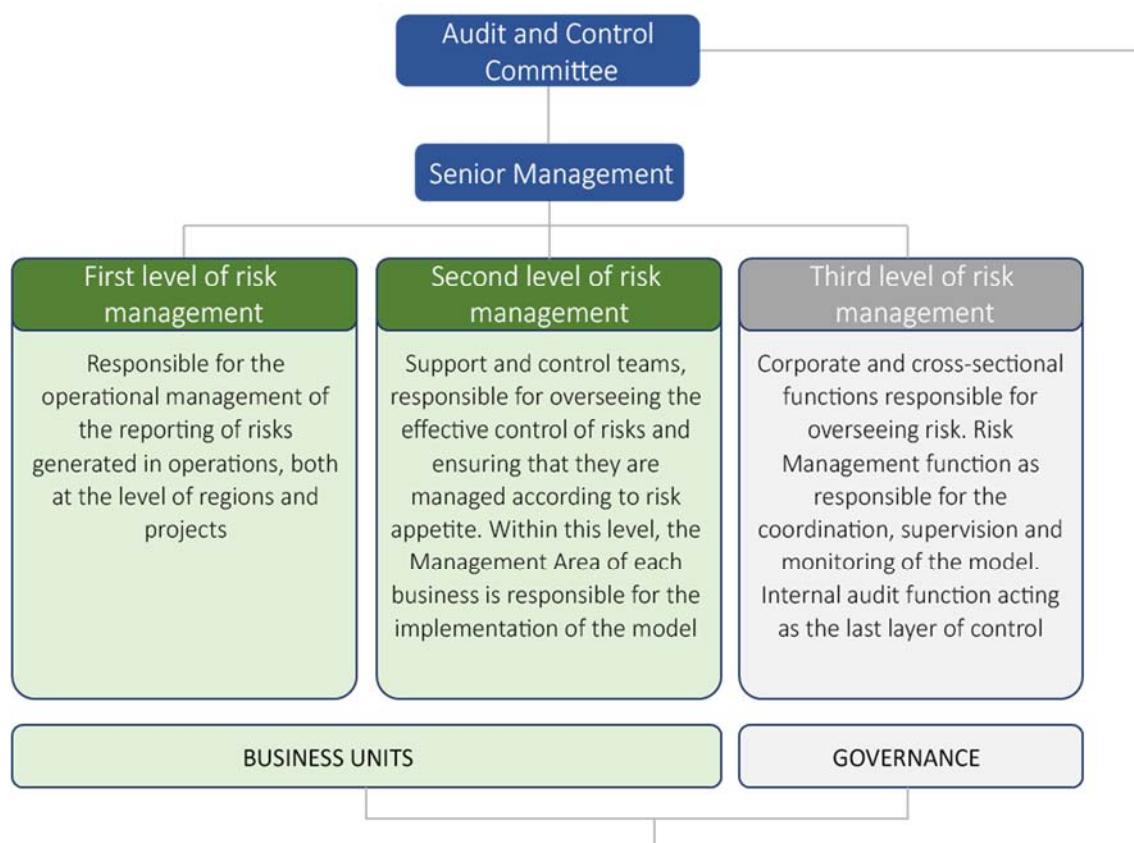
4.1. Caring for and protecting the environment

In each of its business lines, FCC promotes caring for and respecting the environment and aims to improve the efficiency of its activities, minimising their impact, managing resources responsibly and protecting biodiversity.

In order to do so, it monitors its processes with the aim of identifying, evaluating and managing the impacts produced, adopting the necessary practices to minimise them.

Risk management at FCC

FCC applies the precautionary principle to risk management. The model used by the Group is based on three independent levels of management, but which act in a coordinated manner to maximise their efficiency and enhance their effectiveness.



In addition, the Group carries out a detailed analysis of the environmental risks it faces for each of its business lines and how these may affect health and safety.

4.1.1. FCC's management of the main environmental risks faced by the Group's business lines

Environmental Services	
Main environmental risks • Surface water pollution due to overloading of treatment systems • Sewer system failures due to extreme weather events • Situations of potential conflict over water use • Stricter regulation regarding waste treatment and energy recovery processes	FCC's management approach FCC is committed to the circular economy so as to mitigate these risks, thus seeking new business channels and opportunities. In addition, it focuses its efforts on improving the efficiency of its processes, especially those related to the reuse of wastewater and waste.

Aqualia	
Main environmental risks • Potential risk of supply disruptions due to water shortages and drought periods • Situations of potential conflict over water use • Implementation of a more restrictive regulatory framework for water use • Areas with water stress	FCC's management approach Aqualia has increased its investment in innovation and development in this area, with the aim of designing solutions that guarantee the supply of water, especially in areas of scarce availability of the resource. Aqualia is also committed to reuse as an alternative to maximise the use of water in distribution, supply and consumption processes.

Construction	
Main environmental risks • Design of infrastructures with less environmental impact and greater resilience • Vulnerability of infrastructures to extreme weather events • Changes in transport patterns associated with climate change • Modification of the regulatory framework related to environmental issues • Increase in the price of resources used • Development of infrastructures in geographic markets with greater vulnerability and environmental exposure • Technology breakthrough and new production models	FCC's management approach FCC Construcción promotes innovation applied to the identification, monitoring and management of structural risks in buildings and infrastructures. It also uses systems to strengthen and reinforce structures and materials to mitigate the risks it faces.

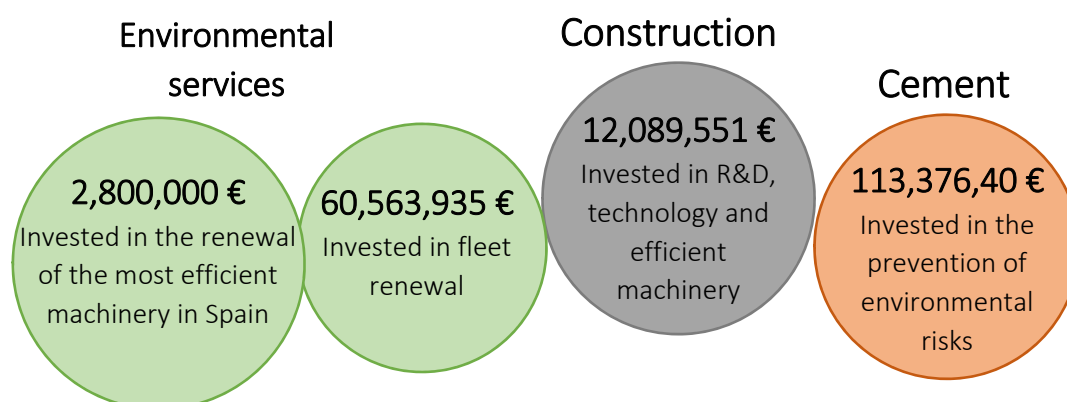
Cement	
Main environmental risks • Predictable increase in pressure from availability of water resources and competition with other uses • Changes in regulatory framework and price of the resource • Development of protocols for emergency action in the event of extreme weather events. • The restriction of activity by climatic criteria in the regulation of the sector • Increases in the costs of production, operation and maintenance processes • Legal or reputational risks related to the development of activities in sensitive areas or on sensitive resources	FCC's management approach Cement focuses its efforts on mitigating greenhouse gas emissions through: • Replacing natural raw materials with other low carbon ones • Replacing fossil fuels with alternative biomass fuels • Carrying out actions for the energy recovery of waste

Dedicated resources for environmental risk prevention

In 2018, the Group's Risk Map was updated to reflect the actions designed to mitigate the main risks. Monitoring and control measures have been identified and established for the following environmental risks:

- Generic risk of non-compliance with applicable environmental regulations.
- Obtaining and development of energy recovery permits.
- Future impact and adaptation to the change of the European regulation of₂.

Thus, the different areas of FCC have set aside an allocation of their investments for the identification and development of preventive measures to reduce possible damage to the environment.



Amount of FCC Group provisions and guarantees for environmental risks

Accidental pollution coverage is insured through the general civil liability policy, covering third parties for any damage derived from pollution. The gradual pollution coverage is insured through the environmental civil liability policy. The geographical scope is global and acts in contrast to the limits of the local policies contracted.

4.1.2. FCC Group policies on environmental issues

FCC has an Environmental Policy, approved in 2009 by the Board of Directors, in which it sets out its commitments for the preservation of the environment and the use of available resources:

- Continuous improvement of all its activities
- Control and monitoring
- Climate change and prevention of pollution
- Observation of the environment and innovation
- The life cycle of its products and services

In addition, both FCC's Code of Ethics and Conduct and its CSR Policy (2016) include the principles governing the Group with regard to reducing any negative effects that may arise from its activities.

It should be noted that in 2012 the Group designed its Climate Change Strategy, currently under review; the main objective of it is to reduce greenhouse gas emissions into the atmosphere by improving efficiency in the use of resources.

FCC also has an Energy Efficiency Technical Guide to encourage both energy efficiency and savings and the reduction of polluting emissions at its corporate facilities.

The CSR 2020 Master Plan reinforces the company's environmental positioning and is aligned with the United Nations Sustainable Development Goals through 4 main points: the circular economy, the fight against climate change, the response to water stress and the protection of biodiversity.

4.1.3. Environmental management system⁷

The FCC Group's objective is to achieve that 100% of its activity is certified in accordance with the UNE-EN ISO 14001:2015 standard. In 2018, certified activity coverage for FCC is close to 90%, as shown in the table. The variation from one year to the next is due to the new work and activities that are beginning to be certified in order to obtain the objective to get as close as possible to 100%.

	2016	2017	2018
FCC Activity with environmental certification	84.4%	92.2%	88%

FCC Medio Ambiente is also UNE-EN ISO 14001, EMAS and UNE-EN ISO 50001 certified.

In 2017 FCC Construcción adapted its Management and Sustainability system to the new ISO quality and environmental standards, applied in 27 countries around the world.

In the same way, during 2017, Aqualia adapted the Quality and Environmental Management System, at international level, to the new 2015 versions of the UNE-EN ISO 9001 and 14001 standards.

All cement factories in Spain are ISO 14001 certified and registered in EMAS (The European Eco-Management and Audit Scheme), 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 assess, manage and improve their environmental impacts, thus ensuring excellent performance in this area.

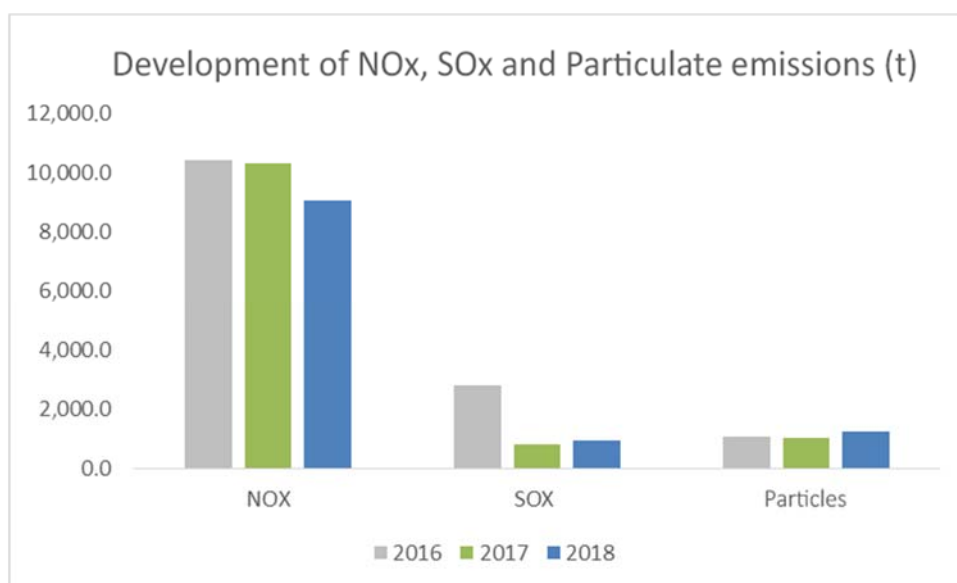
4.2. How FCC reduces its polluting emissions

FCC's business lines carry out different initiatives that contribute to reducing emissions associated with combustion. This has a direct impact on the reduction of particulate, NOx and SOx emissions.

The Group's facilities have gas purification and filtering systems, each of which is adapted to the characteristics of the process that generates the pollutants. All the Group's centres are subject to Integral Environmental Authorisation (according to IPPC Law 16/2002) and have their own limits for emission into the atmosphere for all their emission sources. They have control and monitoring systems for this, which allow them to monitor these emissions and their evolution.

⁷ See scope table in Annex I for the scope of the reported indicator.

Evolution of NOx, SOx and particulate emissions⁸



FCC's businesses also contribute, through their own initiatives, to reducing the effects of their activities on the environment and, where appropriate, on health and safety.⁹ [1.2.1 - LINF 11/2018]:

Cementos Portland Valderrivas	
Measures to reduce NOx, SOx and particulate emissions	GCPV guarantees strict compliance with the emission limits established in the Integrated Environmental Authorisations, implementing the best available techniques in its factories, which guarantee the best performance regarding the main emissions into the atmosphere. In addition, these techniques are continuously optimised in order to maintain operating conditions.
Measures to prevent and mitigate the effects of noise pollution on the environment	GCPV is concerned about noise emissions from its factories to the exterior and has therefore implemented technical measures that reduce exposure to noise. Among others, the implementation of silencers or acoustic screens and replacing equipment that becomes obsolete.

⁸ See scope table in Annex I for the scope of the reported indicator.

⁹ No Aqualia division initiatives are presented because their impact in terms of pollution: sound, light, particles and non-GHG emissions is not significant in comparison with the impacts of the rest of the businesses.

Cementos Portland Valderrivas	
Measures to prevent and mitigate the effects of light pollution on the environment	In order to comply with the established requirements and to avoid or mitigate light pollution from its operations, GCPV gradually replaces the oldest outdoor luminaires in its factories with others of greater efficiency (LED and sodium vapour).
FCC Construcción	
Measures to reduce NOx, SOx and particulate emissions	FCC Construcción implements measures to reduce or prevent these emissions in all its projects. It is worth mentioning the cover of trucks that transport powdery material, the use of tubes for dumping rubble from heights, the irrigation of roads and stockpiles, the control of the speed of vehicles on site, the location of machinery and activities that emit dust to cause the least possible impact and the use of machinery with a humidifying system to reduce emissions when drilling. In the case of combustion gas emissions produced by the use of machinery and transport, actions are undertaken such as limiting the speed of construction vehicles or preventive maintenance of the machinery used.
Measures to prevent and mitigate the effects of noise pollution on the environment	In order to minimise noise pollution, FCC Construcción carries out various actions such as the installation of soundproof screens, the prior execution of parts of the work that can work as such, the use of more modern and quieter machinery, as well as its correct maintenance, or carrying out tasks that can cause more noise at times that are in line with the area, among others.

FCC Construcción	
Measures to prevent and mitigate the effects of light pollution on the environment	With a preventive approach, FCCCo uses environmentally friendly night-time lighting devices to mitigate light pollution and thus minimise its impact on biodiversity. A type of lighting is chosen depending on the project in question, its lighting needs and the characteristics of its surroundings. The specific measures carried out include the installation of timers, presence detectors to illuminate only for the time required, or directional lighting that illuminates only the required area so that it does not directly affect the environment.

Environmental Services	
Measures to prevent and mitigate the effects of noise pollution on the environment	Noise pollution attributable to FCC Medio Ambiente's activity is mainly caused by the motorisation of service equipment. As the Environment area is aware of the negative effects of this type of pollution, it carries out numerous actions to reduce and mitigate the noise generated during the performance of services: - Electric-hybrid and pure electric vehicles that during the service execution phase reach the minimum noise level that is blended together with ambient noise. - Providing vehicles with natural gas engines with lower noise emission rates. - Reduction of noise emissions in side-loading waste collection vehicles. Soundproofed (encapsulated) cabinets for the water impulsion drive pump in cisterns and container washers. - New technologies in the construction of lifts. - All hoppers are insulated and lined. Automatic braking systems for deceleration.
Measures to prevent and mitigate the effects of light pollution on the environment	The Environmental Services area carries out different initiatives with the aim of preventing light pollution in all its operations, some examples are: - Outdoor lighting switches - The installation of motion sensors to connect the outdoor lighting

4.3. FCC joins the circular economy

For FCC, the precepts of the circular economy are directly integrated into its lines of business.

From the Environment area, urban and industrial waste is collected, treated, recycled and valued. In addition, research is being focused on better use of waste "as resources" on the path towards a circular economy.

At Aqualia, the water used for its activities is purified and returned to the medium from which it was obtained, guaranteeing that this return is carried out in optimum conditions of the resource, in such a way that it does not harm the environment.

In addition, FCC Construcción and Cementos Portland Valderrivas incorporate this concept into their daily management through practices such as the reuse of materials in the case of Construction or the consumption of alternative materials in the case of Cement.

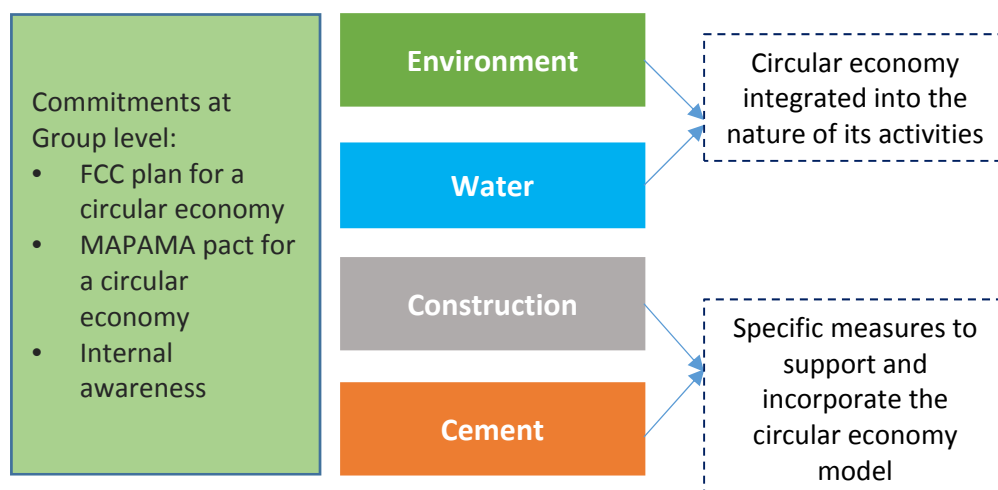
The FCC Group, in its desire to demonstrate its commitment to sustainable development, has designed a programme called the FCC Circular Economy Plan, as part of its CSR 2020 Master Plan. This plan defines three priority lines of action:

- A *gap* analysis to identify the alignment of the Group's current activities with the European Union's circular economy package
- FCC's positioning in the global circular economy model through a formal statement.
- The definition of specific objectives for the reduction, reuse and recovery of outflow.

In addition, the company works across the board to improve internal knowledge of the circular economy, with the aim of keeping professionals abreast of regulatory developments and in the field of innovation. Considering that raising the awareness of employees will be one of the driving forces behind FCC's cultural transformation towards a genuine circular economy¹⁰.

¹⁰ No information is reported about FCC's food waste despite being required by law to be a non-material matter for the FCC Group.

Understanding the circular economy in the FCC Group



To formalise its commitment to the circular economy, FCC joined the MAPAMA (Ministry of Agriculture and Fisheries, Food and the Environment of the Spanish Government, now the Ministry for Ecological Transition) circular economy pact in 2017. The objective of this initiative is to involve the country's main economic and social agents in the effective transition to the circular economy through a series of commitments that the parties involved must agree.

The FCC Group has joined this initiative through its three parent companies: Aqualia, FCC Medio Ambiente (Spain) and FCC Construcción, committing itself to ten actions:

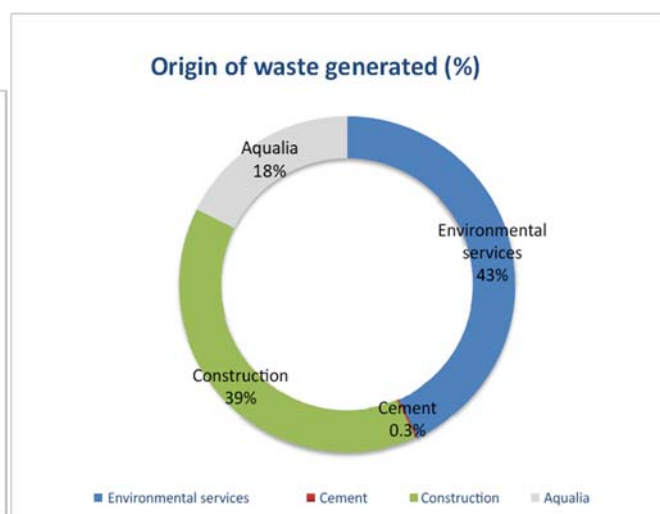
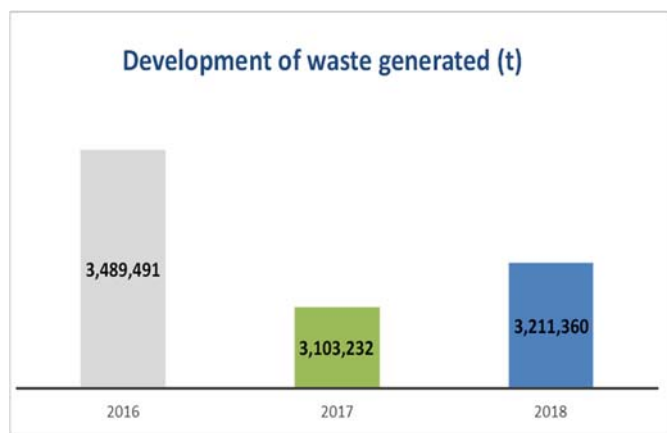
1. Move forwards in the reduction of the use of non-renewable natural resources and reuse of waste.
2. Promote analysis of the life cycle of the products and the inclusion of eco-design criteria.
3. Encourage the effective application of the waste hierarchy principle.
4. Promote guidelines which increase the innovation and efficiency of production processes.
5. Promote innovative forms of sustainable consumption.
6. Promote a responsible consumption model, based on the transparency of information.
7. Facilitate and promote the creation of suitable channels to facilitate the exchange of information.
8. Disseminate the importance of moving from the linear economy towards a circular economy, promoting the transparency of processes, awakening and awareness of citizens.
9. Use indicators which allow the circular economy's degree of implementation to be known.
10. Promote the inclusion of social and environmental impact indicators.

4.4. Efficient waste management

Efficient and responsible management of FCC waste is necessary to guarantee that the environment is cared for. FCC's different business areas have specific plans that guarantee this sustainable management:

Cementos Portland Valderrivas	Selective collection of the waste generated in each of its work centres. Prioritisation of recycling, reuse or recovery as opposed to disposal.
FCC Construcción	Environmental Management System with special focus on the management of waste from works: land, rocks, clean rubble, etc.. Prioritisation of recycling or recovery versus disposal in landfill.
Aqualia	Investment in innovation and technology to identify new ways of reducing waste: - Production of biogas from organic waste from the bacteria present in the digesters - Reuse and recovery of sludge derived from purification processes to reduce discharges.
FCC Environmental Services	The company values its contribution to the circular economy, through the recovery and recycling of waste and innovation in these areas to increase efficiency. The collection and treatment of waste is one of its main activities. With it, it contributes to meeting the readiness targets for reuse and recycling set by the State Waste Management Framework Plan (PEMAR) 2016-2022.

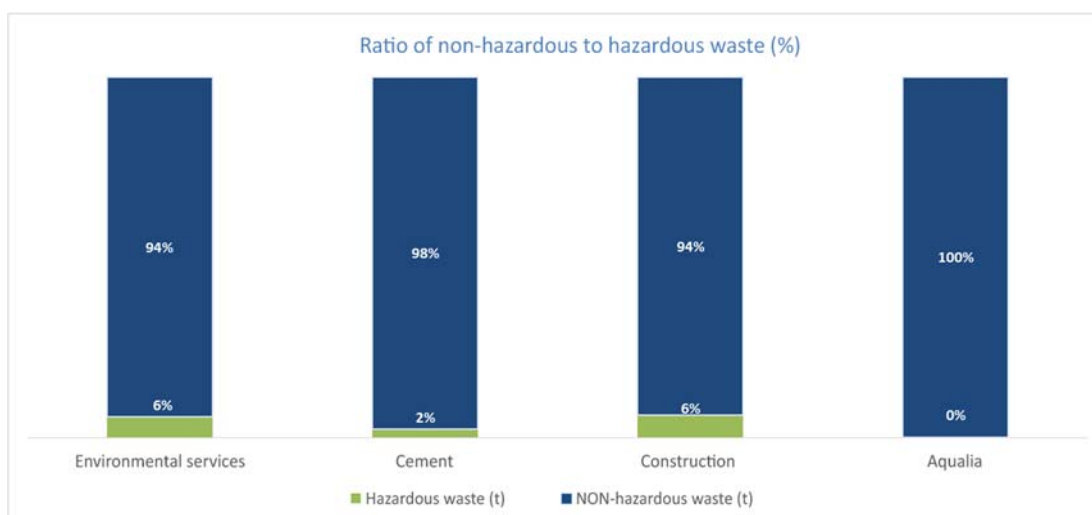
Evolution and origin of waste generated by FCC¹¹



The graph above shows the evolution of waste generated in FCC since 2016 and the percentage generated by each business line. In 2018, the tons have increased by 3% compared to 2017.

Relationship between generated hazardous and non-hazardous waste

The relationship between generated hazardous and non-hazardous waste is shown below. It should be noted that the percentage of hazardous waste from FCC Construcción has increased due to the removal of contaminated soil from a construction site in Romania.



¹¹ See scope table in Annex I for the scope of the reported indicator.

4.5. Responsible use of resources at FCC

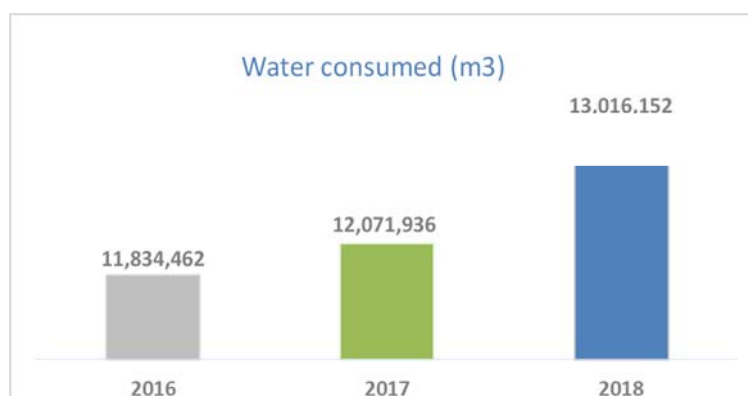
The availability and distribution of resources is threatened by the current consumption model. For this reason, FCC places special emphasis on the use of these resources from its different business lines, each of which focuses on those resources that are most material to its activities.

4.5.1. Responsible water management

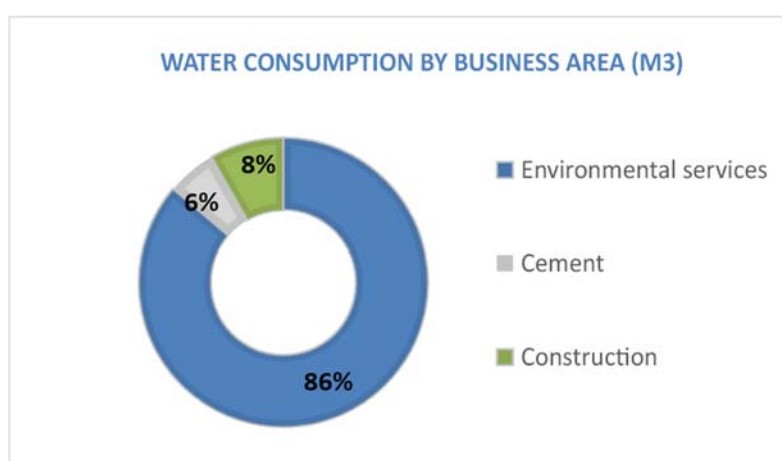
Water resources, as a fundamental element for life, with an ever-increasing demand and its effect on climate change is translated into scarcity and extreme weather events, make responsible management a priority for FCC. The FCC Group takes into account the availability of water at each place of operation by putting in place mechanisms to make the most efficient use of the resource, all businesses comply with local limitations.

The evolution of FCC Group's water consumption is shown below. Consumption in 2018 has increased by 8% compared to 2017, with a total volume of 13,016,152m³ in that year.

Evolution of Water Consumption in the FCC Group¹²



The percentage of total consumption corresponding to each business area is as follows¹³:



¹² See scope table in Annex I for the scope of the reported indicator.

¹³ Aqualia's water consumption is insignificant compared to that of other areas.

Measures to improve the efficiency of water use in Environmental Services

86% of the FCC Group's water consumption comes from the Environmental Services area and is a key factor in the performance of its activities. The rational and efficient consumption of this resource has become a priority for the organisation in order to adapt to the consequences of climate change and mitigate, as far as possible, its adverse effects.

In order to improve FCC Medio Ambiente's water efficiency, the following initiatives, among others, have been carried out:

Optimisation of water use in parks and gardens:

- Increase use of water from alternative sources
- Conduct drilling in large parks for groundwater abstraction
- Promotion of automatic irrigation
- Implementation of risk remote management systems
- Optimise the supply of water by a localised, underground or drip system or by applying nocturnal irrigation.
- Installation of drainage paving in water basins to improve the use of irrigation water.
- Selection of drought-resistant plant species
- Application of long-lasting surfactants to promote the circulation and distribution of water in the soil.

Reduction of water consumption in urban cleaning:

- Incorporation of high pressure and low flow pumping systems in flushing cisterns.
- Installation of adjustable flushing systems with programmable automaton
- Reduction of the water consumption of the Dual Flushing System compared to the normal flushing systems

Management that adapts to the reduction in water availability in SUW treatment plants:

- Installation of rainwater collection systems together with recovery ponds that allow its use in biological waste treatment processes and road cleaning.

Use of water from alternative sources in FCC Environment's vehicle fleets and workshops

- System for capturing and storing rainwater, phreatic and purified water for transfer to mixed cleaning equipment and other uses.
- Purification and recycling of water from the toilets for reuse in the car wash.
- Recirculation of the water from the car wash that allows it to be reused.
- Capture and retention of rainwater from the roof for use by container-washing vehicles

Internal awareness for the rational use of water:

Savings in water consumption are encouraged among operating personnel through the Ecological Office initiative and the Comprehensive Sustainability Training Plan, which has an impact on the rational use of this resource. The facilities are also equipped with:

- Taps with "fluxor" device
- Direct-acting thermostatic pushbuttons
- Flow reducers in the showers and timed pushbuttons with flow limiters in the washbasins

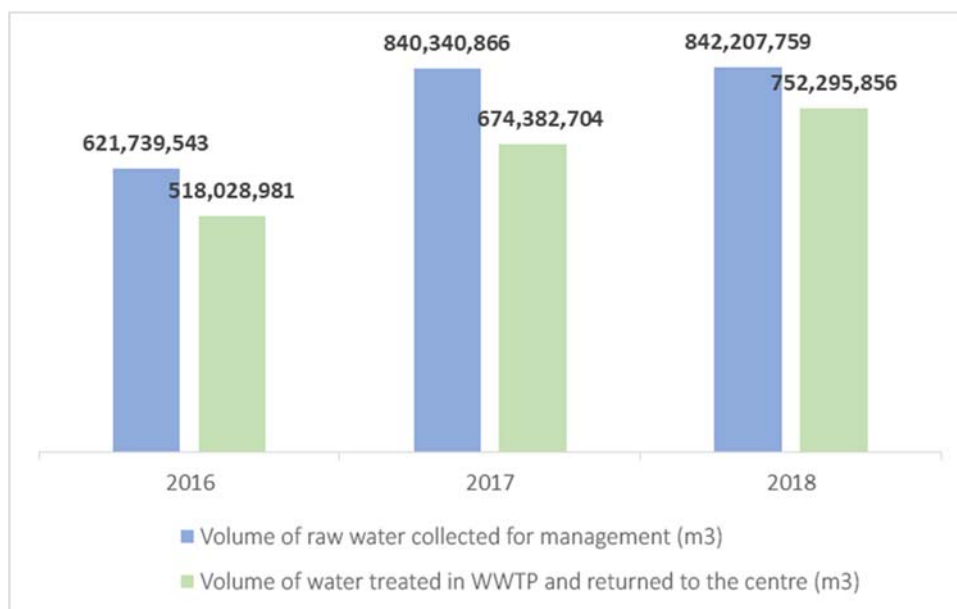
Responsible water management also includes control of discharges and spills by the Group with the aim of minimising possible damage to the environment.

For this, the FCC Group treats the wastewater produced by its activities before it is discharged. The treatments are adapted to the degree of pollution and the origin of these waters. In this way, FCC complies with the discharge limits established by regulations and formalises its commitment to the environment.

Water management by Aqualia:

It is worth mentioning that Aqualia's aim - as a company specialising in all phases of the integral water cycle - is the efficient management of water, guaranteeing maximum quality in the provision of the service and, at the same time, protecting water resources.

The evolution of the volume of water collected by Aqualia for its management and the volume of treated water is shown below:

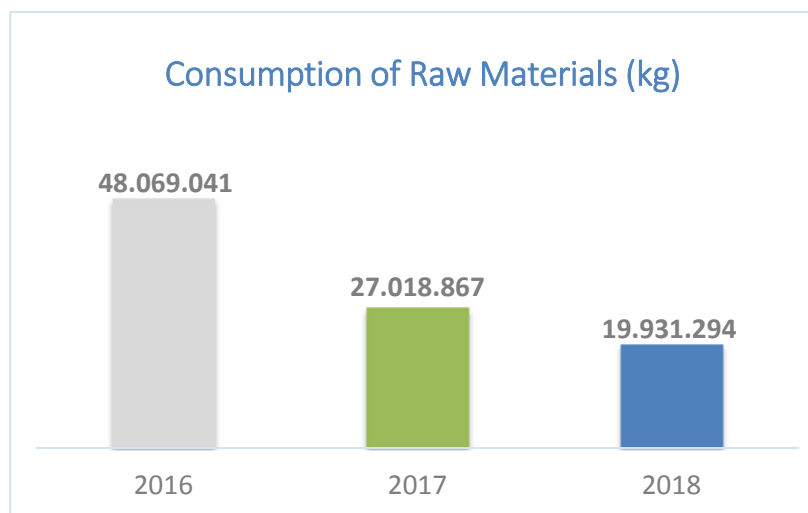


As can be seen in the graph above, the total volume of water captured by Aqualia in 2018 was 842 million m³ and the volume of treated water increased by 12% compared to the figure for 2017.

4.5.2. Consumption of raw materials¹⁴

FCC consumes significant quantities of raw materials due to the nature of its activities. To minimise the impact of this consumption on the environment, FCC follows the principle of reduction, reuse and recycling, through different initiatives.

Evolution of the consumption of raw materials in FCC:



During 2018, the percentage of raw materials has decreased by more than 25%, this is due to the fact that the Construction area - where the highest consumption comes from - has significantly reduced this consumption due to the lower number of works in some countries, such as Spain, Mexico, Colombia or Peru or due to the fact that in other countries, such as Qatar and Saudi Arabia, metro works are in their final stages of execution, having already carried out the bulk of earthmoving works and this is characterised by a lower consumption of materials in general and raw materials in particular.

Since the consumption of these raw materials comes essentially from FCC Construcción, this business area has implemented numerous initiatives that seek to improve the sustainability and efficiency of their consumption.

The works carried out by FCC Construcción require not only the occupation of the land, but also earth moving for their execution. One way to reduce land consumption is to compensate the clearing and embankments within the same project by using the materials extracted as land fill on site, always subject to prior verification of compliance with the appropriate characteristics and requirements demanded. In this way, it is possible to reduce the necessary volume of material on loan, with respect to the volume initially foreseen in the project.

¹⁴ See scope table in Annex I for the scope of the reported indicator.

Other good practices generally implemented in projects carried out by FCC are the reuse of topsoil previously removed for grubbing and clearing, the use of inert material from other works, the choice of recycled aggregates instead of loan contribution material or the recycling of construction and demolition waste for use as gravel.

4.5.3. Energy consumption

Improving the energy efficiency of companies, reducing consumption and substituting fossil energy sources with renewable sources is key to directing the Group towards more sustainable and environmentally responsible business models.

The FCC Group is aware of this priority and therefore integrates it into its daily activities as part of its strategy.

The transformations associated with the manufacture of cement imply a very high consumption of energy. This energy comes mainly from fuels - thermal energy - and electricity. The Group, aware of the depletion to which fossil fuels are subject, promotes investment in new facilities and the maintenance of existing ones so they can use heat from renewable sources, such as the use of biomass fuels, which are neutral for the purpose of emitting greenhouse gases.

Among the initiatives carried out by the Group to achieve this objective, it is worth highlighting:

- The implementation and certification of the Energy Management System in accordance with the UNE - EN ISO 50001:2011 standard.
- The Energy Efficiency Technical Guide for its corporate facilities
- The progressive increase in the consumption of renewable fuels

Energy efficiency in Cementos Portland Valderrivas:

In order to reduce energy consumption and emissions into the atmosphere, most cement factories use the best available techniques. In addition, the cement industry continuously analyses the energy consumption associated with production and the improvements that can be made, as this is one of the cost reduction areas with the greatest potential and of great importance for the Group's competitiveness.

Energy efficiency in FCC Construcción:

In order to be more efficient in the use of energy, FCC Construcción gives priority, whenever possible, to the use of renewable energies and tries to increase the performance of conventional systems or use more efficient alternative systems. The good practices applied in this area aim to reduce energy consumption and in turn reduce greenhouse gas emissions. Some examples are the installation of presence detectors, the replacement of halogens or fluorescents with LED luminaires, the switching off of equipment that is not being used and the maximum use of natural lighting.

Throughout 2018, a Basic Guide of Good Practices for Efficient Energy Management in Works has been drawn up, which contains measures that will contribute to the works consuming less energy while maintaining the same quality.

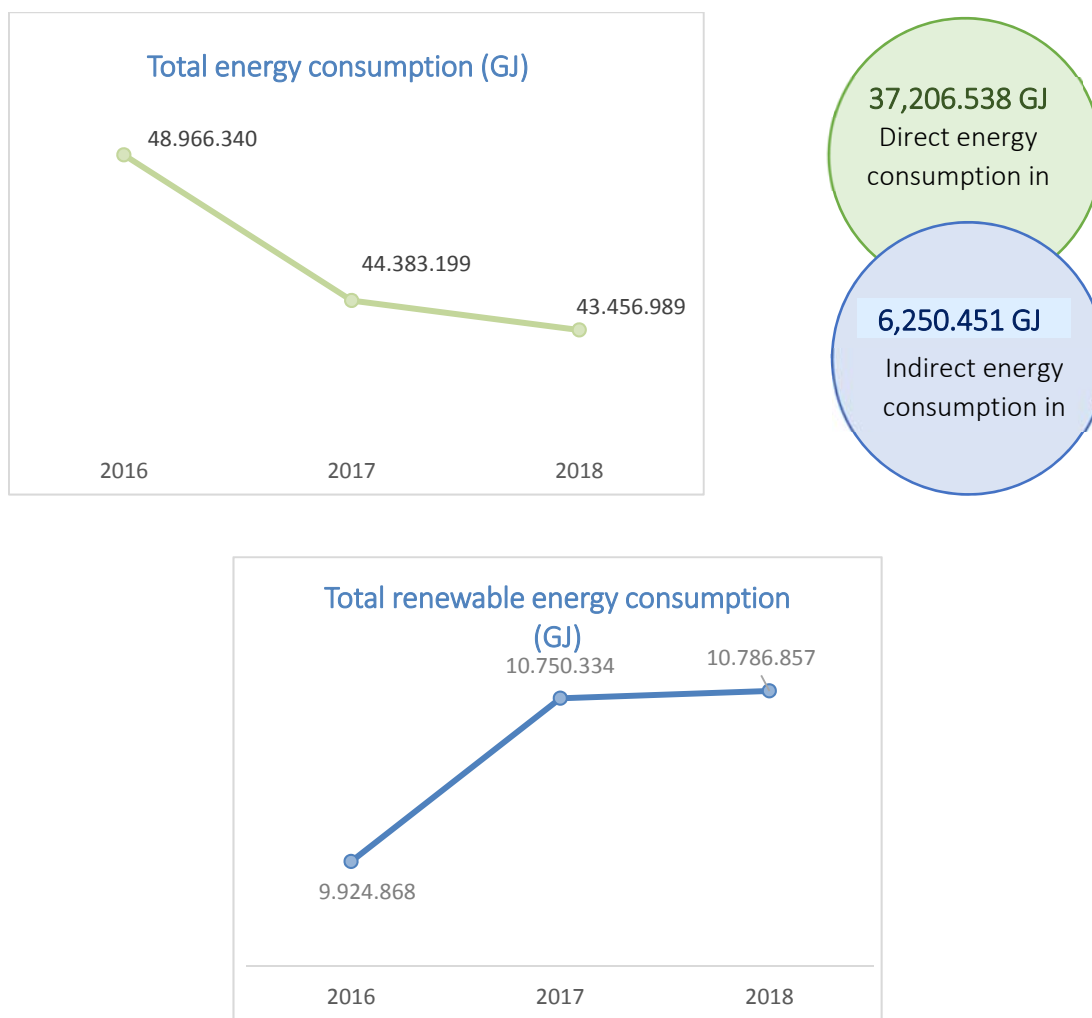
Energy efficiency in FCC Medio Ambiente:

One of the strategic lines of R+D+I in the Environment area focuses on the development of more efficient machinery, highlighting in this sense the development of the VEMTESU project which maximises efficiency in the use of energy: the first vehicle developed with this platform consumes 50% less energy than a conventional vehicle with the same features.

Energy efficiency at Aqualia

Aqualia, in order to improve its energy efficiency, has implemented an Energy Management System certified in accordance with the ISO 50001 standard, which involves establishing quantifiable objectives to optimise the use of energy resources in its activity.

Evolution of energy consumption in FCC 2016 - 2018¹⁵



¹⁵ See scope table in Annex I for the scope of the reported indicators.

In addition, as part of its activities, FCC generates electricity through the energy recovery of waste or through biogas from landfills and water management complexes. It also has photovoltaic panels and wind turbines to generate electricity. Once this energy has been generated, it is either fed into the grid or it is self-consumed.

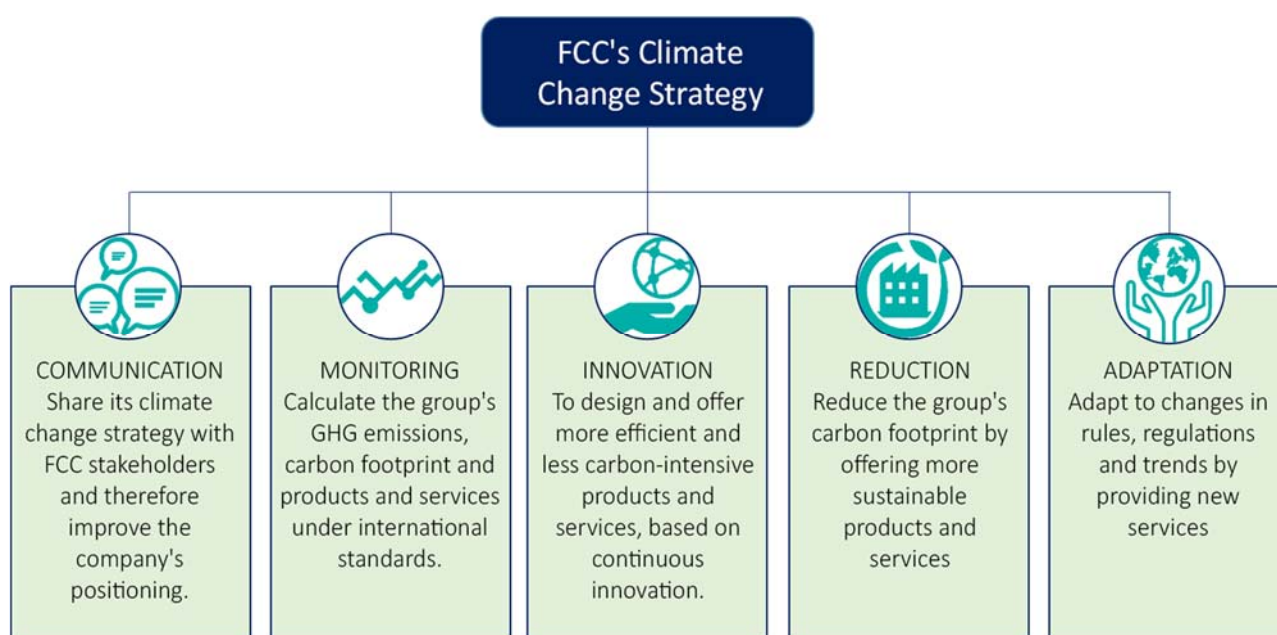
4.6. FCC and climate change

Since 1972, when the United Nations Conference on the Human Environment took place, the role of business in mitigating and adapting to climate change has become clear. The last summit (COP24), held in KATOWICE (Poland) in December 2018, once again positions companies as a fundamental part of achieving a common solution.

Therefore, the FCC Group develops policies, control systems and initiatives with the aim of combating climate change, reducing its greenhouse gas emissions and integrating the targets and indicators established in the Sustainable Development Goals as part of its strategy.

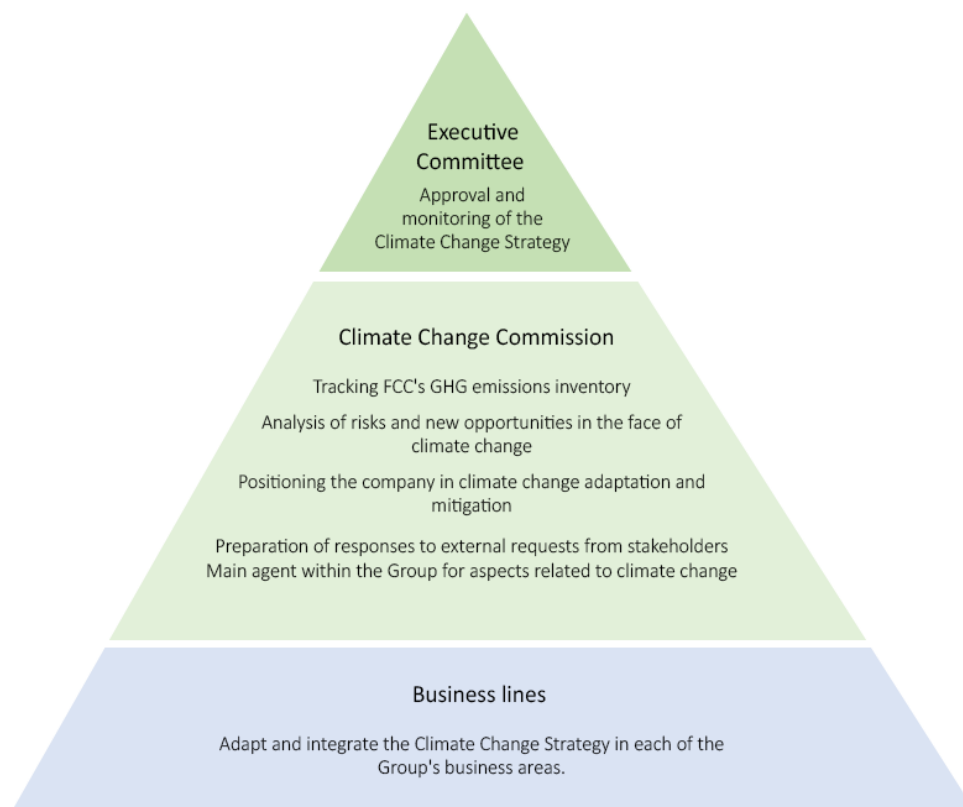
The company has a corporate climate change strategy, approved in 2012 and currently under review under the framework of the new CSR 2020 Master Plan, to adapt it to new legislation and the most recent agreements.

The objective of this strategy is to mitigate the risks associated with climate change by also taking advantage of the business opportunities identified, which is based on five fundamental pillars:



The FCC Group has assigned different responsibilities in relation to this management at all operational levels, with the Climate Change Committee - made up of representatives from all business areas - being responsible for coordinating the implementation of the Climate Change Strategy.

Responsibilities for FCC's Climate Change Strategy



FCC Group metrics and objectives

In order to ensure that climate change management is moving in the right direction, the FCC Group has set targets for this. Currently, and as part of the review process of the Climate Change Strategy approved with the CSR 2020 Master Plan, the targets set are being adjusted in order to adapt them to the current reality.

To establish these objectives, the potential of each of the businesses to contribute to the Group's GHG emission reduction target has been analysed. Following this analysis, a series of actions have been defined which, in turn, respond to the five pillars of the Strategy.

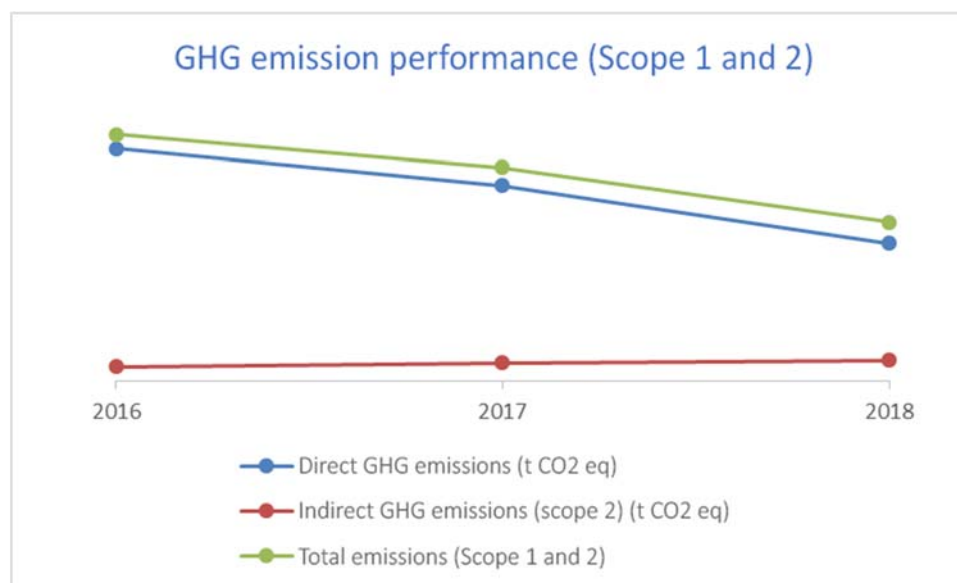
The quantitative objectives are differentiated into two groups, one corresponding to the cement business and the other to the other units. This is due to the peculiar characteristics of the cement sector, in which most of the emissions are due to processing and therefore require differentiated treatment. The objectives will be medium and long term: 2030, 2040 and 2050.

Within these objectives, the Group establishes goals related to the reduction of emissions, energy efficiency and recovery, uses of renewable energies and others.

FCC Group direct and indirect GHG emissions¹⁶

	2016	2017	2018
Direct GHG emissions (t CO ₂ eq)	8,661,234.0	7,296,889.0	5,165,273.5
Indirect GHG emissions (scope 2) (t CO ₂ eq)	521,105.0	665,962.0	768,792.3
Total emissions (Scope 1 and 2)	9,182,339.0	7,962,851.0	5,937,065.8

Evolution of the FCC Group's GHG emissions



The above graphs do not include scope emissions 3¹⁷ although they are already calculated in some of the FCC Group areas; this is due to the fact that the calculation is not homogeneous and aggregation is not possible. As part of the objectives of the Climate Change Strategy, specific action plans are being established to homogenise the calculation and define reduction targets.

Measures adopted by the FCC Group to adapt to the consequences of climate change

Due to the different nature of each of the Group's business areas, each develops and implements particular measures in order to adapt to the consequences of climate change:

Cementos Portland Valderrivas (CPV):

CPV works on the reduction and mitigation of CO₂. The cement industry emits significant amounts of this gas, which is mainly due to the decarbonation process of the limestone and the combustion of fossil fuels in the furnace.

¹⁶ See scope table in Annex I for the scope of the reported indicator.

¹⁷ Scope 3 emissions are those that result from company activities, but occur at sources that are not owned or controlled by the company.

Actions and measures developed by CPV:

- Replacing fossil fuels with alternative biomass fuels
- Substitution of natural raw materials by totally or partially decarbonised raw materials.
- Energy recycling
- Promotion of the use of natural resources through the recovery of materials obtained from industrial by-products.

Among the objectives set by CPV, it is worth highlighting the gradual approach to the European *benchmark* value of CO₂ emission value per ton of clinker (766kg CO₂/T clinker).

FCC Construcción (FCCCo):

FCC Construcción is working to progressively reduce its GHG emissions and carbon footprint. For this reason, since 2011 it certifies its GHG emissions -which are calculated with a centralised approach that collects data from works to fixed centres and integrates them at corporate level- and since 2012 it also verifies its carbon footprint, through the AENOR "Verified CO₂ Environment" seal.

Actions and measures developed by FCCCo:

- Identifying risks and opportunities, assuming the potential impacts that climate change could have on its value chain
- Reporting emissions of its activities and calculating its carbon footprint, in addition to recording it in public registries.
- Implement good environmental practices on site to avoid GHG emissions, setting an annual target of reducing these emissions by 5%.
- Communicate its position in relation to climate change, both internally and externally
- Include the perspective of risk into the integrity of the company's projects by action of climate impacts

Aqualia:

Aqualia's activities can have an impact on global warming mainly due to the energy consumed in its operations. Therefore, it focuses its resources on improving the efficiency of its processes and decreasing the use of resources.

Actions and measures developed by Aqualia:

- Since 2010, Aqualia has progressively extended the scope of its Energy Management System in accordance with the UNE ISO 5000 standard, and since 2017 it has managed to certify the entire organisation in compliance with Royal Decree 56/2016 on energy efficiency. Thanks to the implementation and certification of this management system, Aqualia has managed to improve its efficiency and significantly reduce its carbon footprint.
- In 2017, Aqualia implemented new computer software for the control of electronic invoicing that allows the different levels of the organisation to adjust the contracting of power, control consumption and analysis of bids.

Environmental Services

The main objective of Environmental Services in the area of climate change is to reduce emissions derived from energy consumption, through different initiatives and the strengthening of its positioning in relation to its commitment to the environment.

Actions and measures developed by Environmental Services:

- Recovery of biodegradable materials, which are currently disposed of in landfills
- Degassing of cells that directly emit biogas into the atmosphere without being caught
- Calculation, monitoring and verification of its carbon footprint
- Recording the calculation of the carbon footprint in the Register of the Spanish Climate Change Office (OECC)
- Certification of the Energy Management System in the 17 delegations it maintains in Spain in accordance with the UNE-EN ISO 50001:2011 standard.
- Use of energy-efficient vehicles
- Use of renewable energies in facilities
- Efficient driving training for workers
- Replacing energy-consuming equipment with more efficient ones
- Route optimisation systems

4.7. Protecting biodiversity

FCC has two business lines - Environmental Services and Water Management - which, among other activities, are dedicated to preserving eco-systemic wealth.

In addition, the Group carries out various measures and initiatives aimed at ensuring that this vision is respected for all of the Group's operations and activities.

In 2013 FCC joined the Spanish Business and Biodiversity Initiative (IEEB), whose aim is to promote biodiversity as a key factor in companies' strategic decisions.

Of the activities carried out by the Group, the one that can have the greatest effect on the natural environment is the operation of quarries and gravel beds to obtain raw materials in the Cement business. In order to minimise the impact of this activity, restoration plans have been drawn up:

Restoration plans	
Transfer Mining	Benching down method
Allows the use of the earthworks generated during the extraction process to restore other areas simultaneously	Begins restoration of already exploited upper banks

From the Construction area, and given that the impact on local communities is one of its most significant effects, a special focus is placed on the protection of biodiversity and the restoration of spaces.

During the execution and upon completion of our construction projects, we implement different measures to protect the environment and restore ecosystems that have been altered by our company's activities, drawing up specific biodiversity plans in this regard accordingly. This is a commitment that FCC Construcción has been fulfilling for years and with which it intends to respond to the United Nations' Sustainable Development Goal of protecting ecosystems and preventing their degradation.

Land in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

	2017		2018	
	No. of works	Surface (T. m ²)	No. of works	Surface (T. m ²)
Location in protected natural areas or areas of high biodiversity value	7	3.44	9	5.22
Location in an area with a landscape classified as relevant	8	11.59	10	13.76
Effects on natural watercourses in a protected area	4	0.21	6	0.30
Effects on natural watercourses in areas with high biodiversity value	4	9.38	4	8.44
Effects on watercourses with a very high value or relevant to local and indigenous c.	11	9.95	13	8.90
Effects on classified or protected vegetation	11	10.90	12	13.85
Effect on classified or protected animal species	10	9.75	12	13.67

Protected sensitive areas and restored affected areas (ha)

	2017	2018
Protection of sensitive areas	543.65	533.76
Restoration of affected areas	551.72	544.14

The company also carries out other actions to protect the biodiversity of ecosystems such as the physical protection of specimens, the transplantation of plant species, the transfer of nests or animal species, the creation of wildlife refuges or, simply, the planning of work based on the life cycles of the species.

4.8. Summary table of environmental indicators¹⁸

	2016	2017	2018
Activities with environmental certification (%)	84.4	92.2	87.6
NO _x (t) emissions	10,407,683	10,351,115	9,073,947
SO _x (t) emissions	2,791,146	782,249	909,790
Particle missions (t)	1,049,633	1,002,379	1,481,442
Waste generated (t)	3,489,491	3,103,232	6,724,919
Hazardous waste (t)	93,493	127,313	159,776
Non-hazardous waste (t)	3,009,739	3,362,178	6,565,143
Water consumption (m ³)	11,834,462	12,071,936	13,016,152
Total energy consumption of fossil fuels and renewable sources (GJ)	43,251,445	38,109,622	37,206,538
Electricity consumed (GJ)	5,714,895	6,273,576	6,250,451
Total energy consumption (GJ)	48,966,340	44,383,199	43,456,989
Use of renewable energy (GJ)	9,924,868	10,750,334	10,786,857
Consumption of Raw Materials (t)	48,069,041	27,018,867	19,931,294
Direct GHG emissions (t)	8,661,234	7,296,889	5,165,273
Indirect GHG emissions (t)	521,105	665,962	768,792

¹⁸ See scope table in Annex I for the scope of the reported indicators.

5. CREATING SOCIAL VALUE

The FCC Group promotes the growth and sustainable development of society, not only through its *raison d'être*, but also through its commitment to its customers, its contribution to the communities in which it operates, its social programmes and the extension of its good practices throughout its value chain, from its suppliers to its customers.

The 'well-being and development of communities' principle is enshrined in its Code of Ethics and Conduct, guiding FCC employees in their task of knowing the needs and expectations of the citizens to whom the company provides its services.

In order to achieve its objectives, the Group considers it essential to communicate these commitments to all its stakeholders and therefore to be a transparent company with its management and activities.

FCC Group communication channels [5.1.3 - LIN 11/2018]



CSR report for each
business area

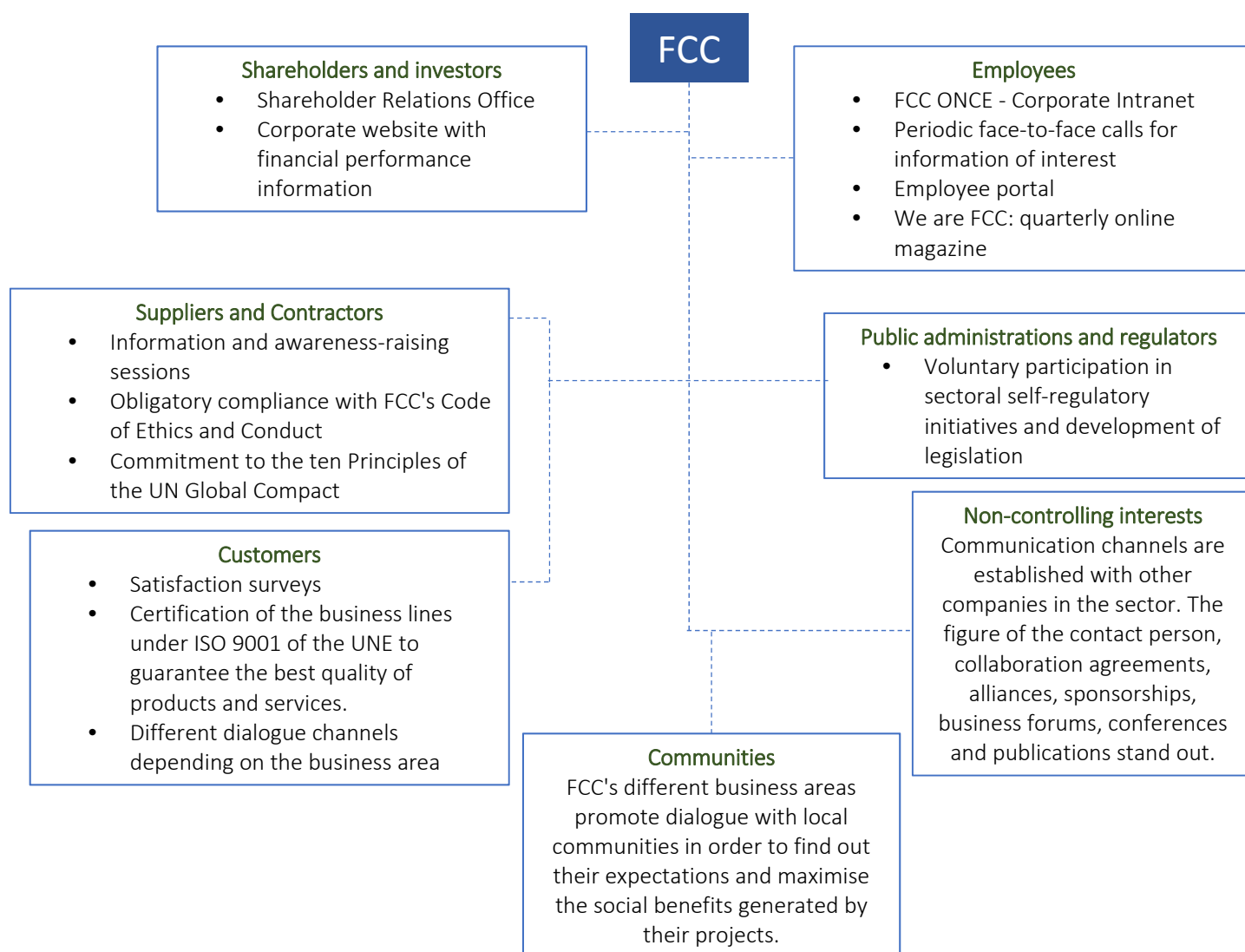


FCC corporate
website



FCC social networks
55,627 followers on [LinkedIn](#)
525 subscribers on [YouTube](#)
19,900 followers on [Twitter](#)

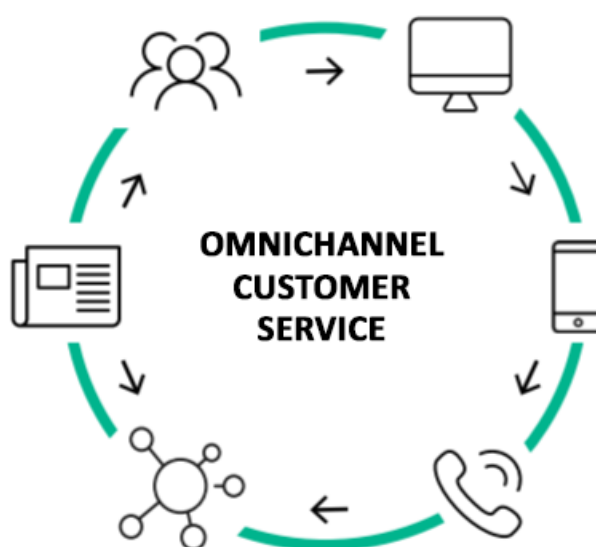
FCC stakeholders and dialogue tools



5.1. FCC's commitment to its customers

The FCC Group reflects its commitment to its customers in the values underpinning its Code of Ethics and Conduct. Through which it displays its thoroughness, professionalism, honesty and respect for its customers. The Group's business that has a direct relationship with the end customer/user is Aqualia.

In order to satisfy the expectations of its customers, Aqualia has an omnichannel service that integrates face-to-face office, online office, telephone service and mobile device channels, all interacting in real time. In this way, the customer who has started a conversation through any of these channels can continue it through another without having to start it again and give information already provided.



Aqualia also carries out customer satisfaction surveys in order to find out their concerns and the degree of satisfaction with the service provided. The main results for 2018 are shown below.

- 77.6% of customers were satisfied with the quality of service.
- The face-to-face customer service office is the best known and at the same time the preferred means for dealing with the company.
- 74.9% of respondents were satisfied with the water supply

One of the essential objectives of FCC Construcción continues to be excellence in the carrying out of its activities and customer satisfaction, through excellent personalised care and a continuous dialogue to ensure that expectations are met.

Public administrations are increasingly demanding in terms of sustainability requirements in public procurement. Recent regulations, such as Royal Decree 6/2018, which creates the inter-ministerial commission for the incorporation of ecological criteria in contracts or the requirement by public administrations and customers of the use of BIM methodology, highlight this fact.

In order to respond to these needs and facilitate communication, FCC Construcción has the figure of the *customer's contact person*, who is responsible for attending to the suggestions received, dealing with the information provided, managing collaboration and communicating the actions to be undertaken and carried out as a result of the suggestions received.

In addition, the company carries out the so-called 'end of work surveys', by means of which customers evaluate the service, rating different aspects. In addition, FCC Construcción has a system for managing complaints and claims, requests for information and measuring satisfaction, which enables it to monitor and have a basis for developing improvement plans.

In 2018, 23 end-of-works surveys were carried out, the results of which were generally positive. In more than 90% of the questions asked, customers rated the company either good or very good. The aspects most valued by customers are related to the quality of the professional team, compliance with commitments, quality plans applied to works, and respect for the environment.

Cementos Portland Valderrivas has management systems in place to ensure the quality of its products and services. In addition, it maintains continuous contact with its customers through various channels, allowing it to analyse the most relevant information and act accordingly.

FCC Medio Ambiente offers its customers local services tailored to the needs of communities in every corner of Spain, thanks to its regionalised commercial structure. In addition, it has an intelligent platform for the Management of Citizen Services called vision that allows it to respond to the needs of its customers automatically.

The FCC Group guarantees the health and safety of its consumers by complying with the legal requirements applicable to its services, which include health and safety requirements.

5.2. FCC's commitment to the sustainable development of the communities in which it operates

In order to contribute to the development of communities, the company's business strategy is strongly linked to social action.

The FCC Group contributes to the community through contributions to non-profit organisations, sponsorships, donations, etc. Specifically, the company's total social action amount was 6,206,038.13 euros, of which 3,367,583.62 euros went to collaborations and sponsorships and the remainder was donations to non-profit organisations.

The Group's most significant contribution to the social and economic progress of communities is job creation. In addition, it develops different actions that link its own employees to relate to society in general and to local communities in particular, creating value and generating trust.

Through these actions, FCC also contributes to the achievement of those SDG commitments that are related to economic progress, the reduction of inequalities and the training of communities.

Intra-company actions

The Group's internal actions include those aimed at the integration of underprivileged groups and support for employees' families. Environmental awareness actions are also carried out for employees.

Actions for the integration of underprivileged groups and support for employees' families.

Since 2008, after signing an agreement with the Adecco Foundation, the FCC Group has been promoting the employment and social integration of people with disabilities through training and job orientation activities and employment programmes and itineraries for the future incorporation into the world of work of FCC employees' disabled family members.

Some examples of the initiatives are:

- Development of social skills and attitudes that facilitate their integration into the world of work.
- Guidance and advice in the search for employment
- Leisure activities that contribute to cognitive, physical, emotional, social and occupational development

In 2017, FCC and the ONCE Foundation renewed the '*Inserta*' Agreement, to which it first adhered in 2009. This renewal has meant 425 additional contracts since the beginning of the collaboration.

Additionally, the Group collaborates with the '*Never Give Up*' Plan which aims to boost the employment of young people with disabilities under the age of 30.

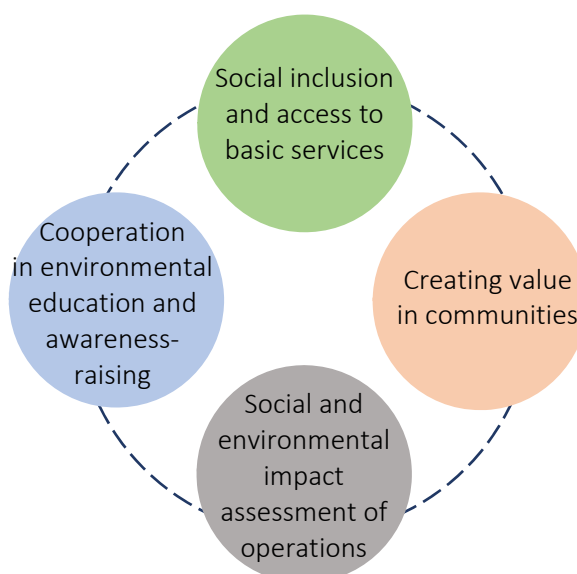
Environmental awareness of employees

Training and awareness-raising activities aimed at encouraging FCC Group employees' commitment to sustainable environmental and social development. In this way, employees become benchmarks for good practice.

One of the actions carried out is the FCC internal bulletin, which highlights environmental projects and shares good practices and recommendations for their implementation in all businesses.

Actions in the community

In order to contribute to the social progress of communities, the Group focuses its projects around four priority lines of action:



Social inclusion and access to basic services

The services offered by FCC through its different business areas provide local communities with access to basic services such as drinking water and electricity. In addition, the Group develops solidarity initiatives related to sanitation, improved health and access to services and resources, especially in the communities with the greatest needs in these areas.

Creating value in communities

Beyond having an impact on access to basic services, the FCC Group's activities have a positive impact on its socio-economic development, especially through the creation of value in the Infrastructure service, generating jobs and wealth in the environment through the hiring of local suppliers and subcontractors.

Social and environmental impact assessment of operations

The company evaluates its contribution to communities and their environment, and analyses the impacts of the development of its activity. Within the framework of the 2020 CSR Master Plan, consideration is being given to the development of a method for measuring the environmental, social and economic impact of all FCC projects.

Cooperation in environmental education and awareness-raising

FCC, with the aim of sharing and disseminating knowledge, collaborates with different educational institutions. Most of its projects in this sense focus on those aspects related to sustainability and the responsible use of resources.

WREN Foundation

WREN is a non-profit organisation created to allocate funds to community projects of a social nature, in the field of biodiversity and heritage protection, based on contributions from FCC Environment.

Since its foundation in 1997, it has invested over £200 million in more than 7,000 projects in the UK.

WREN currently provides and distributes funds through two programmes, the FCC Community Action Fund, for the funding of projects located in England and Wales; and the FCC Scottish Action Plan, for applicants in Scotland. The projects range from actions to restore and protect biodiversity, health initiatives, heritage restoration actions, spreading of local knowledge, refurbishment of public spaces, conservation of cultural heritage, to a wide programme of projects related to communities and the environment.

Volunteer actions

In the areas in which the FCC Group focuses its social action, it offers its employees the opportunity to participate in the different programmes that are developed on a voluntary basis. With the participation of volunteers, it not only contributes to generating value and welfare in the communities, but also increases the personal welfare of employees by devoting more time to their personal interests.

Among the actions contemplated in the 2020 CSR Master Plan is the development of a global volunteer programme for Group employees. This Plan also includes the creation of the *Immediate Emergency Unit* to align and promote the contribution of the company's professionals when emergency situations occur.

5.3. Strengthening the value chain [5.2.1; 5.2.2; 5.2.3 - LINF 11/2018]

For the FCC Group, the principles and ethical standards that govern its activities must also govern its value chain. For this reason, it promotes responsible management of purchases, making sure in its supply chain, both the acquisition of products and the contracting of services, is as sustainable and respectful as possible.

The Group has a Purchasing Policy that encompasses the entire company and is based on the principles of transparency, competitiveness and objectivity. This policy is currently being revised within the framework of the 2020 CSR Master Plan with the essential objective of extending its scope to social and environmental criteria. In order to ensure compliance with this Policy in the most efficient way possible, the Purchasing department is managed centrally by reporting to General Management for Administration and Finance.

The Group's commitments to responsible sourcing are not only reflected in its Purchasing Policy, but also through:

- The relationship that FCC creates with its suppliers; a long-term relationship of trust. This commitment is particularly relevant to critical suppliers, and enables

the search for synergies to be reinforced and operational efficiency to be maximised.

- Demands on its suppliers to assume its ethical, social and environmental principles. The contracts between the two parties include a clause obliging the supplier to declare its knowledge of and commitment to the FCC Code of Ethics and Conduct and the Ten Principles of the United Nations Global Compact. This obligation is implemented at a national level and in development at an international level.

The FCC Group's commitment to equality is also present in its value chain. All FCC orders and contracts in which any type of work is subcontracted always include the suppliers' commitment clause, which requires respect for the principles and obligations deriving from the Organic Law on Effective Equality of Women and Men, in order to prevent sexual harassment or gender-based harassment, and any type of direct or indirect discrimination, as well as respect for the principles of the United Nations Global Compact.

In order for the supply chain to comply with the legal, sustainability and ethical requirements established by the Group, the environmental, social and economic risks associated with the value chain are assessed through an analysis of new suppliers prior to the drawing up of the contract.

Among other actions, this analysis includes:

- Visits to suppliers' facilities
- Personal visits with Management
- Request for relevant information

The evaluation of suppliers is carried out through a categorisation according to the product portfolio of the company's three head offices and the Central Services. The categorisation of suppliers is established by means of satisfaction surveys sent to users, carrying out a detailed investigation of those with considerably low scores.

In 2018, 1529 processes have been evaluated. Responses were obtained from 52% of those surveyed and of these, 1.8% were given special treatment for low scores.

Also, in the framework of the 2020 Master Plan, a new way of assessing risks is provided for. FCC will develop a map of environmental, social and government risks for suppliers and contractors that it will take into account:

- ✓ Identification of potential sustainability risks
- ✓ The inclusion of sustainability criteria in the definition of a critical supplier
- ✓ The strengthening of the monitoring and control system for those suppliers with the highest risk, through approval and evaluation processes.

In addition, environmental, social and ethical issues will be integrated into the approval of suppliers from 2019 onwards. In this way, suppliers will be required to comply with them during the group's contractual relationship with suppliers.

ANNEX I: SCOPE AND MATERIALITY

This report reports the Statement of Non-Financial Information of the FCC Group as required by Law 11/2018 on Non-Financial Information and Diversity (LINF). In order to respond to the indicators required by law, the report is structured into four essential areas: Values and Good Governance; Our People; Managing Impacts and Creating Social Value.

The specific contents correspond to the exercise of materiality, the last approval of which took place in 2018.

Information on the FCC Group's ethical, environmental and social performance to date has been reported in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). For the 2018 report, and in order to fully adapt to the requirements of the Law, the GRI standard has not been strictly followed. However, the information reported can be largely linked to that requested by GRI. Annex II shows the link between the information reported in accordance with the Law and the GRI indicators.

Scope of the Report

The scope of the information provided in this report corresponds to the perimeter of integration used for financial consolidation, according to which 100% of the investees over which management control is held are considered, regardless of their ownership interest.

The scope of specific indicators is detailed below; in some cases, the last month has been estimated as the necessary information was not available in February 2019 to finalise it; some exclusions to the scope are also indicated, which are insignificant and the reason for which is detailed below:

	Exclusions to the scope
Activities with environmental certification (%)	USA, FCC CEE and UK are not included because the information is not available.
NO _x (t) emissions	Not included in the UK, FCC CEE (due to not having this data until the end of February) and Aqualia (due to its emissions being negligible compared to the total, <1% in 2017). FCC Construcción estimate for the last month of 2018.
SO _x (t) emissions	Not included in the UK, FCC CEE (due to not having this data until the end of February) and Aqualia (due to its emissions being negligible compared to the total, <1% in 2017). FCC Construcción estimate for the last month of 2018.
Particle missions (t)	Not included in the UK, FCC CEE (due to not having this data until the end of February) and Aqualia (due to its emissions being negligible compared to the total, <1% in 2017). FCC Construcción estimate for the last month of 2018.
Waste generated (t)	The following Aqualia countries are not included in the scope due to the impossibility of obtaining data: Algeria, Saudi Arabia, Abu Dhabi and Chile. FCC Construcción estimate for the last month of 2018.

	Exclusions to the scope
Hazardous waste (t)	The following Aqualia countries are not included in the scope due to the impossibility of obtaining data: Algeria, Saudi Arabia, Abu Dhabi and Chile
Non-hazardous waste (t)	The following Aqualia countries are not included in the scope due to the impossibility of obtaining data: Algeria, Saudi Arabia, Abu Dhabi and Chile
Water consumption (m ³)	Aqualia is not included in the scope because its consumption is negligible compared to the rest. FCC Construcción estimate for the last month of 2018.
Total energy consumption of fossil fuels and renewable sources (GJ)	Not including Aqualia in Italy and Saudi Arabia with regard to fossil energy consumption, and Aqualia in Portugal, Italy, Egypt, Algeria, Saudi Arabia, Abu Dhabi and Chile with regard to renewable energy consumption. Not including FCC CEE in Bulgaria with regard to the consumption of fossil fuels and renewables. FCC Construcción estimate for the last month of 2018.
Electricity consumed (GJ)	Not including FCC CEE in Poland with regard to electricity consumption. FCC Construcción estimate for the last month of 2018.
Total energy consumption (GJ)	Not including Aqualia in Italy and Saudi Arabia with regard to fossil energy consumption, and Aqualia in Portugal, Italy, Egypt, Algeria, Saudi Arabia, Abu Dhabi and Chile with regard to renewable energy consumption. Not including FCC CEE in Bulgaria with regard to the consumption of fossil fuels and renewables. Not including FCC CEE in Poland with regard to electricity consumption. FCC Construcción estimate for the last month of 2018.
Use of renewable energy (GJ)	Not including FCC CEE and Aqualia in Portugal, Italy, Egypt, Algeria, Saudi Arabia, Abu Dhabi and Chile.
Consumption of Raw Materials (t)	Not included in FCC CEE scope (due to unavailability of data to date) and Aqualia (due to negligible consumption). FCC Construcción estimate for the last month of 2018.
Direct GHG emissions (t)	Not including Aqualia in Egypt and Chile. In the UK there is no data available from the landfill under operational control. FCC Construcción estimate for the last month of 2018.
Indirect GHG emissions (t)	Not included in the UK, FCC CEE due to insignificance and Aqualia in Egypt and Chile. FCC Construcción estimate for the last month of 2018.

Materiality Study

The FCC Group carries out an annual review of its materiality study with the aim of paying attention to those social, environmental and economic issues that have the greatest impact on its activity and that have the greatest effect on its stakeholders.

In this way, FCC measures the importance of the most important aspects of business strategy and corporate responsibility, identifies the expectations of sector leaders and provides responses to their needs.

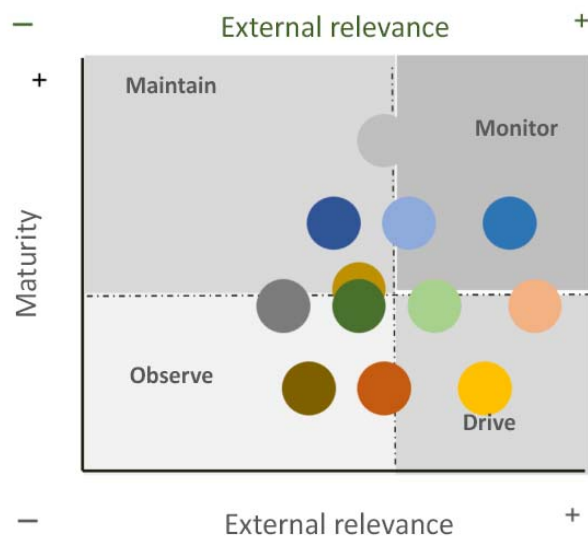
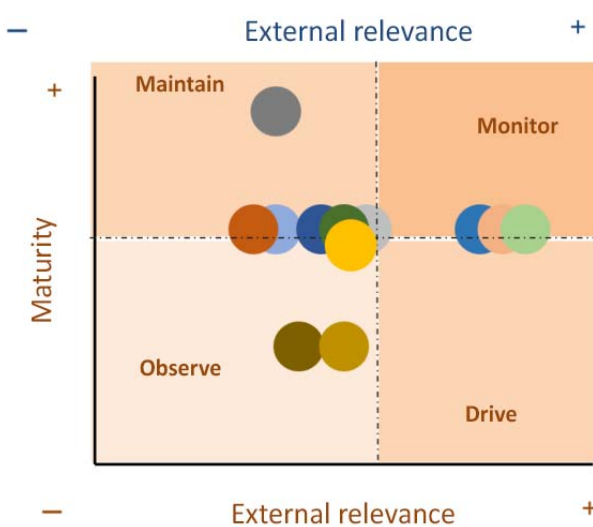
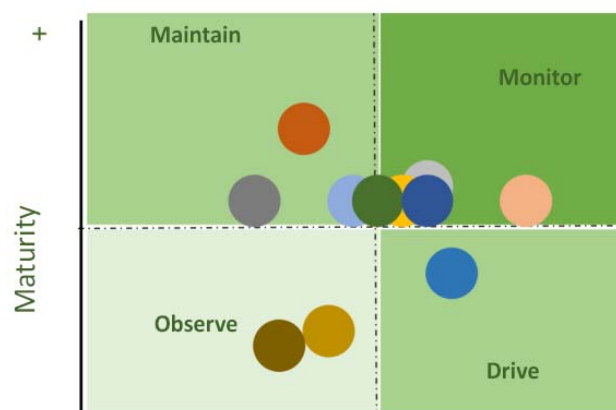
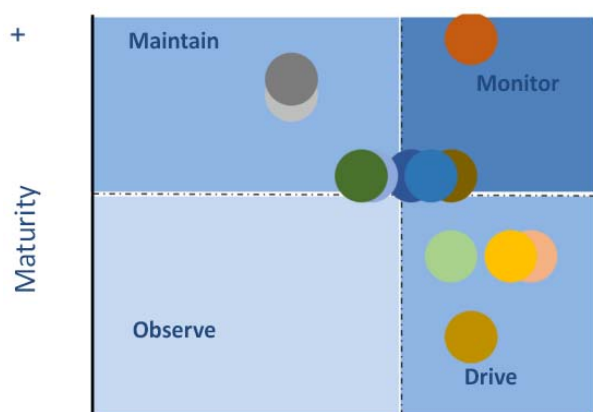
Material matters identified

- Promotion of and respect for human rights
- Technological development and cyberattack prevention
- Employee well-being and professional growth
- Occupational health of employees and contractors
- Protection of scarce natural resources
- Corruption prevention and mitigation systems
- Liability for suppliers and contractors
- Policies to contain the effects of climate change
- Innovation and sustainability
- The customer experience
- Local development
- Responsible hiring criteria

In order to present a detailed result, the analysis is presented in four matrices, one for each business line: Aqualia, Environmental Services, FCC Construcción and Cementos Portland Valderrivas. Given the specific characteristics of each of the businesses, the prioritisation of material matters is structured on the basis of the particular impacts of the different activities.

Each parent orders material matters according to a classification of four quadrants, to monitor, drive, maintain and observe, according to the action that the company must carry out in order to manage them properly.

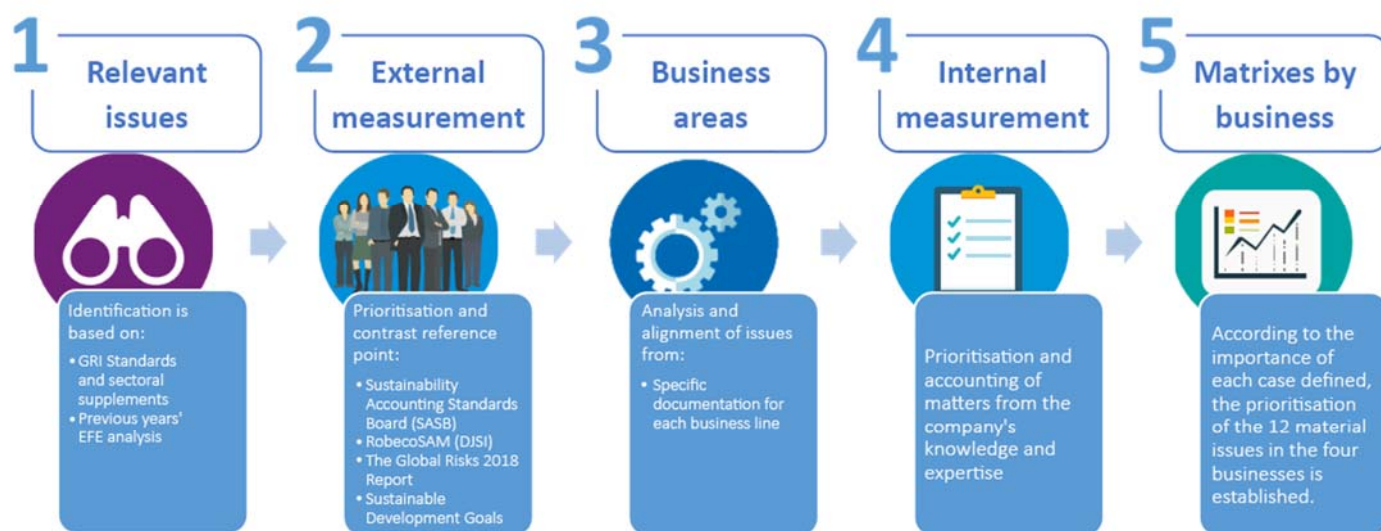
Materiality matrices by business area



- Aqualia
- Environment
- Cementos Portland
- Construction

Methodology

The study of materiality is divided into five phases:



ANNEX II: Table of Indicators Law 11/2018 - GRI Relationship

Law 11/2018	Indicator Code	Reporting standard	Page/direct response
0.	General information		
0.A	A brief description of the group's business model, including its business environment, organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future progress.	102-2 Activities, brands, products and services 102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served 102-7 Size of organisation	[102-3] Av. Del Camino de Santiago, 40 28050 Madrid, Spain Pages 5,6
0.B	A description of the policies applied by the group with regard to these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as personnel, including any measures taken to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of persons with disabilities, and universal accessibility], including the due diligence procedures applied for the identification, evaluation, prevention and mitigation of risks and significant impacts and for verification and monitoring, including what measures have been adopted.	103-2 The management approach and its components	Pages 6-10

Law 11/2018	Indicator Code	Reporting standard	Page/direct response
O.C	The results of these policies, including relevant non-financial key performance indicators that allow progress to be monitored and evaluated and that facilitates comparability between companies and sectors, in accordance with the national, European or international reference frameworks used for each subject. [These indicators are requested in detail below]	103-2 The management approach and its components 103-3 Evaluation of the management approach	Pages 6 -12
O.D	The main risks related to these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as personnel, including any measures taken to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of persons with disabilities, and universal accessibility] linked to the activities of the group, between them, where relevant and appropriate, their commercial relations, products or services which may have negative effects in these areas, and how the group manages these risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium and long term.	102-15 Main impacts, risks and opportunities	Pages 11 -16

Law 11/2018	Indicator Code	Reporting standard	Page/direct response
O.E	Key non-financial performance indicators that are relevant to the particular business and that meet the criteria of comparability, materiality, relevance and reliability. In order to facilitate the comparison of information, both over time and between entities, special use will be made of non-financial key indicator standards that can generally be applied and that comply with the European Commission's guidelines in this area and the <i>Global Reporting Initiative's</i> , standards and the national, European or international framework used for each subject should be mentioned in the report. Non-financial key performance indicators should be applied to each section of the statement of non-financial information. These indicators should be useful, taking into account the specific circumstances and consistent with the parameters used in their internal risk management and assessment procedures. In any case, the information presented must be accurate, comparable and verifiable.	103-1 Explanation of the material topic and its coverage 103-2 The management approach and its components 103-3 Evaluation of the management approach	Chapter 2 - Company Fundamentals Chapter 3 - Our People Chapter 4 - Managing impacts Chapter 5 - Creating Social Value

1.	Environmental Matters		
1.1	Detailed general information		
1.1.1	On current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety		Pages 53 – 56
1.1.2	On environmental assessment or certification procedures		Pages 53 – 56
1.1.3	On the resources dedicated to the prevention of environmental risks		Pages 53 – 56
1.1.4	On the application of the precautionary principle	102-11 Precautionary principle or approach	Pages 53 – 56
1.1.5	On the amount of provisions and guarantees for environmental risks		Pages 53 – 56
1.2	Pollution		
1.2.1	Measures to prevent, reduce or remedy emissions that seriously affect the environment; taking into account any activity-specific form of air pollution, including noise and light pollution	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Pages 58 – 60
1.3	Circular economy and waste prevention and management		
1.3.1	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food waste	306-2 Waste by type and disposal method	Pages 61 – 64
1.4	Sustainable use of resources		
1.4.1	Water consumption and water supply according to local restrictions		Pages 65-68
1.4.2	Consumption of raw materials and measures taken to improve the efficiency of their use	301-1 Materials used by weight or volume	Pages 68 - 69
1.4.3	Direct and indirect energy consumption	302-1 Energy consumption within the organisation	Pages 69 – 71
1.4.4	Measures taken to improve energy efficiency	302-4 Reduction of energy consumption	Pages 69 – 71
1.4.5	Use of renewable energy	302-1 Energy consumption within the organisation	Page 71

1.5	Climate change		
1.5.1	Significant 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 from energy generation (Scope 2) 305-3 Other indirect GHG emissions (Scope 3)	Pages 71 – 75
1.5.2	Measures taken to adapt to the consequences of climate change		Pages 71 – 75
1.5.3	Voluntary medium- and long-term reduction targets to reduce greenhouse gas emissions and the means implemented to that end	305-5 Reduction of GHG emissions	Pages 71 – 75
1.6	Protection of biodiversity		
1.6.1	Measures taken to preserve or restore biodiversity	304-3 Habitats protected or restored	Pages 76 - 78
1.6.2	Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	Pages 76 - 78

2.	Social and employee-related matters		
2.1	Employment		
2.1.1	Total number and distribution of employees according to criteria representative of diversity (gender, age, country, etc.).	102-8 Information about employees and other workers	Pages 34 – 35
2.1.2	Total number and distribution of employment contract types, annual average number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	102-8 Information about employees and other workers	Pages 35 – 36
2.1.3	Number of redundancies by gender, age and professional classification		Page 36
2.1.4	The average remuneration and their progression broken down by gender, age and professional classification or an equal value.		Page 37
2.1.5	Gender pay gap, the remuneration for equal or average jobs in society		Page 37
2.1.6	The average remuneration of directors and executives, including variable remuneration, per diems, indemnities, etc.		Page 37; Page 23
2.1.7	Payment to long-term savings pension systems and any other payment broken down by gender		Page 37
2.1.8	Implementation of right to disconnect policies		Page 42
2.1.9	Employees with disabilities	405-1 Diversity in governing bodies and employees	Pages 45 – 47
2.2	Organisation of work		
2.2.1	Organisation of work time		Pages 40 – 42

2.2.2	Number of absence hours	403-2 Types of accidents and frequency rate of accidents, occupational diseases, days lost, absenteeism and number of deaths due to occupational accident or disease	Page 51
2.2.3	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of this by both parents		Pages 40 – 42
2.3	Health and safety		
2.3.1	Occupational health and safety conditions		Pages 49 – 52
2.3.2	occupational accidents, in particular their frequency and severity, as well as occupational diseases; broken down by gender.	403-2 Types of accidents and frequency rate of accidents, occupational diseases, days lost, absenteeism and number of deaths due to occupational accident or disease	Pages 49 – 52
2.4	Social relationships		
2.4.1	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	102-43 Approach to stakeholder engagement	Pages 48 – 49
2.4.2	Percentage of employees covered by collective bargaining agreements by country	102-41 Collective bargaining agreements	Page 48
2.4.3	The balance of collective agreements, particularly in the field of health and safety at work	403-4 Health and safety issues addressed in official agreements with trade unions	Page 49

2.5	Training		
2.5.1	The policies implemented in the field of training	404-2 Programs for upgrading employees skills and transition assistance programs	Pages 38 – 40
2.5.2	The total number of hours of training per professional category	404-1 Average hours of training per year per employee	Pages 38 – 40
2.6	Universal accessibility for persons with disabilities		
2.6.1	Universal accessibility for persons with disabilities		Pages 47 – 48
2.7	Equality		
2.7.1	Measures taken to promote equal treatment and opportunities for women and men		Pages 43 – 45
2.7.2	Equality plans (Chapter III of Organic Law 3/2007, of 22 March, covering the effective equality of women and men), measures adopted to promote employment, protocols against sexual and sex-based harassment, integration and universal accessibility for persons with disabilities.		Pages 43 – 45
2.7.3	The policy against all types of discrimination and, where appropriate, the management of diversity		Pages 43 – 45

3.	Respect for human rights		
3.1	Human rights		
3.1.1	Implementation of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed	412-2 Training of employees in human rights policies or procedures	Pages 25 – 28
3.1.2	Complaints of human rights violations		Pages 27 – 28
3.1.3	Promotion of and compliance with the provisions of the essential conventions of the International Labor Organization relating to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and the occupation; elimination of forced or compulsory labour; effective abolition of child labour.	406-1 Cases of discrimination and corrective action taken	Pages 27 – 28
4.	Anti-corruption and bribery		
4.1	Corruption and bribery		
4.1.1	Measures taken to prevent corruption and bribery	102-16 Values, Principles, Standards and Rules of Conduct 102-17 Advisory mechanisms and ethical concerns	Pages 28 – 30
4.1.2	Measures to combat money laundering	205-2 Communication and training on anti-corruption policies and procedures	Pages 28 – 30
4.1.3	Contributions to foundations and non-profit entities	201-1 Direct economic value generated and distributed	Page 83

5.	Information on the company		
5.1	Company commitments on sustainable development		
5.1.1	The impact of the company's activity on employment and local development	413-1 Operations with local community participation, impact assessments and development programmes	Pages 83 – 86
5.1.2	The impact of the company's activity on local populations and the territory	413-1 Operations with local community participation, impact assessments and development programmes 413-2 Operations with significant negative impacts - actual or potential - on local communities	Pages 83 – 86
5.1.3	The relations maintained with the actors of the local communities and the ways of communicating with them	102-43 Approach to stakeholder engagement	Pages 80, 81, 83 - 86
5.1.4	Association or sponsorship actions		Pages 83 – 86
5.2	Subcontracting and suppliers		
5.2.1	Inclusion of social, gender equality and environmental issues in the purchasing policy		Pages 86 – 88
5.2.2	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility.		Pages 86 – 88
5.2.3	Supervision and audit systems and their results		Pages 86 – 88

5.3	Consumers		
5.3.1	Measures for the health and safety of consumers		Pages 82 – 83
5.3.2	Complaint systems, complaints received and their resolution	102-43 Approach to stakeholder engagement 102-44 Key issues and concerns mentioned	Pages 82 – 83
5.4	Tax matters		
5.4.1	Profits obtained country by country	201-1 Direct economic value generated and distributed	Pages 30 – 32
5.4.2	Income tax paid	201-1 Direct economic value generated and distributed	Pages 30 – 32
5.4.3	Public grants received	201-4 Financial assistance received from the government	Page 32

*The contents of Law 11/2018 have been codified to make it easier for the reader to follow, although the nomenclature chosen does not correspond to any expressly included in the text of the Law.

AENOR Verification Statement for FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and SUBSIDIARIES

**relating to the reporting of non-financial information in
accordance with Law 11/2018 corresponding for the year ended
31 December 2018**

FILE: 1994/0241/GEN/04

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the company) has commissioned AENOR to carry out a verification under a limited level of assurance of the state of non-financial information (hereinafter NFI reporting), in accordance with Law 11/2018 amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of July 20, on Account Auditing, in matters of non-financial information and diversity (hereinafter, Law 11/2018), for the verification period of its activities, fiscal year ended December 31, 2018, included in the report dated 26 February 2019, which is part of this Statement.

AENOR, in accordance with the aforementioned Law, has carried out this verification as an independent provider of verification services.

In this sense, AENOR has carried out the present verification under the principles of integrity, independence, ethics, objectivity, professional competence and diligence, confidentiality and professional behaviour that are required based on the accreditations that it has, within the general scope of application of ISO/IEC 17021-1:2015 and ISO 14065, and individuals, such as the Accreditation granted by the United Nations Convention on Climate Change (UNFCCC) for verification and validation of Clean Development Mechanism (CDM) projects.

AENOR, as required by the aforementioned Law, declares that it has not participated in processes prior to the verification of the NFI reporting.

Company data: FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
headquartered in: Calle Balmes, 36 08007 Barcelona

Representatives of the Organization for the purposes of statement of non-financial information: Javier LOPEZ-GALIACHO PERONA as Director of Corporate Compliance and Responsibility for the FCC Group

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. had the responsibility to report its non-financial information status in accordance with Law 11/2018.

Purpose

The purpose of the verification is to provide interested parties with a professional and independent judgement about the information and data contained in the non-financial information statement of the aforementioned organization, prepared in accordance with Law 11/2018.

Scope of Verification

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and SUBSIDIARIES as of December 31, 2018 included in the EINF, Non-financial Information Report. FCC Group, dated February 26, 2019 and listed in the annex to this statement.

Materiality

For verification purposes, it was agreed to consider material discrepancies those omissions, distortions or errors that can be quantified and result in a difference greater than 5% with respect to the total declared.

Criteria

The criteria and information that have been taken into account as a reference for carrying out the check have been:

- 1) Law 11/2018 of 28 December amending the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, on non-financial information and diversity.
- 2) Standard ISAE 3000 (revised), relating to the commissioning of different insurances or the review of historical financial information.
- 3) The criteria established by the global sustainability reporting initiative at GRI standards when the organization has opted for this internationally recognized framework for the disclosure of information related to its corporate social responsibility.

AENOR expressly disclaims any responsibility for investment or other decisions based on this statement.

Verification process carried out

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the staff in charge of collecting and preparing the non-financial information statement and reviewed evidence relating to:

- Activities, products and services provided by the organization
- Consistency and traceability of the information provided, including the process followed to compile it, sampling information on the reported one.
- Completion and content of the statement of non-financial information in order to ensure the completeness, accuracy and truthfulness of its content.

Conclusion

Based on the foregoing, in our opinion, there is no evidence to suggest that the statement of non-financial information included in the included in the report dated 26 February 2019 and for the year ended December 31, 2018, is not a faithful representation of the FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and SUBSIDIARIES performance in social responsibility matters under Law 11/2018. Specifically, in relation 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.

Madrid, 26 February 2019

ANNEX

LIST OF COMPANIES INCLUDED IN THE STATE OF NON-FINANCIAL INFORMATION

SUBSIDIARIES (FULLY CONSOLIDATED)

Company

ENVIRONMENTAL SERVICES

Alfonso Benítez, S.A.

Aparcamientos Concertados, S.A.

Armiges, S.A.

Azincourt Investment, S.L.

Beootpad d.o.o. Beograd

Castellana de Servicios, S.A.

Compañía Catalana de Servicios, S.A.

Corporación Inmobiliaria Ibérica, S.A.

Dédalo Patrimonial, S.L. Unipersonal

Ecoactiva de Medio Ambiente, S.A.

Ecodeal-Gestao Integral de Resíduos Industriais, S.A.

Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services

Ecoparque Mancomunidad del Este, S.A.

Egypt Environmental Services, S.A.E.

Ekostone Áridos Siderúrgicos, S.L.

Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.

Enviropower Investments Limited

Europea de Tratamiento de Residuos Industriales, S.A.

FCC (E&M) Holdings Ltd.

FCC (E&M) Ltd.

FCC Ámbito, S.A. Unipersonal

FCC Environment Developments Ltd.

FCC Environment Portugal, S.A.

FCC Environment Services (UK) Limited

FCC Environmental Services (USA) Llc.

Company

FCC Equal CEE, S.L.

FCC Equal CEE Andalucía, S.L.

FCC Equal CEE Murcia, S.L.

FCC Equal CEE C. Valenciana, S.L.

FCC Medio Ambiente, S.A.

Gamasur Campo de Gibraltar, S.L.

Gandia Serveis Urbans, S.A.

Gestió i Recuperació de Terrenys, S.A. Unipersonal

Gipuzkoa Ingurumena BI, S.A.

Golrib, Soluções de Valorização de Resíduos Lda.

Grupo FCC CEE

.A.S.A. Hódmezővásárhely Köztisztasági Kft

ASMJ s.r.o.

FCC Abfall Service Betriebs GmbH

FCC Austria Abfall Service AG

FCC BEC s.r.o.

FCC Bratislava s.r.o.

FCC Bulgaria E.O.O.D.

FCC Centrum Nonprofit Kft.

FCC Ceska Republika s.r.o.

FCC České Budějovice s.r.o.

FCC Dacice s.r.o.

FCC EKO d.o.o.

FCC EKO Polska sp. z.o.o.

FCC EKO-Radomsko sp. z.o.o.

FCC Entsorga Entsorgungs GmbH & Co. Nfg KG

FCC Environment CEE GmbH

FCC Environment Romania S.R.L.

FCC Freistadt Abfall Service GmbH

Company

FCC Halbenrain Abfall Service GmbH & Co. Nfg
KG

FCC HP s.r.o.

FCC Industrieviertel Abfall Service GmbH & Co.
Nfg KG

FCC Inerta Engineering & Consulting GmbH

FCC Kikinda d.o.o.

FCC Liberec s.r.o.

FCC Litovel s.r.o.

FCC Lubienec sp. z.o.o.

FCC Magyarország Kft

FCC Mostviertel Abfall Service GmbH

FCC Neratovice s.r.o.

FCC Neunkirchen Abfall Service GmbH

FCC Prostějov s.r.o.

FCC Regios AS

FCC Slovensko s.r.o.

FCC Tarnobrzeg.sp. z.o.o.

FCC Textil2Use GmbH

FCC TRNAVA s.r.o.

FCC Uhý s.r.o.

FCC Únanov s.r.o.

FCC Vrbak d.o.o.

FCC Wiener Neustadt Abfall Service GmbH

FCC Zabcice s.r.o.

FCC Zabovresky s.r.o.

FCC Zisterdorf Abfall Service GmbH

FCC Znojmo s.r.o.

FCC Zohor.s.r.o.

IB Odpady SP z.o.o.

Company

Miejskie Przedsiębiorstwo Gospodarki Komunalnej sp. z o.o.

Obsed A.S.

Quail spol. s.r.o.

RSUO Dobritch

Siewierskie Przedsiębiorstwo Gospodarki
Komunalnej sp. z o.o.

Grupo FCC Environment

3C Holding Limited

3C Waste Limited

Allington O & M Services Limited

Allington Waste Company Limited

Anti-Waste (Restoration) Limited

Anti-Waste Limited

Arnold Waste Disposal Limited

BDR Property Limited

BDR Waste Disposal Limited

Darrington Quarries Limited

Derbyshire Waste Limited

East Waste Limited

FCC Buckinghamshire Holdings Limited

FCC Buckinghamshire Limited

FCC Buckinghamshire (Support Services) Limited

FCC Energy Limited

FCC Environment (Berkshire) Ltd.

FCC Environment (Lincolnshire) Ltd.

FCC Environment (UK) Limited

FCC Environment Limited

FCC Environmental Services UK Limited

FCC PFI Holdings Limited

Company

FCC Recycling (UK) Limited
FCC Waste Services (UK) Limited
FCC Wrexham PFI (Phase II) Ltd.
FCC Wrexham PFI (Phase II Holding) Ltd.
FCC Wrexham PFI Holdings Limited
FCC Wrexham PFI Limited
Finstop Limited
Focsa Services (UK) Limited
Hykeham O&M Services Limited
Integrated Waste Management Limited
Kent Conservation & Management Limited
Kent Energy Limited
Kent Enviropower Limited
Landfill Management Limited
Lincwaste Limited
Norfolk Waste Limited
Pennine Waste Management Limited
RE3 Holding Limited
RE3 Limited
Telford & Wrekin Services Limited
T Shooter Limited
Waste Recovery Limited
Waste Recycling Group (Central) Limited
Waste Recycling Group (Scotland) Limited
Waste Recycling Group (UK) Limited
Waste Recycling Group (Yorkshire) Limited
Wastenotts (Reclamation) Limited
Wastenotts O & M Services Limited
Welbeck Waste Management Limited
WRG (Midlands) Limited
WRG (Northern) Limited
WRG Acquisitions 2 Limited
WRG Environmental Limited

WRG Waste Services Limited

Company

Integraciones Ambientales de Cantabria, S.A.

International Services Inc., S.A. Unipersonal

Jaime Franquesa, S.A.

Jaume Oro, S.L.

Limpieza e Higiene de Cartagena, S.A.

Limpiezas Urbanas de Mallorca, S.A.

Manipulación y Recuperación MAREPA, S.A.

Recuperació de Pedreres, S.L.

Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.

Serveis Municipals de Neteja de Girona, S.A.

Servicios de Levante, S.A.

Servicios Especiales de Limpieza, S.A.

Sistemas y Vehículos de Alta Tecnología, S.A.

Societat Municipal Medioambiental d'Igualada, S.L.

Tratamientos y Recuperaciones Industriales, S.A.

Valoración y Tratamiento de Residuos Urbanos, S.A.

Valorización y Tratamiento de Residuos, S.A.

Company

AQUALIA

Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio de Abrantes, S.A.

Acque di Caltanissetta, S.p.A.

Aguas de Alcaidesa, S.L. Unipersonal

Aguas de Alcázar Empresa Mixta, S.A.

Aguas de las Galeras, S.L.

Aigües de Vallirana, S.A. Unipersonal

Aqua Campiña, S.A.

Aquaervas – Aguas de Elvas, S.A.

Aquafundalia – Agua Do Fundão, S.A.

Aquajerez, S.L.

Aqualia Czech, S.L.

Aqualia Desalación Guaymas, S.A. de C.V.

Aqualia Infraestructuras d.o.o. Beograd-Vracar

Aqualia Infraestructuras d.o.o. Mostar

Aqualia Infraestructuras Inzenyring, s.r.o.

Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic

Aqualia Infraestructuras Pristina Llc.

Aqualia Intech, S.A.

Aqualia Mace Contracting, Operation & General Maintenance Llc.

Aqualia México, S.A. de C.V.

Aqualia New Europe B.V.

Aquamaior – Aguas de Campo Maior, S.A.

Cartagua, Aguas do Cartaxo, S.A.

Company

Compañía Onubense de Aguas, S.A.
Conservación y Sistemas, S.A.
Depurplan 11, S.A.
Empresa Gestora de Aguas Linenses, S.A.
Empresa Mixta de Conservación de La Estación Depuradora de Aguas Residuales de Butarque, S.A.
Entenmanser, S.A.
FCC Aqualia, S.A.
FCC Aqualia América, S.A.U.
FCC Aqualia U.S.A. Corp
Hidrotec Tecnología del Agua, S.L. Unipersonal
Infraestructuras y Distribución General de Aguas, S.L.U.
Inversora Riutort, S.L.
Severomoravské Vodovody a Kanalizace Ostrava A.S.
Sociedad Española de Aguas Filtradas, S.A.
Sociedad Ibérica del Agua, S.A. Unipersonal
Tratamiento Industrial de Aguas, S.A.
Vodotech, spol. s.r.o.

CONSTRUCCIÓN

ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego
Agregados y Materiales de Panamá, S.A.
Áridos de Melo, S.L.
Binatex al Maghreb, S.A.
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.

Company

Constructora Meco-Caabsa, S.A. de C.V.

Constructora Túnel de Coatzacoalcos, S.A. de C.V.

Contratas y Ventas, S.A.

Corporación M&S de Nicaragua, S.A.

Desarrollo y Construcción Deyco CRCA, S.A.

Edificadora MSG, S.A. (Panamá)

Edificadora MSG, S.A. de C.V. (El Salvador)

Edificadora MSG, S.A. 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, S.A.

FCC Construcción América, S.A.

FCC Construcción Chile, SPA

FCC Construcción Costa Rica, S.A.

FCC Construcción de México, S.A. de C.V.

FCC Construcción Perú, S.A.C.

FCC Construções do Brasil Ltda.

FCC Constructii Romania, S.A.

FCC Construction Hungary Kft

FCC Construction Inc.

FCC Construction International B.V.

FCC Construction Ireland DAC (1)

FCC Construction Northern Ireland Limited

FCC Edificadora CR, S.A.

FCC Electromechanical Llc.

- 1) Cambio de denominación. Antes Fomento de Construcciones y Contratas Construction Ireland Limited

Company

FCC Elliott Construction Limited

FCC Industrial de Panamá, S.A.

FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal

FCC Industrial Perú, S.A.

FCC Industrial UK Limited

FCC Immobilien Holding GmbH (2)

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.

Guzmán Energy O&M, S.L.

Impulsora de Proyectos Proserme, S.A. de C.V.

Mantenimiento de Infraestructuras, S.A.

Meco Santa Fe Limited

Megaplás, S.A. Unipersonal

Megaplás Italia, S.p.A.

Participaciones Teide, S.A.

Prefabricados Delta, S.A. Unipersonal

Proyectos y Servicios, S.A. Unipersonal

Ramalho Rosa Cobetar Sociedade de Construções, S.A.

Servicios Dos Reis, S.A. de C.V.

Tema Concesionaria, S.A.

2) Change of name. Before Alpine-Energie Holding AG

Company

CEMENTS

Canteras de Alaiz, S.A.

Carbocem, S.A.

Cementos Alfa, S.A.

Cementos Portland Valderrivas, S.A.

Dragon Alfa Cement Limited

Dragon Portland Limited

Hormigones de la Jacetania, S.A.

Prebesec Mallorca, S.A.

Select Beton, S.A.

Société des Ciments d'Enfidha

Uniland Acquisition Corporation

Uniland International B.V.

Uniland Trading B.V.

OTHER ACTIVITIES

Asesoría Financiera y de Gestión, S.A.

Autovía Conquense, S.A.

Bvefdomintaena Beteiligungsverwaltung GmbH

Cemusa Portugal Companhia de Mobiliario Urbano e Publicidade, S.A.

Compañía General de Servicios Empresariales, S.A. Unipersonal

Concesionaria Atención Primaria, S.A.

Company

Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.

Corporación Española de Servicios, S.A.

Costa Verde Habitat, S.L.

Europea de Gestión, S.A. Unipersonal

F-C y C, S.L. Unipersonal

FCC Concesiones de Infraestructuras, S.L.

FCC Energía Aragón II, S.L. Unipersonal

FCC Midco, S.A.

FCC Topco, S.A.R.L.

FCC Versia, S.A.

Fedemes, S.L.

Geneus Canarias, S.L.

Geral I.S.V. Brasil Ltda.

Per Gestora Inmobiliaria, S.L. (3)

PPP Infrastructure Investments B.V.

Proyecto Front Maritim, S.L.

Vela Boravica Koncern d.o.o.

Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.

Zona Verde – Promoção e Marketing Limitada

COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP (ACCOUNTED FOR USING THE EQUITY METHOD)

Company
<u>ENVIRONMENTAL SERVICES</u>
Atlas Gestión Medioambiental, S.A.
Beacon Waste Limited
Ecoparc del Besós, S.A.
Ecoserveis Urbans de Figueres, S.L.
Electrorecycling, S.A.
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.
Fisera Ecoserveis, S.A.
Gestión y Valorización Integral del Centro, S.L.
Hades Soluciones Medioambientales, S.L.
Ingeniería Urbana, S.A.
Mediaciones Comerciales Ambientales, S.L.
Mercia Waste Management Ltd.
Palacio de Exposiciones y Congresos de Granada, S.A.
Pilagest, S.L.
Reciclado de Componentes Electrónicos, S.A.
Servicios de Limpieza Integral de Málaga III, S.A.
Servicios Urbanos de Málaga, S.A.
Severn Waste Services Limited
Tratamiento Industrial de Residuos Sólidos, S.A.
Zabalgarbi, S.A.

Company

AQUALIA

Aguas de Langreo, S.L.

Aguas de Narixa, S.A.

Aigües de Girona, Salt i Sarrià del Ter, S.A.

Compañía de Servicios Medioambientales do Atlántico, S.A.

Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.

Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.

Girona, S.A.

HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.

Orasqualia Construction, S.A.E.

Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.

Orasqualia Operation and Maintenance S.A.E.

CONSTRUCCIÓN

Administración y Servicios Grupo Zapotillo, S.A. de C.V.

Construcciones Olabarri, S.L.

Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.

Constructora Durango Mazatlán, S.A. de C.V.

Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.

Constructores del Zapotillo, S.A. de C.V.

Dragados FCC Canada Inc.

Elaboración de Cajones Pretensados, S.L.

Integral Management Future Renewables, S.L.

North Tunnels Canada Inc.

OHL Co Canada & FCC Canada Ltd. Partnership

Servicios Empresariales Durango-Mazatlán, S.A. de C.V.

Company

CEMENTS

Pedreira de l'Ordal, S.L.

OTHER ACTIVITIES

Ibisan Sociedad Concesionaria, S.A

MDM-Teide, S.A.

Proyecto Front Marítim, S.L.

Sociedad Concesionaria Tranvía de Murcia, S.A.

Subgrupo FM Green Power Investments

Enestar Villena, S.A.

Ethern Electric Power, S.A.

Estructuras Energéticas Generales, S.A. Unipersonal

Evacuación Villanueva del Rey, S.L.

FM Green Power Investments, S.L.

Guzmán Energía, S.L.

Helios Patrimonial 1, S.L. Unipersonal

Helios Patrimonial 2, S.L. Unipersonal

Olivento, S.L. Unipersonal

Teide-MDM Quadrat, S.A.