



# FCC Group Compliance Committee Regulations

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## 0. VERSIONS

Version	Date	Amendments
01	27 June 2018	Initial Version.

## 1. NATURE, OBJECT AND MODIFICATION

### 1.1 Nature and object

The Compliance Committee is an internal, high-level permanent professional body with autonomous powers of decision-making and control entrusted with promoting ethical culture throughout the organisation and ensuring both internal and external regulatory and legal compliance. To this end, its core functions and competencies are the oversight and supervision of the ethics and compliance programs, as well as the Code of Ethics and Conduct, the existing policies, standards, procedures and controls in place to prevent unlawful behaviour.

These Compliance Committee Regulations (hereinafter the "Regulations") form part of the set of standards, policies and procedures that make up the regulatory structure of the organisation and contribute to strengthening its system of corporate governance .

### 1.2 Review and Modification

These Regulations will be reviewed on an annual basis and any modification thereof must be approved through an agreement with FCC's board of directors at the proposal of the Compliance Committee through the Audit and Control Committee.

## 2. STRUCTURE AND ORGANISATION

### 2.1 Composition and Members

The Compliance Committee is FCC's Crime Prevention body and has the necessary authority to guarantee the credibility and binding nature of the decisions taken. It will be composed of:

- The Corporate Compliance Officer (Chairman).
- General Manager of Legal Counsel.
- Human Resources Co-ordination and Development Director.
- Director of Corporate Social Responsibility (secretary).

The General Manager of Internal Audit who will participate in a speaking and voting capacity where required to participate in and be involved in the conduct of investigations.

The Compliance Officers of the various businesses (Construction, Environmental Services, Aqualia and CPV) will also join the Committee as guests at its request; their participation will be strictly restricted to the area of their business, with respect to which they will participate in a speaking and voting capacity.

The Corporate Compliance Officer will act as the Chairman of the Compliance Committee and will periodically report on the discharge of his/her duties and on the level of regulatory and legal compliance. The Chairman will also be responsible for the safekeeping of all of the documentation resulting from Compliance Committee Meetings including, among others, the meeting minutes.

The office of Secretary will be held by the Director of Corporate Social Responsibility and his/her duties will include drafting the minutes of the Committee Meetings and certifying its resolutions and decisions.

The Compliance Committee will function as a collegiate body and will receive the notifications and/or complaints formulated through the Whistle-blowing Channel from the Corporate Compliance Officer.

All Compliance Committee members should have knowledge, skills and experience that are appropriate to the duties they must discharge, to which end they shall attend all necessary training on regulatory and legal compliance. Furthermore, their careers must be underpinned by their professional integrity.

The Audit and Control Committee may, at any time, decide to modify or revoke the positions of any of the permanent members.

The Compliance Committee may seek the support of any employees of the Group or of third parties who, due to their technical knowledge or experience in certain matters, are considered necessary and suitable in specific cases. This invitation will be requested, following agreement by the Committee, either directly by the Chairman or through the secretary.

## 2.2 Meetings

The Compliance Committee shall meet at least monthly to discharge its supervision duties at the place indicated in the notice or, in its absence, at FCC's registered office. In addition, executive and/or extraordinary sessions may be convened at the request of any of the members.

The Secretary of the Compliance Committee shall be responsible for convening the meetings by order of its Chairman, with at least five business days' notice, except in the case of urgent meetings. The five-day notice period will not be necessary when all of its members are present and unanimously accept the date of the meeting and the points on the agenda.

The calls shall be issued via e-mail and shall include the meeting agenda, whose structure and content shall, at a minimum, include:

- Reading of the minutes of the agreements adopted in the previous Compliance Committee meeting.
- Presentation, where appropriate, of reports related to the supervision and follow-up of the model implemented since the previous Compliance Committee meeting, in relation to the different areas of compliance and with particular attention to the Crime Prevention Model and regulatory changes.

- New complaints received through the Whistle-blowing Channel and other communications related to the breach of the Code of Ethics and Conduct:
  - Reports on the classification of complaints.
  - Decision regarding serious complaints.
  - Decision on referral of complaints of a medium risk to the Compliance Officer of the businesses.
  
- Report on the status of any ongoing investigations and resolution proposals.
- Any other matters raised by its members.
- Questions and answers of any other kind raised by the members.

### 2.3 Convening and agreements

The Committee shall be validly convened only when all of its members are present (albeit online or over the phone) or represented. Compliance Committee meetings shall be led by the Chairman. The proceedings, as well as any resolutions adopted, shall be recorded in the minutes drawn up by the Secretary. The minutes must be signed by all attendees and shall be kept in a Minutes Book, which shall be held in custody of the Chairman (Corporate Compliance Officer).

The resolutions of the Committee shall be passed by an absolute majority of the members present or represented at the meeting. All members must vote except when there is a conflict of interest.. In the event of a tie, there will be a vote in the second round, and the Chairman's vote shall be the casting vote.

### 2.4 Conflicts of interest

The members of the Committee involved in a potential conflict of interest must absent themselves from any deliberations and abstain from voting and must inform the Audit and Control Committee of the FCC Group, which shall have the competency to resolve any doubts or conflicts that may arise in this regard.

### 2.5 Reporting

The Compliance Committee, through the Chairman, will report compliance to the Audit and Control Committee on the activities carried out in the area of supervision and control over regulatory and legal compliance . Reporting must take place at least every quarter and in any case when a situation of special severity arises , to which end an urgent meeting must be called.

### 3. COMPETENCIES

The competencies of the Compliance Committee can be grouped by the Compliance area in question:

#### 3.1 Associated with the Code of Ethics and Conduct

The FCC Group has a Code of Ethics and Conduct which establishes the principles, values and conduct that govern the actions of management and employees.

The main responsibilities of the Compliance Committee with regard to the Code of Ethics and Conduct are as follows:

- a) Support the development and dissemination of an ethical culture and foster compliance therewith through the principles and values established in the FCC Group's Code of Conduct, promoting proper dissemination, knowledge and compliance therewith and taking appropriate action regarding training and communication.
- b) Adapt FCC's Code of Ethics and Conduct to new regulatory requirements to which the organisation is subject, as well as possible variations in the identification of risks in the Crime Prevention Model.
- c) Make binding interpretations of FCC's Code of Ethics and Conduct and support the organisation in resolving any queries or doubts regarding its content, application, compliance and, in particular, in relation to the application of disciplinary measures by the competent bodies.
- d) Annually evaluate the degree of knowledge and compliance with the specific training on FCC's Code of Ethics and Conduct and inform the Audit and Control Committee.
- e) Promote the approval of the standards and/or procedures that are necessary for the proper development of the Code of Ethics and Conduct in a way that helps ensure they are followed by employees.

#### 3.2 Associated with the Crime Prevention Model

The Compliance Committee functions as the governing body of FCC's Crime Prevention Model. In this regard, the Committee's main competencies are:

- a) To evaluate, with the support of the Legal Counsel and the Corporate Compliance Officer, the implications that the entry into force of new regulations or modifications of the existing regulations on crime prevention may entail for FCC's operations.

- b) To monitor the functioning, effectiveness and degree of compliance with the Crime Prevention Model, as well as to control the implementation, development and compliance of the annual programs defined for the supervision and monitoring of this model.
- c) To promote a culture of general compliance with all policies, standards and procedures applicable at FCC through the design of the content of the training and its follow-up that will be effectively implemented by the Human Resources department and that must be adapted to the specific target audience with sufficient frequency to guarantee the understanding of both the internal and external regulations in the area of crime prevention.
- d) Resolution of queries by the Corporate Compliance Officer<sup>1</sup>, derived from doubts and queries received through the e-mail [canaletico@fcc.es](mailto:canaletico@fcc.es), in relation to the application of the existing standards, policies and procedures related to the Crime Prevention Model.
- e) At the proposal of the Corporate Compliance Officer, ensure that the risk map related to the Crime Prevention Model is updated at least annually based on the new internal and external regulations that may affect the model, as well as the new activities, type of hiring, changes in organisational structures and countries in which FCC operates.
- f) To foster the implementation of the appropriate controls over internal processes and activities executed by FCC to mitigate the risks to which the company is exposed, as well as the approval of their design.
- g) To approve the report on the effectiveness of the controls designed and implemented in the Crime Prevention Model at the proposal of the Corporate Compliance Officer, at least once a year, as well as to analyse the contents of the Crime Prevention Manual, evaluating whether the guidelines are aligned with current legislation to assess whether they need to be amended.
- h) Provide substantial collaboration in respect of the internal audit of the Crime Prevention Model.
- i) Monitor the recommendations or instructions arising in connection with the different internal audits carried out by the FCC Group, independent certifications and inspections by regulatory bodies.
- j) They will also be responsible for reviewing and approving a report and/or annual report of all the actions, evaluations, reviews, conclusions and action plans carried out. This report shall contain at least the following points:
  - o Identification of the risk areas associated with the Crime Prevention Model.
  - o Changes in regulations and assessment of impact on the Model.

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<sup>1</sup> The duties assigned to both the Corporate Compliance Officer and the Compliance Officer for the business in respect of the Crime Prevention Model are established in the Crime Prevention Manual.



- Description of the application and effectiveness of policies, procedures and controls.
  - Details of incidents and breaches identified.
  - Details of action plans and measures implemented to remedy such incidents.
  - Summary of activities carried out during the financial year.
- k) Inform the Board of Directors, through the Audit and Control Committee, at least on a quarterly basis, of the activities described above carried out in performing the supervision and control functions in the period since the previous report.

### 3.3 Associated with conduct and investigations.

Receipt of notifications and initial management of the Whistle-blowing Channel will be carried out internally. Notifications are received by the Corporate Compliance Officer, who in addition to being responsible for ensuring that the channel is managed on a daily basis, communicates them each month to the Compliance Committee or, in particularly serious cases, immediately to all its members, by email. This process is regulated in the Investigation and Response Procedure.

The Corporate Compliance Officer will be responsible for keeping the Whistle-blowing Channel and the Model active and functioning all year round.

The following duties shall be carried out by the Compliance Committee regarding complaints:

- a) Analyse the report on the complaints received and validate the classification presented by the Corporate Compliance Officer.
- b) Identify the person in charge of investigating high risk complaints (either an internal or external agent), as well as the employees and other agents that may be informed by the Corporate Compliance Officer of the process of investigating complaints, and their roles therein. The appointment of the persons to be in charge of performing the investigation will be carried out with the utmost independence, excluding from the process persons whose involvement could entail a conflict of interest.
- c) Coordinate the investigation of complaints received, planning the actions required to ensure that the investigation takes no longer than needed.. The investigation will be carried out based on the presumption of innocence of employees and under the principles of professionalism and impartiality.
- d) Suggest the final decision or propose the measures deemed necessary to the competent body. If the application of penalties is proposed, this will be carried out in a coordinated manner with HR being the area in charge of applying them. This decision-making will always be based on the principle that no reprisals will be taken against the person raising the complaints.

- e) Detect and propose, where appropriate, the need or possibility of filing complaints with the Courts of Justice, Public Ministry or Police regarding any actions of serious non-compliance.
- f) Inform the Board of Directors through the Audit and Control Committee and the CEO of the Group, where applicable, of any complaints that may have a significant impact on the company because of the type of employee and/or third party involved. This communication may be carried out via e-mail or through any other appropriate means.
- g) Prepare reports on the measures taken, submitting a report to FCC's Board of Directors, through the Audit and Control Committee, on the complaints received, the complaints processed and the measures taken.

## 4. RESOURCES, BUDGET AND ANNUAL ACTION PLAN

### 4.1 Material and human resources and work plan

The Committee shall have the material and human resources required to perform its functions.

The Chairman of the Compliance Committee shall present its programme or work plan annually to FCC's Audit and Control Committee for approval. Following the corresponding evaluation by the Audit and Control Committee, it will proceed to assign a budgetary item to the Compliance Committee to carry out the activities that support the aforementioned plan during the following year.

Similarly, the Compliance Committee must monitor the assigned budget and draw up a report on the use of this budget to be submitted to the Board, at least annually, through the Audit and Control Committee.

## 5. POWERS OF THE COMMITTEE AND DUTIES OF ITS MEMBERS

### 5.1 Powers and evaluation

The Compliance Committee, while adhering to confidentiality and protection of personal data, will have access to FCC's information and documents, which it requires to perform its functions properly. In this regard, all employees, management and directors of the FCC Group must collaborate with the Committee as required by the latter to adequately perform its functions.

### 5.2 Duties of the Committee members

Members of the Compliance Committee must apply and act in accordance with independent criteria with respect to the rest of the organisation, performing their work with the utmost diligence and professional competence.

The members of the Committee and all those invited or attendees at meetings shall keep its deliberations and agreements secret and, in general, shall refrain from disclosing the information, data, reports or background to which they have access when performing their duties, as well using them for their own benefit or that of third parties, without prejudice to the transparency and information obligations set forth in the Code of Ethics and Conduct, in these Regulations and in the applicable legislation.

All the members of the Compliance Committee will sign a specific confidentiality agreement (Appendix 1) and a declaration that they have received and understand the Group's internal regulations pertaining to the performance of their functions.

Whenever the Committee requires the support of third parties in accordance with the provisions of clause 2.1 above, they must sign a confidentiality document in accordance with the model in Appendix 1.

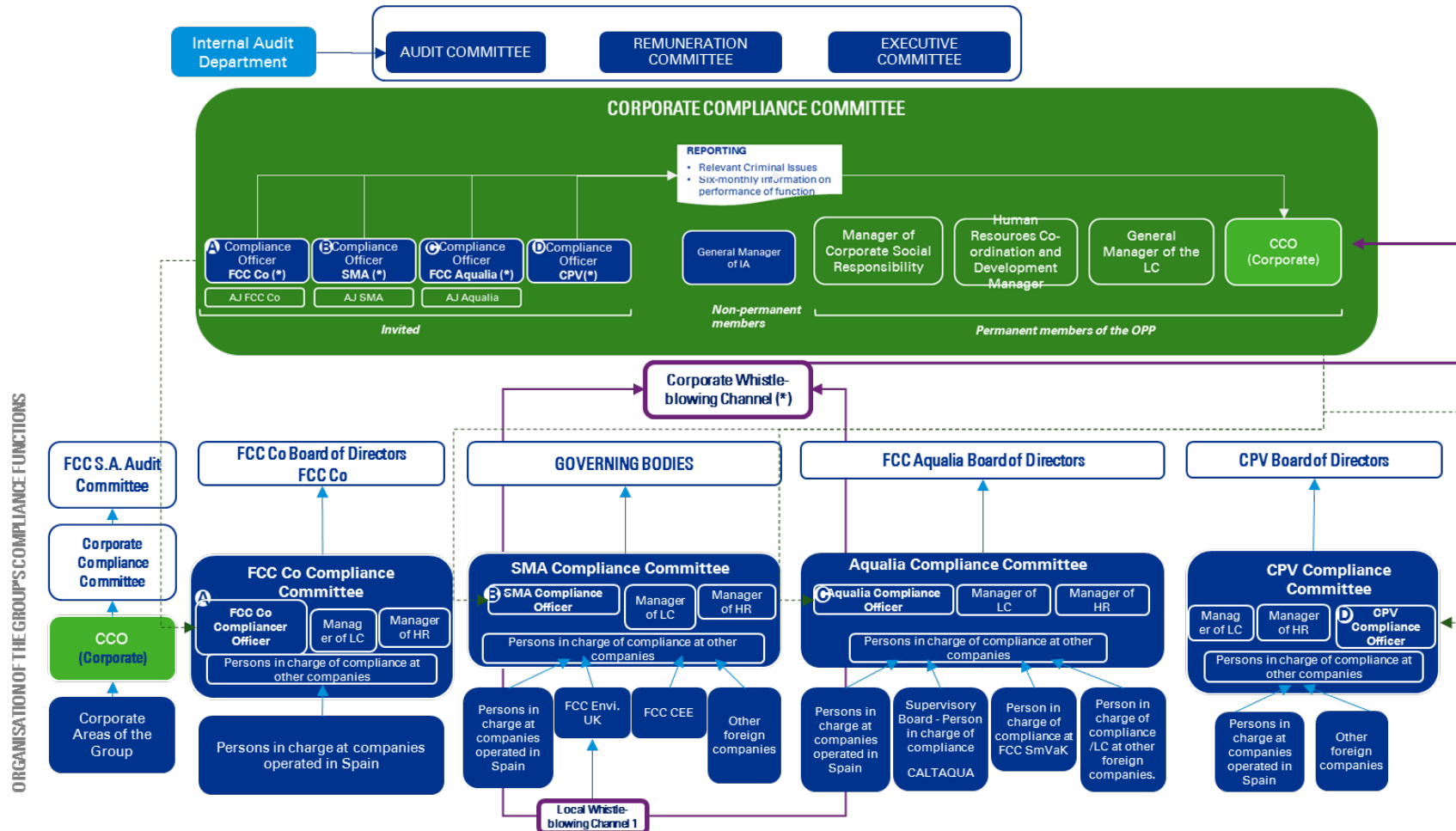
Committee members shall continue to be bound by the duty of confidentiality even after resigning their seat.

## 6. COMPLIANCE AND INTERPRETATION

The members of the Committee have the obligation to know and comply with these Regulations, a copy of which shall be provided to them by the Secretary of the Committee for this purpose.

In addition, the Committee must promote compliance with this Regulation.

## Appendix I. Compliance Governance Structure



(\*) If invited to the Compliance Committee, the Compliance Officers of the businesses may attend with the Legal Counsels of the businesses.

(\*\*) The Compliance Officers of the businesses report non-relevant issues in the area of Crime Prevention to their directors. The relevant issues are reported to the Corporate Compliance Committee through the Corporate Compliance Officer