

FCC Group 2020 Sustainability Report

**FCC Group non-financial information report, in
compliance with Law 11/2018 on non-financial
information and diversity**



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1. Letter from the CEO

FCC's future commenced 120 years ago.

As CEO, it is an honour to provide you with the consolidated Sustainability Report of the FCC Group as an international reference company in Citizen Services, corresponding to 2020, which is part of the Directors' Report included with the Financial Statements, authorised for issue by FCC's Board of Directors.

Allow me to begin these lines by recalling that with this 2020 edition we are celebrating the XV anniversary of that first FCC Group social responsibility report published in 2005, demonstrating our Group's commitment to the transparency and communication of our performance in social, environmental and good governance matters.

We are all aware that the Sustainability Report that I present to you is encompassed within an unprecedented global context, marked by the health and socioeconomic crisis derived from COVID-19, which continues to be one of the greatest challenges, not only of our business journey as Group, but of global society as a whole.

This pandemic era has coincided with the 120th anniversary of our company showing, once again, our ability to resist and adapt to all types of contingencies, thanks to that human and technological experience that we have accumulated for more than a century.

Together we have demonstrated, once again, that we are capable of successfully facing any challenge on a global scale, lending our human and service capital to the needs of the cities in which we operate. This is only possible with the dedication and loyalty of our teams, which have always been distinguished by their commitment, high level of professionalism and excellent customer service. Throughout 2020, we have maintained and strengthened essential citizen services in the communities in which we operate, at a time that has been critical for the well-being of citizens and for the viability of the cities themselves.

Thanks to the almost 60,000 people that make up the FCC Group, we have established ourselves as a world benchmark in the area of environmental services, end-to-end water management and infrastructures, obtaining a total turnover of 6,158 million euros in 2020.

Our international presence, in more than 40 countries, in whose markets we have obtained 40.37% of revenues in the last year, guarantee the globality and expansion that we have experienced as a centenary group.

Likewise, our balanced and diversified business model, supported by committed and consolidated shareholder support, has placed us on the path of profitable and sustainable growth and has allowed us to fulfil our commitment to offer a global service to the citizen, along with our cooperation in the consolidation of socially integrated cities.

In our 120-year history, the responsibility to improve people's well-being and respond successfully and effectively to urban challenges has characterized us from day one: demographic, economic, environmental and social changes, in search of greater daily sustainability.

We are living in a time in which it is urgent to review the growth models of the past, to embark on a new phase of prosperity, more sustainable and inclusive, which allows us to act with greater coordination and effectiveness in the face of these global challenges.

We have a decade ahead of us to materialise the 2030 Agenda, through the attainment of the Sustainable Development Goals (SDGs), which guide the efforts of the public and private sectors to respond to the main global challenges. Let no one doubt that, as a benchmark company in citizen services, we will continue to

contribute to maintaining and consolidating the sustainable development of the societies in which we operate, promoting the contribution to the SDGs through our strategy and responsible management. To this end, we have renewed our commitment to the United Nations Global Compact and its ten principles, an initiative of which we have been a part for more than 10 years.

In this direction, our stakeholders will find in this 2020 Sustainability Report, the social, environmental and good governance performance of the FCC Group, which will allow them to understand how we integrate care for the environment, respect for people and integrity into our business model through our Compliance Model, at the top of which is our Code of Ethics and Conduct updated in 2018 by the FCC Group's Board of Directors.

The content of the Report has been prepared in accordance with the main international sustainability standards, such as the Global Reporting Initiative (GRI) framework, after having carried out a prior exhaustive analysis of the Group's materiality.

Throughout the 2020 business year, we have led various milestones in the area of sustainability, foreseen in the latest 2018-2020 CSR Master Plan approved by the Board, the implementation of which is detailed in full in this Report.

Lastly, rest assured that we will continue working every day to offer innovative, global and social impact solutions that allow the efficient management of resources and the improvement of infrastructures, helping to increase the quality of life of citizens and reinforce the sustainable progress of society.

We face the coming years with great optimism, as I trust in our solid experience to build a business future, according to the brilliant socially responsible record that precedes us and that, with total security, will ensure that we overcome this hard time that we have had to live.

I have no doubt that our culture of constant innovation and our commitment to integrity and rigor with social welfare, will allow us to consolidate ourselves at the forefront of the development of the communities of tomorrow and to continue to be an international benchmark group in the provision of Citizen Services.

We have an added advantage - that for the last 120 years we have been building FCC's future day by day.

Pablo Colio Abril

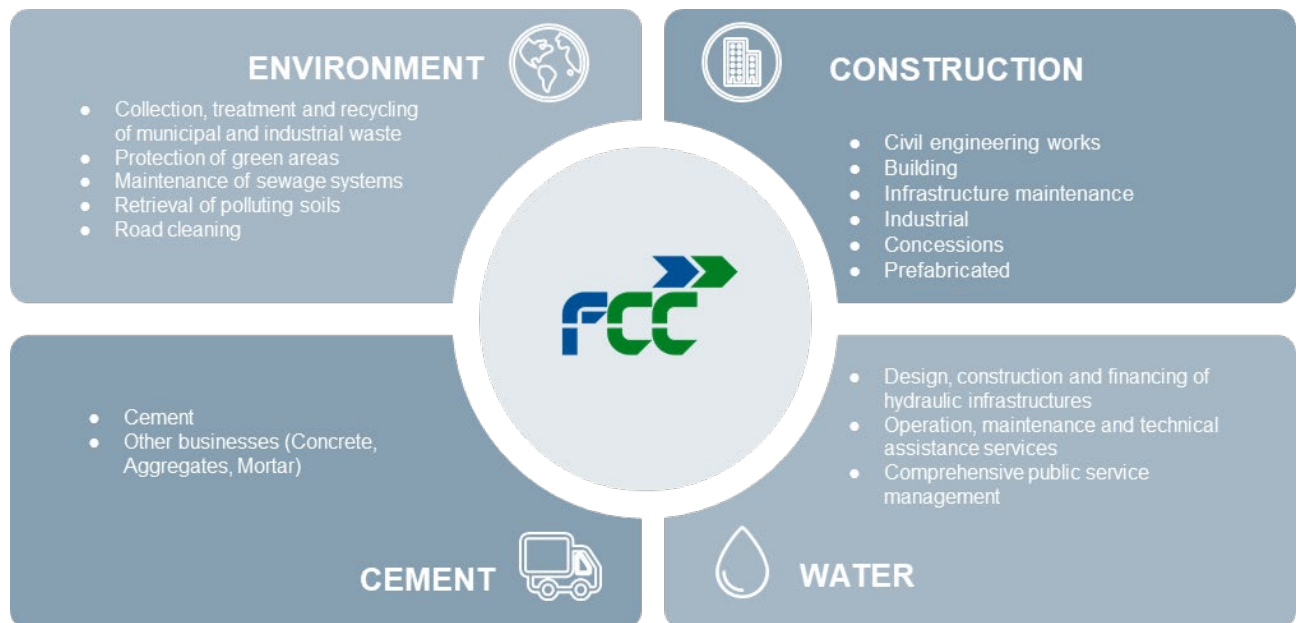
FCC's CEO

2. The FCC Group: 120 years at the service of society

2.1 FCC, CREATING SUSTAINABLE CITIES

The FCC Group is currently one of the international benchmark groups in the provision of citizen services, with activity in nearly 40 countries. Since its inception, and given the type of activities that it carries out, the company has worked to improve people's quality of life, promote the well-being of the communities in which it operates and to promote their socioeconomic development.

The following are the FCC Group's main activities:



The FCC Group's vision provides a purpose for the entire company, guiding the Group's actions and allowing the establishment of a goal shared by all members of the organisation. Thus, a transversal culture is consolidated which, regardless of the different business lines, is applied in the performance of its activities, contributing to the economic, social and environmental development of society as a whole.

Through its constant work and its business strategy, the FCC Group has managed to position itself as one of the most important citizen services groups on an international scale. Thus, the Group strives to offer global and innovative solutions for the efficient management of resources and the improvement of infrastructures, thus contributing to the sustainable progress of society.

FCC celebrates 120 years of history

The mission, values, vision and business model of the FCC Group have been forged since its foundation in 1900. The effort, dedication, and technical and human quality of the people who, at some point, have worked and continue to work for this Group, has made it possible to build its history and its great achievements throughout all these years, becoming a world leader in the field of environmental services, end-to-end water management, infrastructures and the cement sector.

For the FCC Group, the beginning of the last century focused on the construction of cities, playing a fundamental role in improving social well-being, through waste, water and sanitation management. Over the years, the natural leap was to favour the connection between these cities, beginning the construction of kilometres of highways, railway and underground lines, at the same time as the management and cleaning of parks and gardens began to be assumed.

During the 70s and 80s, work began in the international arena, while the importance of rationalising water management was valued. Since then, FCC has continued to adapt to social demands and new trends, betting on the conservation of the environment in all its projects, always with the aim of improving the well-being of citizens.

In recent years, the entry of the new reference shareholder into the company has meant a change in the cycle in the financial, operational and governance spheres. Thus, through a solid financial structure, the company faces the coming years with great optimism, based on pillars that are persistent enough that the future is as bright as the past.

Transversal model of value creation

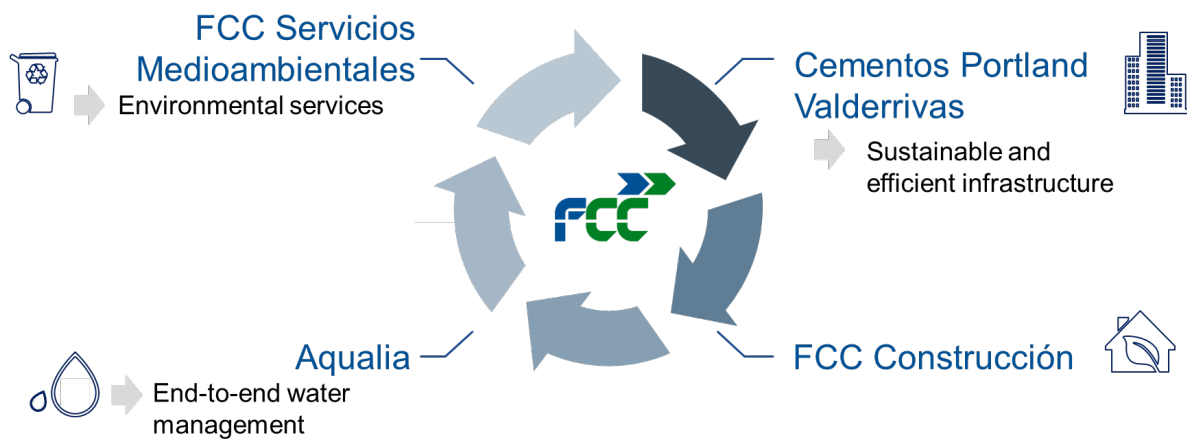
Urban areas are undergoing a profound transformation, which means responding to a series of global social and environmental challenges. Population growth, the scarcity of natural resources, climate change or the existence of social and economic inequalities are some of the challenges that these types of environments will have to adapt to.

In response to these challenges, the FCC Group's business model, so closely linked to the development of cities, promotes innovative and cross-cutting solutions to contribute to the resilience and sustainability of urban environments.

In this regard, to promote the sustainable evolution of cities and position itself at the forefront of its competitive environment, the FCC Group has developed its cross-cutting value creation model. This model, shared by all the Group's businesses, is based on:

- Being an operator with vast experience in this business, with differentiated technical specialisation, capable of leading large consortiums in complex projects.
- Having a highly specialised and committed team of people, whose priorities include the protection of safety and health.
- Having local roots in the places where it undertakes its operations. This makes it an essential part of the communities in which it operates, allowing the development of trusting relationships.
- Having a solid international position with broad development prospects in markets with great opportunities.

In this way, the FCC Group is aware that the creation of the cities of the future is a challenge that requires the joint efforts of its different businesses, seeking synergies and finding sustainable, innovative and efficient solutions that generate a real impact on society.



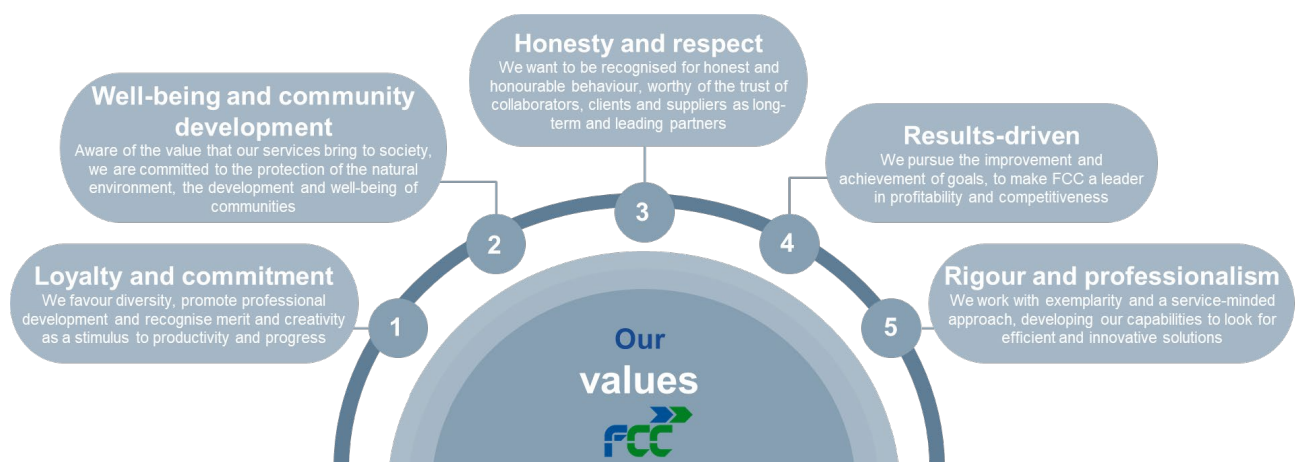
A business model at the forefront in creating the cities of the future

2.2 OUR MISSION, VISION AND VALUES

The FCC Group's mission as a supplier of Citizen Services is to efficiently and sustainably design, perform and manage environmental services, end-to-end water management and large infrastructure construction projects to improve the lives of citizens.

In accordance with its vision for the future, the FCC Group is working towards becoming an international benchmark for Citizen Services offering global, innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of life of citizens and the sustainable progress of society as a whole.

The FCC Group contributes, through the different sectors in which it is present (environmental services, infrastructures and the end-to-end management of the water cycle) to the transformation of the cities and municipalities in which it operates, thus promoting social welfare and sustainable development. Its values define the identity and culture of the FCC Group, and constitute the basis of the ethical behaviour that should guide the actions of the Group.



This philosophy, transferred from Senior Management to all employees, is common to all companies, establishing a guide that should orientate the actions of all staff towards the vision's joint goal. Furthermore, it involves compliance with the strictest parameters of operational excellence and ethical principles, thus ensuring the long-term sustainability of the FCC Group.

These principles are included in the Group's Code of Ethics and Conduct, which guarantees the responsible management of FCC's activity with the different stakeholders, ensuring compliance and ethical behaviour. In addition to the Code, the FCC Group has other control tools, initiatives, due diligence procedures and certain Compliance policies that guarantee complete and effective management, with the Compliance Committee being the internal body responsible for overseeing the monitoring of these policies.

2.3 CORPORATE GOVERNANCE MODEL

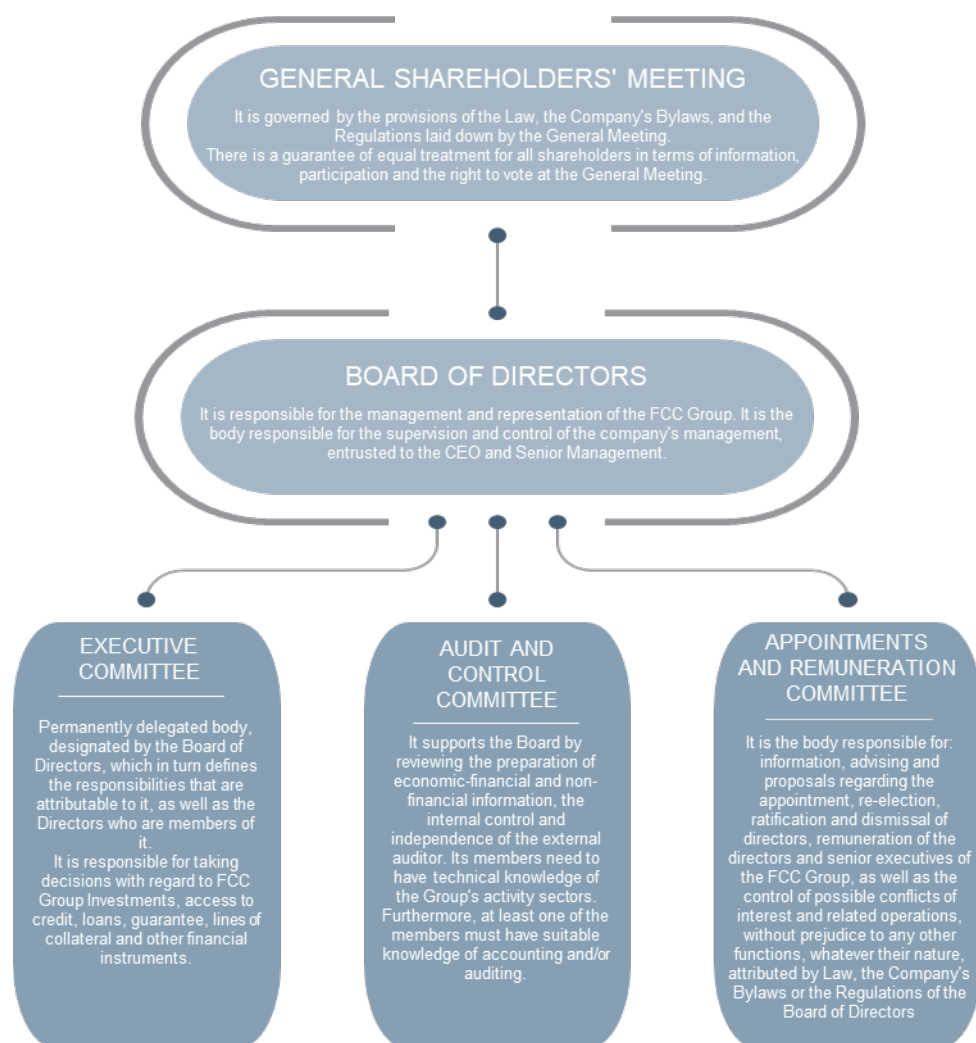
The Spanish National Securities Market Commission (CNMV) includes in its "Code of good governance for listed companies" a series of recommendations for the business sector in line with the best international corporate governance practices. Aware of the importance of corporate governance in the organisation's performance, the FCC Group fully or partially complies with 86.44% of the applicable recommendations.

In addition, in order to provide greater details on the company's corporate governance practices, the FCC Group prepares the "Annual Corporate Governance Report" and the "Annual Remuneration Report" on an annual basis, following the reporting guide of the CNMV. Both reports are available on the Group's corporate website.

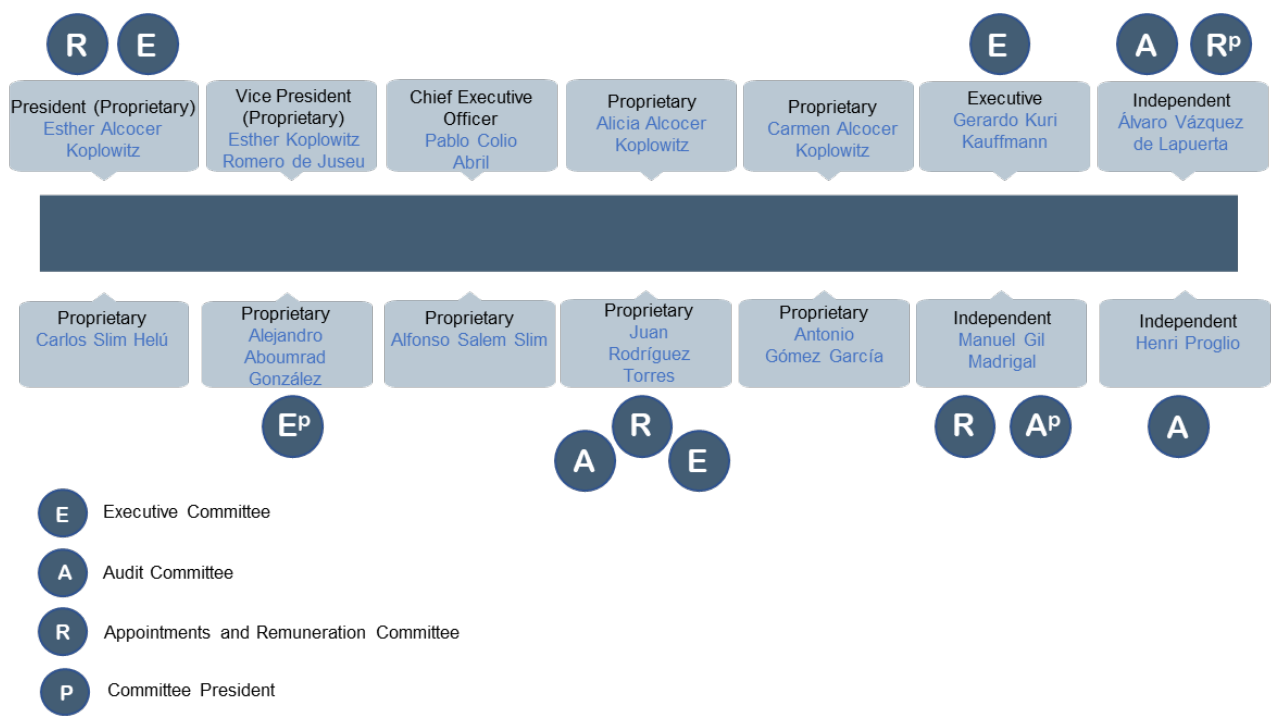
2.3.1 Governance Structure

As can be observed in the following diagram, the General Shareholders' Meeting is the Company's overriding decision-making body, specifying its competences in the Regulations of the FCC's General Shareholders' Meeting.

For its part, and for matters that are not attributed to the General Shareholders' Meeting, the Board of Directors has the highest powers and faculties to manage, direct, administer and represent the Company. This, in turn, has set up three commissions for more effective management and supervision: The Executive Committee, the Audit and Control Committee and the Appointments and Remuneration Committee.



Below is the composition of the Board of Directors and its Committees:



2.3.2 How it works

The Board of Directors' Regulations establish that it must meet as often as necessary to effectively carry out its functions and, at least once a quarter, or whenever the interest of FCC requires it. The company's Articles of Association also stipulate that "The Board of Directors shall meet at least once a quarter, and whenever agreed by the President, or whoever is acting as such, or when requested by the Executive Committee or at least one third of the members of the Board."

During the 2020 business year, the Board met 9 times, with an average attendance of 90.48%, thus complying with the aforementioned requirements.

2.3.3 Remuneration of the Administrators

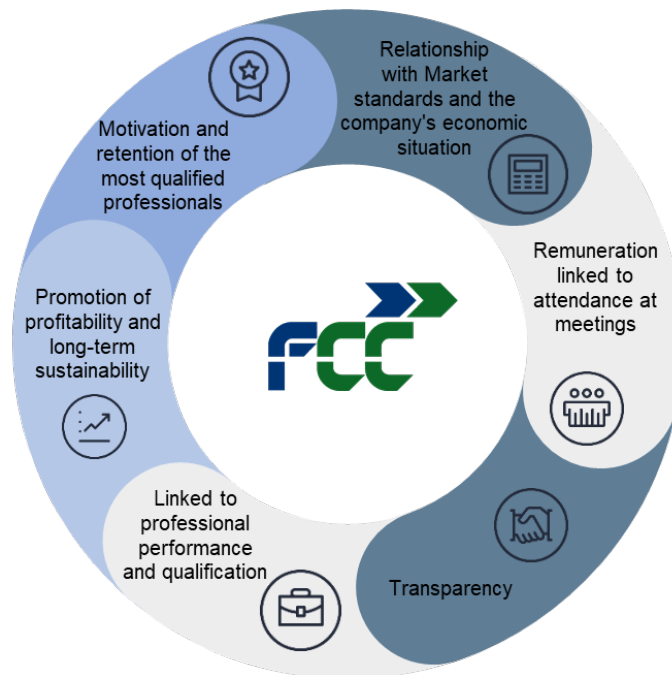
Pursuant to the Articles of Association, the remuneration system applicable to the directors must be aimed at promoting the long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid excessive risk taking and the rewarding of unfavourable results.

Thus, as is reflected in article 38.7 of the Company's Articles of Association, and in article 28.2 of the Board of Directors' Regulations, the remuneration of the directors must be in accordance with the importance of society, the economic situation and the market standards of comparable companies.

For its part, the General Shareholders' Meeting is in charge of agreeing on said remuneration considering the functions and responsibilities of each member. Aside from fixed remuneration, allowances are also awarded for personal attendance at meetings of the Board and internal Committees that are convened during the year, as well as another variable amount for executive directors depending on compliance with social objectives.

For further information on FCC's Remuneration Policy, as well as on remuneration accrued by each of the directors, the Annual Remuneration Report can be consulted, available on the FCC Group's corporate website.

PRINCIPLES AND CRITERIA FOR SETTING REMUNERATIONS

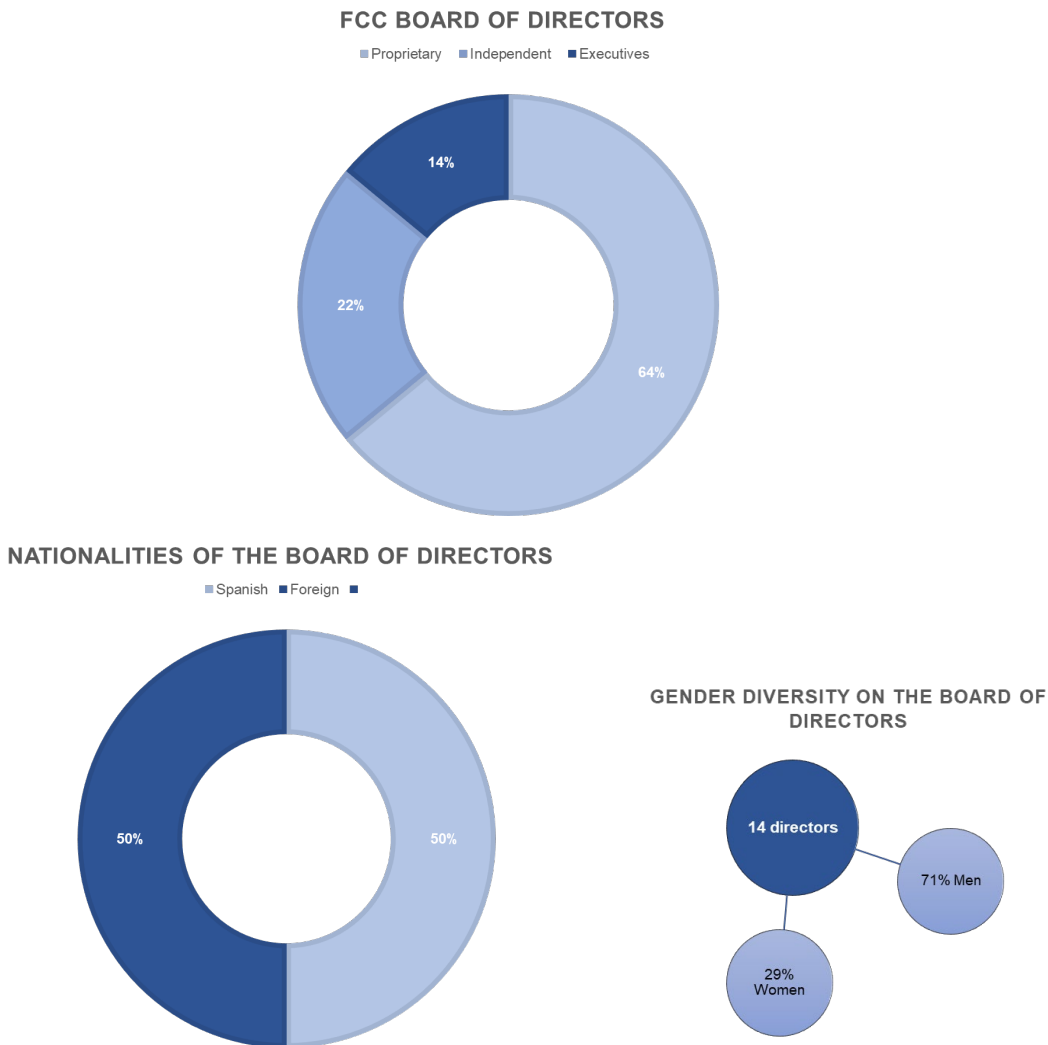


2.3.4 Diversity in the Board of Directors

Diversity is an essential principle for all FCC Group employees, including its governing bodies. For this reason, the functions of the Appointments and Remuneration Committee include ensuring that the selection processes favour diversity of gender, experience and knowledge, and that they do not present implicit bias that could lead to any type of discrimination.

Hence, the percentage of female directors on the FCC Board of Directors at 31 December 2020 was 28.57 percent.

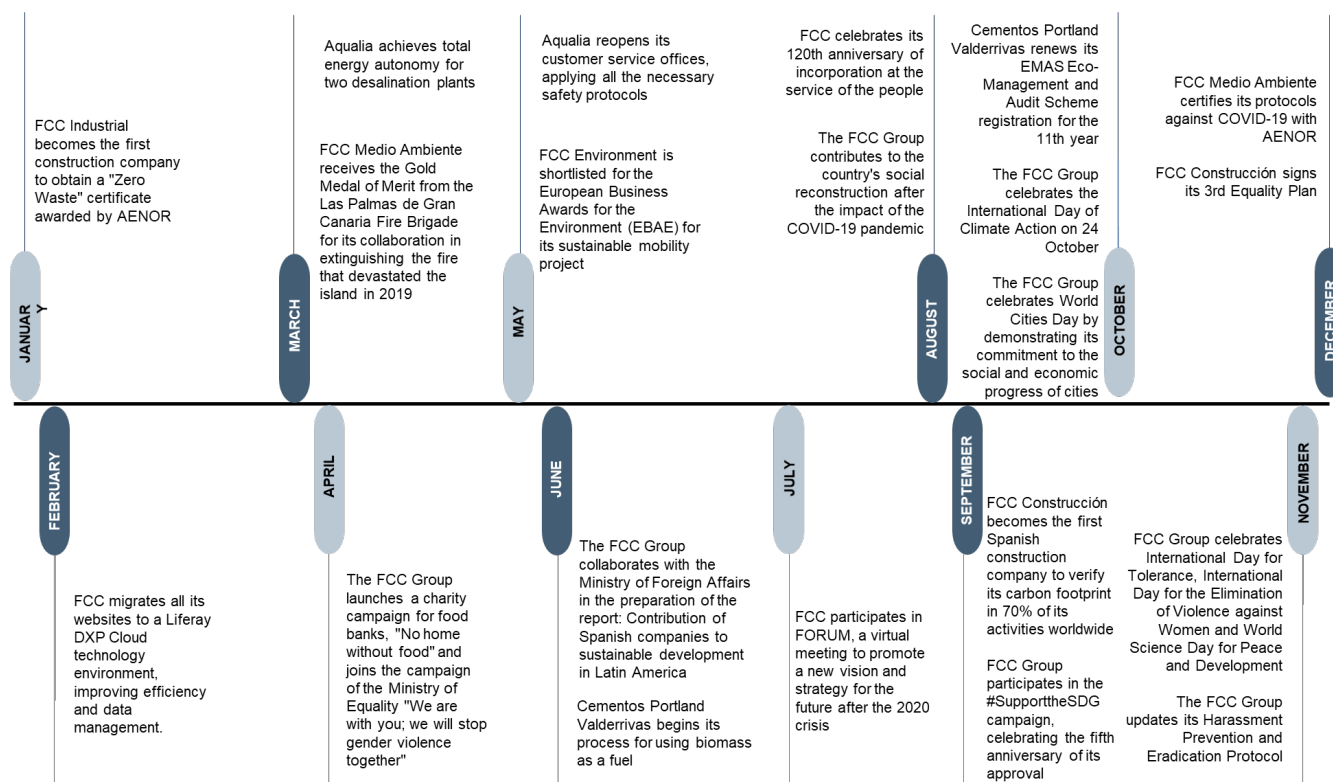
Regarding other diversity indicators with respect to FCC's governing bodies, on the Board of Directors, 50% of the members are of Spanish nationality and the other 50% are of other nationalities (Mexico and France). The following is a graphic representation of the Board's composition:



2.4 THE FCC GROUP IN FIGURES

2020 has been a challenge for the whole of society. The COVID-19 pandemic has completely changed the global landscape, forcing a rapid adaptation of all companies to face the new challenges that have emerged. However, FCC has continued to organise and participate in a large number of social, environmental and good governance (ESG) projects, supporting the sustainable development of the communities in which it participates, creating employment and promoting economic growth.

In order to respond to new needs, many of the initiatives have focused on health security and economic recovery as a result of the crisis. Innovation projects that seek to improve the quality of life of all the people who receive FCC products or services, as well as of the communities in which it operates, have not been neglected either. Some of the Group's initiatives and recognition in 2020 were as follows:



In order to contribute to the Group's commitments in terms of transparency and accountability, the direct economic value generated and distributed by the Group in all the countries in which it operates is reported below, following the international reporting standard *Global Reporting Initiative*(GRI)

Economic value generated and distributed (thousands of euros)	
Economic value generated	6.484.798
Turnover	6.158.023
Other income	326.775
Economic value distributed	5.766.796
Operating costs	3.466.576
Employee cost	1.971.110
Capital suppliers	238.513
Taxes	86.273
Community	4.324
Economic value retained	718.002

FCC holds its 2020 General Shareholders Meeting

The FCC Group's General Shareholders' Meeting was held in June 2020 with the aim of analysing the results of the 2019 business year and approving the financial statements, directors' reports, as well as the distribution of the flexible dividend. In accordance with Law 11/2018, the report on non-financial information was presented as a separate item on the agenda, for approval by the General Shareholders' Meeting. Due to the COVID-19 pandemic, the event took place electronically in line with the recommendations of the CNMV, the WHO and the relevant authorities.

The Board was chaired by Esther Alcocer Koplowitz, president of FCC, and Pablo Colio Abril, CEO, who highlighted and expressed their gratitude for the important work that FCC professionals have carried out during the pandemic, leading essential services. During the seminar, emphasis was placed on the great effort made in recent years to renew the FCC Group, adapting to new trends and needs, and managing to enter the path of profitability and sustainability.

FCC Servicios Medioambientales

The Environmental Services area of the FCC Group has been providing municipal services and end-to-end waste management for over a hundred years and serves almost 60 million people in nearly 5,000 municipalities.

The company operates in a total of 12 countries providing a variety of services that reflect its extensive experience in the sector, including: collection, processing, recycling, energy recovery and disposal of municipal solid waste; cleaning of public roads; maintenance of sewage networks; maintenance and protection of green areas; processing and disposal of industrial waste; and recovery of contaminated land.

FCC Servicios Medioambientales is made up of 4 geographical divisions:

- Iberia: FCC Medio Ambiente Spain (Including the industrial waste business) and FCC Environment Portugal
- United Kingdom: FCC Environment UK

- Central and Eastern Europe: FCC Environment CEE
- United States: FCC Environmental Services

In 2020, the area's turnover reached 2,900 million euros, which represents a reduction of just 0.9% compared to 2019, with a Pre-Tax Income of 155.2 million euros, equivalent to 5.4% of the turnover, a noteworthy performance taking into account the difficult socioeconomic circumstances caused by the COVID-19 pandemic in 2020. Contracting stood at 2,108.8 million euros, which places portfolio volume at 9,184.3 million euros.

FCC Servicios Medioambientales annually manages about 25 million tons of waste and produces about 3.5 million tons of secondary raw materials (SRM) and refuse-derived fuel (RDF). The company has approximately 700 waste management operations facilities, of which about 200 are environmental complexes dedicated to processing and recycling waste, including 11 waste energy recycling projects with a capacity of 3.2 million tons per year and 360 MW of non-fossil fuel electricity.

Aqualia

Aqualia is the water management company owned by the citizen services group FCC (51%) and by IFM Investors (49%).

The company is Europe's fourth largest private water company in terms of population served and ranks amongst the top ten worldwide (Global Water Intelligence, August 2019).

It currently provides services to over 25 million users¹ in 17 countries: Algeria, Saudi Arabia, Colombia, Chile, Ecuador, Egypt, United Arab Emirates, Spain, France, Italy, Mexico, Oman, Portugal, Qatar, Czech Republic, Romania and Tunisia. The company reported 1,188 million euros of revenue in 2020, with an order back log of nearly 15,000 million euros.

Aqualia is a benchmark in the sector and stands at the vanguard as a specialised, transparent and innovative entity. We have reached this position thanks to the commitment and extensive experience of our team of professionals who are constantly striving to improve efficiency in production processes and optimise resources, while placing citizens clearly at the core of our actions and policies.

This work approach and the continuous progress in innovation and in the use of new technologies have enabled us to bolster the company's leadership in the Spanish market and make headway in this regard in international markets, based on an ambitious but moderate strategy defined to consolidate the company's international presence. Sustainable development has a distinctively intrinsic role in Aqualia's business model: combining the generation of social benefits with a fair profit yield from activities puts the company in a privileged situation in the water management sector.

Aqualia's commitment and responsibility vis-à-vis the municipalities in which it carries out its activities go beyond merely rendering a service: Aqualia has always sought to contribute to improving the well-being of people, particularly the most vulnerable groups.

Aqualia assumes the role played by the private sector to achieve Sustainable Development Goals and shows this in its daily commitment to promoting this culture within the company and amongst its stakeholders. For this reason, as well as promoting campaigns to publicise the SDGs, it has identified and prioritised those to which the company contributes through its activity and its corporate commitments. And, through active listening, it knows the importance that stakeholders give to Aqualia's contribution to the different SDGs.

FCC Construcción

¹ Global Water Intelligence, The world's top 50 private water operators, 2019

The FCC Group's construction business has more than 120 years' experience and it has a presence in a total of 26 countries. It is a benchmark in the management and execution of civil works (roads, railways, airports, hydraulic and maritime works, tunnels, bridges, underground networks, treatment plants) and building construction (residential and non-residential: hospitals, football stadiums, museums, offices) and its activities cover all areas of engineering and construction.

It is currently the fourth most important construction company in Spain and is one of the top 35 in the world. It has proven experience in undertaking projects under concession and it has a group of companies dedicated to the industrial sector and grouped under the FCC Industrial brand, as well as other activities relating to the construction sector (Matinsa, Megaplas and Delta Prefabricados).

During the 2020 business year, the construction area recorded a total aggregate attributable backlog of 5,155.8 million euros. Gross earnings (EBITDA) reached 53.6 million euros and revenue dropped by 6.3% over the previous year and stood at 1,611 million euros. In 2020, the international project backlog decreased by 2.1% and the income from domestic activity increased by 27.6% compared to the previous year, standing at over 848 million euros.

Cementos Portland Valderrivas

The cement activity of the FCC Group is undertaken by Cementos Portland Valderrivas, S.A. and subsidiaries, whose business line is mainly the manufacture of cement, which accounted for more than 90.23% of total revenues in 2020. The remaining percentage for this business model (9.77%) involved concrete, aggregates and mortar.

In the last business year, taking the geographical diversification of the company into account, more than 29% of revenues came from Tunisia and the United Kingdom. However, the Group's international presence is not limited to these countries because it also exports to North Africa, Central America and several countries in Europe.

The company's operating structure is based on the cycle for the cement business. The consists of the extraction of raw materials (aggregates), the process for manufacturing clinker, cement, concrete, dry mortar and special products, and final distribution.

Cementos Portland Valderrivas is the largest cement group in Spain by productive capacity and directly or indirectly owns production centres in a number of regions in the country: Cantabria, Basque Country, Navarra, La Rioja, Castile-León, Madrid, Aragon, Andalusia and Catalonia. Its products are distributed in all 17 Autonomous Regions.

3. The context of the FCC Group in 2020

3.1 FCC AND GLOBAL CHALLENGES

During its 120-year history, the FCC Group has shown that it knows how to adapt to its environment, offering the citizen services that society requires at all times. Along these lines, in order to meet social expectations and effectively overcome the challenges that it faces, the Group constantly analyses trends that may affect its business, as well as the way it relates to its different stakeholders.

Over time, the FCC Group has contributed to the development of cities that, according to forecasts, will continue to expand even more in the future. The Group firmly believes that this growth must be carried out in a sustainable way, limiting the impact of these areas on their surroundings and adapting them to the risks of the future. Through its commitment to the circular economy, the company aims to help limit the environmental impact of cities, while also contributing to the fight against climate change and promoting the sustainable consumption of resources.

In 2020, urban environments have not been immune to the effects of the pandemic caused by COVID-19. Its citizens have suffered an event that has had, on a global scale, the greatest health, economic and social impact in recent decades. COVID-19 has affected cities and their inhabitants, transforming, among other factors, relationships, consumption habits and mobility patterns.

In turn, unstoppable technological development is allowing the emergence of new techniques and tools, at the service of companies and society, applicable to all sectors of activity. Technology helps to respond to the different global challenges that we currently face, and will be key in future urban development. Among others, these innovations have enabled a rapid response to the pandemic, and allow the development of new, more efficient processes with less environmental impact, contributing to the fight against climate change and enabling the application of a circular economy model.

For the FCC Group, it is essential to analyse the socioeconomic context on the performance of its activity, and based on this study, the company has identified six interconnected global trends, which have a direct impact on its business model and its main stakeholders.

3.1.1 Expansion of cities and sustainable urbanisation

Currently, 4.2 billion people, 55% of the world's population, live in cities, and this percentage is expected to continue to increase. By 2050, cities are expected to host 68% of the world's population, which means that 1.2 million km² will be urbanised in the next three decades.²

The increase in population and its settlement in urban centres means that the towns are transformed into cities, which will expand geographically, increasing their population density. This represents new challenges for the FCC Group with regard to land and natural resource management so that cities continue to be functional, which will require the optimisation of resources and infrastructures, in the short, medium and long term.³

The expansion of cities will require a huge investment in infrastructure in the coming decades, which should allow the maintenance of large urban centres. In this context, social demands are increasing for this urbanisation to be sustainable.

The sustainability of construction, both of buildings and of infrastructures, mainly concerns the technological field, and the choice of materials to be used on site. For the FCC Group, constant innovation in the use of primary and recycled materials means an increase in efficiency and a reduction of construction costs. The Life Cycle Analysis of the civil works elements paves the way as a fundamental factor to consider, both when building new infrastructures and when adapting existing infrastructure.⁴

The FCC Group faces this expansive trend in cities by betting on the development of Smart Cities and sustainable urban accessibility, minimising the environmental impact of its processes and services.

3.1.2 Sustainable use of natural resources

In the last twenty years, the material footprint or, what is the same, the amount of raw material necessary to satisfy basic needs has increased continuously throughout the world. This indicator measures the pressure that economic development exerts on the environment, consumption and production of natural resources. A clear example of the challenges that we face due to the unsustainable use of resources can be found in water

² Source: World Bank

³ Source: Cities in the World, OECD Urban Studies

⁴ Source: World Cities Report 2020, UN Habitat

management, since it is estimated that, if not addressed correctly, the scarcity of water itself could involve the displacement of around 700 million people by 2030.⁵

The circular economy model is a way to protect natural resources, making a more efficient use of them, also trying to reinforce awareness of current consumption patterns. This model, driven by the public and private environment and widely accepted by society, also contributes to the fight against climate change and, at the same time, allows the generation of new jobs.

The efficient and responsible management of urban solid waste (USW) and the reuse of water are some of the global priorities of the 2030 Agenda, in which the FCC Group has specialised business lines. Regarding waste management, FCC Servicios Medioambientales carries out different R&D&i projects to extend the life cycle of resources, supports public initiatives to promote the transition towards a circular economy model and raises the awareness of its collaborators in environmental matters.

For its part, Aqualia, specialised in the management of the end-to-end water cycle, is committed to continuous investment in innovative projects that allow it to detect new opportunities and implement more efficient processes. This, together with the commitment to the recovery of residual water, allows this resource to be used more efficiently, reducing water stress.

3.1.3 Climate change

The fight against climate change is one of the greatest challenges on a global scale. The impacts derived from this phenomenon include changes in weather patterns, as well as a greater probability of extreme events, such as floods or droughts, in different regions of the world.

According to the World Economic Forum, this phenomenon is considered to be one of the most significant risks, taking into account both its impact and the probability of occurrence. The transition to a low-carbon economy is high on the public sector agenda, a transition in which the private sector plays a key role in setting emission reduction targets.

This will be a particularly relevant challenge for urban areas, since, according to the United Nations, cities consume 78% of the world's energy, producing more than 60% of greenhouse gas emissions. In this scenario, the International Energy Agency estimates that reducing these emissions into the atmosphere will involve significant investments over a long period of time.

For the FCC Group, it is a priority to contribute to reducing the effects of global warming, which is why it has its own specific strategy in the matter of Climate Change, and directs its efforts at progressively implementing the ISO 50001 Standard on energy efficiency and the commitment to clean energy and the control of GHG emissions.

3.1.4 COVID-19

The pandemic caused by the COVID-19 disease has generated an unprecedented impact on society and the world economy, affecting different sectors and geographies across the board. Managing it has meant a response and involvement at all levels and from all areas (political, health, legal, social and business).

The FCC Group, aware of the importance of its activity for the proper functioning of urban areas and to minimise the impact on the well-being of citizens, has continued to provide the required services even in the most critical moments of the crisis. In addition, aligned with the policies, practices and recommendations in the

⁵ The Sustainable Development Goals Report 2020, United Nations

fight against the spread of the disease, it has contributed through its services, to promoting greater hygiene in public spaces in cities and in detecting the presence of the virus in urban wastewater, which allows earlier detection of infections.

The pandemic has increased the urgency when facing some sanitary and urban challenges, such as the distribution of public space, the recreation of people and housing and sanitation conditions. These new challenges motivate the FCC Group to maintain its work approach towards improving citizen well-being and towards increasing people's health and safety.

The FCC Group contributes to the country's social reconstruction after the impact of the COVID-19 pandemic.

The FCC Group has actively collaborated, through all its business areas, in different social initiatives, in an exercise of solidarity and responsibility, where its own collaborators have also participated, positioning itself as a significant player at the forefront of the country's social reconstruction.

In line with the social commitment that characterizes the Group, a solidarity campaign has been carried out in favour of food banks, under the "No home without food" initiative, in collaboration with the La Caixa Foundation and CaixaBank, with the aim of to help the most vulnerable families affected by the crisis caused by COVID-19.

Staff solidarity that has materialised in the form of donations, together with the company's economic contribution, added a total of 131,000 euros to this campaign, an amount that has been allocated to the 54 Food Banks in Spain, so that they could buy supplies and satisfy the social demand of the most disadvantaged families.

FCC joins Madrid Future, an initiative to promote social and economic recovery in the capital after the health crisis

FCC has joined Madrid Future, the new non-profit association founded as a result of the health crisis, with the aim of promoting and encouraging projects aimed at the social and economic reactivation of Madrid, due to the effects of the COVID-19 pandemic.

Within the framework of this social initiative, it is expected that projects in the area of sustainability and digital transformation will be developed around three fundamental axes: Spanish language and culture, health and well-being, and sport.

About 30 large companies and entities have signed the association's charter, as well as its status, in a collaborative project that generates hope for the economic and social recovery of the city.

The FCC Group responds to the COVID-19 in a cross-cutting way through its different business areas

Since the beginning of the COVID-19 pandemic, the FCC Group has carried out various actions to ensure the operation of its business, with many of its main activities being key and essential, such as: street cleaning, waste collection, infrastructure maintenance and end-to-end water cycle management. In accordance with its different business lines and to mitigate the effects of the health crisis, the following actions have been carried out:

- FCC Servicios Medioambientales: to maintain basic services for the cities, this line of business has reinforced the means of protecting its workers in order to carry out their essential tasks. Among them, priority has been given to disinfection with flushers, hydro-cleaning vehicles or fumigators, and selfless work has been carried out such as the disinfection of town halls or other public buildings that lacked resources.
- Aqualia: to guarantee the continuity of an essential service such as the management of the end-to-end water cycle, Aqualia has immediately reinforced its protocols with the ultimate aim of protecting its employees and customers. In addition, among other actions, all planned water cuts have been suspended, guaranteeing the supply of water to all homes.
- Construction business: to cover the demand of patients in the midst of the COVID-19 crisis, FCC Construcción has fitted out some health units of the hospital projects it executes.

3.1.5 Inequality and social exclusion

Despite the economic and social progress of the last decades, there is, more and more, a greater disparity in the distribution of wealth. With each generation, the income and opportunity gap is more pronounced and, due to the crisis resulting from COVID-19, existing inequalities within and between countries have increased. The pandemic is particularly affecting the most vulnerable groups, and is making it difficult for certain sectors of the population to access education.⁶

The support of the private sector is essential in the development of social action initiatives that contribute and promote equal opportunities, favour inclusion and provide responses to the needs of vulnerable groups, at risk or in a situation of social exclusion.

FCC's commitment to social equality materialises every year through participation in initiatives together with NGOs and collaborating entities of the Group, through participation in different social projects, which improve the employability of people, promoting educational plans and training, fostering the labour insertion of different groups and the development of communities and social inclusion.

These initiatives, which reflect the FCC Group's commitment to local communities, stakeholders and society as a whole, are aligned with its principles on equality, diversity and inclusion, and its commitment to a diverse work environment, in which the talent of each person is valued, regardless of their race, gender, age or other factors. This diversity, both within the staff and on the Board of Directors, is a reality that more and more investors are turning their attention to.

The Group values diversity, in a broad sense (age, race, nationality, religion, culture, etc.), including the you_diverse initiative within its talent strategy.

3.1.6 Technological development

The technological revolution is a fact that is observed in the day-to-day life of cities. Big Data, Internet of Things (IoT) or Blockchain systems are placed at the service of cities to completely modify the existing infrastructure. The digitisation of key systems for cities, in which the FCC Group participates, represents a turn of the page in the way of managing urban resources.

⁶The Sustainable Development Goals Report 2020, United Nations

The digitisation of cities implies a structural modification of the citizen's relationship with their environment, from their consumption patterns to the form in which they do business. This transformation reaffirms the empowerment of citizens and contributes to their greater involvement in decision-making, which indirectly affects the development of the cities in which they live. The citizen is, after all, the greatest resource of cities, since they propose new ideas of innovation and act as the drivers of the city.

Citizens are increasingly demanding, requiring more quality information on the different products and services offered, taking advantage of interconnectivity and easy access to smart devices. To respond to this need, the Group has set up a comprehensive multichannel service that establishes its own real-time information follow-up systems and even participates in round tables to detect its stakeholders' possible expectations.

The FCC Group, aware of the importance of being at the forefront, annually invests resources in the development of R&D& i projects, with the aim of being a benchmark in new technologies and thus offering continuous improvements to citizens that have an impact on their quality of life.

4. Sustainability in FCC's business model

Since the founding of the FCC Group, the social and economic development of cities has enabled the business to progress. FCC considers that the role of sustainability will be fundamental to ensure that the cities of the future can face the main global challenges, such as climate change, population growth, poverty and equal opportunities, among others.

For the FCC Group, the progress of cities must guarantee the well-being of their citizens, respect for human rights and the preservation of the environment. Throughout its history, FCC has accompanied the constant evolution and transformation of cities, providing sustainable solutions and launching projects and initiatives in the area of corporate social responsibility.

In this sense, in 2005 the Group's Board of Directors decided to publish the first CSR and sustainability report, informing stakeholders of FCC's involvement with people's well-being and respect for the environment, and thereby reflecting their socially responsible actions. This initiative was subsequently replicated by all the Group companies, with each business publishing its CSR report on a regular basis.

In 2020, the health crisis has posed a new challenge for the functioning of cities. New needs have emerged to prevent the spread of COVID-19, such as greater hygiene measures in public spaces, while it was necessary to maintain basic services. The FCC Group, aware of the importance of its role in the well-being of citizens, has focused its efforts on continuing with its business activities, such as supplying water to the population or urban cleaning tasks, among others.

4.1 THE FCC GROUP'S CSR POLICY

Throughout its history, the development of the FCC Group's activity has been based on fostering long-lasting, transparent and mutually beneficial relationships with the stakeholders with which it interacts. Through its Corporate Social Responsibility Policy (hereinafter, CSR Policy), approved in 2016 by the Board of Directors, the Group includes all its commitments related to integrity and business ethics, respect for the environment and the contribution of value to society.

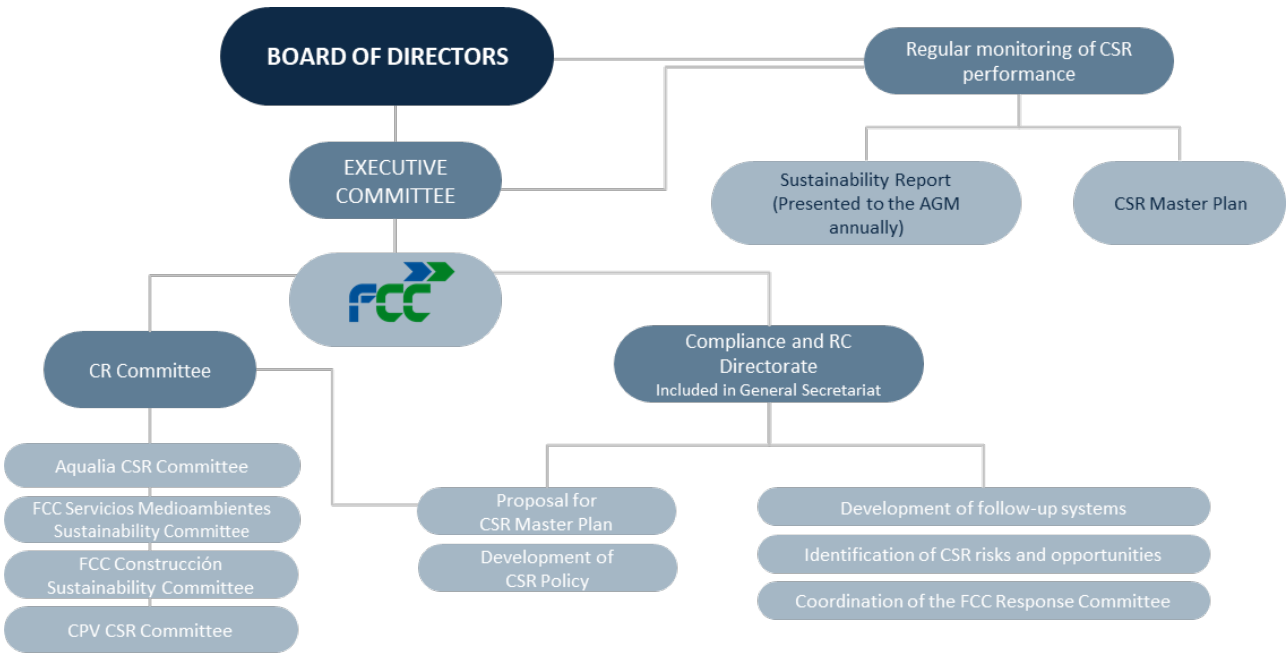
4.1.1 CSR policy governance

FCC's Board of Directors is the body responsible for ensuring compliance with the Group's CSR Policy, through the Executive Committee, thus aligning itself with recommendations 53 and 54 of the CNMV's Code of Good Governance.

There are also Corporate Responsibility or Sustainability committees in the different business divisions, which act as those responsible for the development, implementation and compliance with the CSR Policy in each unit.

For its part, integrated within the General Secretariat, is the Compliance and Corporate Responsibility Department, which develops the results monitoring systems, related to the social responsibility practices of the FCC Group, identifying the associated risks, designing the strategy for its control, and coordinating the FCC Corporate Responsibility Committee.

The following graph represents the structure for responsibilities in matters of Corporate Social Responsibility, attributable to each of the governing bodies involved:



4.1.2 Principles of action

In accordance with the CSR Policy, the principles of action that guide the behaviour of the FCC Group are:

Quality and innovation

Both FCC and all of its collaborators continually strive to identify, satisfy and even anticipate the needs of their customers (internal and external), being aware of the consequences of their actions and decisions.

In addition, innovation and improvement is continuous within the different business lines.

Integrity in its actions

FCC's Code of Ethics and Conduct aims to encourage all individuals linked to any FCC Group company to be oriented by guidelines requiring the highest level of commitment to comply with legislation, regulations, contracts, procedures and ethical principles.

The Code enacts, in a practical fashion, the values shared at the FCC Group, strengthening the commitment to people, respecting their rights and dignity, and demonstrating zero tolerance towards discrimination based on race, religion or gender. The FCC Group is also committed to respecting the environment, acting under the principles of precaution and efficiency in the use of natural resources and to biodiversity.

Management efficiency

The FCC Group always prioritises simplicity and austerity, facilitating the attainment of its business objectives while striving to optimise the use of resources and cash.

Likewise, it protects and optimises the use of resources that are more difficult to measure, such as the structure and management systems of the company, its knowledge and experiences, its brand and the relationships that the company maintains with its external stakeholders (clients, suppliers, etc.).

Proximity and commitment

The FCC Group's social responsibility is understood as a business management model that pursues not only the creation of value added for the shareholder, but also a joint effort with the communities to promote their well-being and development, transforming them into smarter, more inclusive and cleaner environments.

The FCC Group is committed to the priority objective of achieving the employment well-being of its employees, also promoting their professional development.

4.2 THE CSR MASTER PLAN:

In November 2017 the FCC Group's Board of Directors approved its IV CSR Master Plan 2018-2020, the result of an in-depth analysis of the sustainability needs and trends detected by the Group in the medium and long term, and in compliance with the CSR Policy approved in 2016.

The CSR Master Plan, aligned with the Sustainable Development Goals, has positioned the company as a leading player in social, economic and environmental challenges, focusing its responsible management on 15 action programmes that are structured around three strategic pillars: connecting with citizens, smart services and exemplary conduct.

The FCC Group's CSR Action Plan was concluded in 2020, after three years of intense work, in which outstanding efforts have been made to meet the expectations and demands of stakeholders, respond to the global challenges of sustainable development and contribute to fulfil the United Nations 2030 Agenda.



The backbone that supports the responsible management of the FCC Group, through its three strategic pillars, contributes in a cross-cutting manner to bring to fruition its vision, improving the lives of citizens and the sustainable progress of society.

Below are details of some of the FCC Group's sustainability initiatives during its 2018-2020 Master Plan, as well as some outstanding projects for the 2020 financial year.

Axis I: Connecting with citizens: Citizens as protagonists of sustainable cities

The FCC Group is aware that to respond to the challenges posed by cities in the 21st century and to promote sustainable development, it is necessary to understand and analyse the real expectations of citizens. For this reason, the company, through its different lines of business, promotes constant dialogue and active listening.

Likewise, with the aim of maximising the positive social impact on the communities in which it operates, the FCC Group promotes intelligent and inclusive progress in cities, launching various actions and promoting social dialogue with administrations in urban centres, to meet the needs of stakeholders at all times.

In this regard, to respond to the social demands of citizens in this area, the FCC Group implements initiatives encompassing the following lines of action:

- **FCC + Action:** the objective of this line of action is based on providing a coordinated and aligned response in those places in which the company detects an accentuated social need that has not yet been met. In this regard, each business line implements social action projects, through collaborations with non-profit organisations and solidarity actions, with the aim of contributing to improve people's quality of life.

The FCC Group has contributed in a coordinated manner to improving the living conditions of the most vulnerable groups through training programs for women, volunteer activities or social and labour insertion projects. Likewise, alliances have been established through collaboration agreements with non-profit entities such as Cáritas, Acnur or the Red Cross, to cover the social needs in the different communities in which it operates.

FCC "gives away kilos of generosity" to the Pan y Peces Foundation

FCC + Action

For yet another year, and in line with the solidarity intrinsic to FCC's business, a collaboration campaign was launched together with the Pan y Peces Foundation under the slogan 'Give kilos of generosity', during the Christmas holidays. Thanks to the initiative and generosity of FCC employees, the solidarity campaign amassed personal hygiene products, non-perishable food and Christmas sweets and toys for the most vulnerable families.

- **FCC Educates:** The FCC Group, aware of the technical knowledge and capacities of its professionals, tries to promote and provide, through this axis, training programmes to society, to bring about the company's internal strengths.

Throughout the implementation of the Master Plan, FCC has improved knowledge management and contributed to education, providing social value through its own collaborators. As examples of initiatives, it is worth highlighting the creation of web portals to raise awareness about the use of water, to the participation of professionals in national and international forums and conferences on CSR matters, in working groups, as well as in professional training programmes and partnership agreements with schools and universities.

Aqualia and the University of Almería sign an agreement approving the "Aqualia of the End-to-End Water Cycle" Chair.

FCC Educates

In 2020, as part of the FCC Group's collaboration in environmental education, the "Aqualia of the End-to-End Water Cycle" Chair was approved, in which joint research will be carried out to apply solar energy in the different processes of the end-to-end water cycle. The Chair's work team will be made up of both University teaching staff and Aqualia representatives from different areas, including the Department of Innovation and Technology.

- **City 2025:** In this pillar, the company works as a facilitator of dialogue between the different stakeholders to build, in a collaborative way, a sustainable, inclusive and humane city. To this end, the company participates and collaborates with different municipalities in defining the Vision of the sustainable city, by organising roundtables in which the main urban challenges are addressed.

During the years of the Master Plan, work has been carried out on roundtables, debates, expert panels, conferences and informative breakfasts, with the aim of promoting social dialogue between stakeholders, making them participate in the sustainable challenges of cities of the future: such as sustainable mobility, the need for new and resilient infrastructures, efficient water and waste management or the humanisation of cities.

Aqualia, building the circular economy master plan for Castilla-La Mancha

2025 city

Aqualia is collaborating with the Castilla-La Mancha Community Council to implement the circular economy master plan for the region. Within this context, the Castilla-La Mancha Sustainable Development Department counted on Aqualia to participate in the Technology and Circular Economy conference, at which the company had the opportunity to present its strategy and projects in this area.

During this conference, the solutions implemented by the company in Spain were also described. In this regard, since 2015, Aqualia has implemented twelve innovative initiatives in the region, thus contributing to the design of the cities of the future.

- **Measurement of the socioeconomic impact:** it is essential for the company to ascertain and measure the scope of the social, economic and environmental impact of its activity, to improve two-way communication with stakeholders and to adapt the message to each of them, allowing value added to be contributed to Group projects and proposals.

In this regard, the FCC Group has worked with public, private and third sector entities in projects to measure the socio-economic, climate or social responsibility impact. In addition, metrics have been developed internally to categorise projects and environmental risks and opportunities have been identified.

The FCC Group collaborates with the Ministry of Foreign Affairs in the preparation of the Report: *Contribution of Spanish companies to sustainable development in Latin America*

Measurement of the socioeconomic impact

The FCC Group has participated in the Contribution Report *of companies to sustainable development in Latin America*, prepared by the General Directorate of Economic Diplomacy (Secretary of State for Global Spain), in collaboration with sixteen other Spanish companies present in Latin America.

With the aim of analysing the contribution of these companies to sustainable development in Latin America, the report reviews the main projects and most outstanding programmes in the area of ESG (environmental, social and good governance), as well as an analysis of the challenges and perspectives of Spanish companies in terms of sustainability in the coming years.

With the inclusion of the private sector on the 2030 Agenda, and, consequently, of the FCC Group, more and more stakeholders are echoing the main social responsibility initiatives of companies. Along these lines, the Report refers to the Group's good practices in relation to its environmental management, the incorporation of the circular economy in its business model or the environmental awareness that it tries to transmit to its workers.

Axis II: Smart services: *Designing the sustainable cities of the future*

The FCC Group, in its commitment to continuous improvement both in its internal processes and in the offering of its services, works on the implementation of innovative initiatives, projects and procedures in order to design sustainable solutions in its three business areas: end-to-end management of the water cycle, infrastructure development and environmental services. From the design, execution, operation and maintenance phases, the company works on the creation of new capacities to address global warming, waste management, water supply or the preservation of the environment, among others.

- **FCC plan for a circular economy:** circularity is inherent to the FCC Group's business model, mainly at Aqualia and FCC Servicios Medioambientales, as the company contributes through the end-to-end water cycle and waste treatment respectively, to the transition to a circular production model. By applying continuous innovation in its processes, the company could position itself as a benchmark in this matter, which is increasingly in demand by society as a whole.

Since the implementation of the Master Plan, the company has worked from its different business lines in the transition to a circular production model, leading European projects, participating in conferences and work groups of this nature, optimising the consumption of resources through innovative processes or by certifying its waste management systems.

The Deep Purple project, turning urban waste into valuable resources

FCC plan for a circular economy

One of the many projects in which FCC participates is Deep Purple. Coordinated by Aqualia, with the participation of FCC Servicios Medioambientales, and financed by the public-private association Bio-Based Industries (BBI JV), it investigates, on a pilot scale, the application of innovative techniques in the management of effluents to recover by-products. Urban waters present valuable components such as

cellulose and other nutrients that can serve as raw materials for numerous applications. The by-products obtained from the Deep Purple Project can be used both as fertilisers, as construction materials, bioplastics and cosmetic products.

- **Climate change and eco-efficiency:** Aware of the environmental impact of its activity on its surroundings, the company has a 2050 Climate Change Strategy which, aligned with its commitment to reduce emissions, defines the climate goals for each business line and their different measurement indicators.

The FCC Group works to mitigate its impact on the natural and urban environment. For this reason, during its sustainability journey, the company has launched various initiatives such as: the Group's 2050 Climate Change Strategy, the promotion of electric vehicles, the development of R&D&i projects or the registration of the carbon footprint by business line. In addition, environmental training sessions have been promoted for employees and their participation in working groups on innovation and climate change has been encouraged.

FCC Construcción, the first Spanish construction company to verify its carbon footprint in 70% of its activities.

Climate change and eco-efficiency

Since 2010, FCC Construcción has a Climate Change Strategy, and annually prepares and verifies its emissions reports. Within the framework of this strategy, FCC Construcción has expanded the scope of the verification of emissions derived from its activity. During the 2020 business year, the CO2 emissions reports of 12 countries in which the company operates have been verified, which represents 70% of its national and international activities carried out in 2019.

- **Response to water stress:** The FCC Group is aware of the increasingly accentuated scarcity of natural resources, including water. In this regard, water stress has a direct impact on the development of communities, so its effective management is especially significant for the Group as it is a leading supplier in the management of the integral water cycle.

In order to reduce water stress in the communities in which it operates, the FCC Group, through the water business, has implemented processes to minimise its consumption, promoting the reuse of this scarce resource. Likewise, in recent years, the company has launched various public awareness campaigns on the responsible use of water and it has participated in various sectoral actions. In this regard, Aqualia's efforts to achieve greater efficiency in the consumption of water resources, through better use of wastewater, are also noteworthy, such as the H2020 Run4life project.

- **Protecting biodiversity:** The activities carried out by the company through its different business lines directly and indirectly affect the natural environment. To mitigate this impact and promote biodiversity conservation, the company establishes alliances, develops ecosystem protection projects and maps areas of interest for biodiversity, etc.

The FCC Group's commitment to protecting and caring for biodiversity has led the company to implement, within the framework of its CSR Master Plan, the following initiatives: collaboration with public entities to recover the population of certain endangered species, identification of protected areas in operational perimeters, environmental awareness campaigns or innovative projects to maintain the balance between the urban environment and its co-existing species.

FCC Construcción adapts the facade of a building for the nesting of swifts

Protecting biodiversity

In line with its commitment to the SDGs and, specifically, to biodiversity (SDG 15, life of terrestrial ecosystems), FCC Construcción adapted the façade of the IES María Espinalt, in collaboration with the Barcelona City Council to protect the swifts in their migratory passage through the region. For this, items that facilitate the nesting of these birds were incorporated, taking into account the location of the building, since it is located in an area of migratory transit during the spring season.

- **FCC Innova^{RSC}**: the FCC Group carries out cross-cutting innovation projects in each of its business areas and at the Group level, which contributes to generating a competitive advantage and being more efficient in its processes. In this regard, sustainable innovation has become a common commitment for the company.

The R&D&i efforts and investment by the FCC Group during the years of the Master Plan show its commitment to contribute to the creation of the sustainable cities of the future. In this regard, the company has participated in different sustainable innovation working groups and has motivated its employees to develop innovative solutions through its Avanza Awards.

FCC Medio Ambiente Iberia will hand over its Avanza Awards

The Avanza Awards were devised to channel all know-how in the area of innovation of FCC employees, and to recognise their effort and willingness to participate through initiatives that materialise in improvements to increase the company's competitiveness. Thus, for yet another year, FCC Medio Ambiente Iberia celebrated the delivery of the II edition of the Avanza Awards, in which six projects were awarded in the categories of Social Initiatives, Quality Improvement, Respect for the Environment and Innovative Solutions.

Axis III: Exemplary conduct: Cross-cutting ethical commitment

The FCC Group's Code of Ethics is the company's starting point in terms of integrity, to work with the highest standards of conduct with stakeholders and society as a whole. Internally, we are working to strengthen the control and supervision systems to be a benchmark company in this area, prioritizing the health and safety of employees and integrating the ESG (environmental, social and good governance) commitments in the value chain.

- **FCC Culture**: employees are the main intangible asset of the FCC Group. For this reason, the company works to consolidate and promote a solid corporate culture that covers each business line, to turn employees into brand ambassadors and increase, at the same time, their pride of belonging.

The FCC Group's corporate culture reflects the company's cross-cutting and aligned commitment to the mission, vision and values, contributing to its exemplary performance motivated by various training programmes in all geographies. Likewise, the company has worked on the revision of the Code of Ethics and Conduct and the Criminal Prevention Manual. A corporate Compliance Committee has been set up and internal controls and tools have been designed for their management and certification.

FCC360, the new internal communication application of the FCC Group

FCC culture

The FCC Group has launched its new FCC360 App, reinforcing its firm commitment to innovation and new technologies. One more step to enrich internal communication between work teams and promote corporate culture at mainstream level, in each business line.

The FCC360 application allows you to optimise and streamline many common management processes and keep all your employees informed and connected. Likewise, the application serves employees as a means to internalise and share the corporate culture of the organisation, through a deeper understanding of the mission, vision and values.

For the first time in FCC's history, the company is able to connect all employees online, sharing initiatives, challenging projects and, ultimately, the future path of the organisation.

- **Responsible procurement:** The company applies social, environmental and good governance criteria in its supply chain, in its firm commitment to introduce sustainability in the processes of contracting goods and services, through its commitment to responsible purchasing.

In order to comply with this action plan, the FCC Group has reviewed its Purchasing Manual and approved the Supplier Approval Procedure, for which a CSR questionnaire and the parameterisation of the tool have been prepared. Furthermore, compliance controls have been designed and clauses have been introduced in the general conditions of all the Group's contracts in matters of ethics, anti-corruption and compliance with the Global Compact.

- **XHumanRights:** The FCC Group promotes respect for human rights in all the communities in which it operates, promoting a quality, respectful and dignified work environment through training actions and internal awareness of employees, prevention mechanisms and the approval of human rights policies.

The route that the FCC Group has taken in this matter has mainly consisted of the following activities: an analysis of the impact of the company's activity on human rights has been carried out, which has been approved and disseminated internally and included in the Compliance Model and in the Code of Ethics and Conduct of the FCC Group. In addition, to detect possible abuses in this matter, an internal complaints mailbox has been set up.

- **Talent2: skills and leadership:** the professional development of employees at the FCC Group is essential to achieve greater productivity, obtain better results in the medium and long term and optimise the company's efficiency. The FCC Group, in its commitment to talent management, encourages the growth of its employees according to their needs and skills.

To contribute to the professional development of its employees, the FCC Group promotes transformational leadership. To this end, the FCC Campus has been launched, which has four corporate schools: speed, values, digital and compliance have been defined as competences at mainstream level, applicable to all Group employees.

The FCC Group promotes the training of its employees in all professional categories

Talent2: skills and leadership

In the last year, the FCC Group has launched some initiatives in the area of training and leadership among its different professional categories. In this regard, it is worth highlighting the III Edition of the International Programme for Young Talents in the Construction area or the implementation of pilot programmes for Mentoring and Collective Coaching to improve team management and the integration of different generations.

- **Diversity and equality:** for the company, attracting and retaining talent are fundamental aspects both internally and externally. For this reason, the FCC Group works to offer employment, promotion and remuneration opportunities under equal conditions for all its employees, promoting equality and diversity in all its activities, through various specific action plans.

Throughout the course of its Master Plan and to respond to this action plan, the FCC Group has launched projects in three areas of action:

1) Equality. Communication campaigns on equality matters; renewal of the "Equality at the company" emblem and the signing of new Equality Plans.

2) Diversity. Compliance with the "Principles for the empowerment of women" of the Global Compact; renewal of the Diversity Charter; collaboration with non-profit organisations such as the ONCE-Incorpora Foundation for the employment of groups at risk of social exclusion; accessibility measures at the Las Tablas headquarters.

3) Gender violence. Commitment of the FCC Group against gender violence through collaboration agreements with the ONCE-Incorpora Foundation, the Integra Foundation or the Red Cross, to promote the labour insertion of female victims of gender violence.

The FCC Group has updated its "Harassment Prevention and Eradication Protocol".

Diversity and Equality

The FCC Board of Directors, in order to reinforce its commitment to the principles set out in the Code of Ethics and Conduct and in its Compliance Model, approved a new version of the "Harassment Prevention and Eradication Protocol", extending the responsibility and ethical conduct to all the people who work at the Group.

Thus, to promote a fair and diverse work environment, the protocol contemplates, among other aspects, certain measures, the most noteworthy of which were as follows: not tolerate any conduct that involves discrimination, promote a culture of respect and awareness campaigns against harassment, offer specific training in this regard, ensure the agility of complaint mechanisms, adopt disciplinary measures and guarantee the labour rights and social protection of female victims.

In this regard, the FCC Group undertakes to avoid any conduct that may generate an intimidating or hostile work environment for employees, establishing procedures for action against harassment, guaranteeing the maximum confidentiality of the process and the prohibition of retaliation in this regard.

- **Health and Safety comes first:** the FCC Group works to disseminate a culture of prevention of occupational risks, health, safety and the well-being of employees at the company, to position itself as a leading player in this area. To do this, improvement plans are implemented and health and safety policies are reviewed, which allow us to visualise the performance of FCC as a healthy company.

Health and safety is a matter of global relevance for the FCC Group. The activities that have marked the positioning of the company with the well-being of its collaborators during the implementation of the Master Plan are based on: updating the FCC Group's Risk Prevention Policy; the creation of the Live Healthy Project and the ISO 45001 Certification on Health and Safety Management Systems in the different areas.

FCC Medio Ambiente Iberia receives the AENOR certificate of protocols against COVID-19

Health and Safety comes first

The company has certified its protocols with AENOR with respect to COVID-19 at its corporate headquarters in Las Tablas (Madrid). The awarding of this certificate constitutes significant recognition, not only of the company's commitment to the safety of its employees in matters of prevention and hygiene, but also of the effectiveness of the measures applied in the workplace in the context of the international health crisis. It also highlights the effort made by the entity to comply with current legislation. As assessment was made of occupational health management; training and communication in this matter; organisational and protection measures, as well as the business continuity plan, among others.

Next steps in the sustainable path of the FCC Group: Towards the ESG 2025 Master Plan

With the aim of ensuring the FCC Group's sustainable commitment in the coming years, the company held a Sustainability Conference in which all business lines participated, to jointly define the new ESG 2025 Master Plan:

The FCC Group holds the Sustainability Conference with the objective set in the new ESG 2025 Master Plan

The FCC Group Sustainability Conference, which took place on 28 October, was held with the aim of setting out the sustainable roadmap to be followed by the company in line with the new Master Plan. During the seminar, the importance that ESG (environmental, social and good governance) aspects have acquired in recent years, and their trend to become a fundamental piece of its business model, was highlighted. Likewise, a review was made of the main milestones of the FCC Group and the route towards sustainability from 2005 to now.

Once the respective presentations had been completed, the sustainability managers of each business line of the company participated in a dialogue table to establish jointly and in a coordinated manner the pillars of the Group's next Master Plan, aligned with the SDGs and aimed at satisfying the demands and expectations of its stakeholders.

In this regard, the exhaustive materiality study carried out in a mainstream manner will be the starting point for the definition of the new ESG 2025 Master Plan, allowing the main axes on which to work to be established in the short, medium and long term, to continue offering the best services to citizens and contribute to socio-economic development.

4.3 FCC'S CONTRIBUTION TO THE ATTAINMENT OF SUSTAINABLE DEVELOPMENT GOALS

Since its approval in 2015, the Sustainable Development Goals (SDGs) have marked the 2030 Agenda, involving the collaboration of both the public and private sectors. These 17 objectives, made up of 169 specific goals, seek to guide global efforts to solve the main challenges, such as the eradication of poverty, the protection of the planet and the design of cities, among others.

With a decade to go, the SDGs are increasingly present in today's society, bringing together the efforts of governments, companies and individuals, requiring urgent action to make this roadmap a reality.

Aware of the importance of achieving the SDGs, the FCC Group is firmly committed to complying with the 2030 Agenda, expressing this commitment in the development and implementation of its Corporate Social Responsibility Policy. The company actively participates in contributing to this global roadmap, therefore, both the FCC Group's CSR programmes and its 2020 CSR Master Plan are aligned with the 17 SDGs.

The FCC Group's track record in CSR matters highlights the link between the SDGs and the company's strategy, which has internalised the commitments to the 2030 Agenda, integrating them into its business model. At the Group level, the company contributes across the board to the following Sustainable Development Goals:



Taking into account the different sectors in which it operates, the FCC Group's contribution to the SDGs is detailed below, broken down by each of the business lines.

Contribution to the FCC Group's Sustainable Development Goals by business



Aqualia, by providing water and sanitation management services, allows citizens to enjoy healthy conditions, helping to avoid infections and the spread of diseases.

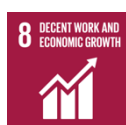


Aqualia's activity generates solutions to water supply, sanitation and purification needs. Therefore, it is aimed at facilitating and improving access to water and the quality of this resource, working to improve the efficiency of water resources.

For its part, the Construction business also contributes to achieving this objective, through the construction of infrastructures dedicated to water management.



The Construction business develops energy efficient facilities, and contributes to the provision of energy services through the construction of infrastructures.



FCC Servicios Medioambientales, together with the rest of the Group's business lines, generate employment for tens of thousands of people, thus contributing to economic development in the areas in which they operate.

FCC Servicios Medioambientales, constantly applies technological innovations that allow it to optimise waste management, making the most of it.



The Construction business invests annually in research, considering it a fundamental axis to build and develop sustainable infrastructures.

For its part, Aqualia tries to improve the end-to-end management of water resources through the application of innovative technologies. Therefore, it considers that innovation is the basis for improving the efficiency and reliability of its processes, while guaranteeing the highest quality of service.

Cementos Portland Valderrivas uses and applies the best available techniques, promoting digital transformation and exploring the application of technologies that allow it to manufacture resilient and sustainable products.



FCC Servicios Medioambientales has a Special Employment Centre (FCC Equal) that helps people with disabilities to integrate and access employment.



Aqualia, through its activity, contributes to ensuring access to basic services such as water and sanitation.

The Construction business contributes, from its activity, to the development of more sustainable and resilient cities and communities that can face global challenges.

Regarding Cementos Portland Valderrivas, the company is constantly researching solutions that allow it to reduce water and energy consumption at its facilities, using waste as raw materials or as fuels.



The activity of FCC Servicios Medioambientales contributes directly to achieving this objective, through the recovery of waste, turning it into resources that can be used. In addition, the company carries out different initiatives to achieve a more efficient use of natural resources.

In relation to Aqualia, different actions are carried out to allow efficient use of water resources, as well as to promote the reuse of waste water, applying circular economy techniques.

The Construction business applies circular economy techniques, promoting the responsible corporate management of resources and waste.

As for Cementos Portland Valderrivas, the company encourages the efficient use of natural resources by replacing them with industrial by-products and, in addition, it uses alternative fuels such as biomass.



The Construction area promotes a business model and the performance of energy efficient activities to adapt to an economy with low carbon emissions.

For its part, Cementos Portland Valderrivas collaborates with its stakeholders to seek innovative solutions that reduce CO₂ emissions derived from its activity. These emissions are continuously monitored and, on an annual basis, the company establishes targets for their reduction.



To promote the continuous improvement of its processes, Aqualia frequently collaborates with universities and research centres, developing technology that can be applied worldwide.

The FCC Group joins the #SupporttheSDG campaign on the 5th anniversary of its approval by the United Nations

In line with FCC's commitment to the Sustainable Development Goals, and on the occasion of the 5th anniversary of the approval of the 2030 Agenda, the FCC Group has participated in the #SupporttheSDG campaign, promoted by the Spanish Global Compact Network to promote the enactment of the United Nations 2030 Agenda from the private sector. Some of the projects that participate in the promotion and development of the SDGs carried out during 2020 are:

- FCC Servicios Medioambientales - Innovation: le-urban project

FCC Servicios Medioambientales makes a strategic commitment to technological innovation through the launch of a new 100% electric collection vehicle designed to improve safety and reduce emissions, thus increasing its useful life. Thanks to this initiative, among many others, FCC Servicios Medioambientales contributes to SDG 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities), 12 (Responsible consumption and production) and 13 (Climate Action).

- Aqualia - Development of Local Communities

Aqualia, in line with the Group's commitment to contribute to the communities in which it operates, works to improve and expand the capacity and efficiency of a Wastewater Treatment Plant in Colombia, one of the largest wastewater sanitation projects residuals that have been implemented in the country. The new infrastructure will bring with it a significant social, environmental and economic impact in the area, contributing to SDG 6 (Clean water and sanitation) and 17 (Partnerships for the goals).

- Construction Business - Sustainable Leadership

FCC Construcción participates significantly in various working groups aimed at developing sustainable construction standards, allowing the company to keep abreast of the latest trends and contribute in parallel to their development and dissemination. Along these lines, FCC Construcción chairs those work commissions related to the establishment of sustainability principles and aspects for their evaluation in civil works. Thanks to this effort, we are working towards the fulfilment of SDG 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities), 12 (Responsible consumption and production), 13 (Climate action) and 17 (Partnerships for the goals).

- Cementos Portland Valderrivas - Energy efficiency

Cementos Portland Valderrivas, in its pledge for a circular economy, began to work on energy recovery in the production of cement. The objective is to replace fossil fuels with energy obtained from biomass, allowing GHG emissions to be reduced by 40%. These actions would contribute directly to SDG 12 (Responsible Consumption and Production) and 13 (Climate Action).

FCC Construcción is the first construction company in the world to join the UN's "Sustainable Finance and Investments" group

FCC Construcción, the first construction company present in the CFO Taskforce led by the Global Compact network, has participated in the publication of the principles for the integration of sustainable investments and finance.

This working group was founded in 2019 with the purpose of addressing the challenge of sustainability and the attainment of the Sustainable Development Goals (SDGs). Its main mission is to create an efficient market for investments and capital flows in the SDGs, guiding companies to align their sustainable development commitments with financing strategies that generate a real impact on the SDGs.

5. FCC, committed to dialogue

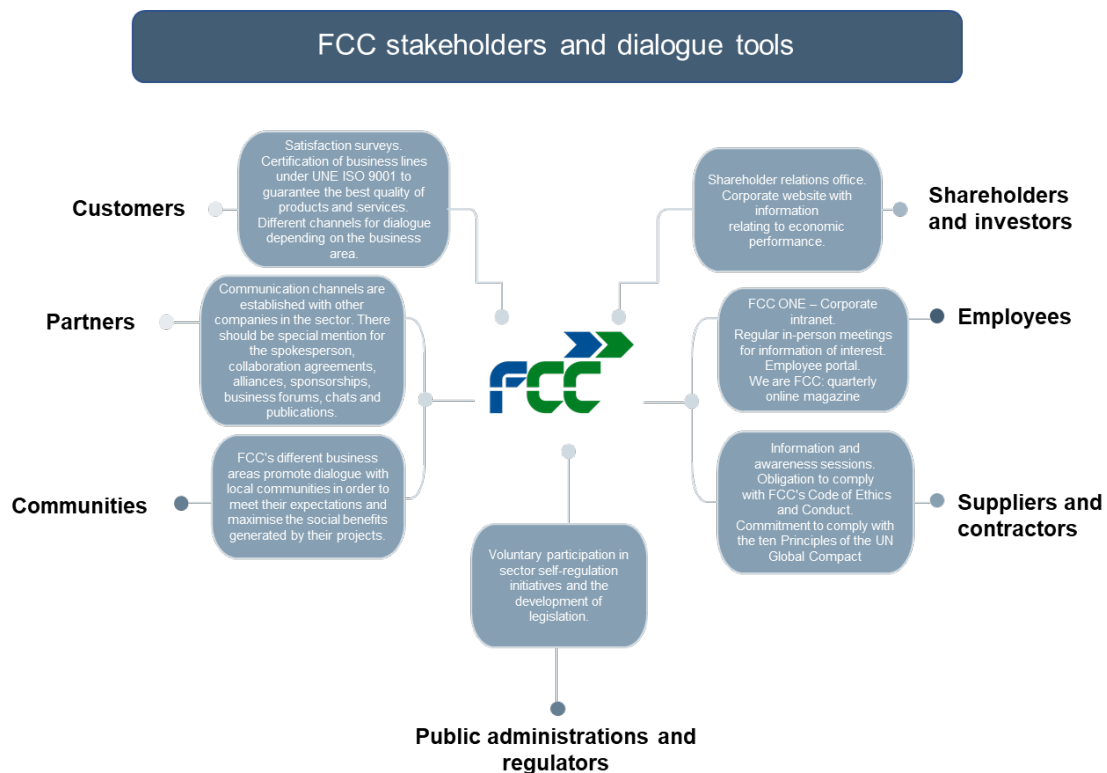
The FCC Group is aware of the importance of its stakeholders for the normal operation of its activity. For this reason, all the Group's businesses promote a fluid and transparent relationship with its stakeholders based, in turn, on a constant dialogue.

Furthermore, for each of its businesses, the FCC Group identifies the most relevant matters, taking into account both the expectations of its stakeholders and the organisation's objectives. For the Group, the definition of materiality is a strategic issue, which is why, in 2020, an exhaustive update of this study has been carried out, which will constitute one of the bases on which the future CSR Master Plan will be designed.

5.1 FOSTERING DIALOGUE: STAKEHOLDER COMMUNICATION CHANNELS

As established in its vision, the FCC Group focuses its efforts on improving the quality of life of citizens, contributing to the sustainable progress of society. In this way, the Group's activity generates impacts on the communities in which it operates, and the different FCC businesses, in order to make its objectives and commitments reality, and in line with its principles of professionalism and honesty, it establishes channels of communication and dialogue with its different stakeholders, which allow the company to meet and respond to social, environmental and good governance demands.

In 2006, the FCC Group, since the preparation of its first materiality analysis, and in accordance with the approval of its first Master Plan 2007-2008, worked on the identification of the different stakeholders to ascertain their needs and expectations. In the identification process, all those internal or external stakeholders that impact or are impacted by the Group's activity were considered. The following graph shows the list of stakeholders identified as a result of said analysis, as well as the main dialogue tools that have been established therewith.



The FCC Group establishes a continuous dialogue with its stakeholders, through a wide number of communication channels, among which the following stand out: FCC One, the main internal communication channel for employees available in the FCC360 application; Sustainability and environmental communication reports, to present the Group's ESG performance; direct dialogue with clients; satisfaction surveys; web pages and social networks such as LinkedIn, Instagram or Youtube; presence at fairs, forums and conferences to share expertise and collaboration with sector associations, educational and professional entities.

To achieve the objectives and commitments, each business area establishes different channels adapted to its needs and peculiarities in the relationship and response to stakeholders.

At FCC Servicios Medioambientales, activities must connect with the real needs of citizens and, for this, we try to maintain a constant dialogue that helps them to ascertain their different expectations at all times.

The different departments and business offices that make up FCC Medio Ambiente Iberia have specific identification mechanisms and communication channels through which they interact with the organisation's stakeholders.

In the UK, communications with local communities are managed at each location, depending on the circumstances of each one. Regular meetings with the communities are held at all landfill facilities and power plants.

Likewise, FCC Environmental Services maintains a fluid relationship with the representatives of the contracts and with the members of the service areas, organising meetings with them on a routine basis; For its part, FCC Environment CEE uses different channels to communicate with local communities, such as social networks, local press, etc.

Aqualia developed a strategic materiality at the end of 2019, reviewing its brand purpose, identifying the strategic lines for responsible business, and determining the communication guidelines for each of its stakeholders. This process has involved actively listening to more than 18,000 people who are part of the company's stakeholders.

The Construction business identifies and evaluates, for all its projects and centres, the environmental and social aspects that may be relevant to local communities. Based on this evaluation, a programme of actions is established, and environmental control measures are communicated to stakeholders.

During the execution of the works, the company involves the local community by establishing communication channels, on the one hand, so that they can transmit complaints and claims, and on the other, to be able to inform them about the progress of the project and about the measures adopted to minimise possible adverse impacts. In this way, participation processes are developed that reflect the needs and concerns of stakeholders, increasing their influence in decision-making related to projects.

Cementos Portland Valderrivas considers that the legitimacy of its activity is based on trust and the quality of the relationships maintained with the local communities in which the company is a member. For this reason, communication and dialogue channels are maintained with institutions, social players and local groups, such as company publications, participation in seminars or participation in colloquia and interviews, among others.

5.2 FCC GROUP MATERIALITY STUDY

In 2020, the FCC Group carried out an exhaustive update of the previous materiality study, in order to identify the most relevant social, environmental and governance issues for each of its business lines (FCC Servicios Medioambientales, Aqualia, Construcción and Cementos Portland Valderrivas). This identification of the main non-financial matters fulfils a double function, since it allows the definition of the contents of this report in accordance with the indications of the Global Reporting Initiative (GRI) while, at the same time, serving as support for the definition of the future Master Plan of the FCC Group. In order to reflect in greater detail the priorities of each of the FCC Group's business lines, this update has involved the redefinition of the matters evaluated with respect to the previous study, which have gone from 12 to a total of 23. These matters are aligned with the main sustainability reporting frameworks, as well as with the legal requirements to which the FCC Group is subject.

This study has incorporated, through a documentary analysis, information related to the following stakeholders: investors, competitors, industry associations, clients⁷ and society. Likewise, internally, the management team of each of the businesses has been involved, as well as mainstream Central Services departments. The results of this study reflect the most important issues for the Group's stakeholders and those with the greatest significance and impact on each of the FCC Group's business lines. In the case of Aqualia, a specific materiality analysis has been conducted, and its results have been adapted to the issues identified at FCC Group level.

For the rest of the business lines, the study has been structured in the following phases:

- **External assessment:** To determine the significance that stakeholders grant to the issues, information on competitors, main industrial associations, ratings and ESG investment analysts has been analysed for each of the business lines, together with the information available from business customers of Construction, press and social networks, as well as the material matters identified by SASB and GRI.
- **Internal assessment:** The significance and impact of the issues on the different business lines of the FCC Group have been established. This phase has involved, through interviews and the launching of questionnaires, members of the Management Committee of the different lines of business, as well as a selection of executives from Central Services, with a cross-cutting vision of the FCC Group. In addition to assessing the double materiality of the impacts of each ESG issue, the presence of said issues in the strategy of each business and the selection of the three most relevant issues according to the perception of the respondents were taken into account. To identify future engagement areas, work was also performed to identify the medium-term trend (3-5 years) and the current performance of the Group in such ESG matters.
- **Determination of material matters:** Once the previous phases have been completed, each of the stakeholders has been weighted, taking into account the significance of the information analysed. Subsequently, the results of the internal and external evaluations have been added, determining the material issues, and the materiality matrices have been designed for each business line. These matrices represent, on the vertical axis, the importance given by the company's stakeholders and, on the horizontal axis, the relevance and impact on the different lines of business. Material matters are understood as those that exceed the average score on both axes.

⁷The information available from clients has only corresponded to the Construction area

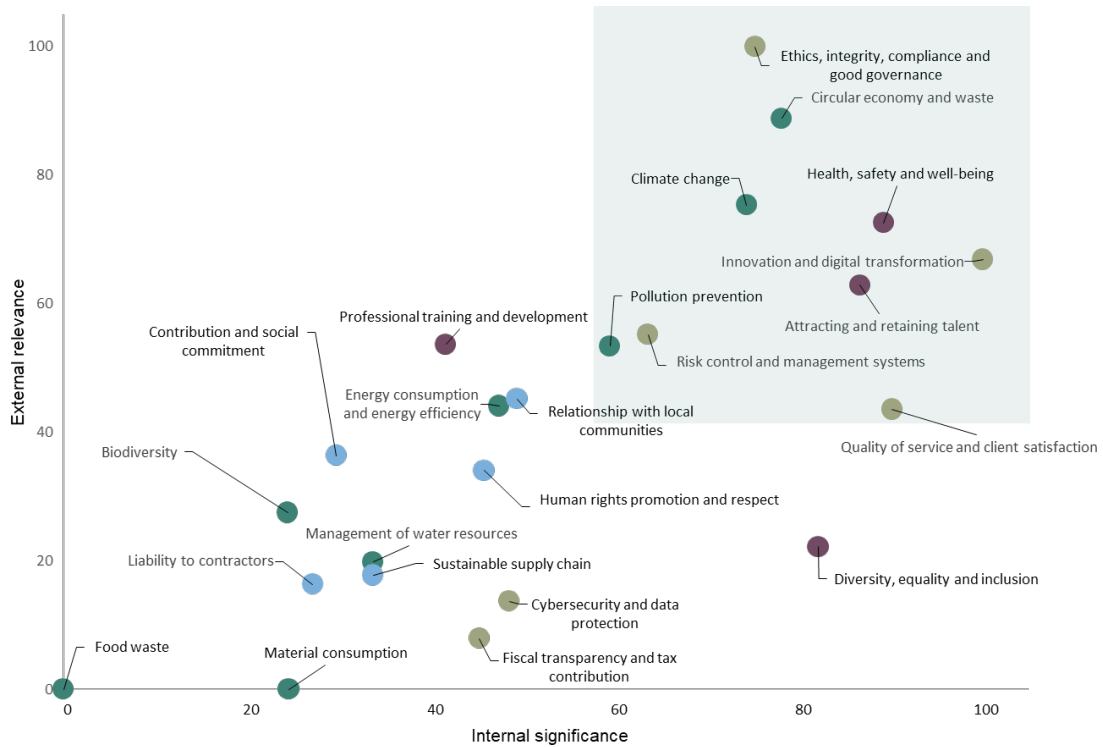
The following table shows the correspondence of material matters for each of the businesses:

Material matters for business

	Environment	Water	Construction	Cement
Ethics, integrity, compliance and good governance	X	X	X	X
Risk control and management systems	X		X	X
Quality of service and client satisfaction	X		X	
Innovation and digital transformation	X		X	
Cybersecurity and data protection				
Fiscal transparency and tax contribution		X		
Pollution prevention	X			X
Circular economy and waste	X	X	X	X
Management of water resources		X		
Material consumption		X	X	
Energy consumption and energy efficiency		X		X
Climate change	X		X	X
Biodiversity				
Food waste				
Attracting and retaining talent	X		X	
Professional training and development			X	
Diversity, equality and inclusion		X		
Health, safety and well-being	X	X	X	X
Contribution and social commitment		X		
Human rights promotion and respect		X	X	
Relationship with local communities			X	
Liability to contractors				
Sustainable supply chain				

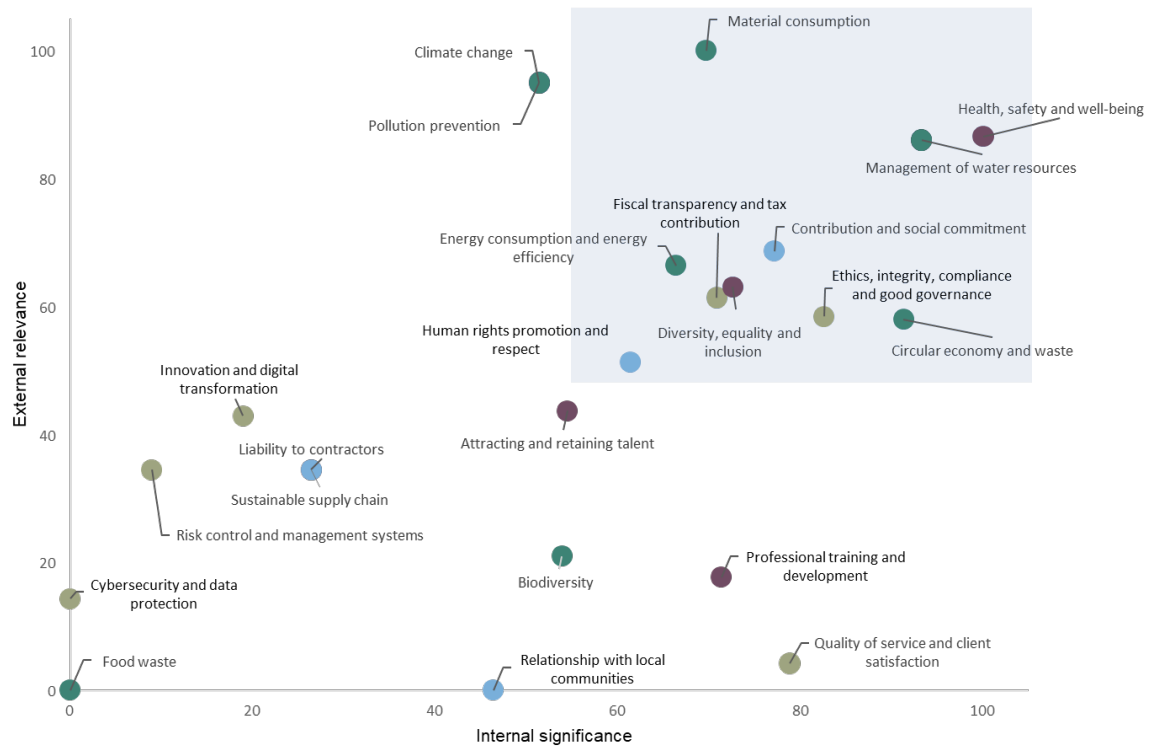
The materiality matrices for each of the FCC Group's business lines are shown below, framing the material issues in the highlighted tables.

FCC Servicios Medioambientales



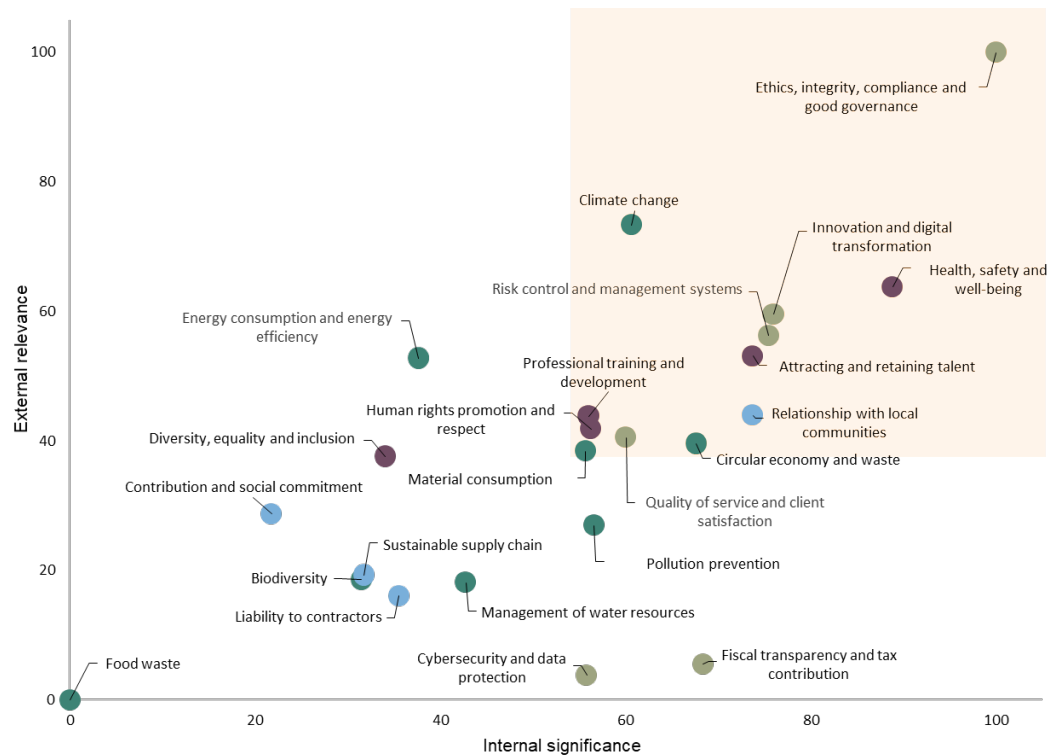
As can be seen from the results of the study, for FCC Servicios Medioambientales, the most important issue for stakeholders is ethics, integrity, compliance and good governance. Internally, the issue with the most relevance and impact is innovation, a cross-cutting issue that makes it possible to address other company challenges, such as the fight against climate change and the transition towards a circular economy. With regard to employment matters, the importance of health and safety, as well as the management of FCC Servicios Medioambientales staff, stands out.

Aqualia



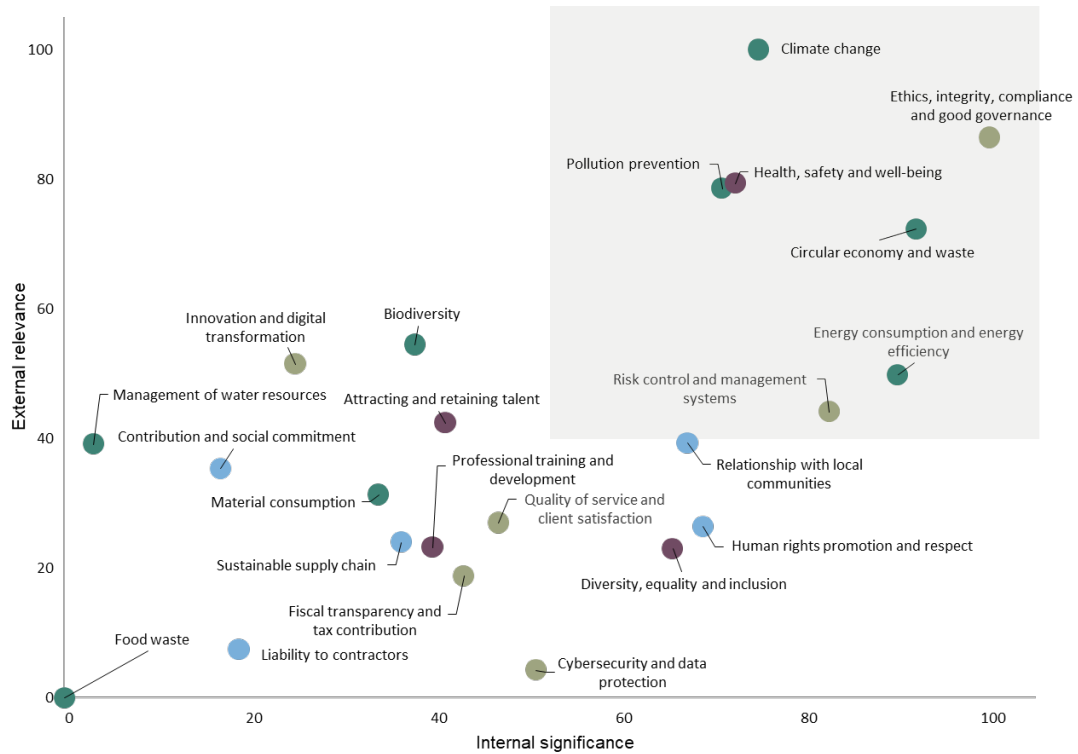
Aqualia's stakeholders consider material consumption, climate change and pollution prevention to be the most important issues. Internally, it highlights the importance given to the safety and health of workers, as well as to the management of water resources, closely linked to the company's activity. It is worth noting the importance, both internally and for stakeholders, of the social contribution initiatives carried out by Aqualia.

Construction



For the Construction business, the most important issue for stakeholders is ethics, integrity, compliance and good governance, also being the one that has the most relevance and impact on this line of business. For stakeholders, the fight against climate change constitutes a work priority, while internally the significance and impact of the health and safety of workers should be stressed, given the activity that is carried out. Also noteworthy is the importance of innovation- and risk management-related issues, which contribute across the board to the attainment of the Construction business's objectives.

Cementos Portland Valderrivas



For Cementos Portland Valderrivas's stakeholders, climate change is the most relevant issue, while internally the importance of ethics, integrity, compliance and good governance should be highlighted. More than half of the material issues are related to the environment, which highlights the importance of environmental management for this line of business of the FCC Group. With regard to employment matters, the importance of the health and safety of employees is especially significant.

As can be seen in the matrices, some material issues are identified across the FCC Group, regardless of the business line evaluated:

- Ethics, integrity, compliance and good governance:
- Health, safety and well-being:
- Circular economy and waste.

Additionally, it is necessary to highlight the importance that some environmental issues, such as energy and climate change, have had for the FCC Group's stakeholders. These matters have been considered to be of significance regardless of the activity carried out by the different business lines

For its part, the internal relevance of the issues varies between the FCC Group's business lines, since the study reflects the different nature of the activities of each of them.

6. Ethics and integrity at the FCC Group

6.1 COMPLIANCE AND DUE DILIGENCE

Through its Compliance Model, the FCC Group guarantees that all the companies and employees of the company are governed in accordance with the principles established in the Code of Ethics and Conduct, at the same time strengthening internal control so as not to commit any criminal breach.

The FCC Group has a Compliance Model, whose review process began in 2018, to prevent conduct that may lead to the commission of crimes, and which comprises the following regulatory block:

- Code of ethics and conduct
- Criminal Offence Prevention Manual
- Anti-corruption policy
- Partner relationship policy in the area of Compliance
- Investigation and response procedure
- Procedure for the Whistleblowing Channel
- Human Rights Policy
- Compliance Committee Regulations
- Agent policy
- Gift policy
- FCC Group participation policy in bidding processes for goods or services
- Harassment Prevention and Eradication Protocol

During 2020, the most significant actions carried out regarding this FCC Group Compliance Model, aimed at establishing an ethical and compliance culture that guarantees due diligence, have consisted of:

- Review and update of the criminal risk map, focused on risk assessment following the impact of COVID-19.
- Approval of new regulatory developments.
- Review of the design of controls in the area of international anti-corruption.
- Deployment of the international Compliance Model at Cementos Portland Valderrivas, and progress in its implementation for the international subsidiaries of FCC Servicios Medioambientales and Aqualia.
- Coordination of the supervision of the Compliance Model by Internal Audit.
- Performance of two self-assessments and certifications in the compliance tool.
- Design and launch of new online training, related to the Code of Ethics and Conduct, and in the area of Criminal Prevention.
- Definition, together with the Group's Purchasing Department, of the supplier approval procedure.
- Performance of 195 third-party due diligence evaluations.

To ensure the proper functioning of the Model, the Compliance Committee is the Group's Criminal Prevention body, with autonomous powers of initiative and control. Currently, it is composed of:

- The Corporate Compliance Officer (president)
- The Legal Advice Department General Manager (voting member)
- The Human Resources Director (voting member)

Additionally, for the cases in which their participation is required to carry out the investigations, the Internal Audit managing director participates as a member with an attendance and voting right. Lastly, and as guests,

the Compliance Officers of the businesses (FCC Servicios Medioambientales, Aqualia, FCC Construcción and Cementos Portland Valderrivas) also attend.

Compliance Committee Meetings

During the 2020 business year, and in order to fulfil the tasks and powers designated by the Compliance Committee, 11 ordinary meetings were held, plus seven extraordinary sessions. Twelve annual meetings could not be held since the March session had to be postponed due to the COVID-19 pandemic.

FCC Group Ethics Channel

The FCC Group has numerous effective reporting mechanisms, which allow workers and other stakeholders to report events if breaches are detected. These mechanisms are essential to be able to guarantee compliance with the Code of Ethics and Conduct, as well as the regulations that derive from it.

During the business year 2020, a total of 117 notifications were received by the FCC Group's Ethical Channel, through the corporate intranet, email, or post office box, 34 notifications more than in 2019, mostly of an employment nature.

At the closing date of this report, a total of 101 notifications had been resolved, 86.3% of the notifications received, the remainder being processed or investigated with a resolution expected in the first quarter of 2021.

Training and dissemination of the Compliance Model

The FCC Group carries out different training and communication programmes on the Code of Ethics and Conduct, and the policies and procedures that enact it, to foster employee commitment and performance, in accordance with the company's ethical principles.

In this regard, in 2020, two especially significant projects have been carried out. Firstly, the online training course on the Code has been translated and adapted into six new languages (German, Czech, Slovakian, French, Portuguese and Romanian), allowing the scope of this initiative to be expanded internationally. Secondly, in Spain, the "Compliance coffee" project has been launched, to train and raise the awareness of employees, through sketches and audio-visual content, on the acceptance of gifts, conflicts of interest and the proper use of the company's assets.

In 2020, online training on the Code of Ethics and Conduct continued, with a total of 419 employees completely said training successfully. In this way, since its launch in 2019, 7,998 employees have taken this course, with a completion rate of 88%. Additionally, by including this training in the company's Welcome pack, 1,229 new hires have successfully completed this course.

In addition, during 2020, five online training courses on Compliance were given through Campus FCC, the Group's new training platform, with 18,321 students finishing the programme, representing a total of 11,633 hours of training.

With respect to the publication of the Compliance Model, the entire regulatory block is available to the whole workforce on the corporate intranet, and both the FCC Group's Code of Ethics and Conduct and the Compliance policies are available to the public through the corporate website.

Compliance Model Certifications

To guarantee the operation and effectiveness of the Compliance Model, those responsible for the controls designed to prevent criminal risks must carry out a semi-annual self-assessment. Hence, certification is provided that the controls performed have been executed and documented, reporting any changes to them.

During 2020, two certifications of the Compliance Model were provided through the Group's tool, evaluating around 3,000 controls in both cases. Based on these evaluations, corrective measures are applied, which allows the Model to continue to be improved.

6.1.1 Due diligence with Human Rights

FCC fully rejects child labour, forced labour and work in painful, extreme, subhuman or degrading conditions while, at the same time, guaranteeing freedom of association and collective bargaining, as well as the rights of ethnic minorities and indigenous peoples in all areas in which the Group operates.

The FCC Group guarantees, within its catchment area, respect for human rights and public freedom, based on the legal framework of each country. This responsibility, in accordance with the provisions of the Code of Ethics and Conduct, is transmitted to all company employees, who must comply with these principles at all times.

The company's commitment to human rights is further reinforced by the FCC Group's compliance with the main international frameworks, such as the United Nations Global Compact, the Universal Declaration of Human Rights Framework, the Declaration of the Rights of the Child, the different ILO conventions and other agreements of the International Federation of Construction and Wood Workers (BWINT).

In 2020, no complaints were received regarding the violation of human rights.

The FCC Group approved the "Harassment Prevention and Eradication Protocol"

In order to reinforce its commitment to the principles set out in the Code of Ethics and Conduct and in its Compliance Model, FCC's Board of Directors approved the "Harassment Prevention and Eradication Protocol". Thus, to promote a fair diverse work environment, the protocol contemplates, among other aspects, certain measures, the most noteworthy of which were as follows: not tolerate any conduct that involves discrimination, promote a culture of respect and awareness campaigns against harassment, offer specific training in this regard, ensure the agility of complaint mechanisms, adopt disciplinary measures and guarantee the labour rights and social protection of female victims.

Alliance to achieve the universal right to water and sanitation in Europe

The United Nations General Assembly has recognised, since 2010, the Human Right to Water and Sanitation and, since 2015, the Right to Sanitation independently. For this reason, Aqualia, together with other European organisations, companies and institutions, has participated in the issuance of a joint declaration, calling on the EU institutions to consider water and sanitation as a human right within the European legislative system, thus guaranteeing these services for all citizens.

6.1.2 Due diligence with bribery and corruption

Through its Compliance Model, the FCC Group guarantees compliance with the laws and regulations in the places in which it operates, generating trust among its customers, shareholders, employees and business partners.

The Code of Ethics and Conduct constitutes the basis of the Compliance Model, although it is supported by the approval of various policies that enact it. One of the complementary policies to the Code is the Anti-Corruption Policy, which includes the following principles:

- Compliance with legality and ethical values
- Zero tolerance against bribery and corruption practices
- Property surveillance and data confidentiality
- Rigour in control, reliability and transparency
- Prevention of money laundering and transparent communication

- Extension of commitment to partners in the business
- Promotion of continuous education on ethics and compliance
- Transparent relationship with the community
- Conflicts of interest

Additionally, the FCC Group has other policies related to the fight against corruption and bribery:

- Agent Policy, which establishes the general principles that should govern the relationship between the FCC Group and any agent or business developer, in order to guarantee their compliance with ethical principles in line with those of the FCC Group.
- Gift Policy, which establishes the principles relating to the making or acceptance of gifts and hospitalities, guaranteeing that they are always made in a transparent and occasional way.

At FCC, we adopt zero tolerance against corruption and bribery, thereby promoting a culture to tackle it. The prevention and mitigation of crimes related to corruption, bribery, influence peddling, fraud, money laundering and swindling is a priority for the Group. Given the possible crimes to be avoided, a risk event is associated in which it could materialise, designing the necessary processes and controls to guarantee regulatory compliance.

Regarding the procedures related to the control of bribery and corruption, the following are worthy of mention:

- Control applied to sponsorships and donations, through a request to be reviewed and approved by the Corporate Communication Department.
- The employee selection procedure based on a skills system to ensure transparency and equality in all selection processes.
- The annual training plan in matters of criminal prevention and anti-corruption.
- The approval of travel and representation expenses.
- The Purchasing Manual and the procedure for the communication and approval of the purchase required.
- The reconciliation of bank statements for the detection of outstanding or unreasonable movements.
- The management of the legal representatives for each company.
- The Due Diligence required before recruiting certain partners and agents.

When assessing exposure to crimes related to anti-corruption, analyses have been carried out in operations for all the countries in which the Group operates. In this way, the matrix of risks and controls in anti-corruption matters has been implemented in Spain and in most foreign geographies.

Finally, given the significance of this subject, specific training on corruption prevention has been devised, aligned with the principles established in the Code of Ethics and Conduct and in the Anti-Corruption Policy. This training, launched in February 2020, has been successfully completed by 3,200 FCC Group employees.

6.1.3 Measures to fight money laundering

During the process of preparing the crime, risk and control matrices, a series of risk events have been identified for the Group in the area of money laundering: non-compliance in the review of control and identification procedures for clients indicated in the Law on the Prevention of Money Laundering (LPBC in Spanish), non-compliance with obligations regarding information collected in the application of the LPBC and the non-application of the established internal control measures for those subject to the LPBC.

For each of these risk events, a series of controls have been planned, aimed at guaranteeing regulatory compliance by the FCC Group. In this regard, the following procedures have been established to control this area:

- Including a Money Laundering Prevention clause in real estate promotion marketing contracts.
- The review of contracts for sale of goods, lease and lease with option to purchase.
- The review of legal representatives for the revocation of powers for those who have left the company.
- The existence of an internal advisory and whistle-blower line.
- A Money Laundering Prevention Manual.
- Creation of a body for the supervision and monitoring of money laundering preventive measures.
- The identification of the parties concerned in a real estate asset, in order to assess the operation's risk.
- Training employees on Money Laundering.

As a result of its efforts in this area, the FCC Group has not received any money laundering complaints.

6.1.4 Transparency and accountability

In tax matters, the company complies with the Tax Authority's Code of Good Tax Practices, which establishes the principles of transparency and mutual trust, as well as good faith and loyalty between the parties, guaranteeing a more effective relationship without legal uncertainty.

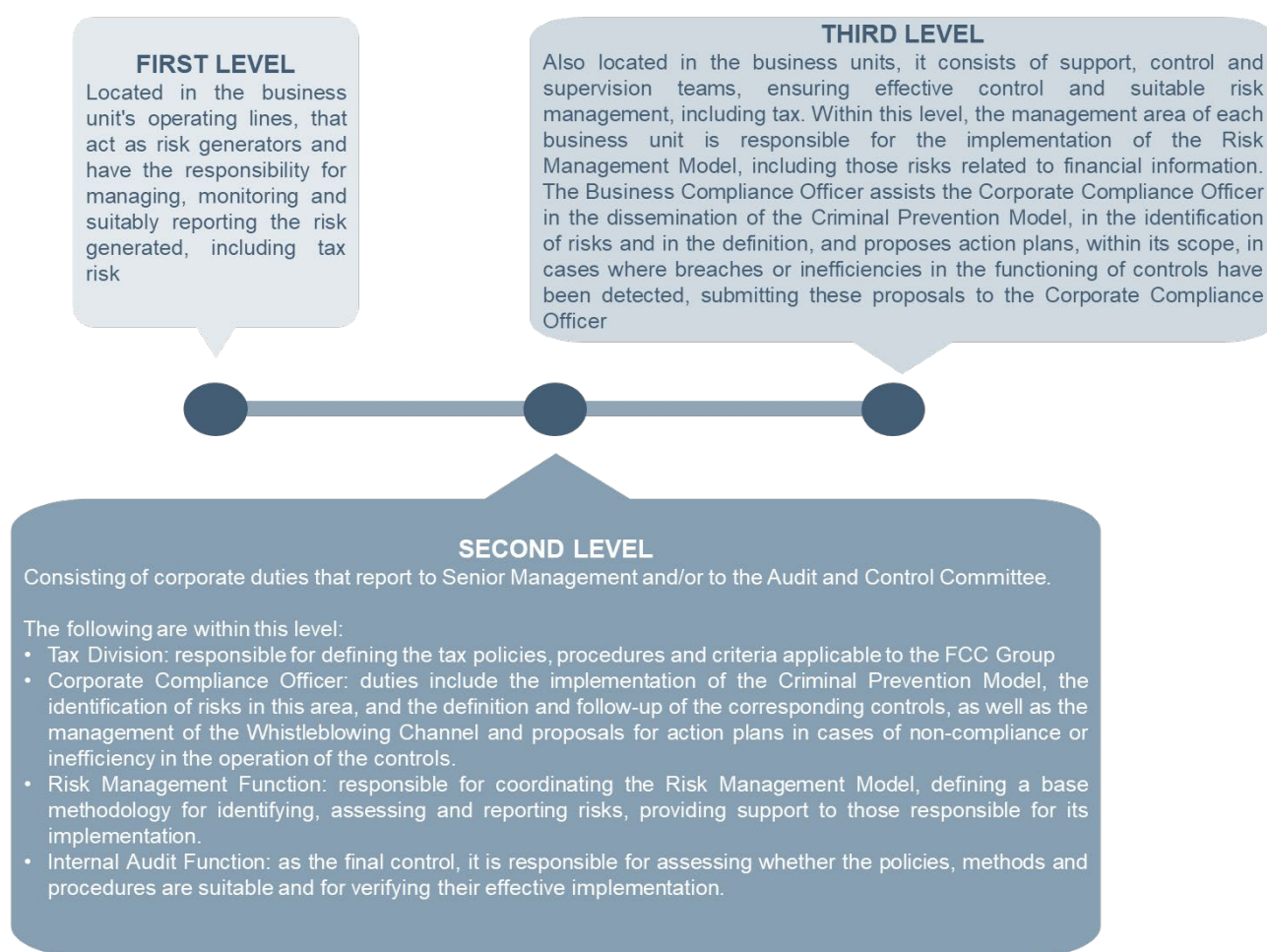
Additionally, to minimise the risks derived from tax breaches, FCC has its own Code of Tax Conduct, which is mandatory for all persons linked to any Group company. This document, in line with the values established in the Code of Ethics and Conduct, establishes the basic principles of the FCC Group in tax matters, including compliance with the applicable tax regulations, respect for the "Framework Regulation on the Control of the Tax Area", and ensuring that senior management reviews significant decisions on tax matters and the promotion of transparency.

Annex IV shows the details of the profit after tax and the income tax paid by country in 2020 in those countries in which FCC has a presence, together with the public subsidies received.

6.2 RISK MANAGEMENT AT THE FCC GROUP

The FCC Group has a Risk Management Model that is designed to identify and assess the potential risks that could affect the Group's different units. Mechanisms have also been included in the organisation processes that enable risks to be managed and kept within acceptable levels, providing the Board of Directors and Senior Management with reasonable security with regard to the achievement of the main objectives defined. The Model is applied to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

The Risk Management Model is based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment. To achieve this, a three-tier system of risk management and internal control was established, the first two located in the business units and the third in the corporate areas:



The main risk scenarios can be grouped into four categories: operational, compliance, strategic and financial.

Operational risks

Termination or unilateral modification of a contract, contractual issues and legal disputes



- Unilateral termination of contracts
- Related economic losses
- Costly legal or arbitration proceedings
- Discrepancies in the interpretation of contractual requirements

Project rescheduling



- Lack of land availability
- Delays in obtaining licences
- Health and/or environmental restrictions
- Supply chain disruption

Risks arising from links with third parties



- Adverse project circumstances
- Reputational and/or economic problems
- Setbacks in ongoing projects

Uncertainty in pricing and optimisation of the supply chain, raw materials, energy and outsourced services



- Price fluctuations
- Difficulties in optimising the supply of goods and services
- Impact on the Group's results

Labour conflict



- Non-compliance with labour legislation in the various countries in which the Group operates
- Conflicts that harm the company's productive capacity
- Reputational problems

Loss of human capital



- Impact on project development
- Changes in project outcomes

Risks associated with digital transformation



- Lack of updating in related matters, at both a human and infrastructure level
- Disruptions in operations

Operational risks

Cyber attacks



- Effects on tangible and intangible assets
- Prolonged interruption of operations
- Uncontrolled access to sensitive information
- Information and data leakage and/or hijacking

Health and safety risks



- Health crises, incidents and/or accidents in the course of their activity
- Damage to operations

Environmental damage



- Damage in the form of spills, emissions, etc.
- Impact on project and contract development

Compliance Risks

Regulatory or contractual non-compliance



- Occasional non-compliance with regulatory aspects
- Difficulties in complying with contractual requirements

Non-Compliance with the Code of Ethics



- Potential non-compliance with regulations
- Legal, economic and reputational damage

Strategic Risks

Regulatory changes and political, financial and socio-economic instability in countries and/or regions



- Decreased business opportunities
- Fall in project profitability

Global climate or health crises, natural disasters and regional armed conflicts



- Affect on towns and territories in which activities are carried out
- Decrease in demand for goods and services
- Decrease in activity level and operations
- Damage to built infrastructure
- Increased costs due to ecological and/or health transition policies
- Obstruction of mobility
- Interruption in the supply chain of goods and services

Loss of market share



- Difficulty in developing competitive and cost-effective bids
- Entry of new competitors
- Regulatory and/or trade barriers
- Restrictions for environmental or health reasons
- Loss of market share

Cut in investment and demand forecasts



- Negative impacts on projects
- Related economic imbalances and problems

Damage to reputational image



- Reputational impact
- Loss of projects
- Economic damage to the different business lines

Financial Risks

Credit risk and liquidity risk



- Customer credit risk exposure
- Liquidity line setbacks

Restricted access to financial markets



- Difficulty in obtaining or renewing funding
- Increased requirements or guarantees requested by financiers
- Impacts on the viability of economic models supporting the repayment of funds
- Loss of business opportunities
- Effect on the normal course of business

Impairment of the commercial fund



- Losses and/or adjustments to goodwill on the balance sheet
- Impact on the FCC Group's financial results

Recoverability of deferred tax assets



- Lack of recoverability of deferred taxes due to the cyclical nature of the Tax Group's profit
- Lack of recoverability of deferred taxes due to changes in corporate income tax in Spain

Fluctuation of exchange rates



- Debt denominated in foreign currency
- Loss of investment in international markets
- Payment received in currencies other than the euro

Fluctuation of interest rates



- Increase in financial costs linked to variable interest rates
- Increase in debt refinancing costs
- New debt issuance

In 2020, the following risks have materialised:

- Reduced activity as a result of measures decreed to curb the COVID-19 health crisis
- Inefficiencies in the supply chains of goods and services and in the mobility of human resources assigned to projects
- Rescheduling of certain projects, especially in the infrastructure area
- Contract and legal disputes
- Fluctuations in the exchange rates of the currencies in which the Group operates
- New regulatory framework following the UK's exit from the EU

Both the FCC Group's Risk Management Model and its Compliance Model establish comprehensive frameworks to identify, assess and manage risks in their respective areas of application.

Once the risks have been identified and prioritised, it is expected to establish control mechanisms through the Risk and Control Matrices that will include key controls aimed at preventing and/or mitigating the risks and the definition of persons in charge of these control activities. For those risks that exceed the accepted level of risk or when non-compliances or inefficiencies are detected in the operation of the controls, specific Action Plans will be established taking into account their operational viability, their possible effects, as well as the cost-profit ratio of implementation.

The Risk Management Model is supervised by the Business Divisions with the support of the Risk Management area, while the Ethics and Compliance programmes are supervised by the Compliance Committee, chaired by the Corporate Compliance Officer with the support of the Compliance Officers of the businesses, following the certification of controls and processes by their owners.

For more information, see the FCC Group Annual Corporate Governance Report for 2020.

7. Respect for the environment at FCC

7.1 CARE AND PROTECTION OF THE ENVIRONMENT

Throughout its 120-year history, the FCC Group has contributed, through its various business lines, to the transformation of cities. Two of its business lines, FCC Servicios Medioambientales and Aqualia, have worked to provide citizens with a cleaner and more liveable environment, while preserving the value of natural resources such as water or biodiversity. For its part, the Group's Construction and Cements area has designed the infrastructures of today and tomorrow, seeking to optimise resources, minimise the waste generated and protect the environment.

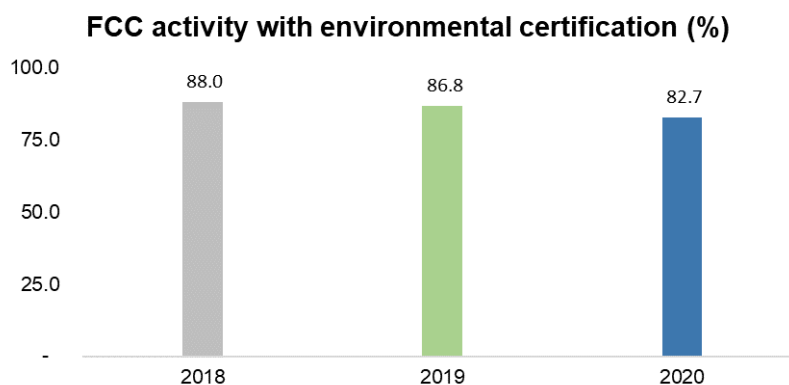
In short, the Group has generated solutions that promote urban resilience, improving people's quality of life and continually striving to reduce the current and foreseeable effects that its activity may have on the environment, ensuring environmental protection and care. Each of the Group's business lines continuously analyses its activities and processes to identify and manage the possible environmental impacts caused by them.

7.1.1 The FCC Group Environmental Management System

One of FCC's priority objectives is the implementation of an Environmental Management System that is certified in accordance with internationally accepted regulations, such as the UNE-EN ISO 14001:2015 standard (hereinafter, ISO 14001), the European EMAS Regulation ("Eco-Management and Audit Scheme") or the UNE-EN ISO 50001:2018 regulation (hereinafter, ISO 50001) for energy management systems, among others.

These certificates allow the Group's activities to be performed in line with the highest environmental management quality standards. In 2020, the percentage of certified activity stood at 83%.

The following graph shows the trend in the percentage of certified activity at the Group in the last three years:



By type of certification, all FCC Group businesses have Environmental Management Systems certified in accordance with the ISO 14001 Standard. Certification under said standard guarantees the correct management of significant environmental aspects, compliance with legislation and the establishment of a commitment to continuous improvement.

With regard to FCC Servicios Medioambientales, it has ISO 14001 certification in a total of ten countries and ISO 50001 certification in five countries. These certifications cover most of the area's activity in Spain, Portugal, the United Kingdom and central Europe (Slovakia, Hungary, Poland, Czech Republic, Poland, Romania and Serbia). As in the cement business, FCC Medio Ambiente Iberia companies are certified and registered in the EMAS.

For its part, Aqualia has ISO 14001 and ISO 50001 environmental certification. Throughout 2020, the Aguas de Guadix de Aqualia facilities have been certified under ISO 14001.

In the Construction area, for example, the certification incorporates a total of 24 countries. Other companies in the area such as FCC Industrial, Matinsa, Megaplas and Prefabricados Delta have environmental certification under ISO 14001 at centres located in Spain.

Lastly, Cementos Portland Valderrivas in Spain has ISO 14001 certification covering the activity of 75% of its cement factories. In the same manner, the same percentage of cement factories are certified and registered at EMAS, 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 evaluate, manage and minimise their environmental impacts.

Taking into account other environmental certifications, Aqualia has its carbon footprint certified under the ISO 14064 Standard, while FCC Construcción carried out the verification under the same standard in 2020 at most of its centres. In this regard, FCC Construcción verified the emissions corresponding to the previous year at the centres located in Spain, Portugal, Romania, United Kingdom, Nicaragua, Costa Rica, Panama, El Salvador, Mexico, Colombia, Chile and Peru, which represent 53.8% of the revenue and 67.3% of the GHG emissions of the area in said year. Furthermore, in 2020, FCC Industrial renewed the "Zero Waste" certificate granted by AENOR.

7.1.2 FCC Group environmental policy

In 2009, the FCC Group, through the Board of Directors, approved its Environmental Policy, a policy applicable to all Group companies. The Policy is an integral part of the Environmental Management System and establishes the principles in the area of environmental conservation and the use of natural resources that each of the Group's businesses must follow.

The policy establishes the following commitments:

- ✓ Control and monitoring of significant environmental impacts
- ✓ Pollution prevention, adaptation and mitigation of climate change
- ✓ Observation of the environment and innovation
- ✓ Consideration of the life cycle of its products and services
- ✓ Commitment to continuous improvement

Each business line may establish its own environmental policies that reflect the specific characteristics of the activities that it carries out, provided that they incorporate the principles and commitments established in the Group's Environmental Policy. The commitments that every environmental policy must contemplate are the protection of the environment, compliance with legal requirements, the promotion of continuous improvement of environmental performance, establishing additional commitments in each of the businesses:

- At FCC Servicios Medioambientales, FCC Medio Ambiente Iberia also has an Integrated Policy that incorporates principles of action on health and safety in the workplace, a healthy work environment and interaction with the environment. The policy focuses on the promotion of R&D&i and energy efficiency, the use of renewable energies, the reduction of pollution and Greenhouse Gas emissions. At an international level, FCC Servicios Medioambientales in the United Kingdom has specific environmental commitments and in the environmentally certified countries at FCC Environment CEE, locally adapted environmental policies are in place.
- Aqualia has an integrated Management System, whose scope includes quality management, the competence of testing laboratories, environmental and energy management, occupational health and well-being and information security. The Integrated Policy incorporates, among others, principles of action to ensure the achievement of the Sustainable Development Goals, the quality of treated and distributed water and, at environmental level, principles that reduce the consumption of resources, improve the management of biodiversity and of Aqualia's energy and climate performance.
- The Construction area has an Integrated Policy that additionally incorporates the analysis of environmental incidents, the involvement of interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works and the company's centres.
- Cementos Portland Valderrivas has its own environmental policy that incorporates commitments related to its activity, such as reducing wastewater discharges, minimising waste, prioritising energy recovery, or restoring any adverse impact caused by extraction activities.

7.1.3 The management of environmental aspects and impacts within the Group

Taking into account the heterogeneity of the activities carried out by the Group with its four business lines, the environmental aspects and impacts derived from the activities carried out are different and, therefore, must be managed taking into account the specific features of each one of them.

In general, each of the company's business lines monitors each of the processes, trying to identify, evaluate and manage the impacts produced, to adopt the necessary practices to minimise them.

In this regard, FCC Medio Ambiente Iberia has procedures to identify and assess environmental aspects that could cause an impact on its surroundings. The main environmental aspects identified are related to the consumption of resources, waste management, noise, discharges and emissions into the atmosphere. For all aspects, actions are established focused on the elimination or mitigation of the associated impacts, whether on the environment or the health and safety of workers.

FCC Environment UK, in addition to the review of environmental aspects at operational level, carries out an annual review of the aspects and impacts at corporate level. For its part, the activity of FCC Servicios Medioambientales in the United States, despite not having a certified management system, directs its actions to the periodic maintenance of equipment, the inspection of facilities and the training of its collaborators in spill prevention and the management of emergency situations.

In the case of Aqualia, the environmental impact of its activity is related mainly with the consumption of reagents, the generation of hazardous and non-hazardous waste and energy consumption. The main actions of the company are aimed at the search for energy efficiency and the use of reagents, including improvements in the precision of measurements, calculations of the energy performance of pumps, optimisation and improvement of processes, facilities and production equipment, optimisation of the purchase of energy, etc.

In the Construction business, environmental management focuses on identifying the environmental aspects likely to cause an impact during the project, and on determining their probability of occurrence. In this regard, a series of guidelines are established to direct efforts towards those aspects that may entail a more intense impact.

There are certain environmental aspects that are considered to be significant throughout the Construction area, such as those linked to the generation of waste, the consumption of resources and the generation of noise and vibrations. Specifically for FCC Construcción's activity, the main environmental aspects would be the effects on the territory, largely due to movements on and offsite due to the work itself or the fall of granular material during transportation, as well as dust emissions into the atmosphere. With regard to the Group company Matinsa, the environmental aspects related to atmospheric emissions, from the fuel consumption of vehicles and machinery have been identified as the most significant.

To limit the impact on the environment, Construction establishes a process to identify, assess and manage environmental risks associated with infrastructures, pledging on innovation to address these risks. Simultaneously and with the same objective, the area focuses its efforts on adequate management and on the minimisation and reuse of the waste generated.

For the activity of Cementos Portland Valderrivas in Spain and Tunisia, the identification of environmental aspects is based on an analysis of the processes, facilities and products likely to generate environmental impacts with a life cycle approach. This objective and quantitative analysis takes into account the possible interactions of the Cements business activity with the environment, considering the different operating conditions that may arise: normal and abnormal circumstances, as well as potential accidental or emergency situations.

The most significant environmental issues identified for the Cement business are related to the extraction of natural resources from quarries to obtain raw materials, the emission of greenhouse gases (GHG), particles and polluting gases NO_x and SO₂ or the consumption of fossil fuels and electrical energy. Other significant issues are also identified, such as the generation of noise and hazardous and non-hazardous waste and the consumption of water.

Cementos Portland Valderrivas' response focuses on mitigating greenhouse gas emissions through the use of decarbonated materials to replace virgin raw materials, the use of alternative fuels such as biomass instead of fossil fuels or the energy recovery of waste whose initial destination would have been its deposit at a landfill.

Application of the precautionary principle and resources dedicated to the prevention of environmental risks

At FCC, the precautionary principle is applied through the design and implementation of its Group Environmental Risk Management Model, as well as through risk prevention activities in each of the businesses.

The FCC Group's environmental risk management model has several independent management levels to achieve greater efficiency in the Group's risk management. In the event of detecting a threat or risk that may affect the environment or health, regardless of scientific uncertainty, the Group takes the appropriate proactive measures to prevent possible damage.

In this regard, the FCC Construction System of Good Environmental Practices® stands out, its own model, a pioneer in the sector since 2009, which allows the establishment of preventive measures in a proactive way in each company project. To enhance the positive impact of FCC Construcción on the environment, this System defines a set of environmental actions based on the initial identification of the environmental aspects that may impact the project, the assessment of its potential magnitude and its risk of occurrence. In this way, by directing efforts to aspects with a greater impact, this System allows more demanding environmental objectives to be defined than those established by legislation or by customer requirements, bringing about the company's commitment to minimise its environmental impact.

In the case of FCC Medio Ambiente Iberia, the international standards on which the company's environmental management systems are based are an instrument to prevent environmental damage in itself. Hence, the requirements under which these standards are governed, which are implemented in the organisation's management, are endowed with a preventive nature that is consistent with risk management. In turn, this risk management is aimed at product and service conformity, so the implementation of these management systems involves the application of the precautionary principle. Risks are considered and managed in each modification to the system, endeavouring to prevent them from appearing, and at the same time evaluating their probability of occurrence and their consequences. This is how serious or irreversible damage to the environment is avoided, imposing preventive measures to those projects or events in which there is no certainty regarding the effect that an activity may have on natural resources.

Similarly, regardless of whether or not they have a certified Environmental Management System, FCC Servicios Medioambientales applies the precautionary principle in all the countries in which it operates. For example, FCC Environmental Services (USA) implements preventive measures to reduce the probability of occurrence of environmental risks, as well as those related to the health and safety of its employees.

For its part, some examples of preventive measures by Aqualia would be the establishment of chlorine gas leak detection systems or the correct storage of chemicals and hazardous waste. These, according to the application regulation, must be covered, identified, with protective buckets and absorbents, to be used in a possible spillage.

Cementos Portland Valderrivas applies the precautionary principle by establishing a series of preventive measures to minimise the risks of damage to the environment. The main measures carried out in the cement business include the installation of particle filters in kilns and mills, water purification systems, adequate waste storage or techniques to reduce the emission of greenhouse gases, among others.

The establishment of measures to identify and mitigate the impact of environmental risks involves, annually, significant investments by FCC Group companies. Accordingly, in 2020, the FCC Group dedicated more than 43 million euros to environmental risk prevention, as shown below.

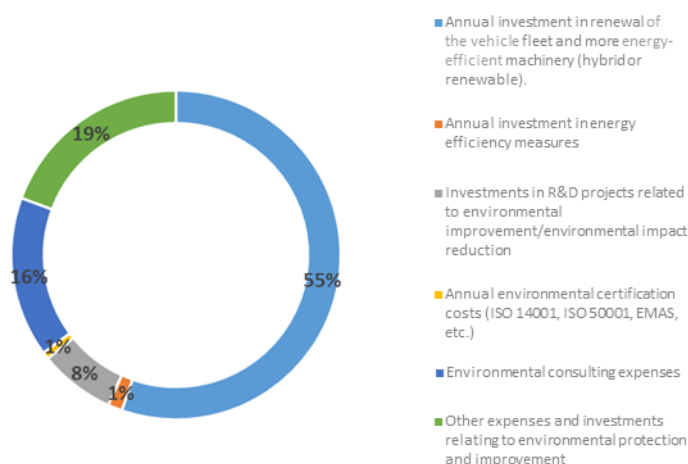
Monetary resources dedicated to environmental risk prevention (€)⁸	2019	2020
Cementos Portland Valderrivas	3.687.187	4.088.682
Construction Area	22.357.762	21.443.566
FCC Servicios Medioambientales	4.552.007	18.211.325
TOTAL	30.596.956	43.743.573

This amount includes 24 million euros invested in the renewal of the fleet of vehicles and more efficient machinery, 6.8 million euros for environmental consulting, 3 million euros in R&D projects related to environmental improvement and more than 300 thousand euros in environmental certifications. More than 8 million euros have also been earmarked to other expenses and investments aimed at environmental protection and improvement.

⁸The investment for the prevention of environmental risks is not provided by Aqualia as it does not have homogeneous and disaggregated information on said investments.

The increase in the amount allocated to the prevention of environmental risks with respect to 2019 is motivated by an improvement in the compilation of information from FCC Medio Ambiente Iberia that has allowed the incorporation of investment into energy efficiency measures, environmental consulting expenses or annual expense certification. Monetary resources broken down by type are detailed below.

Resources dedicated to the prevention of environmental risks (€)



Moreover, over 200 Group professionals work full or part time in environmental management and nearly 23,000 hours of environmental training have been provided.

Number of FCC Group provisions and guarantees for environmental risks

All FCC Group companies have a general third-party liability policy to cover accidents, damage or risks caused in the form of accidental contamination of the environment. The Group also holds an environmental third-party liability policy that ensures coverage for to 60 million euros in case of accidents and accidental contamination. Both policies have global coverage, and this can be complemented with policies contracted locally by each of the businesses.

In 2019, in order to comply with the obligations expressed in Law 26/2007 of 23 October on Environmental Responsibility, FCC Medio Ambiente Iberia analysed specific environmental risks related to treatment plants and landfills. As a result of this process, none of the 33 facilities analysed has had to establish a financial guarantee.

Additionally, the activities of FCC Servicios Medioambientales in the United States, the United Kingdom, Slovakia, the Czech Republic, Romania and Serbia have specific guarantees through policies contracted to cover environmental risks.

In this sense, Cementos Portland Valderrivas has a policy that covers, for its cement business, up to 15 million euros per claim and 30 million euros for accidental contamination.

Regarding environmental provisions, the Group has a provision of 12.43 million euros provisioned in the Cementos Portland Valderrivas division. For their part, FCC Servicios Medioambientales, FCC Construcción and Aqualia do not have specific provisions to deal with environmental contingencies, as the existence of significant eventualities in the matter is not considered.

7.2 FCC'S CONTRIBUTION TO THE CIRCULAR ECONOMY

7.2.1 The circular economy for the FCC Group

To make its vision reality, offering innovative solutions that contribute to sustainable progress, the FCC Group has designed a roadmap, integrating the circular economy into its business strategy.

For FCC, the circular economy constitutes an opportunity to expand its contribution to sustainable development, while allowing the adaptation and resilience necessary for mitigation and adaptation to climate change. For this reason, circularity is integrated into two of its business lines, FCC Servicios Medioambientales and Aqualia, specialising in waste and water management, respectively. Regarding its Construction and Cements businesses, the integration of the circular economy allows it to broaden its horizon of contribution, helping it to advance towards a more sustainable economic model.

To formalise its pledge to circularity as a means to progress in sustainable development and in mitigating the effects associated with climate change, in 2017, the FCC Group signed the Pact for a circular economy, promoted by the Spanish Government's Ministry of Agriculture and Fisheries, Food and Environment in conjunction with the Ministry of Economy, Industry and Competitiveness. This initiative aims to involve all signatories in the transition towards a new economic model that is more sustainable and environmentally friendly.

To promote the FCC Group's positioning in the circular economy model, a preliminary analysis of the European Union's package of measures was carried out and monitored by the Group's business lines. Through the development of master or business sustainability plans, the lines of work and the roadmap have been formulated in the area of reduction, reuse and recovery, leading to a reduction in their environmental impact.

Taking into account the different nature of FCC's business activities, this application of a model based on the circular economy is carried out in different ways:

- FCC Servicios Medioambientales's activity is based on waste management, carrying out a treatment of urban and industrial waste and, therefore, promoting circularity from its collection and recycling activities to their recovery. Likewise, reduction measures are established within the facilities and contracts generated, establishing waste minimisation plans in some of their contracts. FCC Servicios Medioambientales, pledging for the circular economy, tries to convert waste into resources, optimising its use. In this regard, this business encourages research and technological application, through the implementation of various innovative projects. Some of these projects are Life Methamorphosis, regarding the use of biomethane production from waste treatment plants, Life4Film, whose objective is to avoid incineration and the dumping of plastic film waste or Deep Purple, a pilot project in the management of the effluents generated at the organic waste treatment facility. On an international scale, other examples of initiatives would be the energy use of waste at the UK facilities, the application of robotics to improve the classification of waste at the FCC Environmental Services facility in Houston or the creation of a reuse centre, in the city of Trnava, Slovakia.
- For its part, Aqualia's business model incorporates the concept of circular economy, by providing catchment, treatment, storage, distribution, sanitation and purification services, including the reuse and reinsertion of water into the natural cycle. Additionally, and to reduce negative impacts on the environment, the water resources used in operations are purified, eliminating waste and guaranteeing the best conditions when returning said resources to the environment. In this way, and given the scarcity of this resource, Aqualia plays a fundamental role in the use and sustainable management of water.
- With regard to the Construction business, the main contribution in the field of circular economy is based on the commitment to innovation, promoting the use of new sustainable and reusable materials. In this context, FCC Construcción has a circular economy strategy based on six areas of action defined

by the ReSOLVE framework. This framework encourages the identification of business opportunities linked to the transition process towards a circular economy as a production model. Among the specific measures that FCC Construcción has carried out would be the reuse of inerts from other works, effluents and wastewater from processes or removed topsoil. Likewise, the use of recoverable elements is maximised, such as removable walls or the use of portable treatment plants for their use in different projects, as well as the use of recycled materials. Additionally, FCC Construcción promotes digitisation as a key element in its strategy to reduce resource consumption, through the application of the Building Information Modelling (BIM) research line. This line, promoted by FCC Construcción and developed several years ago, encourages the reduction and responsible consumption of natural resources.

- Lastly, the Cement business applies circular economy techniques by implementing energy and waste material recovery strategies, in order to improve production efficiency and the sustainability of its activities. Also, to avoid the extraction of mineral resources, Cementos Portland Valderrivas uses secondary raw materials during different phases of the production process, thus re-using resources from other industries, such as ashes, slag, construction and demolition waste, sludge from papermaking processes, etc. Cementos Portland Valderrivas also replaces fossil fuels with alternative fuels, such as unused tyres, meat meal, sludge, vegetable oil extract and other plant biomass materials, etc.

FCC Servicios Medioambientales, contributing to the circular economy of plastic

One of the main objectives of FCC Servicios Medioambientales is the implementation of innovative recycling processes, which make it possible to avoid landfill disposal and the energy recovery of plastics present in urban waste.

For this reason, the area leads two projects co-financed within the EU's LIFE programme, located in the Ecocentral waste treatment plant in Granada:

- Plasmix: This programme aims to optimise the recovery of certain plastics present in municipal waste, such as polypropylene, polystyrene and expanded polystyrene. Avoiding their incineration and landfill, these materials will be recycled into high-quality granules, which can be used in new products, including food packaging.
- Life4Film: The objective of this project is to implement an innovative recycling process, aimed at avoiding incineration and the dispatch to landfills of plastic film (LDPE) present in urban waste. By installing a 10,000t/year recovery line, the aim is to demonstrate the profitability of the system and the possibility of replicating it at European level.

Life Infusion, turning leachate treatment plants into production and resource recovery factories

Through EBESA, FCC Servicios Medioambientales participates in the Life Infusion project, the objective of which is to convert leachate treatment plants into factories for the production and recovery of valuable resources, such as biomethane and bio-based fertilizers.

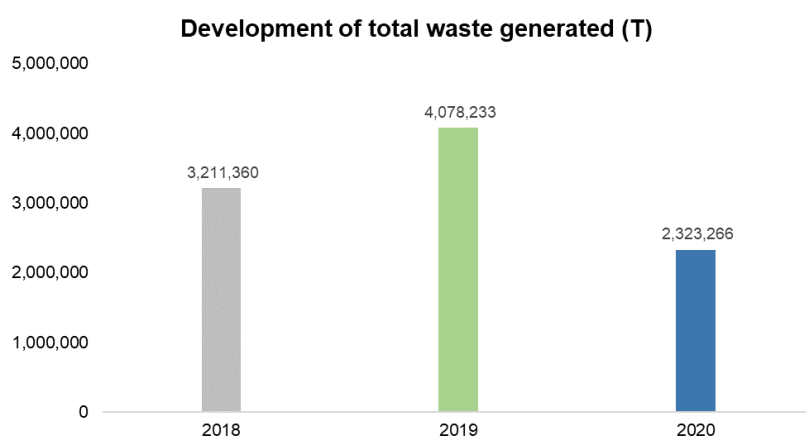
This project, co-financed by the European LIFE programme and approved in 2020, is the continuation of the Life Methamorphosis project, in which FCC Servicios Medioambientales also participated.

Life Infusion aims to demonstrate the economic, technical and environmental feasibility of recovering high-value resources from municipal wastewater.

7.2.2 Reduction of waste generated

Responsible waste management is a particularly relevant issue for the Group, given the nature and activities carried out by its business lines. Through the circular economy, the FCC Group promotes the reduction of its own waste, carrying on its activity while, at the same time, promoting social, economic and environmental sustainability. In this vein, the nature of the company's activities is inspired by the principles of the circular economy, its maxim being 'closing the life cycle' of resources, guaranteeing their subsequent incorporation into the production process.

Below are the variations⁹ in the total waste generated, as well as a breakdown by each FCC Group business line. The decrease in waste generated in 2020 is mainly due to project phases with less waste generation in the Construction area. In 2019, the generation of waste in this area was especially significant, as a result of the commencement of several projects that, in their initial phases, involve a greater movement of earth and generate a greater volume of inert waste. Likewise, the impact of COVID-19 on the normal performance of activities has been reflected in most of the environmental indicators.



Regarding the destination of waste, approximately 52%¹⁰ of the waste that is generated is recycled, reused, composted or energetically recovered.

Breakdown of waste generated by destination (T)

Non-hazardous waste

2020

Reuse	33.486
Recycling	632.969
Compost	41.219
Recovery, including energy recovery	236.767
Incineration (mass burning)	23.493
Landfill	800.329
On-site storage	213.998
Other	96.472

Hazardous waste

2020

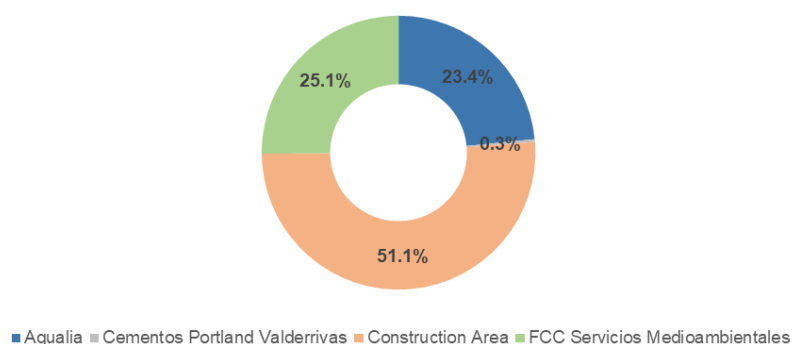
⁹The waste generated in 2019 has been recalculated due to a review in the reporting criteria

¹⁰The waste admitted at centres that is kept stored on the site prior to treatment is not considered in the calculation.

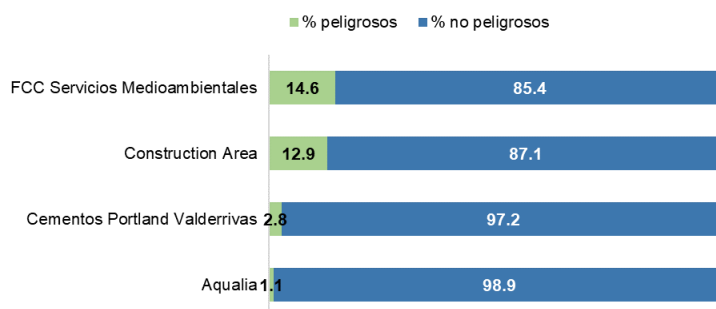
Reuse	23
Recycling	153.485
Compost	7
Recovery, including energy recovery	1.579
Incineration (mass burning)	254
Landfill	73.978
On-site storage	513
Other	14.694
	2.323.266

Most of the waste generated originates from the Construction area and is non-hazardous, as shown in the following tables:

Distribution of total waste generated (%)



List of hazardous and non-hazardous waste generated (%)



FCC Industrial, the first construction company to obtain a "Zero Waste" certificate,

In the Construction business, FCC Industrial has become the first construction company to obtain the "Zero Waste" certificate, granted by AENOR. This certificate determines the existence of an internal traceability system in waste management, guaranteeing its recovery and therefore avoiding the deposit of waste in a landfill.

The pilot project in which this initiative has been applied, in Guadalajara (Spain), led to the recovery of 99.99% of the waste generated in building, industrial and civil engineering works. To achieve this, the company has carried out a detailed study of the fractions of waste generated, redesigning its procedures to correctly manage them.

To implement this system, FCC Industrial has required the deployment of training programmes in waste management for all the personnel involved, a correct separation of waste at source and the use of large-volume containers.

7.2.3 The management of waste by FCC Servicios Medioambientales

FCC, through its environmental services activity, is one of the leading companies in the collection, treatment and recovery of urban and industrial waste. The objective of this area is to treat waste as a resource, reusing and recycling it as far as possible, and taking advantage of the energy value in waste, when this is feasible.

FCC collects both urban and industrial waste in thousands of municipalities, including the world's most important cities, reaching approximately nine million tons per year. Depending on the needs of each city and industry, we employ different collection systems, each with vehicles and containers chosen to maximise efficiency and minimise inconvenience for citizens and companies.

Furthermore, FCC has hundreds of national and international treatment, recycling and disposal centres that manage more than 17 million tons of waste per year. This waste is treated through thermal processes, composting, biomethanisation, recycling, incineration, controlled sanitary landfills and tips, combining multiple technologies to ensure the most thorough use. With regard to the recovery of waste, a strategic activity that makes it possible to reduce landfill disposal, FCC has specialised facilities in the United Kingdom, Austria and Spain.

The tons of waste collected, admitted and treated throughout 2020 are detailed below.

Waste collected (T)	2.020
Municipal waste	6.058.676
Hazardous industrial waste	453.365
Non-hazardous industrial waste	2.470.360
Other waste (hazardous and non-hazardous)	5.529
TOTAL	8.987.930

Waste admitted at FCC centres (T)	2.020
Municipal waste	7.123.021
Hazardous industrial waste	667.166
Non-hazardous industrial waste	9.699.244
TOTAL	17.489.432

Treatment of hazardous waste

Hazardous waste (T)	2.020
Recovery	278.641
Stabilisation/Landfill	510.275
Transferred to end manager/other destinations	37.368
Other destinations	20.923
TOTAL	847.206

Treatment of non-hazardous waste

Non-hazardous waste (T)	2.020
Recovery	3.729.815
Controlled landfill disposal/stabilisation	9.895.784
Transferred to end manager	2.644.518
Other destinations	42.971
TOTAL	16.313.089

7.3 EFFICIENT USE OF RESOURCES

Due to the growing demand for natural resources globally, the FCC Group bases its strategy on their efficient management. In this regard, each of the Group's businesses implements a series of specific measures to minimise the impact of the activities carried out, establishing protocols to protect the natural resources necessary to perform its activities.

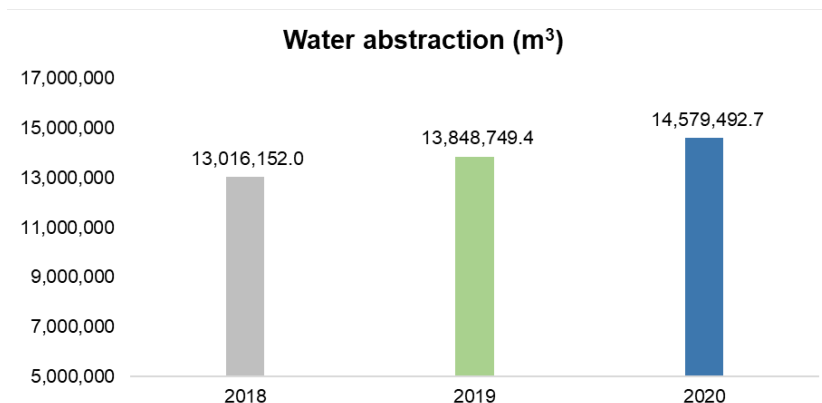
Damage to the environment, together with the possible scenario involving the depletion of resources, has propelled the FCC Group to implement increasingly more efficient management models that are compatible with sustainable development, and which reflect the company's solid commitment to environmental conservation and to the circular economy.

7.3.1 Water consumption and management within the Group

Forecasts of change in the distribution of rainfall mean that water resources may be scarce in many places. The FCC Group works to ensure efficient water management in each of its activities, taking into account the water infrastructure and availability in the area.

The FCC Group puts into practice all the available mechanisms to ensure the most efficient management of this resource possible, guaranteeing compliance with the territorial limits of urban water consumption, applicable to each business line.

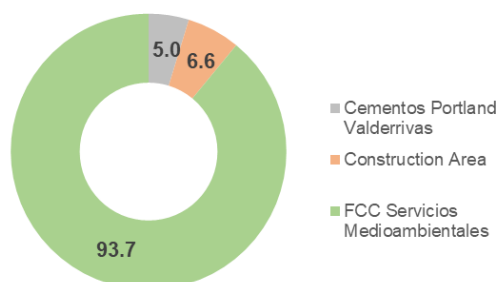
The following table shows the trend in total water extraction over the last three business years at the FCC Group:



The increase in water extraction registered in 2020 is due to the extended scope of the information reported, since FCC Environment UK has been able to collect information from a greater number of locations compared to previous years.

As can be seen in the following figure, and taking into account the extraction of water by business, 94% of water consumption¹¹ corresponds to FCC Servicios Medioambientales.

Distribution of water consumption (%)



The FCC Group's businesses favour the rational and efficient consumption of this resource, carrying out different measures to optimise it.

Aware of the weight it has on the Group's total consumption, FCC Servicios Medioambientales is committed to the use of technologies and equipment that allow greater efficiency in the use of water, both during the provision of its services and at its facilities. Likewise, the rational use of this resource is encouraged among operating personnel, and the use of water from alternative sources is promoted. Regarding this last point, it is worth noting, in the United Kingdom, the project for the collection of rainwater in the Harborough contract, which allowed the capture of 11,000 litres of water in 2020.

¹¹ This is not considered to be consumption by Aqualia because the water monitored by the company is the water managed at its facilities. On the other hand, the Construction business does not have systems to measure the consumption of rainwater or from desalination plants, as this consumption is residual compared to the rest.

For their part, all the companies in the Construction business work to guarantee a rational consumption of this resource, betting on the awareness of their collaborators to recall the importance of making a sustainable use of water. At the same time, in 2020, Cementos Portland Valderrivas continued to work on the optimisation of water consumption by making improvements to the water networks at the facilities to reduce losses caused by breakages in old or damaged pipes.

Aqualia, specialised in the design and construction of all types of hydraulic infrastructures, efficiently manages the end-to-end water cycle, to guarantee the optimisation of public and private resources and promote the sustainable development of communities.



By managing each of the phases that make up the end-to-end water cycle, Aqualia controls the process in detail, which includes the collection, treatment and purification, distribution and collection of urban water, and its subsequent purification for its return to the natural environment in optimal conditions, providing a comprehensive service to consumers.

Drinking water treatment - Aqualia designs and builds drinking water treatment stations, using a wide variety of technologies, depending on the quality of the source water, to ensure the maximum guarantees in terms of drinking water. In 2020, Aqualia treated 643.4 million m³ of water.

Desalination - To face the challenge posed by the scarcity of water, Aqualia offers complete water desalination solutions to the industry, to generate a greater quantity of water resources. Aqualia designs and builds desalination plants for seawater and brackish water, including pumping and sewerage plants.

Purification - Aqualia has extensive experience in the design and construction of wastewater treatment plants with mostly domestic pollution, currently purifying the waters produced by millions of inhabitants. In 2020, Aqualia purified about 665 million m³ of water.

Reuse –Aqualia has plants that treat the water after it is purified to improve its physical and sanitary characteristics. This water, more than 15.6 million m³ in 2020, is intended to irrigate parks, gardens or golf courses, clean roads, recharge aquifers or recover ecological flows in degraded river courses.

Industry - Aqualia provides all kinds of water solutions for the industrial sector and its processes. Hence, it has numerous facilities in operation and offers the right type of supply for each case, both turnkey plants, as well as the supply of equipment accompanied by the technical assistance required.

The main figures related to the end-to-end management of water by Aqualia are shown below:

Natural capital: input (m³)	2.020
Drinking water produced	643.416.868
Treated water	665.830.462
Raw water purchased	201.161.827
Total water consumed in the purification and desalination processes	174.980.591
Amount of water distributed	666.335.239

Re-use of WWTP outlet water (m³)	2.020
Total volume of water treated in WWTP	682.243.654
Volume of water reused	15.632.168
% total re-used	2,3%

7.3.2 Consumption of raw materials

Some of the activities carried out by the FCC Group involve a necessary consumption of raw materials. For this reason, the management of these types of resources is a priority issue, and the Group encourages their optimisation to ensure their responsible use, taking into account the specificities of each business.

The activity of FCC Construcción, in addition to land occupation, involves the movement of large volumes of land for execution. To reduce the consumption of land, the company implements different actions, such as the use, as backfill in the work itself, of the material extracted in the clearing of cuttings and embankments. In this way, it is possible to reduce the volume of material loans required compared with the volume initially planned in the project.

Because of the very nature of its activity, Cementos Portland Valderrivas is a large consumer of natural raw materials. This is why it has an Environmental Policy to promote the sustainability of natural resources, by introducing the circular economy principle and promoting the use of alternative raw materials and fuels.

Simultaneously, and promoting the responsible consumption of natural resources, the company's activity allows significant waste recycling from other industries. Through the recovery of materials, obtained from waste and by-products, natural raw materials are replaced, saving non-renewable natural resources and thus avoiding the impact of their exploitation on the natural environment. In this regard, the main alternative raw materials consumed by the Cements business include fly ash, blast furnace slag, foundation sands, paper mill carbonates, industrial sludge, concrete remains, olive stones, recycled fuel oil and recovered hydrocarbon.

Aqualia mainly consumes reagents used in water management during the purification process. In line with the limitations established by the regulation, the treatment plants have analytical control procedures for the process, guaranteeing a minimum and necessary consumption of this type of products.

FCC Servicios Medioambientales works to reduce the use of non-renewable natural resources, reusing the materials contained in the waste as secondary raw materials in the production cycle, provided that people's health and the protection of the environment are guaranteed. In this regard, the use, at various facilities managed by FCC Medio Ambiente Iberia, of recycled materials to replace raw materials is worthy of mention.

In addition to raw materials, each of the FCC Group businesses consumes other types of materials associated with the activity that it carries out.

The consumption of raw materials, process materials, lubricants and reagents, semi-finished products and container and packaging materials throughout 2020 is detailed below.

Materials used (T)	2020
Raw materials (metals, minerals, wood, etc.)	41.396.446
Process materials, lubricants and reagents	96.849
Semi-finished products	3.726.276
Container and packaging material (paper, cardboard, plastics)	8.671
TOTAL	45.228.241

Regarding the amount of raw materials reflected in the previous table, it should be noted that in the Construction area, the consumption of land and gravel increased very considerably in 2020, mainly due to the progress of the large projects commenced in 2018 and 2019.

FCC Construcción announces the incorporation of Blockchain technology through the BIMCheck project

FCC Construcción has notified its stakeholders of its participation in the creation of BIMCheck, a platform whose main objective is to improve the company's productivity through the automation of quality control and management processes. The application allows the improvement of the traceability of the materials and the documentary control of the works. It has been applied in a pilot building project in 85 homes in Tres Cantos (Spain), constituting the first experience worldwide that combines the application of BIM and Blockchain in a project.

7.3.3 Energy consumption

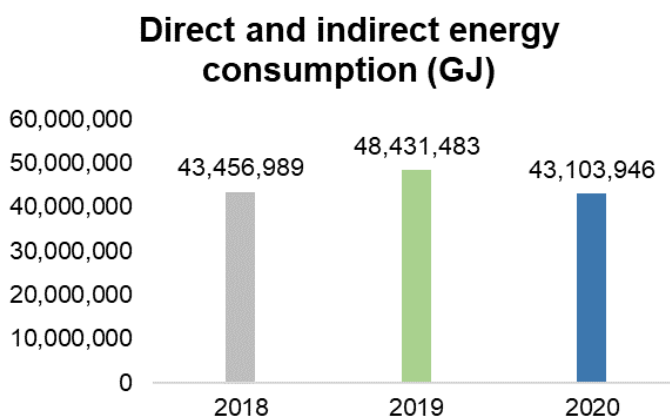
Both energy efficiency and the substitution of fossil fuels with renewable energy sources are fundamental points to turn FCC into a more sustainable business. Aware of this, the Group includes the implementation of these measures in its business model as part of its strategy.

The FCC Group, through its business lines, carries out different measures to increase the energy efficiency of the organisation. In this way, both FCC Servicios Medioambientales and Aqualia have an Energy Management System certified in accordance with the ISO 50001 Standard, which implies the establishment of energy efficiency objectives and measures.

In addition, FCC's businesses work on improving the energy efficiency of its facilities and processes, through different projects, such as the replacement of luminaires with LED technology, the renewal of equipment, training in efficient driving or the installation of presence detectors, among others.

It should be noted that FCC Servicios Medioambientales received a prize in the 2019/2020 edition of the European Business Environmental Awards (EBAE Awards), for a project aimed at implementing affordable electric mobility in urban services. In this way, FCC Medio Ambiente Iberia has been working throughout 2020 on the adaptation of this technology, which entails enormous environmental benefits, such as the reduction of polluting emissions and noise, the reduction of the carbon footprint and the maximisation of energy efficiency.

The Group's energy consumption in the last three years is shown below, reflecting the company's efforts in this area:

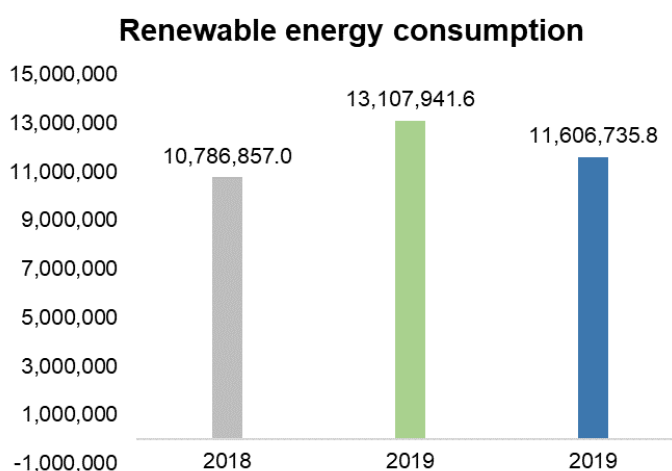


The decrease in energy consumption compared to 2019 is motivated by the effects of the pandemic on the normal development of the activity, mainly in the Cements area.

Furthermore, the FCC Group's business lines endeavour to use an increasing percentage of energy from alternative sources in their processes. In this connection, the efforts of Cementos Portland Valderrivas to replace fossil fuels with alternative fuels, such as biomass, in processes requiring a high energy consumption, such as the manufacture of cement, are worthy of mention.

Other examples of the FCC Group's commitment to the use of renewable energies would be the project to install photovoltaic solar energy at 26 Aqualia consumption points, which represents an expected annual production of 5GWh (18GJ) per year; the PPA (Power Purchase Agreement) for this business line, which aims to acquire 76GW per year of renewable energy for the next 10 years; or the use of landfill gas to generate electricity and hot water, by FCC Environmental Services in the United Kingdom and Hungary.

The consumption of renewable energy in the last three years is shown below:



Aqualia, researching for the future of desalination

Aqualia leads the MIDES project, which has achieved total energy autonomy for two desalination plants, in Racons (Alicante) and in Fonsalía (Santa Cruz de Tenerife).

Over five years it has gone from a small laboratory cell, which could treat a few millilitres of water a day, to the present, where almost 4 m³ is being desalinated daily, enough to supply 25 people at each plant. This project provides a solution, simultaneously and sustainably, to the purification of wastewater and the supply of drinking water from salt water, exploiting the synergies between both processes, achieving autonomy in energy terms.

Thanks to the development and start-up of these projects, Aqualia contributes to defining the future of desalination plants, contributing at the same time to sustainable development, by integrating the fight against climate change and circular economy criteria at these types of facilities.

Cementos Portland Valderrivas is committed to using renewable energy for cement production and renews its EMAS Environmental Management and Audit System

Cementos Portland Valderrivas began, at its facilities in Alcalá de Guadaira, the largest cement manufacturing centre in Andalusia, the transition to the use of biomass as fuel. This energy source, widely used in the production of renewable energy, will reduce its greenhouse gas emissions by up to 40%.

In addition, Cementos Portland Valderrivas maintains a very demanding environmental policy, and its factory in Alcalá de Guadaira has renewed for the eleventh year its registration in the EMAS Environmental Management and Audit System, a voluntary EU mechanism that identifies and values companies committed to the environment and to compliance with current legislation.

7.4 FCC, FACING THE CLIMATE CHANGE CHALLENGE

Climate change is one of the greatest threats of our century, according to experts. According to the Global Risks Report of the World Economic Forum, published in 2021, the influence of environmental risks remains, confirming the trend of recent years.

In a context marked by climate uncertainty, those entities capable of reacting and anticipating possible risks related to climate change and the environment are particularly important. The FCC Group is aware, taking into account the opinion of experts and international trends, that the sustainable development of cities entails responding to great challenges, among which is the fight against climate change. In line with its mission, the Group promotes the development of innovative solutions to transform the present and future of cities, bringing about the sustainability of its business model.

In this vein, the FCC Group, in line with its commitment to integrate climate change management at all its operational levels, as well as in each of its business lines, has taken into account the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), in relation to the disclosure of climate-related information. These recommendations are structured in four blocks: governance model, strategy, risk management and metrics and objectives, with the ultimate aim of making investors and other stakeholders aware of the management and integration of risks and opportunities derived from climate change in their business model.

7.4.1 Governance model

Stakeholders are increasingly demanding the greater involvement of companies to promote more ambitious policies that allow the impacts and risks derived from their activities to be managed, including non-financial issues that directly affect the natural environment, such as those related to climate change.

The FCC Group, as a world benchmark in citizen services, specialised in the end-to-end management of water, environmental services and the infrastructure sector, is aware of the important role it plays in this task. For this reason, the company has an across-the-board governance model for all ESG aspects, including climate change management, as explained in section 4.1 The Group's CSR Policy.

7.4.2 Strategy

In accordance with the values of integrity, transparency and professionalism that characterise the FCC Group, the company tries to inform its stakeholders, including investors, about the effect of climate change on the organisation's different lines of business, strategy and financial planning.

The company is aware that its main activities as a business, such as cement production or waste management, among others, involve the emission of greenhouse gases. With the aim of reducing these emissions to the maximum, the FCC Group has a Climate Change Strategy, which establishes the strategic lines and the roadmap until 2050, defining quantitative objectives and selecting KPIs for monitoring and reporting. This Strategy is based on the following pillars:



- **Monitoring:** Despite the Group's long journey to measure the carbon footprint, the objective of this pillar is to advance in the improvement and scope of the quantification of greenhouse gas emissions.
- **Reduction:** Based on the information obtained, reduction goals and actions are envisaged to attain these objectives. In this connection, the FCC Group devotes numerous efforts to the development of products and services with a lower environmental impact.
- **Adaptation:** The activities of the Group and its clients are exposed to the impacts derived from climate change, including both physical risks and the risks of transition to a low-carbon economy. The former include impacts derived from extreme weather events, for example, while the latter comprise regulatory changes that may occur in the future.
- **Innovation:** The new challenges that arise on a global scale will require the Group to be able to adapt to the new environment. In this way, FCC must develop innovations that allow it to reduce its environmental impact and to help its clients in the transition to a low-carbon economy.
- **Communication:** The FCC Group must maintain a transparent and open relationship with its stakeholders, reporting on the objectives set, the actions carried out and other initiatives that contribute to the fight against climate change.

In this way, FCC has been able to consider the impact that issues related to climate change have on its business and strategy, specifically on its products and services, its value chain, adaptation and mitigation activities, investment in research and development and company operations.

- Products and services

In this regard, for example, the impact of climate change has led to the development of innovative and more sustainable initiatives that have made it possible to provide more efficient products and services in each business line, incorporating circular economy projects and mitigating, on a parallel basis, the effects of their activities on the environment.

- Value chain

Risks associated with climate change, as well as ESG demands, have prompted the company to expand the scope of social and environmental criteria in its value chain. To this end, during the 2020 business year, the Purchasing Manual has been reviewed and the supplier approval procedure has been authorised, which includes financial and non-financial aspects.

- Adaptation and mitigation

The company, aware that its main activities, such as cement production or waste management, among others, generate greenhouse gases, has incorporated two fundamental lines of action into its Climate Change Strategy that focus on mitigation and adaptation, to reduce these emissions, and include technical, management and energy consumption improvements.

- Research and development (R&D&i)

Likewise, in this strategy, the FCC Group has a pillar related to innovation applicable to each of the business lines in a cross-cutting manner, the objective of which is to design new products that are more efficient and less dependent on coal, based mainly on continuous improvement and on the circular economy as priority axes, in the design, execution, operation and maintenance phases.

- Continuing

Taking into account the possible climatic impacts derived from global warming in the company's operations, the FCC Group focuses its efforts on being part of the solution, maintaining its leadership in the management of the end-to-end water cycle, environmental services and infrastructure development and management and promoting synergies between the different business lines, to enhance profitability, mitigate climate events across the board and promote the Group's sustainable development.

7.4.3 Risk management

The FCC Group is aware that its business lines are exposed to risks derived from climate change, therefore different action plans are implemented at the organisation based on the activity carried out by each of them. In addition, depending on the trends and performance of each sector, each business line annually identifies the possible opportunities derived from climate change, such as, for example, the integration of the circular economy into its operations, with significant savings and a reduction in GHG emissions.

Climate-related risks and opportunities are included within the FCC Group's Risk Management Model, as well as any other type of risk that may affect FCC. In this way, its periodic evaluation is guaranteed, together with the establishment of appropriate controls for its prevention and detection.

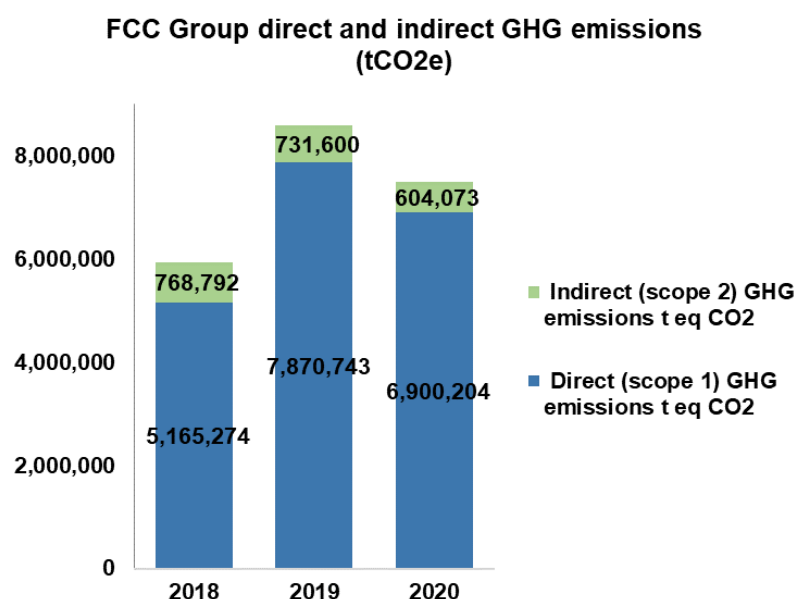
The main risks related to climate change identified by the FCC Group include exposure to extreme weather events, water scarcity, the establishment of new limits on GHG emissions or the appearance of new regulations regarding the energy recovery of waste or the energy certification of buildings, among others.

However, the FCC Group also considers that the transition towards a low-carbon economy implies the emergence of new needs in urban environments. As a result of its efforts in innovation and in mitigating its environmental impact, FCC is positioned as a leading player to respond to these needs, contributing to the sustainable development of the cities of the future.

7.4.4 Metrics and objectives

In the FCC Group's desire to advance in measuring the impact of the Group's activities, one of the fundamental pillars is the annual calculation of the carbon footprint of each business line. To contemplate the particularities derived from the different activities carried out, each of them has developed its own methodologies, always endorsed by the Spanish Climate Change Office.

Next, the greenhouse gas emissions of the FCC Group are detailed, including scopes 1 and 2. For their calculation, different methodologies have been used for each activity sector of the Group, all of them aligned with the *GHG Protocol*.



Additionally, the FCC Group's direct biogenic GHG emissions amounted to 2,006,143 tCO₂ in 2020. The decrease in GHG emissions with respect to 2019, like that indicated with respect to energy consumption, is motivated by the effects of the pandemic on the normal performance of activities, mainly in the Cements area.

As part of its Climate Change Strategy, in 2019, the FCC Group approved the objectives to be met by the 2050 horizon. In this way, based on the individual objectives of the different businesses, the FCC Group has established two different emission reduction targets, differentiating between Cementos Portland Valderrivas and the rest of the Group's business lines. This is so due to the peculiar characteristics of the cement sector, in which most of the emissions are linked to its own activity, with no possibility of reduction if not due to lower production.

The Group's GHG emission reduction targets are detailed below, including scopes 1 and 2, and excluding the cement business. For these objectives, 2017 is taken as the base year:

Year	Group Objective (without cement)
2030	-10%
2040	-15%
2050	-20%

For Cementos Portland Valderrivas, the following objectives have been established, in terms of emissions intensity:

Year	Cementos Portland Valderrivas target (kg CO ₂ /T Clinker)
2030	768
2040	754
2050	740

To measure the degree of attainment of the FCC Group with regard to the goals described, a series of indicators have been defined for each of the business lines that make up the Group, as well as a series of intermediate objectives, calculated based on the year 2017.

Aqualia continues its innovation process by creating new solutions to fight climate change

The ABAD Bioenergy technology, patented by Aqualia, is a comprehensive biogas cleaning, improvement and purification system that allows a higher quality of biomethane to be obtained at a lower price. Aqualia has 4 treatment plants with this technology installed, so it obtains enough biomethane to supply 200 vehicles. The ABAD programme, which began in 2018 and will run until 2026, has been selected in 2020 for the Climate Project call. Thanks to its operation, the Ministry for Ecological Transition has certified and subsidised 100% of the tons of CO₂ avoided by Aqualia during 2018.

The Run4Life project, led by Aqualia, proposes a wastewater treatment system that does not require a connection to sewerage networks, re-using 100% of grey water. In 2020, after its application for two years in the Porto do Molle Business Centre, the results have been presented for this project, which is being developed on a large scale in Europe.

FCC Environment UK, supporting its clients towards a zero carbon footprint

FCC Environment UK offers innovative waste management solutions to more than 60 local authorities, to support them in their transition towards carbon neutrality. For this, it is necessary to carry out initiatives in addition to recycling practices, which contribute to the fight against climate change.

An example is the use of fully electric vehicles for waste collection in both urban and rural areas. Given the thousands of kilometres of waste disposal routes across the UK, the switch to electric mobility could have a major impact by helping to reduce emissions from its customers, supporting their transition towards a zero-carbon footprint.

7.5 THE MINIMISATION OF POLLUTION

The FCC Group, in accordance with its environmental commitment, aims to reduce polluting atmospheric emissions (mainly NO_x, SO_x and particles) associated with its business activities. These emissions, which do not contribute to climate change, are not related to GHG emissions, which are detailed in section 7.4. of this report.

In this regard, activities at the facilities of certain of the Group's business lines have fixed source emission limit values, mainly. This is the case of Cementos Portland Valderrivas, as well as the industrial waste management activity of FCC Medio Ambiente Iberia or certain facilities of FCC Environment UK. In these cases, to control pollutant emissions, the facilities have gas purification and filtering systems, among others, using different techniques depending on the characteristics of the pollutant generating process.

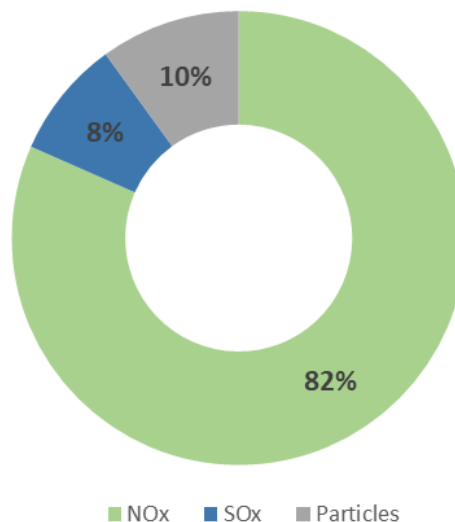
The main atmospheric emissions by type of pollutant are detailed below:

Atmospheric emissions (T)

	Aqualia	Cementos Portland Valderrivas	Construction Area	FCC Servicios Medioambientales	Total
NO _x	72	5.988	437	5.303	11.801
SO _x	0	717	6	495	1.218
Persistent organic pollutants (POPs)	-	0	-	0	0
Volatile Organic Compounds (VOCs)	-	144	21	142	306
Particles (MP)	-	125	1.264	53	1.443
HCL	-	8	-	54	62
HF	-	1	-	1	2
Emissions of ozone- depleting substances (ODS)	1	-	-	-	1

With regard to NO_x, SO_x and particles, the main emissions resulting from the activities, the proportion existing in each of them is detailed below:

Emissions of NOx, SOx and Particles (T)



These NOx, SOx and particle emissions are in line with the information provided in previous years, without detecting significant variations. The rest of the atmospheric emissions have been compiled for the first time in this report.

The specific measures adopted in each Group business with regard to atmospheric emissions vary significantly depending on the activity carried out:

- At Cementos Portland Valderrivas, cement manufacturing produces significant emissions into the atmosphere from Clinker furnaces. To ensure strict compliance with the emission limits, sleeve and electrostatic filters are installed to reduce concentrations in channelled sources. Other measures include the installation of filters in the transport and transfer of powder materials, the use of closed storage, wind-proofing screens, the irrigation of tracks and the use of sweepers and vacuum vehicles to avoid widespread emissions.
- The Construction business, for its part, establishes preventive measures, ranging from the roof of the trucks that transport powdery material, to the use of pipelines to transport debris from a height. Additionally, other measures are established, such as the irrigation of roads and stockpiles or the use of machinery with a humidifier system to reduce the emissions derived from drilling.
- FCC Servicios Medioambientales is committed to favouring the active degasification of the landfills it manages. In the case of landfills, the pertinent measures are established to control widespread emissions, especially in the transport of powdery material. With the aim of minimising said emissions derived from transport vehicles and machinery inside the facility, it is guaranteed that the particles deposited on the roads are not dispersed, necessary cleaning is carried out or accumulations of dust are removed, among other measures.

Additionally, in relation to spillages, the preventive measures taken by the FCC Group include, among others, the installation of water purification systems, complying, in any case, with regulatory inspections; the neutralisation of effluents with basic pH or the placement of containment elements near water bodies.

In relation to noise pollution and in order to avoid a direct impact on communities, the FCC Group ensures that local regulations on noise are respected, carrying out different types of actions, such as the installation of

acoustic screens at Construction and Cement businesses, the performance of tasks at times that minimise the impact and the use, as far as possible, of more modern and silent machinery.

Then, with the aim minimising the impact from light pollution, some FCC Group businesses took different measures, such as the installation of timers and presence detection systems, or the use of directional light, which illuminates only the area required without impacting the environment.

7.6 PROTECTING BIODIVERSITY

The activities undertaken by the company require a certain use of natural resources, a fact that may have an impact on the ecosystems and the species that live in them. For this reason, the different businesses that make up the Group should guarantee the care, preservation and restoration of biodiversity in those areas where the company operates.

The following table shows the surface area in hectares of vulnerable protected areas, together with the affected surface areas restored by the Group in the last three years.

Measures taken to preserve or restore biodiversity	2018	2019	2020
Protection of vulnerable areas (ha)	534	1.127	1.142
Restored affected areas (ha)	544	604	700

As can be seen, there is an ongoing increase in the number of vulnerable areas protected in 2020 compared to previous years.

Given the different nature of the activities undertaken by the FCC Group's businesses, their impacts on biodiversity vary widely, as do the measures taken to protect them:

- At Cementos Portland Valderrivas, the impact on biodiversity consists of the exploitation of natural resources in quarries for the supply of raw materials. To be able to measure this impact, an assessment is made of the effect on the landscape that involves observing the exploited surface compared to the restored surface. Restoration work in all the quarries during the last year consisted of morphological repair and revegetation of the exploited area. This involved applying suitable sowing and planting techniques, and using native species adapted to the particular conditions of the soil and the climate in the region, such as holm oaks, pine trees, broom and others.
- The Construction business has an impact on biodiversity inherent to its activity, since works may be located on land adjacent to or within protected areas. With regard to this, during the execution of the works the most valuable areas are protected, physically delimiting them, and it is important to use existing roads rather than opening new roads. Also, when the works are finished the affected areas are restored by cleaning and removing elements, de-compacting the land and adapting it morphologically to the environment, and finally planting trees and shrubs.
- With regard to FCC Servicios Medioambientales, the company operates in natural environments where biodiversity is present, and the company's activity contributes to its preservation, through maintenance and protection services for parks and gardens, cleaning services for beaches, and specific initiatives developed in waste treatment and disposal installations. Landfills are also usually restored with different plant species, which is very beneficial and includes the stabilisation of the waste mass and the reduction of odours.

- Globally, 145 of Aqualia's 6,881 installations are located in areas with a potential impact on biodiversity. For the correct management of these impacts, all the information on this type of installations is included in the company's management system, as well as on any incidents that may have occurred. In 2020 there were 7 incidents with a slight impact on biodiversity and occurring as a result of wastewater discharges, of which 3 occurred in protected areas. Additionally, and to achieve its environmental objectives, Aqualia is undertaking a number of projects for the recovery of ecosystems.

However, the FCC Group's commitment to biodiversity is not limited to mitigating the impacts that its activities may cause. In this regard, a number of initiatives deserve special mention, including collaboration with nature protection groups for the maintenance and control of biodiversity in quarries outside operations; actions such as the physical protection of specimens, relocation of plant and animal species, all undertaken by FCC Construcción; and the involvement of FCC Medio Ambiente Iberia in environmental awareness initiatives, such as collaboration with the SeoBird Life non-profit organisation. The following table details the number of construction jobs and the area affected for those that are located in areas with some type of official biodiversity protection status.

Protected vulnerable areas and affected areas	2020	
	Number of installations	Surface area (ha)
Location in natural protected areas or with a high biodiversity value	154	835
Location where the landscape is catalogued as significant	8	955
Impact on a natural watercourse in a protected area	2	12
Impact on a natural watercourse in areas with a high biodiversity value	5	848
Impact on watercourses of high or significant value for local or indigenous communities	9	878
Impact on catalogued or protected flora	13	1.459
Impact on catalogued or protected fauna	12	1.394

FCC Environment UK to relocate voles to the Greengairs landfill

As part of its restoration project at the Greengairs landfill (Scotland), FCC Environment UK will relocate colonies of voles to a new location. Voles are an endangered species in the United Kingdom, so their protection is a priority and their habitats are protected.

For their relocation, a customised habitat with 425 metres of water banks was designed in advance, leaving these rodents enough land to dig, shelter and breed. The habitat also includes open water channels to give them access to food sources. The transfer will take place once there is enough vegetation in the area, and this event will provide an opportunity to check their health, weight, sex and probability of reproduction.

8. COMMITTED TO THE FCC GROUP HUMAN RESOURCES TEAM

8.1 THE DNA OF THE HUMAN RESOURCES TEAM IN THE FCC GROUP

The FCC Group considers its human resources team a strategic asset, and therefore, the management of human resources and labour relations in the companies within the FCC Group is governed by the following principles:

- a. Respect for human and labour rights recognised in national and international legislation, for diversity, equal opportunities and non-discrimination.
- b. The design of a value offer that favours the selection, contracting and retention of talent in all the countries in which the Group operates, always with respect for the specific nature of both the area and of each business area.
- c. The proposal to guarantee the training and ongoing development of its workforce worldwide, in line with the needs of each business.
- d. A remuneration system that enables the attraction and retention of the best professionals and that aligns its objectives with those of the Group.
- e. A suitable labour relations framework and dialogue mechanisms for adapting the organisation to business and social requirements, promoting business competitiveness and efficiency.
- f. A work environment in the Group that is safe and healthy and that promotes physical and psychological well-being in the workforce and its areas of influence.
- g. We need to be immersed in the digital transformation process to be able to add value to the FCC Group, leading analysis and adaptation to the changes involved in a connected society, social networks, big data, machine learning, communication channels, the internet of things, etc. We also need to provide suitable data processing that enables the optimisation and management of processes, and analysis to make it easier to take the most appropriate decisions in Human Resources Management.
- h. Encourage transparency and communication, generating channels of dialogue and communication between the Group's different professionals by means of specialised work committees, surveys, the corporate website, and the Group's different intranets.
- i. Alignment of the professionals with the Group's strategic objectives, always acting in an exemplary manner in accordance with the Code of Ethics and Conduct, the principles, values and other established standards.

8.2 THE PEOPLE IN THE CENTRE: YOU_

People are a priority for FCC. For this reason, in 2020 "you_" was founded, the FCC Group brand in Human Resources Management. "you_" sums up the essence of who we are. It is our new way of being, of doing, of growing, of innovating, of feeling and of planning our future.



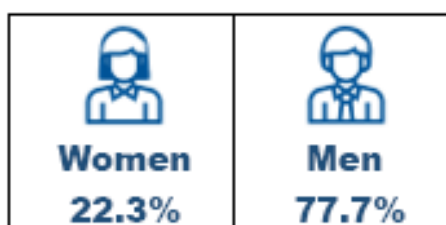
With regard to "you_", a series of projects have been initiated in the FCC Group that include a number of initiatives linked to the Group's outlook and values, including the following:

- you_diverse: diversity is part of FCC's talent strategy (age, race, nationality, religion, culture, etc.) and we are committed to it in each phase of the professional cycle.
- you_health: culture of a healthy lifestyle, fostering an organisation supported and represented by healthier, happier, more capable and more accomplished people.
- you_digital, which consists of a collection of training actions linked to the optimisation of processes and the digital transformation of those working for the FCC Group.

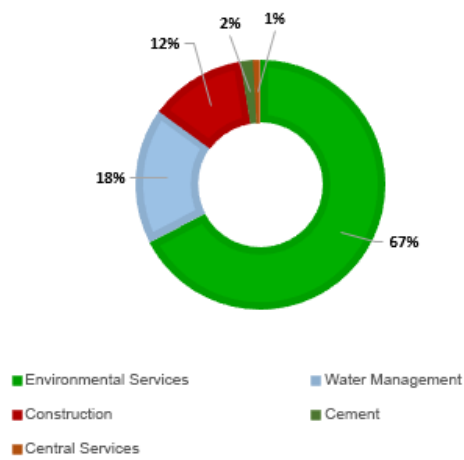
8.3 HUMAN CAPITAL PROFILE

8.3.1 Diversity in the workforce

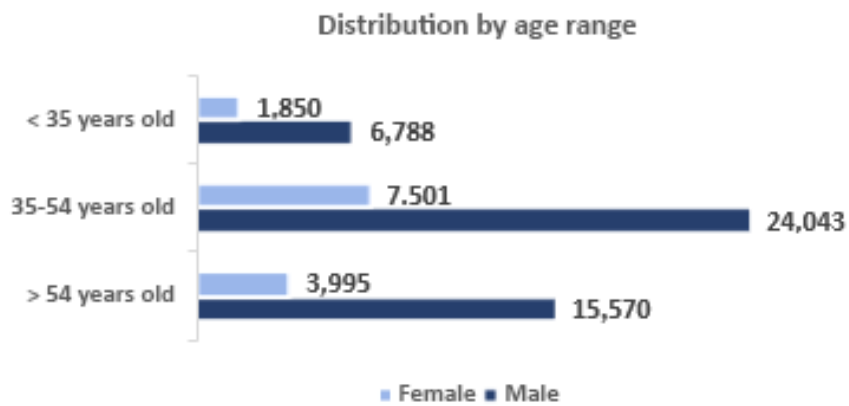
A total of 59,747 people work in the FCC Group. The distribution by sex and business area at the end of December was as follows:



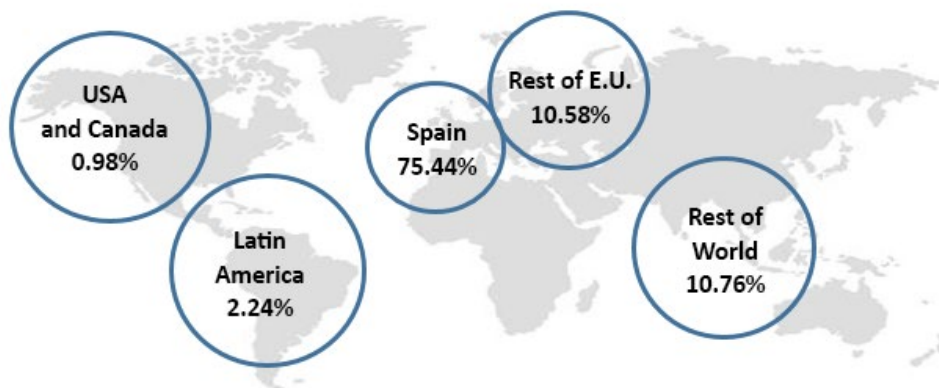
WORKFORCE BY BUSINESS AREA



In 2020, the distribution of the FCC workforce by gender and age range was as follows:



FCC also operates in over 40 countries. The distribution of the workforce in each of these countries and by geographical area is detailed in Annex II as follows:



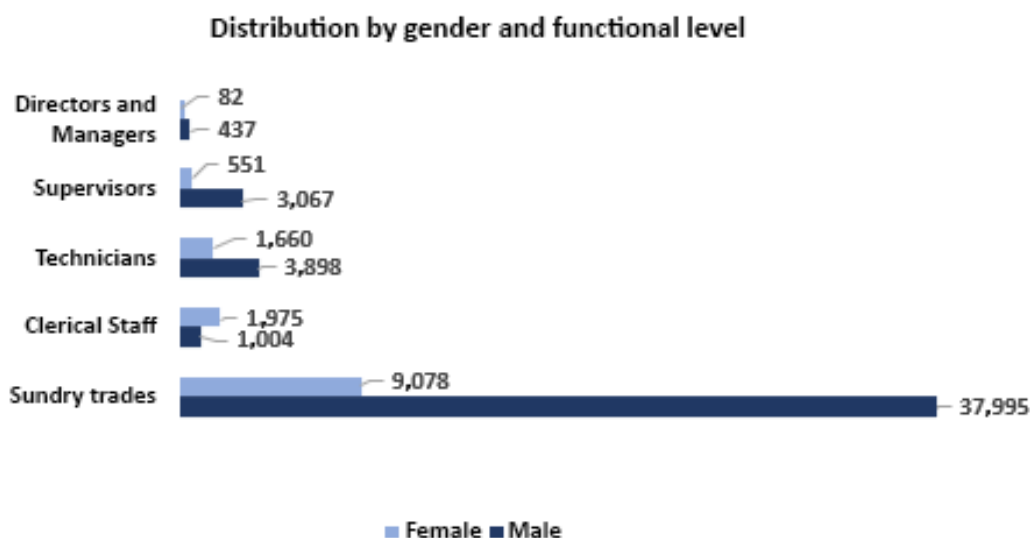
8.3.2 Organisational structure

The FCC Group understands that it is essential to have a suitable, coherent organisation based on the strategy of each business area and its operational requirements, which enables a clear, simplified vision of the organisational structure, and which clarifies the distribution of responsibilities among the job positions and profiles required in each case.

The organisation enables the management of people in areas such as selection, functional mobility, training and the assessment of different job positions.

In the 2020 business year, FCC was completing the process of reviewing its organisational structure to adapt it to the current context. This involved an analysis of both the organisational level and the family, mission and duties of each job position within the organisation.

The above-mentioned review gave the following result for distribution by gender and functional level at the close of 2020:



8.3.3 Appreciation of job positions

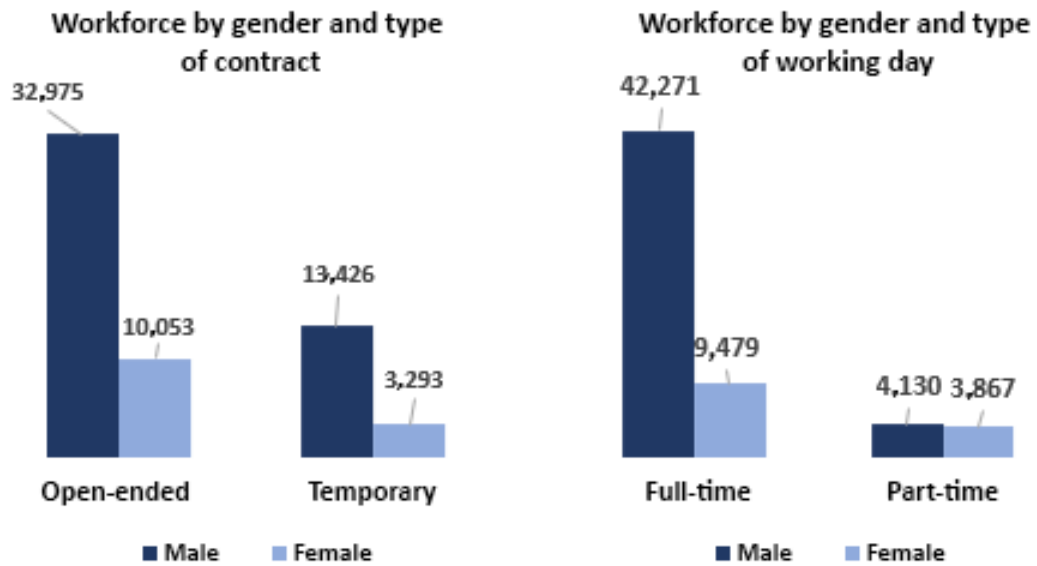
The FCC Group is currently developing a methodology for the appreciation of work positions that will make it possible not only to adapt work positions to the strategy and production for each area, but also to express the Group's commitment to the criteria of suitability, totality and objectivity, making it easier both to improve the allocation of duties, the distribution of works and to defend the principle of equality.

8.3.4 Recruitment and dismissals

The corresponding employment contracts were formalised in accordance with the most suitable modality. This depended on the specific needs for each of the activities undertaken in the different business areas.

Of the total workforce, 43,028 people have an indefinite contract and 16,719 a temporary contract. It should be pointed out that a large number of the above-mentioned temporary contracts enjoy very stable employment if we take into account that many contracts are assigned in sectors in which there is an obligation for contractual subrogation. Also, 7,997 people have a part-time contract and 51,750 have a full-time contract.

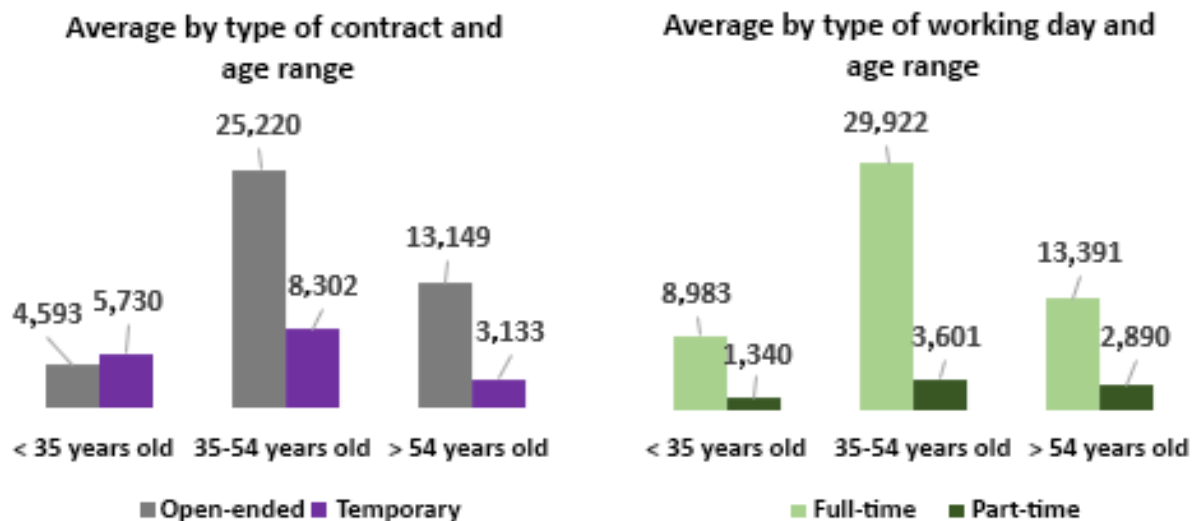
The data by gender are as follows:



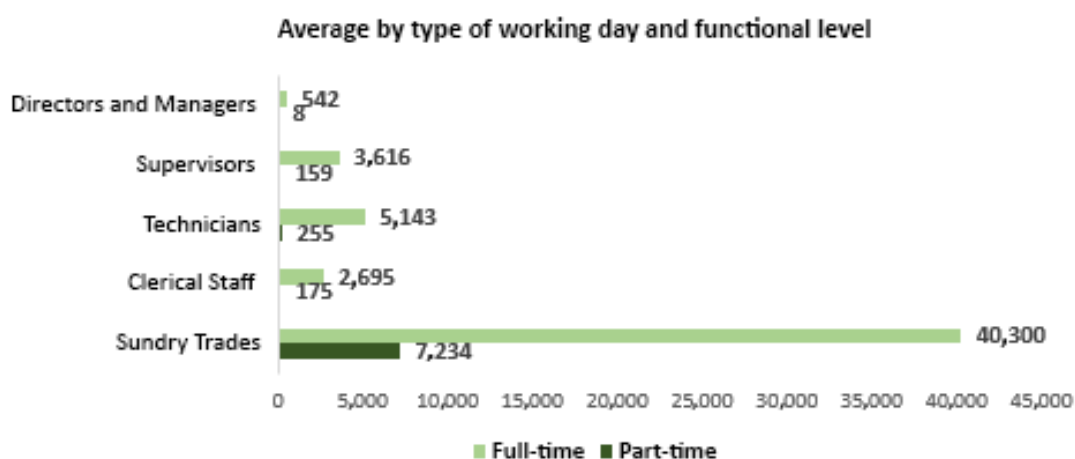
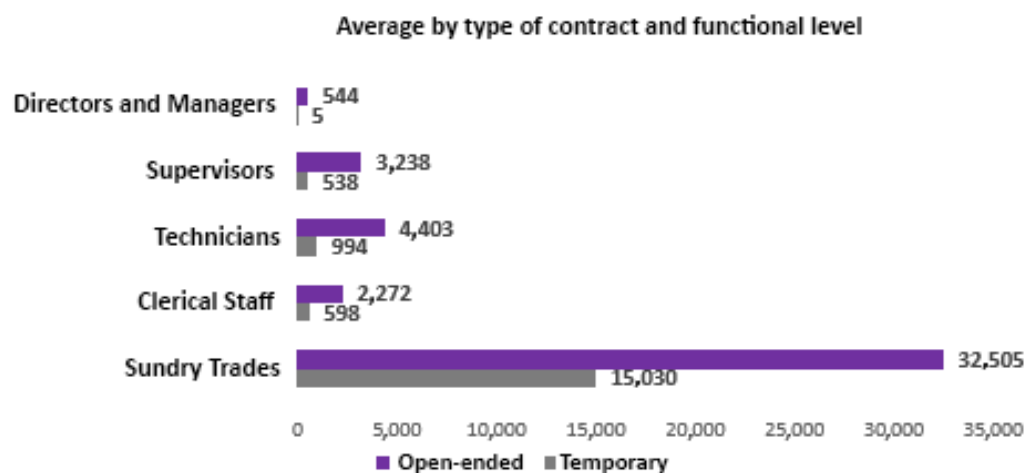
The annual average amounts to a total of 60,127 contracts of which 42,962 correspond to indefinite contracts (10,010 women and 32,952 men), while 17,165 contracts are temporary contracts (3,112 women and 14,053 men).

Of this annual average, 7,831 contracts are part-time (of which 3,614 correspond to women and 4,217 to men), while 52,296 are full-time (9,508 women and 42,788 men).

The following table is a breakdown of the annual average by type of contract, type of working day and age range:



And here is the distribution by functional level:



With regard to the calculation of the average by type of contract, type of working day, age range and functional level, active workers in the month were counted, taking as a reference the twelve months corresponding to the 2020 business year.

In 2020 dismissals for the entire FCC Group, classified by gender, age and functional level, were as follows:

No. of dismissals by gender	2020
Women	156
Men	532

No of dismissals by age range	2020
<35 years	143
35-54 years	368
> 54 years	177

No of dismissals by functional level	2020
Directors and Managers	24
Supervisors	63
Technicians	114
Administrative Clerks	37
Sundry trades	450

8.4 COMMITMENT TO TALENT

8.4.1 Responsible leadership

In the FCC Group, both the CEO and the rest of the managers do not only need to be managers of objectives and results, but also leaders in people management.

In this regard, a training plan is being developed for the entire management team, focused on the levers of self-awareness, responsible leadership, personal inspiration, the promotion of talent and innovation.

At an international level, training actions were also designed and implemented in 2020 aimed at management personnel.

8.4.2 Managing by skills

The FCC Group has opted for management by skills, promoting talent and the continuous development of professionals. These are transversal skills regardless of the position occupied and this to the extent that at FCC it is not only important what objectives are met but also how they are met.

The six transversal skills applicable throughout the FCC Group and that will be applied in key processes such as selection and training, are detailed as follows:



In the 2021 business year, a training plan for the skills model will be launched, focusing on the levers of self-knowledge and awareness, interpersonal skills and a strategic and systemic outlook.

In the FCC Group, the focus on results is an essential part of the skills and values that guide the performance of our employees. In this regard, meeting objectives (budgets, deadlines, projects, etc.) is essential. In the Group there is a culture of dialogue with employees with regard to their performance at work.

8.4.3 Join FCC

The long-term success of the Group depends on our ability to attract, motivate and develop people, and for this reason, the following commitments are made in this regard:

- Applying the principle of equal opportunities and non-discrimination to any selection, promotion or mobility process, taking the aptitude, achievements, worth and personal and professional capacity of the candidates as the criteria during the objective selection process.
- Anyone joining any company in the FCC Group will need to participate in the corresponding selection process, ensuring that the candidate meets the conditions of suitability defined for the position, going through the phases and passing the tests that are part of the corresponding selection process.

- Prioritising internal promotion for vacancies before recruiting other professionals externally in order to offer opportunities for our employees to grow and develop, providing they have the professional profile defined for the vacancy in question.



During 2020, a total of 693 internal mobility processes were published through the Epreselec tool.

- Ensuring that new recruits receive a Welcome Programme with a training itinerary that favours rapid integration into the position and the company. In the 2021 business year the programme opens with *on boarding* on Campus with this in mind.
- In accordance with the FCC Group's principles and values, there should be promotion of young people's access to their first job through programmes and other agreements. Preference should also be given to groups at risk of exclusion and those with different capabilities. Training programmes for new talent developed by the company's different business lines are also of special interest. These include:
 - The III International Programme for Young Talent in the Construction area with training aimed at fostering the development of recent graduates to enable easy coverage of the positions in the company's international projects. 2020 saw the participation of 8 young talents.
 - Collaboration agreement with the EOI (School of Industrial Organisation) signed by Aqualia in 2016. In 2020 the company recruited 3 people as interns in the Engineering and Water Master course.
 - As part of its ongoing commitment to young talent, in 2020 FCC participated in SONDERSLAND, the largest meeting of young talent in the world.
- Guaranteeing absolute confidentiality of the process for all candidates and respect for and observance of data protection regulations at all times.

8.4.4 New ways of learning

The data with regard to hours of training in Spain by functional level and business area are as follows:

		2020				
		Directors and Managers	Supervisors	Technicians	Clerical Staff	Sundry trades
National	Environmental Services	5,686	32,828	33,064	18,364	132,096
	Water Management	4,890	17,035	9,750	6,386	9,890
	Construction	1,944	11,588	36,004	4,016	26,522
	Cement	339	833	1,943	674	2,264
	Central Services	2,077	1,284	6,439	2,516	53
	Subtotal for Spain	14,936	63,568	87,200	31,955	170,826
International	Environmental Services	946	11,216	12,399	7,788	106,222
	Water Management	2,246		16,734	3,237	1,639
	Construction		2,949	1,521	741	937
	Cement		524	646	212	36
	International Subtotal	3,192	14,689	31,301	11,978	108,833
Total		18,128	78,257	118,501	43,933	279,659

One of the essential features of global talent management is the promotion of training and professional development, which in the FCC Group is undertaken in accordance with the following inspirational principles:

- The implementation of training programmes and plans adapted to the different groups and that favour professional development for good performance of the job position. Combining the use of different methodologies for making the best use of time and scope (online, face-to-face, virtual face-to-face and blended learning).
- FCC is at the forefront in the most advanced training management tools. An example of the importance of online training is CAMPUS, the FCC University, a challenge that the company has been facing for a number of years and that has been successfully met. Campus consists of several schools, and due to their transversal nature, the following deserve special mention:



- In 2020, a number of pilot schemes were implemented for collective Mentoring and Coaching programmes to meet the challenge of team management and the integration of different generations.
- Special mention should also go to the transversal training given in the following subjects, in line with our culture for values, innovation and excellence:



8.5 DIVERSITY AND EQUALITY

8.5.1 Experiencing diversity first-hand

FCC is projected as a Group that is committed to diversity, with services provided by a total of 59,747 workers of 120 nationalities.



FCC maintains its commitment to the Diversity Charter in Spain, in recognition of its equality policies, its commitment to social inclusion and to becoming a diverse and socially responsible company.

To promote this and make it our driving force, our work is based on three essential pillars:

- **Gender:** The aim is to achieve the best gender balance and possibilities for professional development in the Group's different departments and roles, with powerful training programmes in female leadership, and participation in external initiatives.
- **Personnel with disabilities:** a prominent feature is the Group's deep awareness for including people with disabilities, with a number of inclusion programmes for this group to increase the variety of talents in our teams.
- **Generational:** there is promotion of inclusion and cooperation between the different generations that coexist in each Company, with consolidation of the subsequent incorporation of young talent into the Group.

8.5.2 Gender equality

The principle of equal opportunities is for FCC an inalienable commitment to act included in the Code of Ethics and Conduct and in each of the Company's Equality Plans affecting practically 100% of the workforce in Spain, regardless of whether or not there is a legal obligation. However, special mention should go to the existence of an Equality Plan in force in the United Kingdom.

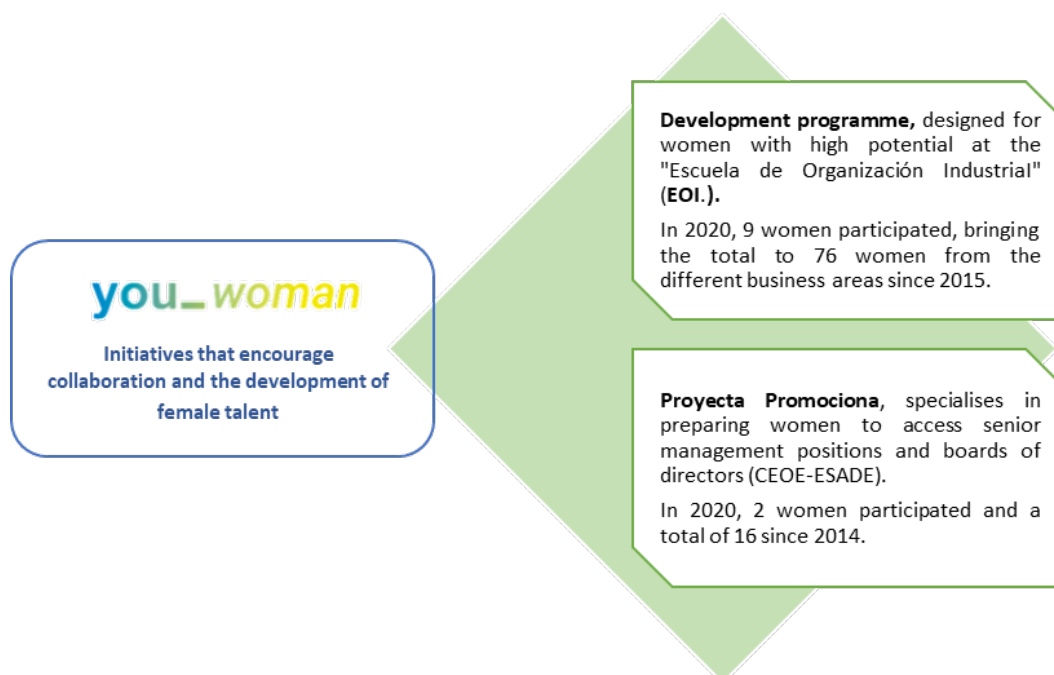
In 2020, actions in the field of equality included the signing by FCC Construcción of the III Equality Plan, extending the ongoing commitment to equality demonstrated by the more than 12 years which have elapsed since the First Plan signed.

Finally, four of the Group's main companies have been recognised and periodically renew the Seal of Excellence in Equality, awarded to the company by the Ministry with the portfolio for Equality.

Promotion of women to management positions

As a result of the FCC Group's firm conviction in favour of the promotion of women, at the end of 2020 the percentage of women occupying management positions reached 15.80% of the total number of positions of these characteristics.

The FCC Group develops and participates in training programmes aimed at creating an enriching work environment, free from discrimination and favouring diversity, with special mention for the following two training and development initiatives for women in management positions:



Specifically, in 2020 FCC celebrated International Women's Day with a firm commitment to gender-free talent, to diversity and to equality within the FCC Group.

8.5.3 Non-discrimination and the prevention of harassment

Furthermore, as a complement to the whistleblower channel included in the Code of Ethics and Conduct, the Group has a Protocol for the Prevention and Eradication of Harassment that was reviewed and approved in 2020, and aims to prevent, resolve and penalise cases of workplace, sexual or gender-based harassment, thus reflecting the FCC Group's commitment to non-tolerance of the abuse of authority or any type of harassment.

The protocol is binding and includes a declaration of principles, the definition of harassment, the procedure for action against harassment, a guarantee of confidentiality throughout the process and the prohibition of retaliation.

In 2020, training was provided through Campus and involved a total of 6,013 workers in Spain.

8.5.4 Inclusion and non-discrimination

Commitment against gender violence

The FCC Group is especially committed to combatting gender violence in all its dimensions, based on two essential principles of action: zero tolerance of gender violence and support for the social and professional integration of its victims.

To achieve this, the company closely collaborates with the network of "Companies for a Society Free of Gender Violence" in the dissemination and promotion of awareness, as well as supporting job insertion for women suffering from its after-effects.

It also collaborates with a number of foundations and entities to promote labour insertion and the integration of victims, such as the Incorpora Foundation (La Caixa), the Adecco Foundation, the Once Foundation and the Red Cross.

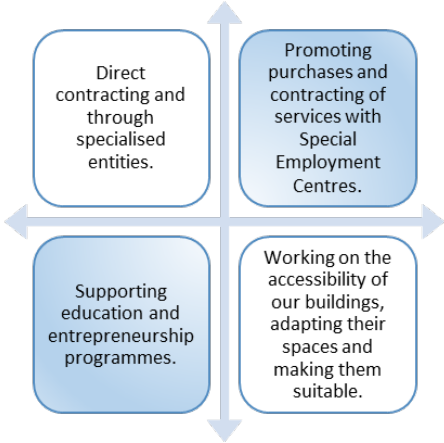
This year FCC joined the campaign promoted by the Ministry of Equality against gender violence in the face of the COVID-19 crisis: "We are with you, we will put a stop to gender violence together", is an inescapable commitment to support actions aimed at raising awareness about the need to eradicate these acts of violence and to alleviate the impact they have on the victims.

FCC also participated in one of the conferences organised by the Once Foundation Programme, specifically, the "Women On VG mode" Project for women with disabilities who are victims of gender violence.

As it does every year on 25 November, the FCC Group made an appeal both inside and outside the company by launching information and awareness actions in the work centres to remind everyone that the company remains firmly in favour of the eradication of this type of violence.

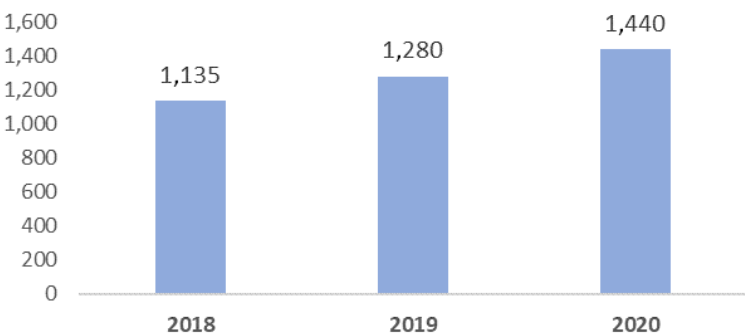
Disability

FCC's commitment to diversity and workplace inclusion for this group involves a number of actions and management strategies, including the following:



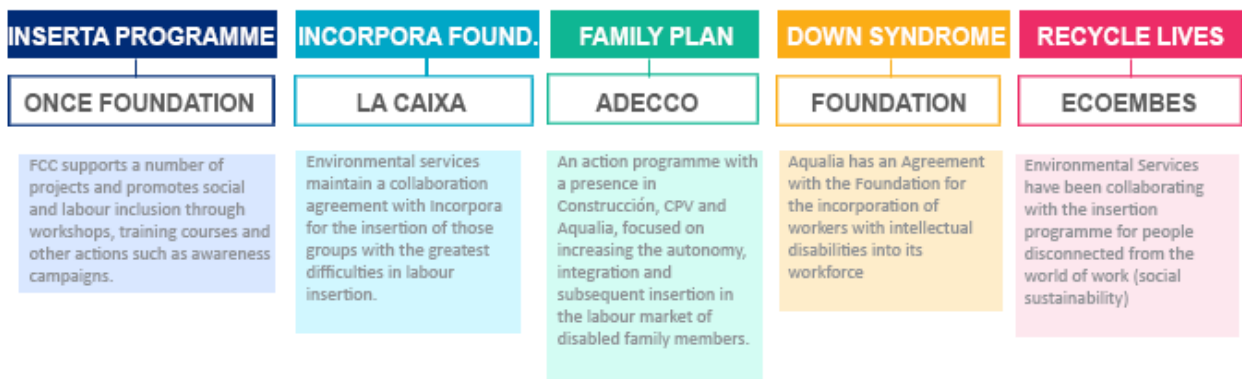
The high number of workers with recognised disabilities in the FCC Group, amounting to 1,440 in Spain, 160 more than in the 2019 business year, shows that there has been continuous growth over the last 3 years as can be seen in the following:

Developments in the number of workers with disabilities in Spain



As for the rest of the countries, because the concept of disability is not homogeneous and because there are legal restrictions in force in some countries that prohibit employers from accessing such information, no data can be extrapolated.

The Group actively collaborates with specialist organisations that assess the management of recruitment and labour support for people with disabilities. The main organisations with which there is collaboration in Spain are the following:



FCC is also a member of the National Advisory Council for the Responsible Inserta Forum of the ONCE Foundation that met this year, with the aim of drawing up an Inclusive Reconstruction Pact, given the new social and economic challenges arising for Companies as a result of COVID-19, which pursues sustainable and inclusive reconstruction "leaving no one behind".

Accessibility

FCC is aware that accessibility is a key factor for the social inclusion of people with disabilities. Therefore, each year one of the Company's main challenges focuses on designing solutions that favour the creation of a work environment free of obstacles and barriers to guarantee the full participation and integration of all the Group's employees with disabilities.

FCC is working on a number of lines that are expected to materialise as a Universal Accessibility Management System and the award of UNE 170001 certification that certifies that the company guarantees universally accessible access and services in its buildings.

In this regard, in the 2020 business year new improvements were made in terms of accessibility in several of the FCC facilities, as well as making workers aware of the scope of the concept of Universal Design as a strategic factor and of the principles on which the concept of "Design for All" is based. With this in mind FCC participated in a training action entitled "An introduction to universal accessibility and design for all".

8.6 SALARY SYSTEM

FCC works in a wide variety of productive sectors (construction, water, cement, concessions, services, real estate) in OVER 40 countries and in general, the remuneration of its workers is subject to the applicable collective agreements (in the case of Spain there were over 900 collective agreements with different scopes in 2020).

The FCC Group remunerates employees in accordance with criteria such as sector and geographical competitiveness, internal equity and the level of responsibility.

Average salaries are shown in Annex II.

Average salary for the management team¹² stands at 113,100.13 euros, broken down by gender as follows: (i) average salary for women: 82,970.03 euros, and (ii) average salary for men: 118,480.51 euros.

The management team includes both senior management (reporting directly to the Managing Director) and those who hold management and responsible positions within the FCC Group.

With regard to the average salary for directors, the information is included in the Annual Remuneration Report, section C. *Detail of the individual remuneration corresponding to each of the directors* published each year on the company's website (<https://www.fcc.es/informe-anual-sobre-remuneraciones>). The total remuneration received by the 14 members of the board of directors throughout 2020 was 1,833 thousand euros.

The FCC Group is also working on and developing the necessary tools to comply with the legal provisions governing the registration and auditing of remunerations, as well as the Group's firm commitment to equal opportunities so that they will effectively comply with the principle of transparency with regard to remuneration.

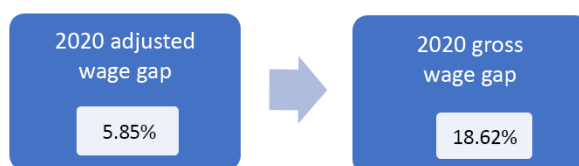
Wage gap

FCC's remuneration management is based on the criteria of objectivity, external competitiveness and internal equity. FCC does not differentiate by gender, so remuneration is equitably based on the level of contribution to the business (functional level) and responsibility and value in each job.

In Spain, FCC has developed a salary analysis methodology based on best practices that enables us to make a granular identification of any possible cases of remuneration inequality between women and men.

This year, all business areas have been included in the calculation of the wage gap: Central Services, Cements, Construction, Water Management and Environmental Services.

In Spain, two types of wage gap, adjusted and gross, are taken into account for calculation:



- The adjusted wage gap is calculated by taking into account all those aspects that compare men and women in a similar situation. In addition to the gender of the employees, this comparison takes into account some of the key factors relating to remuneration for the position (functional level, seniority, applicable collective agreement).
- Gross wage gap is calculated by obtaining the percentage difference between the average total salary for men and women. This data omits key factors when making the comparison, such as functional level, seniority and the applicable collective agreement.

In any case, it should be pointed out that the percentage difference does not imply the existence of gender-based remuneration discrimination, since factors that fall outside the Company's scope of action and that contribute significantly to increasing gender-based remuneration inequality may be involved, such as the masculinisation of the majority of the sectors in which the Group's activity is undertaken, working conditions arising from cases of subrogation, individual performance, economic crises, the political situation, socio-cultural reasons, academic training, experience in the position held, etc.

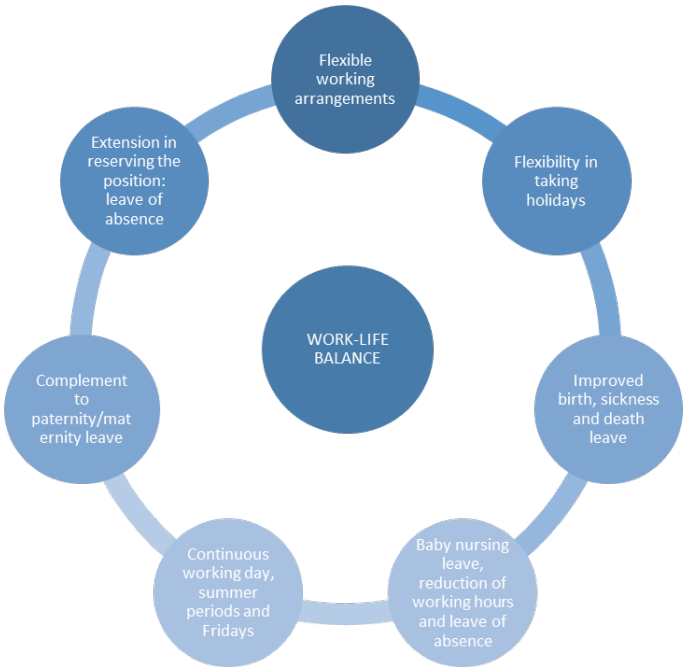
¹²Including variable remuneration, allowances, indemnity and payments to long-term savings pension systems

With regard to the salary gap in the rest of the countries in which FCC operates, in most of them there is no definition nor is there a specific concept of the gap. However, in the United Kingdom there is consolidated legislation regarding the wage gap, and the two companies in the Environment area have a wage gap of 9.96% (in favour of women) and 0.26% respectively.

8.7 WORK ORGANISATION

The organisation of working time in the different companies in the FCC Group responds to the productive requirements for each activity, in accordance with the standards and rules applicable in each sector and location.

To guarantee the well-being of its employees, the FCC Group considers that the proper management of work organisation is essential and a number of initiatives have been taken to achieve this aim. Of the different actions taken, the Group makes special mention of work-life balance, flexibility, co-responsibility and disconnection, all adapted to the different organisational and productive realities and requirements for each centre, function and activity. Here are some of them:



In the Water Management Area, the certification awarded by AENOR for a Family Responsible Company was maintained for continuing to promote measures with the aim of achieving balance between the personal and professional life of its employees.

Digital disconnection

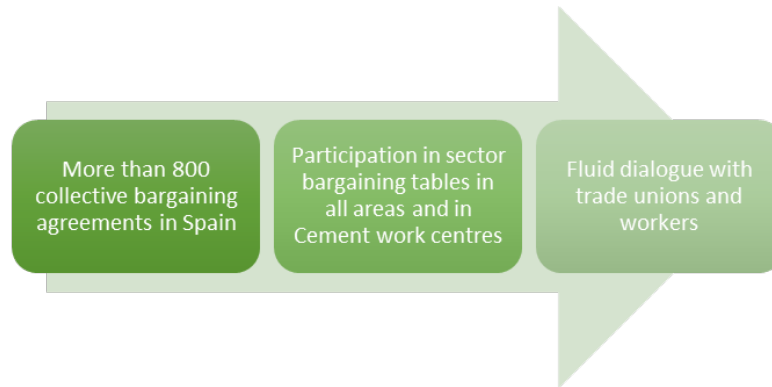
In 2019, FCC proceeded to approve the Policy for the Use of Technological Means applicable throughout the Group, and continues to implement it in the international area. It involves the recognition and guarantee of working people's right to digital disconnection, adapted to the nature and characteristics of each job position.

In 2020, a training action was undertaken to publicise the rules regarding the use of technological means and the responsible use of the equipment that the company makes available to its employees. This training was completed by 8,781 employees throughout the Group.

The Group also took training and awareness-raising actions on the reasonable use of technological tools, promoting digital disconnection to achieve better organisation of working time in order to respect personal and family life. This training was undertaken by 1,430 employees throughout the Group.

8.8 SOCIAL RELATIONSHIPS

FCC understands that social dialogue and direct communication with its workers, their legal representatives, unions and other social agents are required to create a bond with its employees, for the purpose of encouraging new agreements to be signed as a result of collective bargaining, and that different processes of a collective nature need to be established that involve transparency, the creation of follow-up committees and providing employees and their representatives with all the necessary information.



In 2020, the areas had a presence at a large number of bargaining tables for collective and work centre agreements, and they actively participated in collective bargaining for the sector.

The company is also a member of the international Construction and Wood Workers (BWI) collective that covers all civil-engineering works in the sectors in which it operates.

As for the percentage of workers covered by collective agreements, this varies depending on applicable legislation, the existence of collective agreements and even worker representation. In any case a commitment was made to comply with all applicable legislation and/or collective regulations.

The percentage of workers covered by Collective Bargaining Agreements in the different countries where the FCC Group has a presence is broken down in Annex II.

Special mention should be made of occupational health and safety in collective agreements

In a great number of collective agreements that are applicable in Spain, there is special mention for occupational health and safety in its broadest sense.

The following are the clauses most frequently included in collective agreements signed with regard to occupational health and safety:

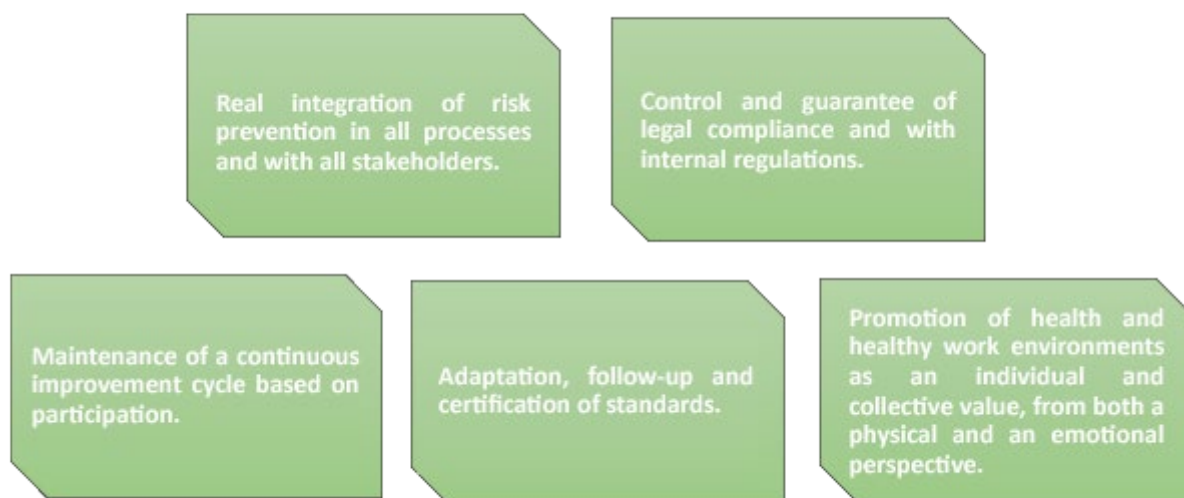
- Existence of prevention plans: risk assessment and technical-preventive action.
- Allusions to continuous improvement in the general conditions in work centres.
- Specific preventive measures such as personal protective equipment for use in emergency situations and work involving special risks.
- Communication and dialogue with prevention services
- Health surveillance aspects: regular medical check-ups
- Rules regarding workers' rights: participation, training and information

8.9 SAFETY HEALTH AND WELL-BEING

8.9.1 Strategy and Culture

FCC has established a strategy with regard to the safety, health and well-being of its workforce and other stakeholders, such as contractors and suppliers, based on its policy in this field approved in 2019 by the Board of Directors.

Strengthening the preventive culture and the promotion of health is one of the company's main lines of action. This objective is supported by a number of factors including the process of continuous improvement in the health and safety management systems, certification in all areas and countries in accordance with recognised international standards such as ISO 45001. This involves the certified coverage of over 95% of the total workforce.



8.9.2 Developments in the main indexes

Throughout 2020, there were 1,776 work accidents involving sick leave in the FCC Group. In Spain, a total of 1,495 work accidents with sick leave were registered, of which 1,113 were men and 246 women. A significant fact is that in 2020 the global accident frequency index fell by more than 28%, standing at 17.07. The severity index also decreased by 26%, standing at 0.67. With the aim of meeting the FCC Group's "0 accidents" objective, each business area establishes annual targets for reducing accident rates at a global level and by geographical area.

Details of developments in the main accident and absenteeism rates are as¹³ follows:

¹³ The frequency and severity rates are calculated on 1,000,000 and 1000 hours worked respectively.

Developments in Accident Rate Indexes

2018	2019	2020	Table of Contents
24,08	23,98	17,07	Frequency
0,82	0,91	0,67	Severity

Accident Rate Indexes by geographical location

2019		2020		
Acc. Freq.	Severity	Acc. Freq.	Severity	Scope
32,06	1,27	22,93	0,97	Spain
23,98	0,91	17,07	0,67	Global

Accident Rate Indexes by gender in Spain

2019			2020			
Acc. Freq.	Severity	Incidence	Acc. Freq.	Severity	Incidence	Gender
25,58	0,74	3,5	16,57	0,84	2,26	Women
33,52	0,9	4,94	25,97	1	3,76	Men

Indexes for absenteeism, occupational accidents and common illness

2018	2019	2020	Type
0,54	0,71	0,44	Work Accident
7	5,63	4,05	Comm. Illness

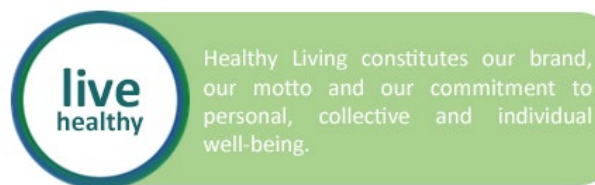
Fatal occupational accidents

2018	2019	2020	Type
4	0	3	FCC
4	2	1	Subcontractor

Professional occupational illness by gender

2019	2020	Gender
9	5	Women
3	6	Men

8.9.3 Healthy Living Project

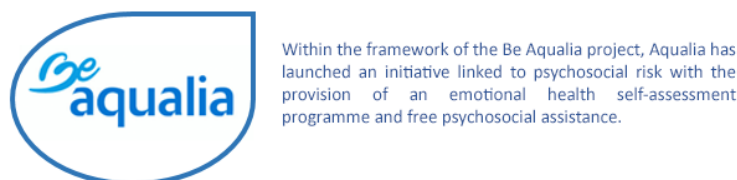


Throughout 2020 in FCC Environmental Services, the Healthy Company Management System (SIGES in Spanish) migrated to the new Healthy Organisation Management System (SIGOS in Spanish), and were awarded the corresponding certification from AENOR. Management undertaken included numerous programmes on a healthy lifestyle, alcoholism, the fight against hypertension, healthy eating and the fight against a sedentary lifestyle, heart-healthy habits, physical activity, giving up smoking and emotional well-being.

In 2020 in the Cements area, health promotion actions continued with the development of specific campaigns on sleep habits, emotionally coping with COVID-19 and road safety, the latter focused on the consumption of alcohol, weather conditions and cycling.

As in previous years, FCC Construcción prepared and published a document in 2020 with the best health and safety practices specific to the construction activity, as well as others of a general nature, relating to measures against COVID-19.

In FCC Aqualia a specific channel was launched for Health and Well-Being that will serve as a channel of communication in this field with all workers throughout the company. In 2020, the following options were implemented: A system for the instantaneous reporting of incidents or dangers, recommendations against COVID-19 and videos with warm-up and stretching exercises depending on the job position.



8.9.4 Participation and influence

FCC's different business areas have participatory bodies that comply with legal requirements at local level, such as the Health and Safety Committees whose function is to channel consultations and the collaboration of workers in this field.

The company has several communication channels where workers can report dangers or situations where there is occupational hazard. This can also be done through their representatives in this field and there is also a whistleblower channel that can be anonymous if the person affected so wishes. It consists of an ad hoc form that can be filled in online and sent by e-mail or by post.

Externally, FCC Construcción is a member of the Seopan, and Aecom associations and organisations such as CNSST, CNC, AEC, AENOR on the Health and Safety Committee, and is also represented in the Spanish Association for Quality, via the vice-presidency of the Health and Safety Committee. FCC Construcción represents construction companies in Europe (FIEC) chairing the Social Dialogue Table and is also a member of the Encord platform, the European platform for construction companies.

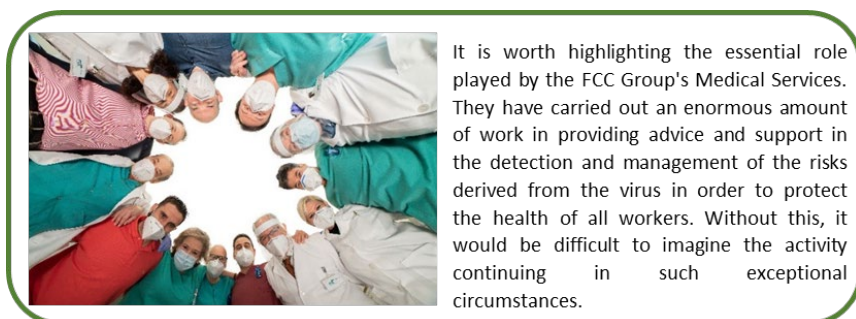
FCC Environmental Services collaborates with the National Institute for Occupational Health and Safety (INSST in Spanish) through the SPANISH NETWORK OF HEALTHY COMPANIES. It also participates in the Spanish Association for Quality (AEC in Spanish) of which it is a member company, with active participation in Health and Well-Being forums and in working groups. Since 2020 it has also been a participant in "Forética", in the Health and Sustainability Action Group.

8.10 COVID-19

In view of developments in the situation with regard to the health crisis in China and its initial impact on the European continent, in the first quarter of 2020 the FCC Group set up a Crisis Committee, consisting of the company's first executive level, to adopt agile and effective measures in this regard. It has mainly been responsible for:

- Guiding and directing the Business Continuity Committees set up in each area of the FCC Group.
- Dictating the policies and protocols for mitigating the impact caused by the COVID-19 pandemic, as well as disseminating general measures for the prevention of contagion and the protection of workers.
- Following-up and controlling developments regarding coronavirus and workers in isolation as a measure to prevent contagion.

Within the abundant documentation and processes developed to deal with the extraordinary situation resulting from the pandemic, there should be special mention for the action protocols at both Corporate and Area level, and that are the focal point for instructions, communications and the definition of the preventive measures to be adopted in this situation, always based on the criteria established at all times by the Health Authority.



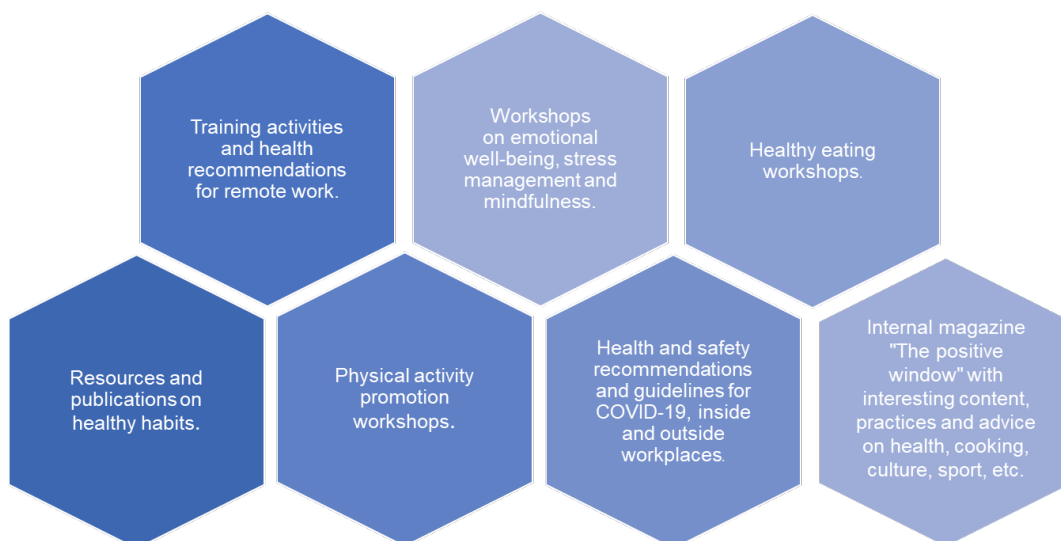
It is worth highlighting the essential role played by the FCC Group's Medical Services. They have carried out an enormous amount of work in providing advice and support in the detection and management of the risks derived from the virus in order to protect the health of all workers. Without this, it would be difficult to imagine the activity continuing in such exceptional circumstances.

In this regard it should be taken into account that a large part of the activity undertaken by the Group is considered to be an essential service under the different regulations adopted, which means that a majority of workers has remained at work providing services to citizens during the entire period of lockdown, doing so with commitment and dedication and their professionalism has been publicly acknowledged by different entities.

Following on from the above, from the point of view of the provision of services by workers, the need to activate labour measures was restricted to specific cases.

As a result of the health containment measures arising from COVID-19, the Group launched a contingency mobility plan that enabled working remotely.

And finally, in line with FCC's Live Healthy strategy, and as a consequence of the pandemic caused by Covid-19, numerous technological resources were generated to provide different initiatives in an online format in the new work contexts:



9. FCC and its commitment to society

The FCC Group, as a provider of citizen services, works for development and social well-being. This is included in the Code of Ethics and Conduct under the principle of "Well-Being and Development in Cities". This principle serves as the basis for collaborators in all business lines to understand and resolve the expectations and needs of the communities in which the FCC Group undertakes its activity. This connection with local communities fosters the trust that society places in the Group and gives the organisation a leading role in the sustainable development of cities.

With the aim of being a key player in sustainable progress, the FCC Group incorporates social action into its business strategy, thus contributing to the creation of employment and wealth in the communities in which it operates. At the same time, the company encourages its collaborators to participate in volunteer activities that have a direct and positive impact on the communities, generating pride of belonging and contributing social value.

The social activity undertaken by the FCC Group with the local community is part of a collection of initiatives whose ultimate aim is to promote the welfare of the beneficiaries, covering two areas of action, both internally, by means of actions aimed at employees, as well as externally, by means of support projects for the local community.

9.1 SOCIAL INITIATIVES WITH EMPLOYEES IN THE FCC GROUP

This collection of social initiatives undertaken by the FCC Group at an internal level has a positive social impact on employees, improving relationships between the different teams and departments and increasing their pride of belonging.

At an internal level, projects are directed towards the Group's own employees and are a reflection of FCC's commitment to its human capital via the social and labour integration of vulnerable groups, support for family members of employees, respect for the environment through environmental awareness programmes and the promotion of a spirit of solidarity with collaborators.

Environmental awareness of employees

The FCC Group's responsibility with sustainable development and the protection of the environment is inherent in its business model, especially with regard to environmental and water services. However, its commitment is not based solely on mitigating the environmental impact arising from its activities, but on using environmental awareness to build a culture based on respect for the environment, with the aim of guaranteeing the resilience of the cities of the future.

The FCC Group makes training, awareness-raising and volunteering actions in matters of environmental education available to the workforce. The company also produces an internal Group newsletter, which acts as a communication channel to highlight the importance to employees of those environmental projects promoted by the Group, enabling the dissemination of good practices to each business line and making their implementation possible at a transversal level.

The company developed the *FCC plan for a circular economy* within the framework of the 2020 CSR Master Plan, establishing the commitment and that of its employees to the care and protection of the environment. This Plan contains a line of education and awareness aimed at collaborators with regard to the circular economy, with the aim of accelerating the transition to a new, more sustainable and profitable model and positioning the company as a benchmark in the fight against climate change, especially with regard to its response to water stress and the protection of biodiversity.

It should be specially noted that Aqualia participated in the Netflix documentary "Brave Blue World" through All-Gas, a project in which the company and its partners produce biofuels from algae, thus contributing to the environmental awareness of the type of audience than can be expected for a platform that is a leader in audio-visual content.

Solidarity in FCC

With the aim of strengthening the commitment of its employees to social causes and giving them an opportunity to dedicate their time to the most vulnerable groups, the FCC Group encourages their participation in solidarity and volunteering activities. This is how the company promotes the progress of society, within the framework of socially responsible commitment and thanks to the proactivity, energy and spirit of solidarity of its workers.

With this in mind, during the last business year, FCC employees participated in a number of solidarity actions, thus contributing to building a corporate citizenship culture within the Group and supporting FCC's mission to create social value and contribute to the well-being of people. These actions are based on the open social dialogue that the company maintains with public and private institutions, social entities and associations that are part of its environment, directing efforts in the local areas closest to the communities in which it operates.

FCC Environment CEE in Poland, supported by the social vocation of its employees, collaborated in solidarity actions, involving its teams in the #gaszynchallenge campaign, to contribute to the well-being of hospitalised children through donations to foundations and through entertaining children's and collaborative games.

Last but not least, the campaign once again deserves special mention, together with the Pan y Peces Foundation under the slogan 'Give away kilos of generosity'. Thanks to the initiative and generosity of FCC employees, the solidarity campaign collected personal hygiene products, non-perishable food, Christmas sweets and toys at Christmas time for the most vulnerable families.

FCC collaborates with the Melior Foundation in its campaign to collect textbooks and school material

For the second year in a row FCC collaborated with the Melior Foundation in the "Not without my textbooks" solidarity campaign, with the aim of collecting books and school material amongst its collaborators for the neediest families with school-age children.

This initiative, within the framework of the Group's social responsibility policy, managed to collect approximately a thousand books for an unprecedented "back to school" campaign affected by the Covid-19 health crisis.

9.2 FCC GROUP SOCIAL INITIATIVES WITHIN THE COMMUNITY

Actions within in the community enable an assessment of the FCC Group's social and environmental impact, to provide access to basic services and promote education. They have a direct impact on social progress and an improvement in the quality of life of citizens.

The FCC Group makes its commitment to local communities a reality by undertaking projects based on 4 social axes that extend right across the company:

- Integration of vulnerable groups
- Social inclusion and access to services
- Value creation in the communities
- Assessment of the social and environmental impact of operations
- Cooperation in education and environmental awareness

ACTIONS IN THE COMMUNITY



Integration of vulnerable groups

In 2008, the FCC Group signed a collaboration agreement with the Adecco Foundation with the aim of promoting the social and labour integration of people with disabilities. As a result of this, each year family members of company employees with disabilities can access leisure activities, training, job orientation actions and employment itineraries to enable their future incorporation into the professional world. With this in mind, work is being done on the development of skills and social attitudes, as well as on taking part in leisure activities to stimulate their cognitive, physical and emotional development.

In line with labour integration, in 2010 the ONCE Foundation and the FCC Group signed the Inserta Agreement for the first time, with the aim of filling new job positions in the company by hiring people with disabilities. This collaboration agreement was renewed and this has led a total of 425 people being contracted since the beginning of the collaboration. The FCC Group also continues to be committed to the employment of young people (under 30 years of age) with disabilities, maintaining collaboration with the "Never Give Up Plan", and is a member of the Socially Responsible Public Contracting Forum (Forum with R). FCC is currently a partner in the ONCE Foundation "Inserta Responsable" Forum, as a member of the National Advisory Council.

FCC Group's commitment to the social and labour integration of different vulnerable groups is clearly demonstrated in the different projects launched by the different business lines.

A total of 252 people with disabilities were recruited in FCC Medio Ambiente Iberia in the 2020 business year and there were a total of 204 new recruits via the Incorpora-La Caixa Foundation. At the national level, the Environmental Services business collaborated with a number of foundations and non-profit organisations, with the aim of promoting diversity, social inclusion and improving the quality of life of groups at risk of exclusion.

Aqualia was responsible for organising Diversity Week, taking a number of initiatives under the slogan #PorLaInclusiónJugamosTodos (WeAreAllPlayingForInclusion), with the aim of raising awareness and involving all employees to help improve the quality of life of these groups.

At FCC Construcción the commitment to the strategy of diversity and inclusion is clearly demonstrated in the collaboration with Adecco Foundation's "La Diversidad Suma" (A Plus for Diversity) initiative, by raising awareness among professionals in this area, and integrating people with disabilities into the company.

Social inclusion and access to services

The FCC Group's business model and the activities favour access to essential services, such as electricity, drinking water and sanitation, enabling the economic and social development of the communities in which it operates.

Aqualia provides a vital service for communities by guaranteeing universal and equitable accessibility to a resource as essential as water. With the emergence of the health crisis resulting from Covid-19, Aqualia focussed its efforts on continuing to provide services relating to the management of the end-to-end water cycle, as well as on continuing to maintain its social initiatives with people at risk of social exclusion to make sure that nobody is left behind.

The activities of the Construction area are contributing to the sustainable development of the communities in which it operates, through improved access to essential services and the construction of water infrastructures, buildings, and communication routes.

Value creation in the communities

The services and infrastructures provided by the FCC Group contribute to the creation of value in the communities in which it operates and have a positive impact on their socio-economic development. As a result of the contracting processes for local suppliers and subcontractors, the FCC Group also contributes to the creation of jobs, growth and prosperity in its environment.

In 2020, FCC Medio Ambiente Iberia made a collaboration of 2.7 million euros to the development and implementation of social and environmental initiatives. With regard to suppliers, the company also made sure that they were mostly local or from municipalities near to where the company operates.

In Austria, FCC Environmental Services developed a pilot project at its headquarters to promote the use of regional products. In this way, the company reduces the environmental impact of the products for daily use, while contributing to the development of local communities, promoting the indirect creation of jobs.

A prominent feature of the company's commitment to society is the over one hundred cultural, sporting and environmental collaboration events that reflect the company's efforts to be recognised as an agent for change and involvement in the territory by establishing a relationship with citizens to create a more equitable society.

The Construction business has integrated the SDGs into its activity and into its value creation model in order to promote the socio-economic growth of society. The main contribution of this business to progress in the communities is through the creation of direct and indirect employment. With this in mind, the Construction business prioritises the contracting of local suppliers, which account for more than 90% of the contracts made.

To contribute to community development, Cementos Portland Valderrivas tries to guarantee equal opportunities in its supplier selection processes, based on an objective bidding process and the transparency of the process.

FCC Communities Foundation, in the United Kingdom

The FCC Communities Foundation is a non-profit organisation founded in 1997, whose aim is to allocate funds to projects. FCC Environment UK uses this organisation to make contributions to projects with a social impact, related to biodiversity and in the area of heritage protection, thus contributing to community development.

In the 2020 business year, the entity managed to donate more than 6.1 million pounds to a total of 134 projects undertaken in the United Kingdom. The FCC Communities Foundation is currently contributing and channelling funds to two programmes:

- FCC Community Action Fund, for financing projects in England.
- FCC Scottish Action Plan, for requests from Scotland.

Assessment of the social and environmental impact of operations

The FCC Group is aware that its activities generate an impact on the environment and on the communities in which it operates. For this reason, the company is working to try to foster the positive impacts, while reducing the effect of the possible negative impacts that may arise.

Specifically in FCC Construcción, a series of metrics have been established to assess the social and environmental sustainability of projects at the bidding stage. These metrics assess applicable aspects in projects with regard to sustainability, where early identification enables the risk to be defined as high, average or minimal. Works which may involve local communities being affected by the development of a project are also identified. In this regard, the main impacts on the communities involve expropriation, the occupation of agricultural land, effluent discharge into water channels, noise generation, dust emissions, vibration, damage to flora and fauna, relocation of local residents or disruption to local tourist activity.

Once this study has been made, taking into account both the assessment metrics and any possible impact on the environment, FCC Construcción implements different actions and plans to improve the social conditions of the local communities on which an impact may be caused, taking into account the specific features of each project and geographical area.

Cooperation in education and environmental awareness

The FCC Group is working together with different educational institutions, specifically in the field of cooperation, to promote issues such as environmental protection and the social, cultural and sustainable development of cities.

Within FCC Servicios Medioambientales, several countries have undertaken environmental education programmes, including Slovakia, with the participation of FCC Environment CEE in "Smietko", an educational project aimed at collecting paper and education in environmental affairs, which saw the participation of over 50 primary schools from a number of the country's regions, and in which the company collaborated with school and municipal representatives.

In this regard, Aqualia has undertaken a number of initiatives in the field of education and environmental awareness, highlighting a campaign to disseminate its educational platforms with the dual objective of raising awareness among children of the value of water and helping parents to reconcile remote working in full confinement. Visits to the aqualiaeduca.com online channel increased by over 112%, which goes to verify its consolidation as a source of educational consultation not only in Spain, but also internationally.

Aqualia undertook environmental awareness actions such as the delivery of 215,000 comics to children in 800 educational centres, with the aim of raising children's awareness of the end-to-end water cycle and the SDGs. In 2020 the company also launched an educational video entitled "The Sustainable Development Goals as they have never been explained to you", which aimed to bring the SDGs closer to all audiences, and which had nearly 85,000 views.

One of FCC Construcción's main lines of contribution to the community is cooperation in education through partnerships with educational institutions, as well as by participating in educational events and one-off forums.

Towards a more sustainable waste management model in the United Kingdom

FCC Environment UK contributed to the report entitled "No Time to Waste: Resources, recovery & the road to net-zero ", which highlights the importance and benefits of obtaining energy from waste. According to this report, allocating the 27.5 million tons of non-recyclable waste to the production of green energy is better both for the economy and for the environment than current methods, which involve exporting this waste or allocating it to landfills. This has led to a proposal for a more sustainable waste management system.

FCC Environment UK is one of the largest producers of energy from waste in the United Kingdom, it considers that this type of practice has the potential to supply hundreds of thousands of homes and businesses in this country.

Aqualia, a main player in the StepbyWater alliance

Aqualia participates in the StepbyWater alliance supported by the Government of Spain, the Spanish Federation of Municipalities and Provinces (FEMP in Spanish) and other private organisations with the aim of addressing responsible water management and thus collaborating in compliance with SDG 6 (Clean water and sanitation). With this in mind, a number of supranational initiatives have been promoted, such as the Decade of Action for Water, and Climate Summit Agreements, with the aim of positioning itself as a leading player in achieving sustainable water management.

Another line of action involves establishing the participation of the organisations involved in StepbyWater in European innovation projects, sharing their knowledge and experience with regard to water management.

9.2.1 The FCC Group's socio-economic contribution to sustainable development

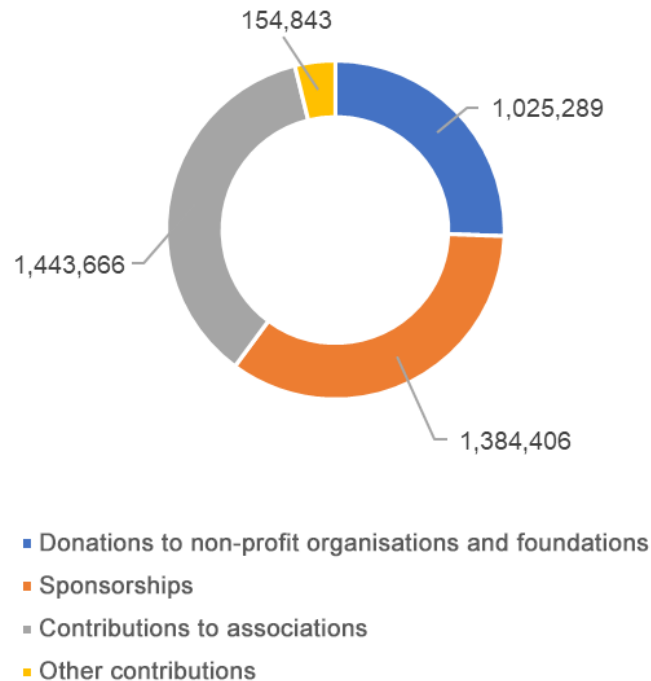
The tertiary sector, NGOs and non-profit associations and organisations now require more than ever the joint collaboration of society, companies, administrations and the public sector. They should create alliances and invest their time and efforts in making this type of entity more resilient as they are an essential part of making the world more just and equitable for all.

In this context, the FCC Group is aware of the many social and economic demands that exist in the societies in which it operates, mainly those made by non-profit entities, which work every day for the well-being of those who are most vulnerable. In addition to promoting sustainable development through its own activities arising in the different lines of business, the company also makes monetary contributions to these types of social entities for them to be able to meet the socio-economic requirements of the most disadvantaged communities and groups.

For this purpose, in the last business year and taking the consequences of the pandemic at a social level into account, the FCC Group allocated a total amount of 4 million euros by means of contributions and donations to non-profit organisations, foundations and associations. At the same time in the United Kingdom, more than 6.1 million pounds were donated via the FCC Communities Foundation in 2020.

The following is a breakdown of the contributions made:

THE FCC GROUP'S CONTRIBUTION IN 2020



These contributions reinforce the Group's commitment to the 2030 Agenda and enable the company to actively contribute to the achieving the SDGs related to economic progress, the reduction of inequalities and the social development of communities in the present and in the future.

The main associations in which the FCC Group participates, nationally and internationally, are the following:

- Association of Public Cleaning Companies (ASELIP).
- Spanish Association of Parks and Gardens Companies (ASEJA).
- Spanish Association of Waste Management Contractors (ASEGRE).
- International association with Aquafed
- Spanish Technological Platform for Water Supply and Sanitation Association (AEAS)
- Spanish Association for Desalination and Re-use (AEDyR)
- Spanish Urban Water Supply Services Association (AGA)
- Spanish Capital Goods Manufacturers Association (SERCOBE)
- Infrastructure Construction and Concessionary Company Association (SEOPAN)
- National Association of Water and Sanitation Utilities in Mexico (ANEAS)
- Water Environment Federation (WEF)
- CEMBUREAU European Association of Cement Manufacturers
- ANEFHOP National Association of Prepared Concrete Manufacturers
- CIMENT CATALÁ Cement manufacturers Association in Catalonia
- Spanish Institute of Cement and its Applications
- GREMI D'ARIDS Association of Catalan companies dedicated to the extraction and treatment of aggregates

- CEMA State labour foundation for cement and the environment
- FLACEMA Andalusian Cement and Environment Labour Foundation
- OFICEMEN Spanish Cement Manufacturers Association
- European Construction Industry Federation
- Spanish Quality Association (AEC in Spanish)
- AECOM Association of Infrastructure Construction and Concessionary Companies
- National Construction Confederation (CNC)
- European Construction Technology Platform (ECTP)

10. FCC's commitment to its clients and suppliers

10.1 FCC'S COMMITMENT TO ITS CLIENTS

The FCC Group's clients are the focus of its activity. This commitment, reflected in the Code of Ethics and Conduct and shared by all the organisation's personnel, involves the FCC Group striving to get to know the client, providing products and services in accordance with their needs, and making their satisfaction a priority. In this way, the Group aims to maintain long-lasting relationships, based on mutual trust, honesty, professional responsibility and value contribution. This is the perspective through which the FCC Group aims to achieve excellence in service, seeking to offer the highest quality, and contributing differential value compared with competitors.

Due to the wide variety of goods and services offered, the type of clients is different for each of the FCC Group's business lines.

- In FCC Environmental Services, clients are public and private entities that entrust the company with services including the management of urban and building cleaning, the maintenance of sewage networks and waste management.
- Aqualia manages the end-to-end water cycle, so its clients vary depending on the service offered, the company's main activity focussing on the supply of clean water for all users.
- FCC Construcción is responsible for the execution of civil engineering and building works, which means that it has a wide range of clients, both in the public and private sectors.
- The business of Cementos Portland Valderrivas involves the manufacture and sale of cement and its derivatives, so there is a direct relationship with the client. For this reason, special emphasis is placed on commercial and sales work, as well as ensuring that the product that goes on the market is of the highest quality and respects all safety standards.

Client and user health and safety

The commitments made by FCC Environmental Services with regard to its clients are based on guaranteeing the provision of the contracted services in accordance with the commitments made, those established by the organisation and any legal requirements that affect the activities undertaken. By complying regulations, the safety and health of end users is guaranteed, ensuring that services are provided in the safest way possible.

It should also be noted that FCC Environment UK has software that enables the recording, investigation and resolution of incidents relating to the health and safety of clients and users.

For Aqualia, the health and safety of consumers is guaranteed through a comprehensive quality control system for treated water. In 2020, a total of 1,688,087 verifications were made in the European countries where Aqualia

is active and non-fulfilment was detected in 1,196 cases. The company also has eight laboratories to assess water quality, within the Aqualia LAB network, having been granted accreditation in 2020 in accordance with the UNE-EN ISO/IEC 17025 standard for the Badajoz laboratory to conduct tests in the environmental field.

Following FCC Construcción's policy, the companies in this business pay special attention to customer relationship management, while at the same time having the utmost respect and consideration for the affected communities, indigenous peoples and cultural heritage. In all cases the safety and health of users is guaranteed through compliance with the legal requirements in the construction area that are applicable to each element, whether in the construction or maintenance phase. Both FCC Construcción and FCC Industrial have a certified Information Security Management System based on the ISO 27001 standard whose purpose is to guarantee the availability, confidentiality and integrity of information in the exercise of their activities

In undertaking its activities, Cementos Portland Valderrivas has management systems that ensure the quality of its products, guaranteeing the safety and health of end-clients and complying with all legal requirements. The company evaluates 100% of the impacts on the health and safety of its products and services in accordance with the legislation in each country for the purpose of making improvements throughout their life cycle. All products are also labelled in accordance with European regulations, and are registered with the National Institute of Toxicology and Forensic Sciences.

Management of Claims and Complaints

In the management of claims and complaints, each of the Group's businesses has specific tools and procedures to suitably handle correspondence with clients and users.

FCC Medio Ambiente Iberia's integrated management system includes a procedure that establishes the methodology for the management of claims and complaints. These are registered and processed via the VISIÓN computer programme. In this regard, FCC Medio Ambiente Iberia received about 1,700 claims and complaints from clients in 2020, of which over 90% were resolved.

FCC Environmental Services has a reporting system that records complaints from clients and assigns those who will be responsible for their resolution.

In FCC Environment CEE, the registration and management of claims and complaints is undertaken at country level, establishing specific procedures for each. At a consolidated level, in FCC Environment CEE, the resolution and management of claims in the Group has risen to a total of 7,871.

In the case of Aqualia, throughout 2020 it received at a national and international level (Czech Republic, Italy, France, Colombia and Portugal) 16,180 claims and complaints from clients and users.

In the Construction area they have a management system to attend to requests received. This tool enables actions to be monitored, improvement plans to be identified and follow-up verified. Throughout 2020, the company received a total of 105 claims and complaints, 80% of which had been resolved by the end of the business year.

In Cements, the activity in Spain and Tunisia is certified under the ISO 9001 Standard, with specific requirements for handling these claims and complaints. The company has a consultation procedure through which a total of 15 claims and complaints were received during the last business year, of which 100% were managed and 60% resolved. In this regard, at a national level, the company's aim is to receive less than one claim or complaint for every 50,000 tons sold.

Customer service and satisfaction

Clients have been the basis of the Group's success throughout its 120-year history. The Group's journey in all these years reflects the importance of understanding the needs of clients and listening to their concerns in order to be able to adapt quickly and appropriately to a changing environment.

Each business has different tools for customer service, as well as for measuring satisfaction so as to be able to assess how we are perceived by those we serve.

This is especially the case for Aqualia, a Group activity that, given the importance and heterogeneity of its clients and users, seeks to offer a hands-on, personalised customer service that enables it to provide solutions quickly, simply and effectively.

Aqualia has a number of customer-service channels, including:

- Customer service by telephone. In 2020 the Customer Service Centre received 1,240,216 telephone calls
- Virtual office, [aqualiacontact](#). In 2020, 163,814 interactions were managed, including 32.34% for the modification of data, 23.77% for electronic invoicing and 19.85% for payment via bank card.
- Application for mobile devices. In 2020 a total of 62,562 interactions were managed via the APP made available to our clients, with 20.99% involving the modification of data and 64.08% payment via bank card.
- Twitter [@aqualiacontact](#). Messages sent by users are handled and managed through the [@aqualiacontact](#) account. SMS messages are also managed for the notification of invoices with incidents and warnings regarding network breakdowns.

It should be noted that Aqualia made 6,287 surveys of [aqualiacontact](#) user clients in 2020 obtaining an index of satisfaction that was 96.80% positive.

The company also received 3,325 replies to a survey sent specifically to end and institutional clients, obtaining a rating between good and excellent in 82% of the surveys.

FCC Environmental Services in Spain and Portugal sent out a total of 854 surveys throughout the business year. Of the surveys received, 81% of clients rated the company's work as satisfactory or very satisfactory. The industrial waste activity in the area made a client satisfaction study by sending out a Satisfaction Questionnaire and received a very favourable average score of 8.6 out of 10.

In most of the countries where FCC Environment CEE operates, client satisfaction surveys were also made in 2020:

- In Austria, the company obtained an increase of 5 percentage points in average client satisfaction, after sending out 2,886 surveys.
- Of the 149 surveys received in Slovakia, almost 90% showed "very good" or "excellent" results.
- With regard to Hungary, due to the health crisis, in this business year only a small number of voluntary opinions were collected and analysed.
- Due to the epidemic, Poland did not receive any satisfaction surveys this year as they are usually handed out in customer service offices.
- In the Czech Republic, 143 surveys were received and the result was "excellent" in 97.5% of the cases.

In the Construction business there is a position called the client's interlocutor, who is responsible for dealing with any suggestions received, processing any issues raised, managing collaboration, and notifying any actions to be taken.

Final surveys of the works are also made, in which clients evaluate the service received. Most of the clients surveyed were very satisfied with the performance of the companies in the Construction business, and confirmed that they would contract services with them again. In this regard, a total of 350 surveys were sent out in the last business year, of which 88.6% returned a rating of "excellent". At a general level, the aspects best valued by clients included the works team's capabilities and technical knowledge, their availability to meet the client's needs, and their ability to resolve unforeseen issues.

In the case of Cementos Portland Valderrivas, the company maintains suitable, ongoing customer service through different communication channels. Special mention should go to the Digital Channel for clients that is accessible via the corporate website, and direct customer service provided by the commercial team. With the aim of determining the degree of client satisfaction, the company sent out a total of 1,008 quality surveys to end customers in 2020, obtaining an average rating of 4.11 out of 5 in the product, services, degree of trust and digital-commercial services categories.

10.2 FCC'S COMMITMENT TO ITS SUPPLIERS

For the FCC Group, control of the value chain is critical and the success of the company depends on managing it correctly. Suppliers and contractors are a very significant stakeholder group given their size: in Spain alone, the Group established business relationships with more than 32,500 suppliers in 2020. Proof of the Group's commitment to local suppliers in Spain is that 98.7% of its suppliers are Spanish and 97.9% of the volume of purchases was contracted with them.

FCC is also working continuously on the application and inclusion of sustainability criteria in its purchasing processes and services provided, including binding ethical, social and environmental issues with regard to sustainability.

The FCC Code of Ethics and Conduct also includes the basic principles that all partners, collaborators and suppliers have to respect: These principles state that business partners should:

- Clearly reject corruption, bribery and fraud and be seen to behave ethically in all their business relationships.
- Defend and protect human rights and essential labour rights recognised internationally in the Universal Declaration of Human Rights, as well as the Agreements and Declaration of the International Labour Organisation (ILO) relating to the principles and essential rights of workers.
- Show a high level of commitment to compliance with occupational health and safety standards, guaranteeing a safe and healthy work environment.
- Establish sustainable environmental management that respects the environment in all their activities, not only in terms of compliance with legislation, but also when undertaking activities in order to minimise negative environmental impacts.

In 2019 the ethical clauses in the General Conditions for Contracting that suppliers have to accept were reformulated, including references to a declaration that the supplier fully understands the content and scope of the new FCC Group Anti-Corruption Policy.

The FCC Group also has a Purchasing Manual that is based on three key principles: transparency, competitiveness and objectivity. With a view to promoting stable and lasting business relationships, FCC aims to implement balanced and beneficial collaboration frameworks with suppliers, contractors, partners and collaborators.

In 2020, the FCC Group updated the Purchasing Manual within the framework of the CSR Master Plan. In this context, work was undertaken to analyse and update the map of environmental, social and governance risks for suppliers and contractors, taking into account issues such as:

- Identification of potential risks regarding sustainability.
- Inclusion of sustainability criteria in the definition of a critical supplier.
- Strengthening the monitoring and control system for those suppliers presenting the highest risk.

The Group also worked on the supplier official approval process by updating the Supplier Management procedure. The aim of the present procedure is to establish a unique methodology to standardise suppliers in the Purchasing Department's database, as well as to define a unique methodology for their assessment.

The official approval process is based on a risk analysis based in accordance with the information provided by the supplier and from a subsequent analysis, that leads to a final resolution on official approval by FCC.

For a supplier to be officially approved, they should first register on the Group's corporate platform and answer a series of questionnaires which include sustainability issues. The following are some of these issues:

- Signing an affidavit with regard to anti-corruption.
- References to documentation relating to the identification, risk assessment and certifications of the Anti-Bribery and Compliance systems implemented in the company.
- Certifications and information relating to the Quality and Environmental Management systems established in the company.
- Information relating to the Prevention of Risks at Work System.
- Information regarding customer service and satisfaction, as well as process control, official approval and assessment of suppliers.
- Workforce data, including diversity indicators such as the percentage of women, average age and average seniority of workers.
- Information on the promotion of Corporate Social Responsibility in the company, including, where applicable, a declaration of respect for human rights, anti-discrimination policies, adherence to the United Nations Global Compact, certifications of the ethical/social management system, sanctions or judicial processes for violation of human rights, communication of the sustainability policy, assessment of employee satisfaction and conciliation policies.
- Information regarding regulatory compliance, including references to their own Code of Ethics, acceptance of the FCC Group's Code of Ethics, information on the criminal prevention model, the reporting channel, the existence of a Compliance Officer, the policies for the prevention of money laundering and financing of terrorism, as well as any possible sanctions or convictions for corruption, bribery or influence peddling.

Once the questionnaires have been filled in, the responses are weighted using a points system that categorises the level of risk, assigning a degree of compliance between "A" and "D", with "A" being the level with the highest compliance. This score is notified to the supplier once it has been approved through an official approval certificate together with recommendations for improving the score, where this is of interest.

During the 2020 business year, a total of 382 suppliers completed the official approval process. Looking ahead to 2021, the Group aims to officially approve 100% of the suppliers assigned in the purchasing processes initiated throughout the year, as well as 80% of the suppliers that represent the top 20% of expenses incurred during the business year.

In the event that a supplier is classified as high risk (D), a process of *Due Diligence* for third parties will be undertaken to analyse in detail any possible risks that may materialise should a commercial relationship be established with this provider. Depending on the results obtained in *Due Diligence*, the official approval of the supplier by the Purchasing Department will be accepted or rejected. Of all the suppliers submitted to the official approval process in 2020, none had any features that resulted in them being categorised as high-risk suppliers.

There is regular assessment of suppliers that involves sending satisfaction assessment surveys to the corresponding areas within the Group. The result of these assessments is useful for negotiations, decision-making in future assignments or even to decide whether to maintain or cancel official approval. With the aim of keeping the system constantly updated, the assessment questionnaire is resent regularly and at different intervals after the contract has been awarded, provided it is still in force.

11. The FCC Group: innovation for sustainable development

Since it was founded in 1900, the FCC Group has always considered innovation as a priority, adapting to different technological developments to provide services with the highest standards of technical excellence. From building cities at the beginning of the century, to the development of motorways and railway and metro lines, park management and water distribution over the following decades, FCC has always participated in the development of state-of-the-art infrastructures and services within its sector.

This ongoing effort to innovate on the part of the Group has enabled FCC to enjoy a journey lasting more than 120 years. The search for innovation is part of the history and way of life in the FCC Group and can be seen in the numerous initiatives in which the different lines of business participate.

The FCC Group is aware that the future must be linked to sustainable development, so each business is looking for innovative solutions so as to be able to minimise their impact on the environment and increase the efficiency of their processes. These solutions are aimed at meeting global challenges, like the fight against climate change and transition to a circular economy model, all of which will affect the global agenda in the coming years.

FCC Environmental is committed to technological innovation in order to improve the well-being of citizens and make cities increasingly sustainable. Its R&D&I projects focus on five main areas: e-mobility, machinery, circular economy, sustainable development and "VISION" and Information and Communication Technologies. In this way, the activities of FCC Environmental Services include electric sweepers, advanced urban pruning systems, and innovative projects such as, for example, Life4Film, aimed at avoiding incineration and sending plastic film to landfills, and Insectum, that aims to improve the revaluation of wastes by using insects.

In this regard, Aqualia is now considered to be as an avant-garde entity, a benchmark in the sector as a result of continuous progress in innovation and in the use of new technologies. The company has developed an R&D&I strategy, both in the production processes and in the optimal use of resources, assuming its responsibility to society and the environment and improving the quality of life of citizens, including vulnerable groups. Aqualia's innovation projects are based on identifying opportunities in issues such as quality, sustainability, smart management and eco-efficiency in which the whole workforce participates. With the aim of providing projects with better resources, the company also participates in European, national and regional

R&D&I programmes relating to water management and that are co-financed by the Spanish Administration or the European Union (FP7, LIFE, H2020, Eco-Innovation, etc.)

The Group's construction area also actively promotes innovation through its main activities, as it is aware of the importance for the company as a differentiating factor in a highly competitive market. The innovation projects in the FCC Group's construction area are aligned with its R&D&I policy, with efforts focussed on providing added value in terms of sustainability. As a complement to this and with the aim of ensuring the maximum guarantees for quality and safety, the Group's construction area uses modern and innovative machinery in its operations, resulting in a reduction of atmospheric emissions and impact from noise and an increase in energy efficiency.

The Cements business is committed every year to applying R&D&I processes involving research and development for new products, and there is great awareness of social demands in environmental matters. With the aim of adapting to the changing context and guaranteeing the competitiveness of its activities in the market, the company is working for the technological innovation of products and materials to extend the useful life of infrastructures. Meanwhile, the Cements business is applying innovative techniques involving alternative manufacturing processes and eco-efficient materials to make progress in the sustainable construction of cities.

AWA: water measurement for smart management

Industry 4.0 is already a new reality in the business of end-to-end water management, and it has accelerated digitisation and the adoption of new technologies in industrial processes.

As a result of this, Aqualia uses the Aqualia Water Analytics (AWA) platform for the smart, more efficient management of the end-to-end water cycle and has completely transformed the way it operates. AWA is an analytical tool that provides the company with transversal analysis of the end-to-end water cycle, and it covers the complete data cycle from abstraction onwards. The technological environment was designed under the principle of creating solutions adapted to each process and specific needs "Any solution does not have to be the best solution". With regard to security, it is about generating a framework of trust, complying at all times with cybersecurity policies.

Life Phoenix, the project led by Aqualia for the regeneration of wastewater and the treatment of microplastics

Within a context of ecological crisis and water stress arising from the effects of climate change, the re-use of water is vitally important so as to be able to face the challenges presented by food production and water policy in the European Union. Faced with this scenario, Aqualia will be the entity responsible for leading the European Life Phoenix innovation project for the next four years. This project is a challenge that will address the problems arising from the re-use of wastewater, as well as the threat posed by emerging pollutants and microplastics.

The project lies within the framework of the European LIFE programme and has a budget of more than three million euros. It seeks to transform the use of wastewater into an element of high added value to be re-used for irrigation in the agricultural sector, in compliance with the current European directive.

The project lies within the framework of the European LIFE programme and has a budget of more than three million euros. It seeks to transform the use of wastewater into an element of high added value to be re-used for irrigation in the agricultural sector, in compliance with the current European directive.

Artificial Intelligence, the key to optimising electricity costs in the cement sector

The cost of electricity cost in a cement works represents about 37 percent of variable costs, so energy efficiency is a key competitive factor for this industry. In Spain, the cement industry also faces reduced energy replacement rates, a new scenario for the CO₂ Emissions Trading System, and the cost of electricity is higher than the European average.

This need has led to a collaboration agreement between the University of Seville and Flacema, with the participation of a number of companies in the cement sector operating in Andalusia, such as Cementos Portland Valderrivas. In this context, an industrial research process will be launched, with the aim of developing a digital tool to optimise electricity costs. This tool will include neural networks, genetic algorithms and other Artificial Intelligence tools and will enable the former to lay the ground for the mathematical theories while the latter will see an improvement in competitiveness.

The FCC Group, innovating to contribute to sustainable mobility

Both Aqualia and FCC Environmental participated in the Methamorphosis project, co-financed by the European LIFE program, and which ended in 2020. This project is an example of the synergies existing within the FCC Group, and aimed at developing a new system for the treatment of effluents and obtaining biofuel (biomethane) from municipal and agro-industrial waste. As a result of this project, two prototypes were built:

- UMBRELLA (FCC Environmental Services and Aqualia - Besòs Ecopark Municipal Wastes Plant): This prototype aims to use organic waste from water treatment to generate biogas.
- METHAGRO (Porgaporcs - Ecobiogas agro-industrial waste plant): This prototype focuses on obtaining biogas from organic waste from the Porgaporcs agri-food plant.

FCC also plays a leading role in the LIFE Landfill Biofuel project, in collaboration with six other organisations. This project aims to obtain and produce biomethane suitable to be used by vehicles from the enrichment of biogas from landfills. Once completed, the intention is to reproduce this project in other FCC landfills in Europe, thus contributing to the use of biomethane as an energy alternative.

VISION - Smart platform for the provision of services to citizens

ICT technologies (Information and Communication Technologies) are increasingly important in the provision of truly smart services in cities and urban centres.

In order to provide effective, efficient, sustainable and comprehensive services, systems need to be in place that enable the capitalisation of best practices in processes and communications, also providing all agents (administration, citizens and companies) with collaborative tools that enable the management of information for optimal service provision.

With this in mind, FCC Medio Ambiente Iberia developed the VISION platform, a tool that integrates all aspects of FCC Medio Ambiente Iberia's management in the same environment, sharing information, processes, validations and services that facilitate progress towards excellence.

With the deployment of VISIÓN in all contracts, the tool enables all departments to work together to design and maintain a unified and updated work environment.

FCC Environment CEE, innovating for the citizens of Slovakia

FCC Environment CEE has developed a new application available in Slovakia, for the purpose of notifying users when the different types of waste will be collected. This practical tool will modernise the municipal waste collection system in Slovakia, which was previously managed by printed calendars in which citizens had to verify and review the timetable for taking out their waste to be collected.

The Vylož Smeti app: FCC, which has been available since 1 December 2020, enables users to access the collection calendar, simply by showing their address on their tablet or mobile phone.

FCC Environment CEE in Slovakia has also developed the OdpadOnline.sk online tool which is also in line with the FCC Group's strategy in the field of digitisation. With this tool it takes users 5 minutes to request a container and ensure the safe disposal of their waste.

Gaudí Project, a new platform for knowledge management in the construction sector

The Gaudí project, executed by FCC Construcción and Vass, and financed by the Centre for Industrial Technological Development, the European Regional Development Fund (ERDF) and the Ministry of Science and Innovation, aims to create a platform for the management of knowledge in the field of construction.

This platform will enable the acquisition, storage, processing and dissemination of know-how in construction companies. By developing Artificial Intelligence, Machine Learning and Deep Learning algorithms, this platform will also enable the capture, storage, processing and dissemination of information through a shared platform.

This project will create a new Knowledge Management model for the construction sector, based on the study of the business processes established in the Management Systems in the companies participating, taking traditional knowledge processes into account (creation, storage and retrieval, transfer and application).

Annexes

ANNEX I: ABOUT THIS REPORT

Regulatory Context

This Sustainability Report provides information on the management of key aspects (environmental, social and governance) for the company and its businesses in the period between 1 January and 31 December 2020¹⁴.

The dissemination of non-financial information or that relating to corporate social responsibility contributes towards the measurement, monitoring and management of the performance of companies and their impact on society, and constitutes a common practice within the FCC Group. The information on FCC's ethical, environmental and social performance was prepared in accordance with the Exhaustive option in the GRI Standards (*Global Reporting Initiative*).

The FCC Group also includes in this Report the non-financial information requested by Law 11/2018, of 28 December, on non-financial information and diversity. This Report, therefore, is a constituent part of the FCC Group's Consolidated Management Report, corresponding to the 2020 business year, between 1 January and 31 December 2020.

Throughout this document, information is provided on environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as information on the Group's employees.

Principles for preparing the Report

In the preparation of this Report, the FCC Group followed the principles of the Global Reporting Initiative for the preparation of reports: Inclusion of stakeholders, context of sustainability, material value and comprehensiveness.

To identify material issues, FCC updated its materiality study for 2020, described in point 5.2 of this report and taking the company's main stakeholders into account. In the event that any indicator is not material for the Group or for any of its businesses, this will be expressly stated in the text. The scope of the material topics and their coverage was developed sufficiently to reflect significant economic, environmental and social impacts and to enable stakeholders to assess FCC's performance in 2020.

The Group also took care to ensure the quality of the document, respecting the following principles: accuracy, balance, clarity, comparability, reliability and timeliness.

To ensure the reliability of the information, the Group verified its Sustainability Report independently. A guarantee report that includes the objectives and scope of the process, as well as review procedures used and their conclusions, is attached as an annex to this report.

¹⁴Due to the impossibility of providing year-end data, Aqualia reports non-financial information related to environmental issues for the period from 1 December 2019 to 30 November 2020.

Scope

The scope of the information provided in this report corresponds to the integration perimeter used for the financial consolidation of Fomento de Construcciones y Contratas, S.A. and subsidiaries, taking into account the data for 100% of the subsidiaries over which management is controlled, regardless of the shareholding.

The list of FCC Group companies as at 31 December 2020, and a description of each one, appear in the annexes to the annual accounts.

The FCC Group, distinguished by its geographical and activity diversity, is working to extend the scope of the information to all the companies that make up the group. However, the following is a list of companies excluded from this scope for which non-financial information for the 2020 business year has not been included:

Business	Excluded from the Scope
FCC Environmental Services	FCC Abfall Service Betriebs GmbH, FCC Centrum Nonprofit Kft., FCC Magyarország Kft., FCC EKO Polska sp. z o.o., FCC EKO Polska sp. z o.o., FCC Environment Romania S.R.L.
Construction Area	ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego, Áridos de Melo, S.L., 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., Constructora Meco-Caabsa, S.A. de C.V., Constructora Túnel de Coatzacoalcos, S.A. de C.V., Desarrollo y Construcción Deyco CRCA, S.A., Edificadora MSG, S.A. (Panama), Edificadora MSG, S.A. de C.V. (El Salvador), Edificadora MSG, SA 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 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 International B.V., FCC Construction Northern Ireland Limited, FCC Edificadora CR, S.A., FCC Electromechanical Llc., FCC Elliott Construction Limited, FCC Industrial de Panamá, S.A., FCC Industrial Perú, S.A., FCC Industrial UK Limited, FCC Immobilien Holding GmbH, 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., Impulsora de Proyectos Proserme, S.A. de C.V., Meco Santa Fe Limited, Megaplás Italia, S.p.A., Participaciones Teide, S.A., Servicios Dos Reis, S.A. de C.V., FCC Construction Australia Pty Ltd
Cementos Portland Valderrivas	Canteras de Alaiz, S.A., Carbocem, S.A., Dragon Alfa Cement Limited, Dragon Portland Limited, Hormigones de la Jacetania, S.A., Prebesec Mallorca, S.A., Uniland Acquisition Corporation, Uniland International B.V., Uniland Trading B.V., Áridos de Navarra, S.A., Pedrera de l'Ordal, S.L., Tratamiento Escombros Almoquera S.L.
Other activities	Autovía Conquense, S.A., Bvefdomintaena Beteiligungsverwaltung GmbH, Cemarm - Mobiliario Urbano e Publicidade, S.A., Concesionaria Atención Primaria, S.A., Concesionaria Túnel de Coatzacoalcos, S.A. de C.V., Costa Verde Habitat, S.L., F-C y C, S.L. Unipersonal, FCC Concesiones, S.A. Unipersonal, FCC Concesiones de Infraestructuras, S.L., Geneus Canarias, S.L., PPP Infrastructure Investments B.V., Per Gestora, S.L., Vela Boravica Koncern d.o.o., Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L., Grupo Cedinsa Concessionària, Cedinsa Concessionària, S.A., Cedinsa Conservació, S.L. Unipersonal, Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A.Unipersonal, Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A.Unipersonal, Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A.Unipersonal, Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A.Unipersonal

The non-inclusion of non-financial information on these companies is due to the fact that most of them are inactive or being wound up, holding companies, companies without productive activity or incorporated during the second half of the business year. The FCC Group's non-financial reporting procedure allows those companies incorporated in the second half of the business year to make non-financial reporting on a voluntary basis, in order to have a reasonable amount of time to adapt to the management systems implemented in the Group. However, if the information is available, it is included in the data provided by each business line.

Despite the above-mentioned corporate exclusions, the non-financial information presented in this Report covers between 90 and 95% of the FCC Group's turnover, unless expressly indicated below, guaranteeing a true image of the company's non-financial performance.

With regard to specific indicators, in addition to what is expressly indicated throughout the document in other sections, those excluded from the scope of environmental indicators are detailed below:

Indicator	Excluded from the Scope
Monetary resources dedicated to the prevention of environmental risks	Aqualia
Atmospheric emissions	Prefabricados Delta (COVs), Megaplas (NOx, Sox)
Water discharges	Aqualia ¹⁵
Generated waste	FCC Construction (Saudi Arabia)
Water consumption	FCC Construction (Saudi Arabia)
Energy consumption	FCC Construction (Saudi Arabia), FCC Environmental Services
Direct GHG emissions	FCC Construction (Saudi Arabia)
Indirect GHG Emissions	FCC Construction (Saudi Arabia), FCC Environmental Services

This year, basic environmental indicators for the two corporate headquarters of the FCC Group in Madrid (energy consumption, water consumption, waste generated and GHG emissions) were included for the first time. These indicators, with a very low weighting with regard to the FCC Group, are the significant for the environmental management of both centres.

With regard to the exclusions from scope in the specific indicators mentioned above, these omissions are justified due to the impossibility of providing exhaustive and good quality information as at the closing date for the submission of this report. With regard to the above-mentioned omissions concerning the FCC Group's turnover, Aqualia contributes 19.3%, FCC Construction (Saudi Arabia) 2.8% and FCC Environmental Services 1.2%. The rest of the omissions mentioned do not in any case exceed 1% of the Group's turnover.

¹⁵ Since Aqualia's activity is to manage the end-to-end water cycle, the amounts of water discharged as a result of the purification and reuse processes are shown in the section "Water consumption and management at the Group"

ANNEX II: TABLES RELATING TO SOCIAL AND PERSONNEL AFFAIRS

Developments in the distribution of the workforce by gender (31/12)

	2019	2020
Men	77,8%	77,7%
Women	22,2%	22,3%
Total	100 %	100 %

Developments in the distribution of the workforce by business area (Percentage)

	2019	2020
Environmental Services	67 %	67 %
Water Management	16 %	18 %
Construction	14 %	12 %
Cement	2 %	2 %
Central Services	1 %	1 %
Total	100 %	100 %

Developments in the distribution of the workforce by age range and gender (31/12)

	2019		2020	
	Men	Women	Men	Women
< 35 years	8.413	1.876	6.788	1.850
35-54 years	26.945	8.180	24.043	7.501
> 54 years	10.789	3.111	15.570	3.995
Subtotal	46.147	13.167	46.401	13.346
Total	59.314		59.747	

Developments in the distribution of the workforce by functional level and gender (31/12)

	2019		2020	
	Men	Women	Men	Women
Directors and Managers	475	90	437	82
Supervisors	3.233	610	3.067	551
Technicians	3.545	1.629	3.898	1.660
Administrative Clerks	1.074	1.805	1.004	1.975
Sundry trades	37.820	9.033	37.995	9.078
Subtotal	46.147	13.167	46.401	13.346
Total	59.314		59.747	

Developments in the distribution of the workforce by country gender (31/12)

Countries	2019			2020		
	Men	Women	Total	Men	Women	Total
Spain	33.584	10.781	44.365	33.956	11.115	45.071
Czech Republic	2.161	655	2.816	2.196	648	2.844
United Kingdom	2.045	348	2.393	2.152	350	2.502
Romania	556	144	700	554	134	687
Austria	530	162	692	532	165	697
Poland	382	94	476	423	108	531
Portugal	373	88	461	443	95	538
Slovakia	361	93	454	323	91	414
Italy	207	37	244	217	35	252
Hungary	127	52	179	132	51	183
Serbia	100	34	134	94	36	130
USA	372	50	422	501	76	577
Panama	484	88	572	266	42	308
Colombia	240	51	291	666	147	813
Egypt	1.025	3	1.028	1.340	3	1.343
Tunisia	239	19	258	215	17	232
Saudi Arabia	2.294	195	2.489	1.684	134	1.818
United Arab Emirates	326	6	332	307	5	312
Rest of the World	741	267	1.008	401	94	495
Total	46.147	13.167	59.314	46.401	13.346	59.747

No. of new contracts by gender, age and functional level:

No. of new contracts by gender

	2020
Men	7.703
Women	2.540
Total	10.243

No. of new contracts by age and gender

	Men	Women	Total
< 35 years	2.766	894	3.660
35-54 years	3.847	1.365	5.212
> 54 years	1.090	281	1.371
Total	7.703	2.540	10.243

No. of new contracts by functional level and gender

	Men	Women	Total
Directors and Managers	11	3	14
Supervisors	203	73	276
Technicians	789	185	974
Administrative Clerks	122	218	340
Sundry Trades	6.578	2.061	8.639
Total	7.703	2.540	10.243

Developments in the number of workers by type of contract and gender

	2019		2020	
	Men	Women	Men	Women
Open-ended	32.214	10.165	32.975	10.053
Temporary	13.933	3.002	13.426	3.293
Subtotal	46.147	13.167	46.401	13.346
Total	59.314		59.747	

Developments in the number of workers by type of working day and gender

	2019		2020	
	Men	Women	Men	Women
Full-time	41.908	9.420	42.271	9.479
Part-time	4.239	3.747	4.130	3.867
Subtotal	46.147	13.167	46.401	13.346
Total	59.314		59.747	

Annual average for contract and gender

	2019		2020	
	Open-ended	Temporary	Open-ended	Temporary
Men	31.599	14.719	32.952	14.053
Women	9.615	3.144	10.010	3.112
Subtotal	41.214	17.864	42.962	17.165
Total	59.078		60.127	

Annual average by contract and age range

	2019		2020	
	Open-ended	Temporary	Open-ended	Temporary
< 35 years	4.603	5.895	4.593	5.730
35-54 years	26.236	8.967	25.220	8.302
> 54 years	10.375	3.001	13.149	3.133
Subtotal	41.214	17.864	42.962	17.165
Total	59.078		60.127	

Average by type of contract and functional level

	2019		2020	
	Open-ended	Temporary	Open-ended	Temporary
Directors and Managers	565	4	544	5
Supervisors	3.339	608	3.238	538
Technicians	3.858	1.013	4.403	994
Administrative Clerks	2.081	758	2.272	598
Sundry trades	31.372	15.480	32.505	15.030
Subtotal	41.215	17.863	42.962	17.165
Total	59.078		60.127	

Annual average for working hours and gender

	2019		2020	
	Full-time	Part-time	Full-time	Part-time
Men	41.947	4.372	42.788	4.217
Women	9.296	3.463	9.508	3.614
Subtotal	51.243	7.835	52.296	7.831
Total	59.078		60.127	

Annual average by working hours and age range

	2019		2020	
	Full-time	Part-time	Full-time	Part-time
< 35 years	9.128	1.370	8.983	1.340
35-54 years	31.406	3.797	29.922	3.601
> 54 years	10.709	2.667	13.391	2.890
Subtotal	51.243	7.835	52.296	7.831
Total	59.078		60.127	

Average by type of working day and functional level

	2019		2020	
	Full-time	Part-time	Full-time	Part-time
Directors and Managers	565	4	542	8
Supervisors	3.780	167	3.616	159
Technicians	4.607	264	5.143	255
Administrative Clerks	2.666	173	2.695	175
Sundry trades	39.625	7.227	40.300	7.234
Subtotal	51.243	7.835	52.296	7.831
Total	59.078		60.127	

Developments in dismissals by gender

	2019	2020
Men	662	532
Women	153	156
Total	815	688

Developments in dismissals by age range

	2019	2020
< 35 years	260	143
35-54 years	427	368
> 54 years	128	177
Total	815	688

Developments in dismissals by functional level

	2019	2020
Directors and Managers	13	24
Supervisors	37	63
Technicians	107	114
Administrative Clerks	46	37
Sundry trades	612	450
Total	815	688

Developments in the wage gap in Spain

	2019	2020
Adjusted wage gap	6,59%	5,85%
Gross wage gap	17,42%	18,62%

Average salaries by functional level and gender

Spain:

		2019			2020		
		Total Average Remuneration			Total Average Remuneration		
		Under 35 years old	From 35 to 54 years old	Over 54	Under 35 years old	From 35 to 54 years old	Over 54
Men	Directors and Managers	60,375.36 EUR	107,200.54 EUR	147,318.51 EUR	55,734.89 EUR	99,168.29 EUR	136,326.39 EUR
	Supervisors	29,251.61 EUR	45,086.22 EUR	50,693.67 EUR	30,498.07 EUR	45,952.00 EUR	53,031.57 EUR
	Technicians	28,498.51 EUR	43,127.14 EUR	51,944.87 EUR	28,316.74 EUR	42,163.90 EUR	50,197.31 EUR
	Clerical Staff	23,867.52 EUR	30,319.11 EUR	36,504.92 EUR	22,343.23 EUR	29,502.52 EUR	35,470.45 EUR
	Sundry Trades	23,989.51 EUR	26,342.57 EUR	27,694.37 EUR	23,277.26 EUR	27,232.33 EUR	29,484.30 EUR
Women	Directors and Managers	53,855.97 EUR	87,100.64 EUR	83,920.64 EUR	-	85,111.11 EUR	70,589.89 EUR
	Supervisors	26,886.49 EUR	36,604.46 EUR	39,305.68 EUR	27,810.07 EUR	38,705.44 EUR	40,878.50 EUR
	Technicians	24,391.86 EUR	35,679.30 EUR	42,562.62 EUR	25,128.80 EUR	36,154.10 EUR	40,968.08 EUR
	Clerical Staff	20,873.69 EUR	25,063.85 EUR	27,821.19 EUR	21,872.00 EUR	26,135.65 EUR	28,782.08 EUR
	Sundry Trades	19,211.29 EUR	19,991.23 EUR	19,138.44 EUR	18,850.39 EUR	20,263.39 EUR	20,392.96 EUR

International

	Men	Women
Saudi Arabia	57,384.35 SAR	52,712.74 SAR
Colombia	24,544,260.05 COP	31,347,442.47 COP
Egypt	120,620.20 EGP	160,272.00 EGP
United Arab Emirates	34,139.27 AED	51,600.00 AED
Italy	EUR 27,859.81	EUR 31,812.75
Panama	18,472.29 USD	26,093.70 USD
Portugal	EUR 22,892.88	EUR 28,468.91
Czech Republic	419,010.66 CZK	378,919.91 CZK
Tunisia	55,218.81 TND	48,780.97 TND

FCC defined a remuneration policy for each of the countries in which it operates, so the aggregate average remuneration for which the remuneration data for those countries in which we are established is added, it is not representative of the remuneration management undertaken in each of the business units and countries in which FCC operates.

The information required to provide breakdowns by professional classification and age range is currently not available. In this regard, the FCC Group is working to be able to provide this information.

Percentage of workers covered by collective agreement by country

Countries	Total % of workers covered by collective agreement	
	2019	2020
Saudi Arabia	0%	0%
Algeria	-	93,44%
Australia	-	0%
Austria	6%	0,10%
Belgium	-	100%
Brazil	-	100%
Bulgaria	0%	0%
Canada	-	0%
Chile	0%	0%
Colombia	0%	0%
Costa Rica	-	0%
Ecuador	-	0%
USA	0%	14,37%
Egypt	-	0%
El Salvador	-	0%
United Arab Emirates	0%	0%
Slovakia	36,83%	33,73%
Spain	100%	100%
France	100%	100%
Guatemala	-	0%
Holland	-	100%
Hungary	0%	0%
Ireland	-	0%
Italy	100%	100%
Kosovo	-	0%
Mexico	0%	0%
Montenegro	-	0%
Nicaragua	-	0%
Norway	-	0%
Oman	0%	0%
Panama	30,45%	65,55%
Peru	-	0%
Poland	25%	20%
Portugal	48,26%	13,85%
Qatar	-	16,07%
United Kingdom	7,13%	7,10%
Czech Republic	36,58%	36,38%
Dominican Republic	-	100%
Romania	22,85%	20,52%
Serbia	10,56%	13,86%
Tunisia	100%	100%

(*) In 2020 all countries and all areas where the FCC Group operates were included.

Parental Leave (Spain)

	Men	Women
No. of employees entitled to paternity/maternity leave	803	173
No. of employees who took paternity/maternity leave	803	173
No. of employees who returned to work after paternity/maternity leave ended	757	169

ANNEX III TABLES RELATING TO ENVIRONMENTAL ISSUES

Noncompliance with environmental laws and regulations (307-1)

Noncompliance with environmental laws and regulations	2020
Total monetary value of fines (€)	304.256
Total number of non-monetary sanctions (No.)	23
Cases subject to mechanisms for the resolution of law suits (No.)	53

Spills (306-3) and discharges (303-4)

Spills	2020
Total no. of significant spills (no.)	18
Total volume of significant spills (m3)	23

Water discharges by destination (m³)	2020
Surface water	1.954.567
Groundwater	75.832
Sea water	62.170
Third party water (total): municipal network and treatment plants	1.481.451
Third-party water transferred for use by other organisations (where applicable)	-
TOTAL	3.574.020

Total water discharges for fresh water or other waters (m³)	2020
Fresh water (total dissolved solids ≤ 1000 mg/l)	1.508.526
Other waters (total dissolved solids > 1000 mg/l)	117.439
Not typified	1.948.056
TOTAL	3.574.020

Water discharges in areas under water stress (m³)	2020
Fresh water (total dissolved solids ≤ 1000 mg/l)	592.343
Other waters (total dissolved solids > 1000 mg/l)	100
TOTAL	592.443

Import, export and transport of waste (306-4)

Import of waste (T)	2.020
Amount of imported hazardous waste	54.685
Exported hazardous waste (T)	2.020
Amount of exported hazardous waste	666
Transported hazardous waste (T)	2.020
Amount of hazardous waste transported to other countries	57

Water abstraction (303-3)

Water abstraction (m³)	2020
Municipal water supply or by other water companies	9.521.108
Surface waters (wetlands, rivers, lakes, captured rainwater and other water streams)	850.832
Groundwater	1.992.512
Rainwater captured and stored by the organisation	218.934
Water recycled or re-used	1.996.106
TOTAL	14.579.493

Water abstraction from areas WITH water stress (m³)	2020
Municipal water supply or by other water companies	5.681.748
Surface waters (wetlands, rivers, lakes, and other water streams)	470.964
Groundwater	620.075
Rainwater captured and stored by the organisation	3.515
Water recycled or re-used	1.895.215
TOTAL	8.671.517

Water abstraction by water type (m³)	2020
Fresh water (total dissolved solids ≤ 1000 mg/l)	14.579.493
Other waters (total dissolved solids > 1000 mg/l)	-
TOTAL	14.579.493

Consumption of materials (301-1) (301-2) (301-3)

Materials used (T)	2020
Raw materials (metals, minerals, wood, etc.)	41.396.446
Process materials, lubricants and reagents	96.849
Semi-finished products	3.726.276
Container and packaging material (paper, cardboard, plastics)	8.671
TOTAL	45.228.241

Origin of the materials used (T)	Renewable*	Non-renewable**
Raw materials (metals, minerals, wood, etc.)	257.475	41.138.971
Process materials, lubricants and reagents	191	96.658
Semi-finished products	-	3.726.276
Container and packaging material (paper, cardboard, plastics)	4.327	4.343
TOTAL	261.993	44.966.248

* Renewable: materials from abundant resources that are quickly replenished through ecological cycles or agricultural processes, so that they remain available for future generations. For example, wood and biomass.

*Non-renewable: Resource that is not renewed within short periods of time, for example; minerals, metals, oil, gas and coal

Recycled consumables (T)	2.020
Recycled/re-used materials	10.121.571

Retrieved packaging products and materials (T)	2020
Packaging products and materials collected, re-used or recycled at the end of their useful life	1.356
Packaging products/material sold in the period	1.336.408

Energy consumption (302-1) (302-2)

Consumption of fossil fuels in fixed sources and mobile sources under operational control (GJ)

GJ

Petrol	97.236
Diesel/Diesel oil	3.766.750
Boiler oil (Diesel C)	18.320
Fuel Oil	8.954
LPG (Liquefied Petroleum Gas)	2.094
Natural gas	118.346
Compressed natural gas (CNG)	473.421
Kerosene	662
Coal (domestic)	1.082
Propane	3.439
Waste (fossil fraction)	7.207.458
Butane	15
Conventional fossil fuels in clinker kilns	12.214.421
Alternative fossil fuels in clinker kilns	1.509.222
TOTAL	25.421.421

Consumption of renewable fuels in fixed sources and mobile sources under operational control (GJ)

2020

Biogas burned in boilers without electricity generation	549.888
Biogas burned in engines or turbines with electricity generation	1.086.822
Waste (biomass fraction)	8.487.487
Biomethane	549
Landfill gas	4.552
Biomass	1.364.247
TOTAL	11.493.546

Consumption of self-produced renewable energy (GJ)

2020

From wind turbines	255
From photovoltaic panels	753
TOTAL	1.009

Indirect energy consumption (GJ)

2020

Indirect non-renewable consumption	6.075.789
Indirect renewable consumption	112.181
TOTAL	6.187.970

Energy consumption outside the organisation (GJ)¹⁶	2020
Purchased items and services	318.186
Activities relating to fuel and energy that are not included in scope 1 and 2	6.701
Business travel	9.069
TOTAL	333.955

¹⁶ This energy consumption is only calculated at FCC Construcción, Cementos Portland Valderrivas and FCC Environment UK

ANNEX IV: TAX INFORMATION

Profits by country and tax paid on profits

	Pre-Tax Profit 2020 (thousands of €)	Tax paid on 2020 profit (thousands of €)
Germany (*)	1.236,05	
Saudi Arabia	11.398,51	6.687,52
Algeria	26.090,55	2.446,89
Argentina (*)	0,00	
Austria	-751,22	
Australia	9.478,00	136,42
Belgium	1.093,00	0,06
Bosnia and Herzegovina (*)	-0,15	
Brazil	-2.164,77	0,10
Bulgaria	1.192,00	49,28
Canada (*)	-2.398,11	
Chile	-1.965,52	-21,13
Colombia	154,87	404,56
Costa Rica (*)	-1.987,39	
Croatia (*)		
Ecuador	178,24	155,55
Egypt	8.022,55	705,34
El Salvador	377,49	120,54
United Arab Emirates (*)	2.785,33	
Slovakia	2.599,00	952,57
Spain	390.710,12	73.172,30
United States (*)	-28.859,51	
Finland (*)	-43,00	
France	3.383,60	317,29
Greece (*)	0,00	
Guatemala	355,54	6,58
Haiti (*)	1.188,00	
Honduras (*)	-21,50	
Hungary	2.971,00	86,47
Ireland (*)	-11.584,78	
Italy	4.292,56	1766,30
Latvia (*)	-51,00	
Luxembourg (*)	-46,82	
Morocco	-1.455,00	0,28
Mexico	-223,04	7.271,02
Montenegro (*)	-362,37	
Nicaragua	604,78	34,50
Norway	234,00	

Oman (*)	256,19	
Netherlands (*)	1.183,31	
Panama	-36.065,71	9.252,40
Peru	10.206,12	769,44
Poland	3.355,00	-14,40
Portugal	2.275,60	1.892,09
Qatar	7.367,00	282,99
United Kingdom	-1.622,80	2.452,49
Czech Republic	23.476,43	5.135,23
Dominican Republic (*)	803,00	
Romania	-13.302,04	194,84
Serbia	649,44	12,26
Sweden (*)	-8,00	
Tunisia	14.540,62	5.848,86
Uruguay (*)	328,28	
TOTAL	429.873,45	120.118,61

(*) Countries that did not report any taxes. This was due to one or more of the following reasons: accumulated losses, negative results, negative tax bases from previous business years, profit was very small or Corporate Income Tax was not payable on profit in the country in question.

Public grants received (thousands of €)

	2018	2019	2020
Construction	-	-	-
Environmental Services	3.137	3.726	3.997
Water	11.397	10.725	8.418
Cement	135	-	-
Concessions	4.772	4.610	7.154
Real Estate	-	-	-
Central Services	-	-	-
TOTAL	19.441	19.061	19.569

ANNEX V: GRI CONTENT TABLE

The following is the table of contents for GRI content. It shows general GRI 102 content, as well as each of the material issues identified in any of the FCC Group businesses, along with details of the corresponding GRI thematic standards. For each of the issues considered in the materiality analysis, the businesses in which they are material are identified (Environment, Water, Construction and Cements). For example, the issue regarding relationship with local communities is material for the Construction area.

The thematic GRI standards were selected taking into account the definition of each of the material issues for the FCC Group. Since this Report was prepared in accordance with the exhaustive option of *Global Reporting Initiative*, it responds to all the content that is part of the selected standards.

GRI Standard	Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 101: Fundamentals 2016				
General content				
GRI 102: General Content 2016	102-1 Name of the organisation	Fomento de Construcciones y Contratas, S.A. and subsidiaries	-	Not applicable
	102-2 Activities, brands, products, and services	2.1 FCC, creating sustainable cities	6-7	Not applicable
	102-3 Location of headquarters	Av. Del Camino de Santiago 40, 28050 Madrid, Spain	-	Not applicable
	102-4 Location of operations	2.1 FCC, creating sustainable cities	6-7	Not applicable
	102-5 Ownership and legal form	Corporate Governance Report, section A. Ownership structure	-	Not applicable
	102-6 Markets served	2.1 FCC, creating sustainable cities 10.1 FCC's commitment to its clients	6-7; 110	Not applicable
	102-7 Size of the organisation	2.1 FCC, creating sustainable cities 2.4 The FCC Group in figures Annex II: Tables relating to social and personnel affairs	6; 14-17; 122	Not applicable
	102-8 Information on employees and other workers	Annex II: Tables relating to social and personnel affairs	122-129	Not applicable
	102-9 Supply chain	10.2 FCC's commitment to its suppliers	113-115	Not applicable
	102-10 Significant changes in the organisation and its supply chain	1. Letter from the CEO 2.4 The FCC Group in figures	4-5; 14-17	Not applicable
	102-11 Precautionary principle or approach	7.1.3 The management of environmental aspects and impacts within the Group	58-61	Not applicable
	102-12 External initiatives	4.2 The CSR Master Plan 6.1.1 Due diligence with Human Rights 6.1.4 Accountability and transparency 7.2.1 The circular economy for the FCC Group	25; 47; 49; 62	Not applicable
	102-13 Membership of associations	9.2.1 The FCC Group's socio-economic contribution to sustainable development	108-110	Not applicable
	102-14 Statement from senior executives responsible for decision-making	1. Letter from the CEO	4-5	Not applicable
	102-15 Key impacts, risks and opportunities	6.2 Risk management in the FCC Group	50-55	Not applicable
	102-16 Values, principles, standards and rules of conduct	2.2 Our mission, vision and values	8-9	Not applicable
	102-17 Mechanisms for advising and ethical concerns	6.1 Compliance and due diligence	45	Not applicable
	102-18 Governance structure	2.3.1 Governance structure	9-11	Not applicable
	102-19 Delegating authority	4.1.1 CSR Policy Governance	22-23	Not applicable
	102-20 Executive-level responsibility for economic, environmental and social issues.	4.1.1 CSR Policy Governance	22-23	Not applicable
	102-21 Consulting stakeholders on economic, environmental and social issues.	5. FCC, committed to dialogue	37-44	Not applicable
	102-22 Composition of the highest governance body and its committees	2.3.1 Governance structure 2.3.4 Diversity on the Board of Directors	9-11; 13	Not applicable
	102-23 President of the highest governance body	Corporate Governance Report, section C. Structure of the company's administration	-	Not applicable
	102-24 Nominating and selecting the highest governance body	Corporate Governance Report, section C. Structure of the company's administration 2.3.4 Diversity on the Board of Directors	13	Not applicable
	102-25 Conflicts of interest	Corporate Governance Report, section D. Related transactions and intra-group transactions	-	Not applicable

GRI Standard	Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
	102-26 Role of the senior governing body in setting objectives, values and strategy	4.1.1 CSR Policy Governance	22-23	Not applicable
	102-27 Collective knowledge of the highest governance body	4.1.1 CSR Policy Governance	22-23	Not applicable
	102-28 Assessing the highest governance body's performance	Corporate Governance Report, section C. Structure of the company's administration	-	Not applicable
	102-29 Identifying and managing economic, environmental and social impacts	6.2 Risk management in the FCC Group	50-55	Not applicable
	102-30 Effectiveness of risk management processes	Corporate Governance Report, section E. Risk control and management systems	-	Not applicable
	102-31 Assessment of economic, environmental and social issues	Corporate Governance Report, section E. Risk control and management systems	-	Not applicable
	102-32 Highest governance body's role in the preparation of sustainability reports	4.1.1 CSR Policy Governance	22-23	Not applicable
	102-33 Reporting critical concerns	6.1 Compliance and due diligence	45-46	Not applicable
	102-34 Nature and total number of critical concerns	6.1 Compliance and due diligence	45-46	Not applicable
	102-35 Remuneration policies	2.3.3 Administrators' Remuneration	12	Not applicable
	102-36 Process for determining remuneration	2.3.3 Administrators' Remuneration	12	Not applicable
	102-37 Stakeholders' involvement in remuneration	2.3.3 Administrators' Remuneration	12	Not applicable
	102-38 Ratio of total annual salary	No information is provided	-	Confidential information
	102-39 Percentage increase ratio of the total annual salary	No information is provided	-	Confidential information
	102-40 List of stakeholder groups	5.1 Fostering dialogue: Main stakeholder reporting channels	37-38	Not applicable
	102-41 Collective bargaining agreements	Annex II: Tables relating to social and personnel affairs	122	Not applicable
	102-42 Identifying and selecting stakeholders	5.2 FCC Group Materiality Study	39-44	Not applicable
	102-43 Approach to stakeholder engagement	5.2 FCC Group Materiality Study	39-44	Not applicable
	102-44 Key topics and concerns raised	5.2 FCC Group Materiality Study	39-44	Not applicable
	102-45 Entities included in the consolidated financial statements	Annex I: About this report	128-130	Not applicable
	102-46 Defining report content and coverage of the topic	5.2 FCC Group Materiality Study	39-44	Not applicable
	102-47 List of material topics	5.2 FCC Group Materiality Study	39-44	Not applicable
	102-48 Restatements of information	7.2.2 Reduction of waste generated	67-69	Not applicable
	102-49 Changes in the preparation of reports	5.2 FCC Group Materiality Study	39-44	Not applicable
	102-50 Period covered in the report	Annex I: About this report	119-121	Not applicable
	102-51 Date of latest report	2017	-	Not applicable
	102-52 Report preparation cycle	Annual	-	Not applicable
	102-53 Contact points for questions regarding the report	rcorporativa@fcc.es	-	Not applicable
	102-54 Declaration of having prepared the report in accordance with GRI Standards	Annex I: About this report	119-121	Not applicable
	102-55 GRI content table	Annex IV: GRI content table	135-136	Not applicable
	102-56 External verification	Independent verification report attached	-	
Ethics, integrity, compliance and good governance	Environment, Water, Construction and Cements			
GRI 103: 2016 management approach	103-1 Explanation of the material issue and its coverage	2.3 Corporate Governance Model 6.1 Compliance and due diligence	9-13; 45-59	Not applicable
	103-2 The management approach and what it consists of	2.3 Corporate Governance Model 6.1 Compliance and due diligence	9-13; 45-59	Not applicable
	103-3 Assessment of the management approach	2.3 Corporate Governance Model 6.1 Compliance and due diligence	9-13; 45-59	Not applicable
GRI 307: Environmental compliance 2016	307-1 Noncompliance with environmental laws and regulations	Annex III: Tables relating to environmental issues	130	Not applicable

GRI Standard	Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 419: Socio-economic compliance 2016	419-1 Noncompliance with laws and regulations in the social and economic area	In 2020, FCC Construcción received a fine in this area amounting to 5.5 million dollars.	-	Not applicable
GRI 205: Anti-corruption 2016	205-1 Transactions assessed for risks relating to corruption	6.1 Compliance and due diligence	45-59	Not applicable
	205-2 Reporting and training with regard to anti-corruption policies and procedures	6.1 Compliance and due diligence	45-59	Not applicable
	205-3 Confirmed incidents of corruption and actions taken	There is no record of confirmed cases of corruption in the FCC Group throughout 2020	-	Not applicable
Risk control and management systems	<i>Environment, Construction and Cements</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	6.2. Risk management in the FCC Group	50-55	Not applicable
	103-2 The management approach and what it consists of	6.2. Risk management in the FCC Group	50-55	Not applicable
	103-3 Assessment of the management approach	6.2. Risk management in the FCC Group	50-55	Not applicable
Quality of service and client satisfaction	<i>Environment and Construction</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	10.1 FCC's commitment to its clients	110-113	Not applicable
	103-2 The management approach and what it consists of	10.1 FCC's commitment to its clients	110-113	Not applicable
	103-3 Assessment of the management approach	10.1 FCC's commitment to its clients	110-113	Not applicable
GRI 416: Client health and safety	416-1 Assessment of the health and safety impacts of the product and service categories	10.1 FCC's commitment to its clients	110-113	Not applicable
	416-2 Incidents of noncompliance concerning the health and safety impacts of products and services.	No cases of significant non-compliance were detected regarding the impacts on the health and safety of products and services.	-	Not applicable
Innovation and digital transformation	<i>Environment and Construction</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	11. The FCC Group: Innovation for sustainable development	115-118	Not applicable
	103-2 The management approach and what it consists of	11. The FCC Group: Innovation for sustainable development	115-118	Not applicable
	103-3 Assessment of the management approach	11. The FCC Group: Innovation for sustainable development	115-118	Not applicable
Fiscal transparency and tax contribution	<i>Water</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	2.4 The FCC Group in figures 6.1.4 Accountability and transparency	14; 49	Not applicable
	103-2 The management approach and what it consists of	2.4 The FCC Group in figures 6.1.4 Accountability and transparency	14; 49	Not applicable
	103-3 Assessment of the management approach	2.4 The FCC Group in figures 6.1.4 Accountability and transparency	14; 49	Not applicable
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	2.4 The FCC Group in figures	14	Not applicable
	201-2 Financial implications and other risks and opportunities due to climate change	6.2 Risk management in the FCC Group 7.4.3 Risk management	50-55; 75-76	Not applicable
	201-3 Defined benefit plan obligations and other retirement plans	Both Cementos Portland Valderrivas and some of the FCC Environmental Services contracts have this type of benefit. In the rest of the organisation, there is no company Pension Plan, there is a Retirement Savings Insurance.	-	Not applicable
	201-4 Government financial assistance received	Annex IV: Tax information	135	Not applicable
Pollution prevention	<i>Environment and Cements</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	7.5 Pollution management	78-80	Not applicable
	103-2 The management approach and what it consists of	7.5 Pollution management	78-80	Not applicable
	103-3 Assessment of the management approach	7.5 Pollution management	78-80	Not applicable
GRI 303: Water and effluents 2018	303-4 Water discharges	Annex III: Tables relating to environmental issues	130	Not applicable
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS).	7.5 Pollution management	78-80	Not applicable

GRI Standard	Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant atmospheric emissions.	7.5 Pollution management	78-80	Not applicable
GRI 306: Effluents and waste 2016	306-3 Significant spills	Annex III: Tables relating to environmental issues	130	Not applicable
Circular economy and waste	<i>Environment, Water, Construction and Cements</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	7.2 FCC's contribution to the circular economy	62-67	Not applicable
	103-2 The management approach and what it consists of	7.2 FCC's contribution to the circular economy	62-67	Not applicable
	103-3 Assessment of the management approach	7.2 FCC's contribution to the circular economy	62-67	Not applicable
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	7.2 FCC's contribution to the circular economy	62-67	Not applicable
GRI 306: Effluents and waste 2016	306-4 Transport of hazardous wastes	Annex III: Tables relating to environmental issues	130	Not applicable
Management of water resources	<i>Water</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	7.3.1 Water consumption and management within the Group	67-70	Not applicable
	103-2 The management approach and what it consists of	7.3.1 Water consumption and management within the Group	67-70	Not applicable
	103-3 Assessment of the management approach	7.3.1 Water consumption and management within the Group	67-70	Not applicable
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	7.3.1 Water consumption and management within the Group	67-70	Not applicable
	303-2 Management of impacts related to water discharges	7.3.1 Water consumption and management within the Group	67-70	Not applicable
	303-3 Water abstraction	Annex III: Tables relating to environmental issues	130	Not applicable
	303-5 Water consumption	Water consumption is obtained from the difference between abstracted water and discharged water, this is 11 million m3	-	Not applicable
Consumption of materials	<i>Water and Construction</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	7.3.2 Consumption of raw materials	70-71	Not applicable
	103-2 The management approach and what it consists of	7.3.2 Consumption of raw materials	70-71	Not applicable
	103-3 Assessment of the management approach	7.3.2 Consumption of raw materials	70-71	Not applicable
GRI 301: Materials	301-1 Materials used by weight or volume	7.3.2 Consumption of raw materials	70-71	Not applicable
	301-2 Recycled consumables	Annex III: Tables relating to environmental issues	130	Not applicable
	301-3 Products re-used and their packaging materials	Annex III: Tables relating to environmental issues	130	Not applicable
Energy consumption and energy efficiency	<i>Water and Cements</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	7.3.3 Energy consumption	71-73	Not applicable
	103-2 The management approach and what it consists of	7.3.3 Energy consumption	71-73	Not applicable
	103-3 Assessment of the management approach	7.3.3 Energy consumption	71-73	Not applicable
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Annex III: Tables relating to environmental issues	130-134	Not applicable
	302-2 Energy consumption outside the organisation	Annex III: Tables relating to environmental issues	130-134	Not applicable
	302-3 Energy intensity	717 GJ/collaborator (average workforce)	-	Not applicable
	302-4 Reduction of energy consumption	Each of the FCC Group areas undertakes initiatives in favour of saving energy and using it efficiently with different results. For example, the replacement of lamps with more energy efficient models has led to a saving of 587,000 kWh in Cementos Portland Valderrivas and 5,000 kWh in Matinsa.	-	Not applicable
	302-5 Reduction in energy requirements for products and services	7.3.3 Energy consumption	71-73	Not applicable
Climate change	<i>Environment, Construction and Cements</i>			
	103-1 Explanation of the material issue and its coverage	7.4 FCC, facing the challenge of climate change	73-77	Not applicable

GRI Standard	Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 103: Management approach 2016	103-2 The management approach and what it consists of	7.4 FCC, facing the challenge of climate change	73-77	Not applicable
	103-3 Assessment of the management approach	7.4 FCC, facing the challenge of climate change	73-77	Not applicable
GRI 305: Emissions 2016	305-1 Direct GHG emissions (scope 1)	7.4.4 Metrics and objectives	76	Not applicable
	305-2 Indirect GHG emissions when generating energy (scope 2)	7.4.4 Metrics and objectives	76	Not applicable
	305-3 Other indirect GHG emissions (scope 3)	With regard to indirect Scope 3 emissions, as one of its objectives in the Climate Change Strategy, the company is working every year to quantify them in all its businesses, in order to establish specific action plans for their reduction. Despite the fact that some areas calculate these Scope 3 emissions, work is underway to standardise calculation criteria throughout the Group.	-	Not applicable
	305-4 GHG emissions intensity	125 tCO _{2e} GJ/collaborator (Scopes 1 + 2 and average workforce)	-	Not applicable
	305-5 Reduction of GHG emissions	Different initiatives to reduce GHG emissions resulted in avoiding the emission of 21,000 tCO _{2e} in Aqualia and 18,000 tCO _{2e} in the Construction area in 2020.	-	Not applicable
Attracting and retaining talent	<i>Environment and Construction</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	8.4 Commitment to talent. 8.6 Salary system 8.7 Work organisation 8.8 Social relations	88-90; 94-96; 96; 97	Not applicable
	103-2 The management approach and what it consists of	8.4 Commitment to talent. 8.6 Salary system 8.7 Work organisation 8.8 Social relations	88-90; 94-96; 96; 97	Not applicable
	103-3 Assessment of the management approach	8.4 Commitment to talent. 8.6 Salary system 8.7 Work organisation 8.8 Social relations	88-90; 94-96; 96; 97	Not applicable
GRI 401: Employment 2016	401-1 Employee recruitment and staff turnover	Annex II: Tables relating to social and personnel affairs	122-129	Not applicable
	401-2 Benefits provided to full-time employees that are not available for temporary or part-time employees	Generally speaking, there are no benefits provided for full-time employees that are not available for part-time or temporary employees.	-	Not applicable
	401-3 Parental leave	12.2 Annex II: Tables relating to social and personnel affairs	122	Not applicable
GRI 402: Employee-company relations	402-1 Minimum notice to be given regarding operational changes	The notice to be given for operational changes varies depending on the country and the applicable regulations, as well as the significance of these changes. These usually vary between one week and 30 days	-	Not applicable
Professional training and development	<i>Construction</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	8.4.2 Managing by skills 8.4.4 New ways of learning	88-89; 89-90	Not applicable
	103-2 The management approach and what it consists of	8.4.2 Managing by skills 8.4.4 New ways of learning	88-89; 89-90	Not applicable
	103-3 Assessment of the management approach	8.4.2 Managing by skills 8.4.4 New ways of learning	88-89; 89-90	Not applicable
GRI 404: Training and teaching 2016	404-1 Average hours of training per year per employee	8.4.4 New ways of learning	89-90	Not applicable
	404-2 Programmes for improving employee aptitudes and transition aid programmes	8.4.2 Managing by skills 8.4.4 New ways of learning	88-89; 89-90	Not applicable
	404-3 Percentage of employees receiving regular performance and career development assessment	The percentage of employees receiving regular performance and career development assessment is not available	-	Information not available
Diversity, equality and inclusion	<i>Water</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	8.5 Diversity and equality	91-94	Not applicable
	103-2 The management approach and what it consists of	8.5 Diversity and equality	91-94	Not applicable
	103-3 Assessment of the management approach	8.5 Diversity and equality	91-94	Not applicable
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity in governing bodies and employees	2.3.4 Diversity in the Board of Directors Annex II: Tables relating to social and personnel affairs	13; 122-129	Not applicable
	405-2 Ratio for basic salary and remuneration for women vs men	8.6 Salary system	94-96	Not applicable
GRI 406: Non-discrimination	406-1 Cases of discrimination and corrective actions taken	Reports of a labour nature received on the Ethics Channel are processed and investigated in accordance with the Whistleblowing Channel Procedure in the Group's Compliance Model, and use the Protocol for the prevention and eradication of harassment, and the	-	Not applicable

GRI Standard	Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
		Code of Ethics and Conduct as a reference. In 2020 no reports were received that concluded in the existence of discrimination.		
Safety, health and well-being	<i>Environment, Water, Construction and Cements</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	8.9 Safety, health and well-being	98-101	Not applicable
	103-2 The management approach and what it consists of	8.9 Safety, health and well-being	98-101	Not applicable
	103-3 Assessment of the management approach	8.9 Safety, health and well-being	98-101	Not applicable
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	8.9.1 Strategy and Culture	98	Not applicable
	403-2 Hazard identification, risk assessment and the investigation of incidents	8.9.4 Participation and influence	100-101	Not applicable
	403-3 Occupational health services	8.9.4 Participation and influence	100-101	Not applicable
	403-4 Worker participation, consultation and communication on occupational health and safety	Numerous health and safety committees have been set up in the company in accordance with legal requirements, including joint bodies between the company and workers' representatives to inform, communicate, treat and follow up the preventive activity arising from the implementation of the management systems. The latter also provide for the existence of similar bodies in those cases where it is not legally required.	-	Not applicable
	403-5 Training of workers on health and safety at work	The management systems define the training to be received in accordance with the different profiles in matters of health and safety, which results in the detection of training needs and requirements annually, which in turn and once approved is reflected in the corresponding training plans. The essential features are as follows: Preventive training for the job position, training courses (to undertake responsibilities defined in the system) and technical training (for prevention technicians and those with basic or intermediate training in the performance of preventive duties).	-	Not applicable
	403-6 Promoting the health of workers	8.9.3 Healthy Living Project	100	Not applicable
	403-8 Workers covered by a management system for health and safety at work	8.9.1 Strategy and Culture	98	Not applicable
	403-9 Work-related injuries	8.9.2 Developments in the main indexes The most common accident in the FCC Group is related to injuries to the musculoskeletal system.	98-99	Not applicable
	403-10 Occupational illness and diseases	8.9.2 Developments in the main indexes The vast majority of occupational illness is related to problems with the musculoskeletal system.	98-99	Not applicable
Contribution and social commitment	<i>Water</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	9. FCC and its commitment to society	102-110	Not applicable
	103-2 The management approach and what it consists of	9. FCC and its commitment to society	102-110	Not applicable
	103-3 Assessment of the management approach	9. FCC and its commitment to society	102-110	Not applicable
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	10.2 FCC's commitment to its suppliers	113	Not applicable
Promotion of and respect for human rights	<i>Water and Construction</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	6.1.1 Due diligence with Human Rights	47	Not applicable
	103-2 The management approach and what it consists of	6.1.1 Due diligence with Human Rights	47	Not applicable
	103-3 Assessment of the management approach	6.1.1 Due diligence with Human Rights	47	Not applicable
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.1 Compliance and due diligence	45-46	Not applicable
GRI 408: Child labour	408-1 Operations and suppliers considered to involve significant risk of child labour	6.1 Compliance and due diligence	45-46	Not applicable
GRI 409: Forced or compulsory labour	409-1 Operations and suppliers considered to involve significant risk of forced or compulsory labour	6.1 Compliance and due diligence	45-46	Not applicable
GRI 411: Rights of indigenous peoples	411-1 Incidents of violations involving rights of indigenous peoples	In 2020, no reports were received regarding violations of the rights of indigenous peoples.	-	Not applicable

GRI Standard	Content and materiality of the issues by business	Report section/Direct response	Page number	Omission
GRI 412: Human rights assessment	412-1 Operations subject to human rights reviews or impact assessment	6.1 Compliance and due diligence	45-46	Not applicable
	412-2 Employee training on human rights policies and procedures	6.1 Compliance and due diligence	45-46	Not applicable
	412-3 Significant investment agreements and contracts that include human rights clauses or are subject to human rights assessment	6.1 Compliance and due diligence	45-46	Not applicable
Relationship with local communities	<i>Construction</i>			
GRI 103: Management approach 2016	103-1 Explanation of the material issue and its coverage	5.1 Fostering dialogue: Main stakeholder reporting channels	37-38	Not applicable
	103-2 The management approach and what it consists of	5.1 Fostering dialogue: Main stakeholder reporting channels	37-38	Not applicable
	103-3 Assessment of the management approach	5.1 Fostering dialogue: Main stakeholder reporting channels	37-38	Not applicable
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments and development programmes.	Within the framework of the assessments made on the management systems for each of the businesses, possible impacts on local communities are taken into consideration before work starts on the operations. This analysis includes the participation of local communities in the process.	-	Not applicable
	413-2 Operations with significant actual or potential negative impacts on local communities	No operations with significant actual or potential negative impacts on local communities were detected.	-	Not applicable

ANNEX VI: TABLE OF INDICATORS LAW 11/2018

Law 11/18 Requirement	Reacted GRI standard	Page number
GENERAL INFORMATION		
Business model		
Brief description of the group business model (including business environment, organisation and structure)	102-1 Name of the organisation 102-2 Activities, brands, products and services 102-5 Ownership and legal status 102-7 Size of the organisation 102-18 Governance structure 102-22 Members of the senior governing body and its committees 102-23 President of the senior governing body 102-45 Entities included in consolidated financial statements	9-17; 120-122; 137
Geographical presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	15-17; 137
Organisation's objectives and strategies	102-26 Role of the senior governing body in setting objectives, values and strategy	6-9
Main factors and trends that may affect future growth and development	103-2 The management approach and what it consists of	17- 22
Company policies		
A description of the policies applied by the group regarding these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility]	103-2 The management approach and what it consists of	Refers throughout the document
Risk management		
The main risks relating to these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility]	102-15 Main impacts, risks and opportunities 102-29 Identification and management of economic, environmental and social impacts 102-30 Effectiveness of risk management processes 102-31 Appraisal of economic, environmental and social issues	49-55;138
Other		
Mention in the report of the national, European and international reporting framework used for the selection of key indicators for the non-financial results included in each of the sections	102-54 Declaration of having prepared the report in accordance with GRI Standards	120
1. ENVIRONMENTAL ISSUES		
Detailed general information		
On current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	103: Management Approach	58-59
On environmental assessment and certification procedures	103: Management Approach	56-67

Law 11/18 Requirement	Reacted GRI standard	Page number
On resources dedicated to the prevention of environmental risks	103: Management Approach	61
On the application of the precautionary principle	102-11 Precautionary principle or approach	59-60
On the amount of provisions and guarantees for environmental risks	307-1 Noncompliance with environmental laws and regulations	61
Pollution		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution)	305-6 Emissions of substances that deplete the ozone layer (ODS) 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions 303-4 Water discharges 306-3 Significant spills	78-80; 131 With regard to noise pollution, the FCC Group received four sanctions in 2020.
Circular economy, waste prevention and management		
Measures for prevention, recycling, re-use, other forms of retrieval and disposal of waste	301-2 Recycled inputs 306-2 Waste by type and disposal method	62-67; 132-133
Actions to combat food waste	103: Management Approach	Due to the type of activity undertaken by the FCC Group, this has not been identified as a material issue. Nevertheless, in those Group centres that have a dining room for employees, the external company providing the service takes measures to optimise estimates for requirement and reduce food waste.
Sustainable use of resources		
Water consumption and water supply in accordance with local limitations	303-1 Interaction with water as a shared resource 303-2 Management of impacts related to water discharges 303-3 Water abstraction 303-5 Water consumption	67-69; 132;140
Raw material consumption and measures taken to improve the efficiency of its use	301-1 Materials used by weight or volume	70-71; 133
Direct and indirect energy consumption	302-1 Energy consumption within the organisation	71-73; 133-134
Measures taken to improve energy efficiency	302-4 Reduction of energy consumption 302-5 Reduction of energy requirements for products and services	71-73; 140
Use of renewable energy	302-1 Energy consumption within the organisation	72-73; 134
Climate change		
Important 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 when generating energy (scope 2) Recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD)	77
Measures taken to adapt to the consequences of climate change	201-2 Financial implications and other risks and opportunities due to climate change Recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD)	74-76
Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures adopted for this purpose.	305-5 Reduction of GHG emissions Recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD)	77-78; 141
Protecting biodiversity		

Law 11/18 Requirement	Reacted GRI standard	Page number
Measures taken to preserve or restore biodiversity	103: Management Approach	80-81
Impacts caused by activities or operations in protected areas	304-2: Significant impacts of activities, products and services on biodiversity.	82
2. SOCIAL AND PERSONNEL AFFAIRS		
Employment		
Total number and distribution of employees by gender, age, country and professional classification	102-8 Information on employees and other workers 405-1 Diversity in governing bodies and employees	84-88; 123-127
Total number and distribution of employment contract modalities		
Annual average for indefinite, temporary and part-time contracts by gender, age and professional classification		
Number of dismissals by gender, age and professional classification;	401-1 Employee recruitment and staff turnover	88; 127
Average remuneration and developments separated by gender, age and professional classification or equal value;	102-35 Remuneration policies 102-36 Processes to determine remuneration 103: Management Approach	128
Salary gap, remuneration for the same job position or the average within the company	405-2 Ratio for basic salary and remuneration for women vs men	95-96; 128
Average remuneration for directors and managers, including variable income, allowances, compensation, contributions to long-term savings systems and any other income broken down by gender	102-38 Ratio of total annual salary	95
Implementation of work disconnection policies	103: Management Approach	97
Employees with disabilities	405-1 Diversity in governing bodies and employees	99
Work organisation		
Organisation of working time	103: Management Approach	97
Hours lost through absenteeism	403-2 Types of injury and the frequency rate of accidents, occupational illness, days lost, absenteeism and the number of fatalities relating to accidents at work or occupational illness	100
Measures aimed at facilitating work-life balance and encouraging the co-responsibility of both parents	401-3 Parental leave 103: Management Approach	97;130
Health and safety		
Occupational health and safety conditions	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment and the investigation of incidents	99
Work-related accidents, particularly their frequency and severity by gender	403-9: Work-related injuries	99-100
Occupational illness by gender	403-10: Occupational illness and diseases	100
Social relationships		
Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them	402-1 Minimum notice to be given regarding operational changes	98;141

Law 11/18 Requirement	Reacted GRI standard	Page number
Percentage of employees covered by collective agreement by country	102-41 Collective bargaining agreements	129
Balance of collective agreements, particularly in the field of health and safety at work	403-4 Worker participation, consultation and communication on occupational health and safety	98; 142
Training		
Policies implemented in the field of training	404-2 Programmes for improving employee aptitudes and transition aid programmes	89-91
Total number of hours of training by professional category.	404-1 Average hours of training per year per employee	89
Accessibility		
Universal accessibility for people with disabilities	405-1 Diversity in governing bodies and employees	94
Equality		
Measures taken to promote equal treatment and opportunities for women and men	103: Management Approach 405-1 Diversity in governing bodies and employees	91
Equality plans (Chapter III of Organic Law 3/2007 of 22 March for the effective equality of women and men), measures adopted to promote employment, protocols against gender bullying and prejudice; integration and universal accessibility for people with disabilities	103: Management Approach 405-1 Diversity in governing bodies and employees	91
Policy against all types of discrimination and, where applicable, for diversity management	406-1 Cases of discrimination and corrective actions taken	92; 141
3. INFORMATION ON RESPECT FOR HUMAN RIGHTS		
Application of due diligence procedures in human rights matters	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 412-2 Training of employees in human rights policies and procedures	45-47
Prevention of risks of violation of human rights and, where applicable, measures to mitigate, manage and repair possible abuses committed	412-1 Operations subject to human rights reviews or impact assessment	46-47
Cases reported involving violation of human rights	102-17 Mechanisms for advising and ethical concerns 406-1 Cases of discrimination and corrective actions taken	46-47; 141
Promotion of and compliance with the provisions of the essential ILO agreements relating to respect for freedom of association and the right to collective bargaining	412-1: Operations subject to human rights reviews or impact assessment	47
Elimination of discrimination in employment and occupation		
Elimination of forced or compulsory labour		
Effective abolition of child labour		
4. INFORMATION CONCERNING THE FIGHT AGAINST BRIBERY AND CORRUPTION		

Law 11/18 Requirement	Reacted GRI standard	Page number
Measures taken to prevent bribery and corruption	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations assessed for corruption-related risks 205-2 Communication and training on anti-corruption policies and procedures 205-3 Cases of corruption confirmed and measures taken	47-48; 139
Measures to fight money laundering	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns	48
Contributions to foundations and non-profit organisations	102-13 Membership of associations	108
5. INFORMATION ABOUT THE COMPANY		
The company's commitments to sustainable development		
Impact of the company's activity on employment and local development	413-1 Operations with local community participation, impact assessments and development programmes 413-2 Operations with significant real or potential negative impacts on local communities	106-109; 143
Impact of the company's activity on local populations and on the territory	413-1 Operations with local community participation, impact assessments and development programmes 413-2 Operations with significant real or potential negative impacts on local communities	103-104; 143
Relationships maintained with those playing a role in local communities and how dialogue is established with them	102-43 Approach to stakeholder participation 413-1 Operations with local community participation, impact assessments and development programmes	37-38; 143
Partnership and sponsorship actions	102-12 External initiatives	110
Subcontracting and suppliers		
Inclusion in purchase policy of social, gender equality and environmental issues	103: Management Approach	114-116
In relationships with suppliers and subcontractors, taking their social and environmental responsibility into account	103: Management Approach	114-116
Supervisory systems, audits and their results	103: Management Approach	The Group has not currently implemented a supervision or auditing system for suppliers and contractors on social, environmental or gender equality issues. This system is expected to be developed in the coming business years.
Consumers		
Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of the product and service categories	111-112
Claim systems	103: Management Approach	112
Complaints received and their resolution	103: Management Approach	112-113
Tax information		
Profits obtained country by country	103: Management Approach	135-136
Corporate income tax paid on profit	103: Management Approach	135-136
Public grants received	201-4 Government financial assistance received	136



Non-Financial Information Verification Statement

AENOR verification statement for

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

concerning the consolidated statement of non-financial information

FCC GROUP 2020 SUSTAINABILITY REPORT

NON-FINANCIAL INFORMATION REPORT

according to law 11/2018

for the period ending on December 31, 2020

In Madrid April 12 2021

A handwritten signature in blue ink, appearing to read "Rafael García Meiro".

Rafael García Meiro
Chief Executive Officer



FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the organization) with registered office at: Calle Balmes, 36 08007 Barcelona and on its behalf, Javier LOPEZ-GALIACHO PERONA, in charge of Chief Compliance Officer and Head of Corporate Responsibility of FCC Group, has commissioned AENOR to carry out a verification under a limited level of assurance of its Non-Financial Information Statement (hereinafter NFIS) in accordance with Law 11/2018 amending the Commercial Code, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity (hereinafter Law 11/2018).

As a result of the verification carried out, AENOR issues this Statement, of which the verified NFIS forms part. The Declaration is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

The purpose of the verification is to provide the interested parties with a professional and independent opinion about the information and data contained in the organization's NFIS, prepared in accordance with Law 11/2018.

Responsibility of the organization. The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018. The formulation and approval of the NFIS, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the NFIS is free from material misstatement due to fraud or error, as well as the management systems from which the information required for the preparation of the NFIS is obtained. The organisation, in accordance with the commitment formally undertaken, has informed AENOR that no events have occurred, from the date of the close of the financial year reported in the non-financial report until the date of verification, that might require corrections to be made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, in accordance with the aforementioned Act, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

Likewise, in the verification program, AENOR has considered the international requirements of accreditation, verification or certification corresponding to the information matters contemplated in the Law:

- European Regulation EMAS (Environmental Verification)

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- SA 8000 (international labour principles and rights in accordance with the ILO (International Labour Organization), the Universal Declaration of Human Rights and the Convention on the Rights of the Child. SAAS Procedure 200)
- Environmental Management System (ISO 14001).
- Social Responsibility Management System, IQNet SR 10 and SA8000 schemes
- Quality Management System (ISO 9001).
- Energy Management System (ISO 50001).
- Occupational Health and Safety Management System (ISO 45001).

Additionally, the criteria and information that have been taken into account as a reference to carry out the Verification Program have been:

- 1) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.
- 2) Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and diversity reporting by certain large companies and certain groups.
- 3) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)
- 4) the international standard ISO/IEC 17029.2019 Conformity assessment - General principles and requirements for validation and verification bodies
- 5) The criteria established by the global sustainability reporting initiative in the GRI standards where the organisation has opted for this recognised international framework for disclosure of information relating to its corporate social responsibility performance

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this Declaration.

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the Report and reviewed evidence relating to:

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- Activities, products and services provided by the organization.
- Consistency and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the statement of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of statements from the Administrative Body.

The conclusions are therefore based on the results of this sample process, and do not absolve the Organization of its responsibility for compliance with applicable legislation.

The personnel involved in the verification process, the review of findings and the decision to issue this Statement have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.

CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that the statement of non-financial information included in the FCC GROUP CONSOLIDATED NON-FINANCIAL INFORMATION STATUS 2020 and for the information concerning the reporting period, year ended December 31, 2020, does not provide accurate information on the performance of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and subsidiaries, in terms of social responsibility under Law 11/2018. Specifically, with regard 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.