FCC GROUP
CONSOLIDATED NON-FINANCIAL INFORMATION STATUS 2019



TABLE OF CONTENTS

TABLE OF CONTENTS 2
1. ABOUT THIS REPORT 4
1.1 REGULATORY FRAMEWORK: LAW 11/2018 NON-FINANCIAL INFORMATION AND DIVERSITY 4
1.2 SCOPE OF THE REPORT 5
1.3 FCC GROUP MATERIALITY STUDY 6
2. THE FCC GROUP AND ITS ENVIRONMENT 8
2.1 THE FCC GROUP IN 2019 8
2.2 THE GROUP'S BUSINESS MODEL: CREATION OF SUSTAINABLE CITIES 9
2.3 THE FCC GROUP ENVIRONMENT 15
3. GOOD GOVERNANCE IN THE FCC GROUP 18
3.1 GOOD GOVERNANCE 18
3.1.1 Governance Structure 18
3.1.2 Diversity in the Board of Directors 19
3.1.3 How it works 20
3.1.4 Remuneration of the Administrators 21
3.2 COMPLIANCE AND DUE DILIGENCE 21
3.2.1 Due diligence with Human Rights 24
3.2.2 Due diligence with bribery and corruption 25
3.2.3 Measures to fight money laundering 26
3.2.4 Accountability and transparency 28
3.3 RISK MANAGEMENT IN THE FCC GROUP 30
4. FCC GROUP CSR AND CORPORATE CULTURE STRATEGY 34
4.1 THE FCC GROUP'S MISSION AND VISION 34
4.2 THE FCC GROUP'S VALUES, DISTINGUISHING FEATURE 34
4.3 SUSTAINABILITY FOR THE FCC GROUP 35
4.4 THE GROUP'S CSR POLICY 35
4.5 THE RSC 2020 MASTER PLAN: COMMITTED TO SUSTAINABLE DEVELOPMENT 38
4.6 FCC CONTRIBUTION TO THE 2030 AGENDA 45
5. COMMITTED TO THE FCC GROUP HUMAN TEAM 48
5.1 THE PEOPLE IN THE CENTRE 48
5.2 HUMAN CAPITAL PROFILE 48
5.2.1 Diversity in the workforce 48
5.2.2 Organisational structure 50
5.2.3 Recruitment and dismissals 50
5.3 COMMITMENT TO TALENT 53
5.3.1 Managing by skills 53
5.3.2 Selecting the best professionals 53
5.3.3 Training 54

5.4 SALARY POLICY 55
5.5 DIVERSITY AND EQUALITY 56
5.5.1 Equality between men and women 56
5.5.2 Inclusion and non-discrimination 58
5.6 WORK ORGANISATION 60
5.7 SOCIAL RELATIONSHIPS 62
5.8 HEALTH, SAFETY AND WELL-BEING 63
5.8.1 Culture 63
5.8.2 Developments in the main indexes 63
5.8.3 Health and Safety Management System 64
5.8.4 Healthy Life Project 65
5.8.5 Participation and recognition 66
6. MITIGATING THE ENVIRONMENTAL IMPACT 67
6.1 CARE AND PROTECTION OF THE ENVIRONMENT 67
6.1.1 The FCC Group Environmental Management System 67
6.1.2 FCC Group environmental policy 68
6.1.3 The management of environmental aspects and impacts within the Group 69
6.2 REDUCTION OF POLLUTANT EMISSIONS 73
6.3 FCC's CONTRIBUTION TO THE CIRCULAR ECONOMY 76
6.3.1 The circular economy for the FCC Group 76
6.3.2 Reduction of waste generated 80
6.4 RESPONSIBLE MANAGEMENT OF RESOURCES 81
6.4.1 Water consumption and management within the Group 82
6.4.2 Consumption of raw materials 84
6.4.3 Energy consumption 85
6.5 FCC AND CLIMATE CHANGE 87
6.5.1 Strategy for adapting the FCC Group to climate change 87
6.5.2 FCC Group Greenhouse Gas emissions 89
6.6 CARE AND PROTECTION OF ECOSYSTEMS AND BIODIVERSITY 93
7. CREATING VALUE IN THE COMPANY 96
7.1 FCC'S COMMITMENT TO ITS CLIENTS 97
7.2 FCC'S COMMITMENT TO ITS SUPPLIERS 98
7.3 COMMITTED TO SOCIAL DEVELOPMENT 100
7.3.1 Social initiatives with employees in the FCC Group 100
7.3.2 FCC Group social initiatives within the community 106
8. ANNEXES 110
8.1 ANNEX I: SUMMARY TABLE FOR SOCIAL AND PERSONNEL AFFAIRS 110
8.2 ANNEX II: SUMMARY TABLE FOR ENVIRONMENTAL ISSUES 112
8.3 ANNEX III TABLE OF INDICATORS LAW 11/2018-GRI LINKING 113

1. ABOUT THIS REPORT

1.1 REGULATORY FRAMEWORK: LAW 11/2018 NON-FINANCIAL INFORMATION AND DIVERSITY

EU Directive 2014/95 of the European Parliament and Council of 22 October 2014, amending EU Directive 2013/34 regarding the disclosure of non-financial information and information on diversity by large companies and groups, aims to identify risks to improve sustainability and increase the confidence of investors, consumers and society in general.

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.

This report includes all the material indicators for the FCC group requested in Law 11/2018, relating to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as information relating to Group employees. Where any indicator is not material for the Group, this will be expressly mentioned.

For the identification of material matters, FCC has updated its materiality study for 2019, described in section 1.3 of this report.

Following the practice of previous business years, and with the aim of fully adapting to the requirements of the Law, Global Reporting Initiative (GRI) standards have been complied with.

In application of Law 11/2018 of 28 December which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on Accounts Auditing, in matters of non-financial information and diversity, the FCC Group includes a Statement of Non-Financial Information (EINF) in its Consolidated Management Report, corresponding to the business year from 1 January to 31 December 2019.

An independent assurance report that includes the objectives and scope of the process, as well as the review procedures used and their conclusions, is attached as an annex to this report.

1.2 SCOPE OF THE REPORT

The scope of the information provided in this report corresponds to the integration perimeter used for financial consolidation, taking into account the data for 100% of the subsidiaries over which management is controlled, regardless of the shareholding.

Below you will find details of the annotations to the scope of specific indicators. These may be due to the need to make estimates, as the necessary information was not available in February 2020 for closure; there are also exclusions to scope, for which the reasons are detailed:

- Cementos Portland Valderrivas: Environmental indicators do not take into account the activity of aggregates, concrete and mortar. Cement activity accounts for 86% of turnover for the entire Cementos Portland Valderrivas Group and corresponds to virtually all of the Group's environmental impact.
- FCC Construcción: Due to the unavailability of the 2019 environmental information for civil engineering work on the Riyadh metro and maintenance of the execution phase, the environmental data for the 2018 business year were taken into account. The environmental information for FCC Construcción includes FCC Industrial, Matinsa, Megaplas and Prefabricados Delta.
- FCC Medioambiente: In FCC Environment UK, total water consumption was estimated due to a lack of monitoring of the consumption of water supplied by the municipality. Also, due to the unavailability of updated information for 2019, the 2018 data on the net emissions of Greenhouse Gases from landfills were incorporated.
- Aqualia: The environmental information provided does not include any on those environmental issues that do not correspond to Aqualia's activity in the country. Nor is any information provided on the countries in which Aqualia is starting to operate but has not yet been incorporated into the reporting system. And the civil engineering work that represents approximately 15% of Aqualia's turnover is also not included. The data shown refer to the period between December 2018 and November 2019.

1.3 FCC GROUP MATERIALITY STUDY

In 2019, the previous materiality study was updated, with the aim of identifying the most significant social, environmental and economic issues for the FCC Group and its stakeholders.

This review is the result of the study of each of the business lines: Aqualia, FCC Environment, FCC Construcción and Cementos Portland Valderrivas, and it was undertaken in the following stages:

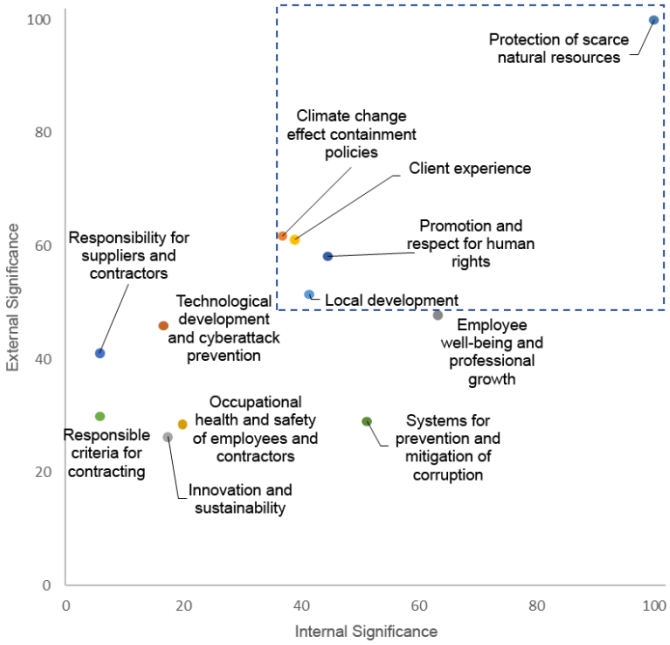
- **External assessment**: The external significance of environmental, social and governance issues was updated based on the results from the previous study. This assessment included an analysis for each of the business lines of information on competitors, the main industrial associations, the criteria evaluated in the Dow Jones Sustainability Index, press disputes, as well as material issues for the sector identified by SASB and GRI.
- **Internal assessment**: An assessment of the internal significance of each of the issues was undertaken by the main people responsible for each line of business.
- **Prioritisation and determination of material matters**: By adding the results for the previous stages, the material issues were established for each line of business, and the materiality matrices were designed, representing, on the ordinate axis, the importance given by the company's interest groups and, on the abscissa axis, the importance attributed by the representatives of each of the assessed business lines.

The materiality matrices for each of the FCC Group's business lines are represented below. Material issues, understood to be those that exceed the average score in both internal and external importance, are framed within the tables outlined for each matrix.

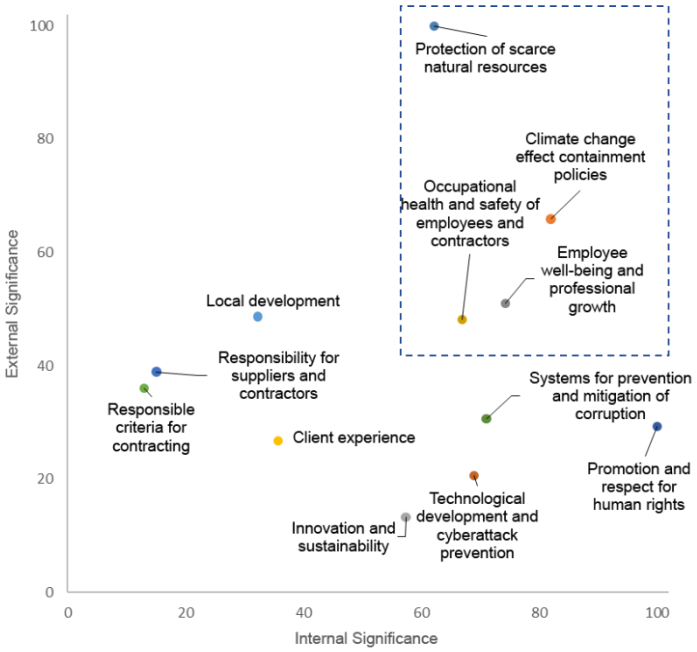
As can be seen, in all businesses the protection of scarce natural resources is one of the most significant issues both internally and externally. The well-being and professional development of the employee in all businesses is also especially important. Policies of an environmental nature to limit the effects of climate change and socially, and of a social nature concerning the occupational health of employees and contractors are two prominent issues both internally and externally for stakeholders.

Local development, client experience, promotion of respect for human rights and corruption prevention and mitigation systems are issues that are especially highlighted due to their importance internally.

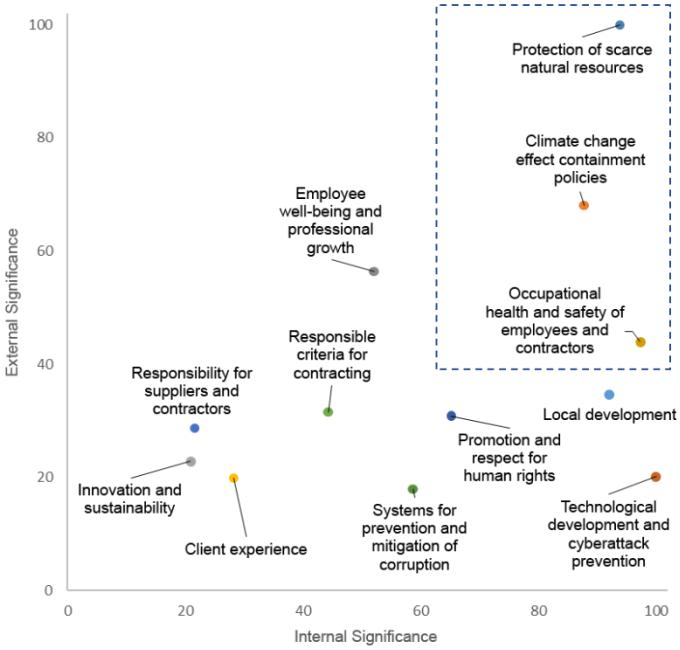
Aqualia



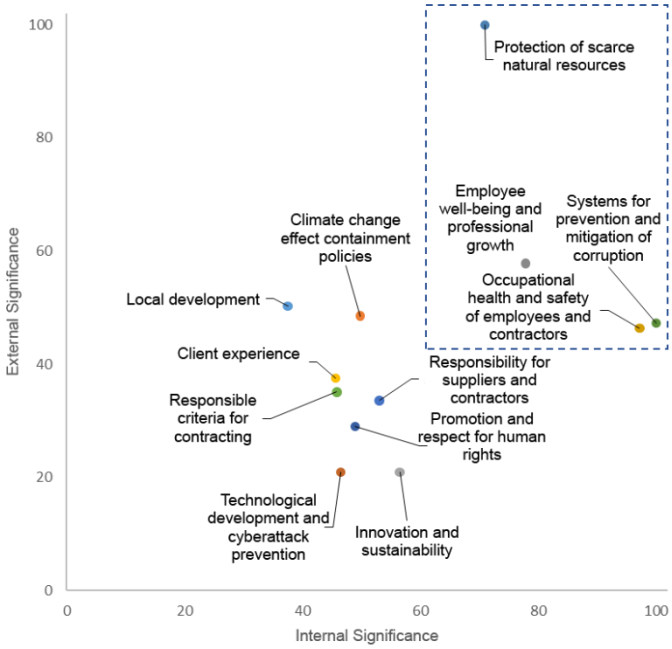
FCC Medio Ambiente



Cementos Portland Valderrivas



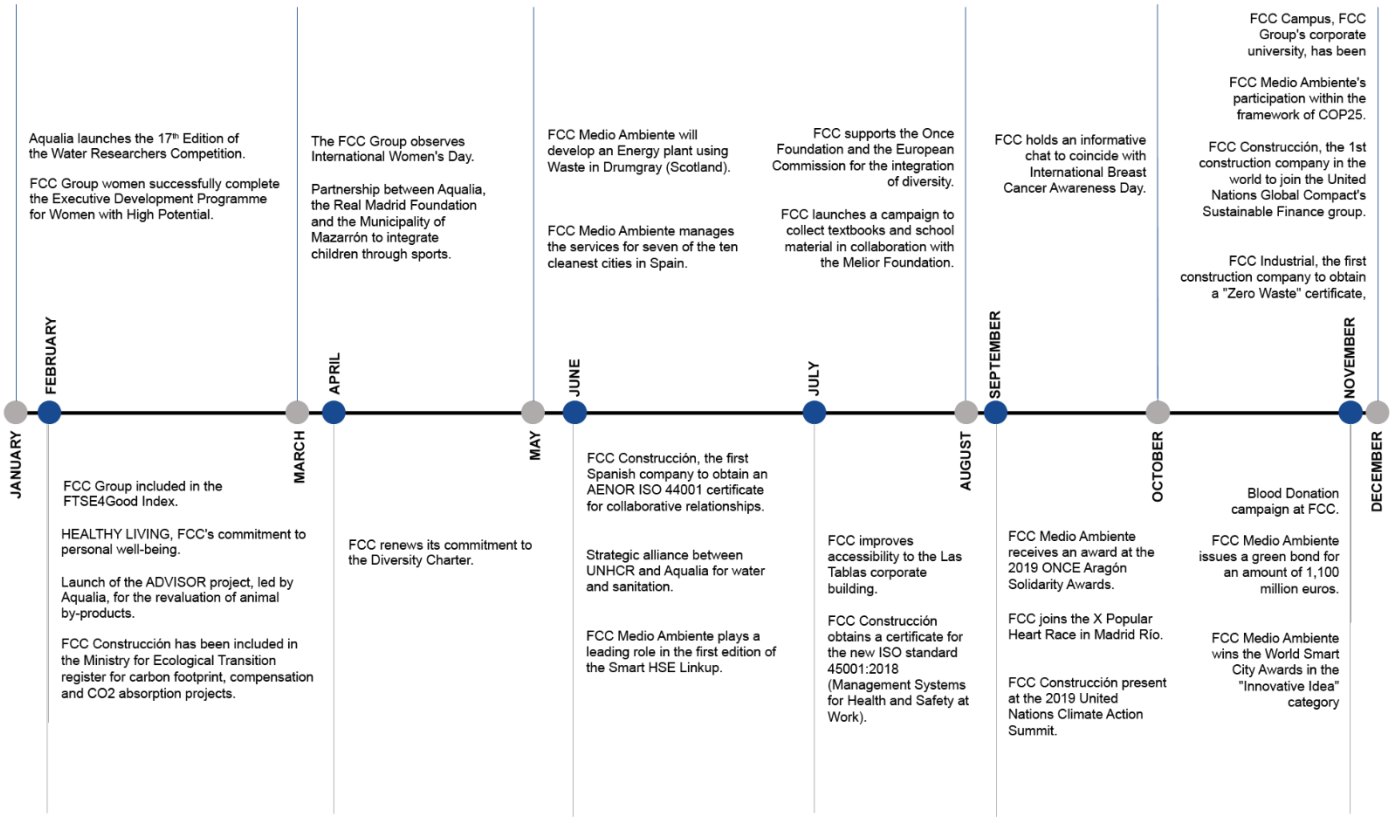
FCC Construcción



2. THE FCC GROUP AND ITS ENVIRONMENT

2.1 THE FCC GROUP IN 2019

During the 2019 business year, the Group played a leading role in a number of social, environmental and good governance and ASG (Environmental, social and governance) projects that contributed to improving people's quality of life and, in turn, promoted economic and sustainable growth in cities. These milestones strengthened FCC's commitment to its stakeholders and positioned the organisation as a socially responsible entity. The following are a series of social, environmental and good governance milestones reached by the Group during the last business year:



In line with the commitments acquired by the FCC Group in terms of transparency and accountability, the direct economic value generated and distributed by the Group is shown below, in accordance with the international Global Reporting Initiative (GRI) standard.

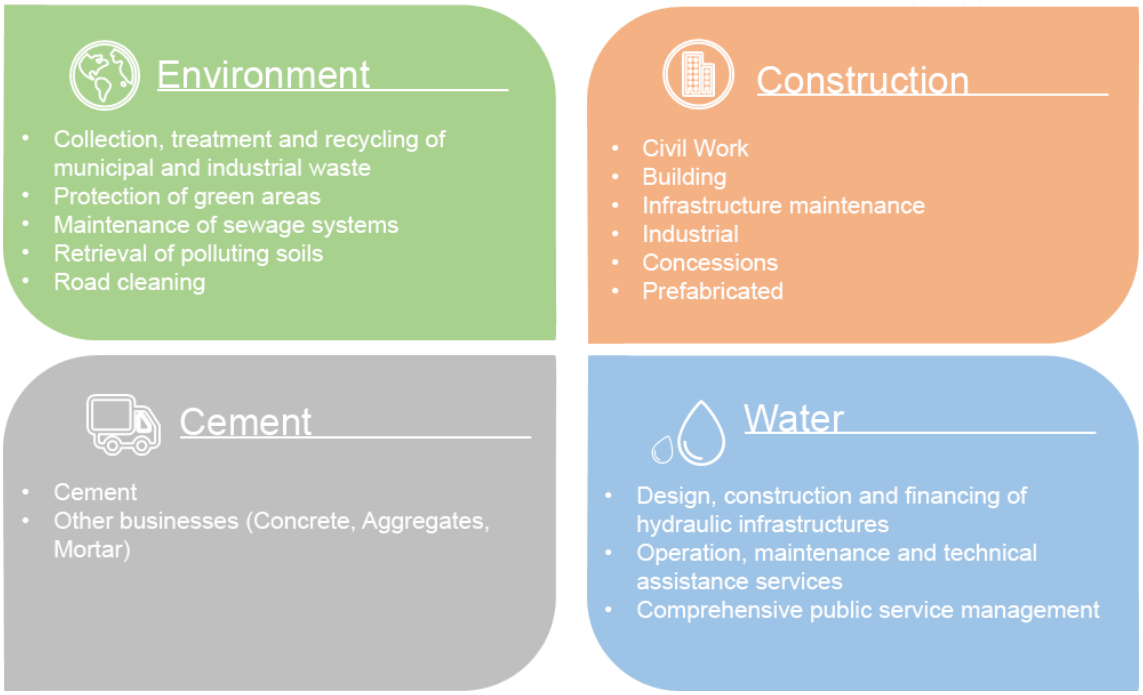
The following table shows the Group's contribution to economic and social development, the result of the work and coordination of the different activities that it undertakes in the different countries in which it operates.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (thousands of euros)	
ECONOMIC VALUE GENERATED	**6,541,625**
Turnover	6,276,231
Miscellaneous income	265,394
ECONOMIC VALUE DISTRIBUTED	**5,859,471**
Operating costs	3,588,867
Employees	1,925,734
Capital providers	191,024
Taxes	149,066
Community	4,780
ECONOMIC VALUE WITHHELD	**682,154**

2.2 THE GROUP'S BUSINESS MODEL: CREATION OF SUSTAINABLE CITIES

The FCC Group is an international benchmark group, a provider of services to citizens that, since its inception, and because of the nature of its activity, contributes to improving people's quality of life, promotes the well-being of communities and fosters socio-economic development. The company currently has an international presence in almost 40 countries.

The following are the FCC Group's main activities:



The definition of FCC Group's vision enables us to establish a goal for future performance that defines its actions and gives the whole company a purpose. In this regard, all business lines share the same culture when undertaking their activities and, share a common project to contribute to the economic, social and environmental development of the communities in which they are present.

Thanks to its business strategy, the FCC Group is one of the main citizen services provider groups in the international arena. 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.

Creation of sustainable cities

In order to achieve its Vision, and with the aim of responding to social, environmental and economic challenges, the FCC Group puts the design and efficient and sustainable management of its main services, comprehensive management of the water cycle, the construction of large infrastructures and the provision of environmental services at the service of society to improve people's well-being, making their Mission as a Group a social reality that contributes to the creation of sustainable and resilient cities.

The FCC business model, its different companies and the communities in which it operates are facing the great challenges presented by population growth, climate change, scarcity of natural resources and increasing inequality. In this context, FCC Group's Mission responds to all these challenges and fosters the development of cities, detecting opportunities linked to its business model and transforming the competitive environment.

With the aim of identifying and facing up to risks, taking advantage of opportunities in matters of sustainability and in response to the expectations of the different stakeholders, the FCC Group is committed to a strategy of Corporate Social Responsibility. This will enable it to position itself at the forefront in social, economic and environmental issues and provide strategically sustainable solutions in the long term, through specific programmes within the framework of the CSR 2020 Master Plan and the follow-up and evaluation of its objectives.

To maintain a unified and sustainable business model, FCC understands that it essential to comply with the highest parameters of operational excellence with the application of its Code of Ethics and Conduct in all the countries in which it operates and in all the activities undertaken by the Group.

Transversal model of value creation

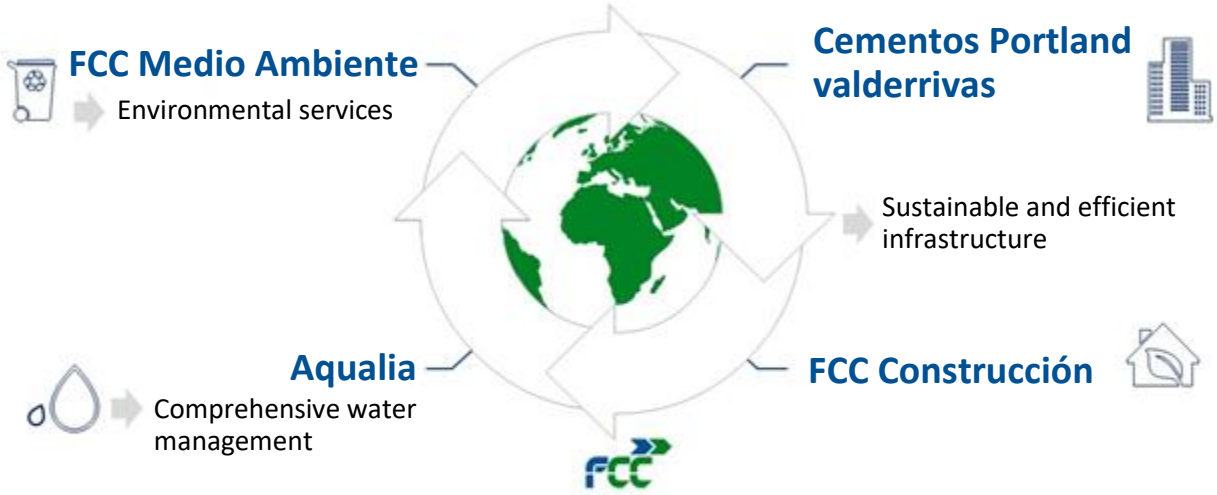
With the aim of contributing to the creation of sustainable cities and being at the forefront in the transition towards a new economic paradigm, the FCC Group is developing its own transversal model of value creation. This is a differential aspect with regard to the competitive environment. This model is transversal to each of the companies that make up the Group and is characterised by four key features:

- Behaving like an operator with a hundred years' 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.

The ambition of the FCC Group to contribute to the creation of sustainable cities for the future is a challenge that requires the cooperation and coordination of all its companies in order to be able to respond, not only to the impacts associated with climate change but also to the main challenges relating to social, economic and good governance issues.

The transversal model of value creation enables this cohesion to be fostered and the FCC Group to be positioned as an entity with a business model at the cutting edge in the creation of the cities of the future.

For the FCC Group, cities are the centre of the challenges that arise in the field of sustainability, so they are configured as the places to develop innovative solutions with a significant and rapid impact. The company makes a contribution by providing citizen services that are high quality, innovative and with high environmental standards.



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

FCC Medio Ambiente

The Environmental Services area of the FCC Group has been providing municipal services and comprehensive 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 Environment 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 (USA)

In the 2019 business year, the area's turnover grew by 3.29%, reaching 2,915.2 million euros, and Profit Before Tax increased to 201.0 million euros, representing an increase of 22.47% over 2018, an increase in the percentage of turnover from 5.8% to 6.9%. The contracting increased by 40.6% over the previous year to 3,032.3 million euros, making a portfolio volume of 10,366.2 million euros.

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

FCC Environment winner of the World Smart City awards in the "Innovative Idea" category

In November 2019, in this strategic line of action and within the framework of the Smart City Expo World Congress in Barcelona, FCC Environment presented the first industrial e-mobility platform for urban service vehicles.

The project, which focuses on the development of a 100% electric platform chassis, was developed by FCC Environment and the Irizar Group, and was subsidised by European funds under the CDTI CIEN programme of the Ministry of Economy and Competitiveness.



The strategic objective of this platform is to allow for easy implementation of affordable mobility in urban services that will provide significant environmental benefits, such as the total reduction of pollutants and noise. The aim is to reach a fleet of 30,000 heavy diesel vehicles, which could mean an annual reduction of the carbon footprint of almost one million equivalent tons of CO_2, and more than 9,000 GWh of energy consumption savings in Spanish cities.

Aqualia

Aqualia is the FCC Group company responsible for the comprehensive management of water that, by providing technical solutions and services throughout the cycle, contributes to its objective of improving the well-being of people in each of the communities in which it operates and promotes the preservation of society's most essential resource: water. Aqualia also undertakes infrastructure activity that accounts for approximately 15% of the company's turnover.

Aqualia has a presence in 18 countries and it is one of the most internationally important operators providing services in different geographical areas. In Spain, the company operates in over 700 municipalities, and outside Spain, it operates in international markets, with projects in Europe, Latin America, the Middle East and North Africa.

Aqualia has a total of 8,825 employees and its activities are guided by a common objective: For the growth of the company to maintain the criteria of profitability and to integrate all the capabilities of the value chain into the water cycle, from the design of the installations to the management of investment projects in water systems.

This strategic model was strengthened in 2018 with the incorporation of IFM Global Infrastructure Fund into the shareholding of FCC Aqualia S.A., with a minority share of 49%. In the 2019 business year, Aqualia had a turnover of €1,186.9 million, with an EBITDA of €281.7 million and a portfolio close to €15,018.3 million.

Corporate Social Responsibility is an essential part of Aqualia's business model and therefore of its daily operations, taking as a reference the United Nations Sustainable Development Goals. This approach by the company stems from its commitments in social and environmental issues and the aim is for these issues not to take second place when it comes to making business decisions.

Water treatment as a synonym for development and well-being in Colombia

The CEO - Managing Director of Aqualia, Félix Parra, spoke at the forum entitled "Water treatment and basic sanitation: a country's need", organised by the publishing group Semana in Bogotá (Colombia) where he stressed that "water really must be a state policy" During his speech, Felix Parra highlighted the importance of the Salitre WWTP (Waste Water Treatment Plant) project that Aqualia is completing in the Colombian capital for the decontamination of the Bogotá river, which will be an important step forward for the country regarding water quality and sanitation.



FCC Construcción

The FCC Group construction business has more than 120 years experience and it has a presence in a total of 20 countries. It is in fact a benchmark in the management and execution of civil-engineering and building works (residential and non-residential) 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 40 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 2019 business year, FCC Construcción recorded a total aggregate attributable portfolio of 5,623.2 million euros. Gross earnings (EBITDA) reached 100.2 million euros and turnover increased by 3.9% over the previous year and stands at 1,719.3 million euros. In 2019 the portfolio of international projects increased by 5% and the income from domestic activity increased by 9.2% compared to the previous year, standing at over 665 million euros.

FCC Construcción, pioneers in obtaining ISO 44001 certification from AENOR for collaborative relationships

FCC Construcción was a pioneer in obtaining AENOR certification for the collaborative work relations management system in accordance with the UNE-ISO 44001 Standard, that features the implementation of the Collaborative Labour Relations Management System (SGRTC in Spanish). This applies to high-impact strategic relationships in the organisation's performance with clients, suppliers, internal and external collaborators and partners, identified and managed as part of a collaborative relationships programme.



ISO 44001 certification verifies the implementation of an effective and smart management system for collaborative work relationships that involves benefits including the increase of business opportunities, control in the transfer of the parties' knowledge, the ability to consolidate relationships with suppliers, clients and partners based on a *win-win* philosophy, cost optimisation and value creation, as well as the ability to strengthen competitiveness in order to access international markets.

Cementos Portland Valderrivas

The cement activity of the FCC Group is undertaken by Cementos Portland Valderrivas, SA and subsidiaries, whose business line is mainly the manufacture of cement, which accounted for more than 91% of total revenues in 2019. The remaining percentage for this business model (9%) involved concrete, aggregates and mortar.

In the last business year, taking the geographical diversification of the company into account, more than 27% 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 West and North Africa, the US, 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.

2.3 THE FCC GROUP ENVIRONMENT

Growth of the FCC environment

As a global operator of citizen services, the FCC Group needs to understand the environment in which it carries out its business, as well as the trends that affect the way in which the company relates to its different stakeholders. With this in mind, the company studies and assesses the challenges it faces as a group with the aim of giving an effective response and meeting the different demographic, economic, social and environmental challenges.

In this regard, population growth and the displacement of millions of people to the main urban centres is having an impact on the growth and urban development of cities. It is estimated that investment in infrastructure will exceed three billion dollars annually in the coming decades. In fact by 2050, 80% of the world's population will be concentrated in cities, highlighting the need to propose innovative solutions to the challenge posed for the sustainability and maintenance of cities. The construction of smart buildings, risk management in the face of climate change and urban accessibility, are also issues that are already being worked on and that are becoming increasingly important.

Furthermore, urban communities are today the main centres of energy consumption, since 67% of global demand comes from primary energy, which implies a fairly high cost for transition to a low carbon economy. In this context, the International Energy Agency estimates that to reduce and limit the emission of GHG into the atmosphere, investment in renewable energy and energy efficiency will need to be in billions for a long period of time.

Also, the provision of these high-quality citizen services will required efficient administration in resource management and greater public-private collaboration. Governments, companies and citizens must work together to face the current challenge presented by urban planning in a context of digitalisation and with an increase in the empowerment of citizens in decision-making.

Meanwhile, the current climate crisis and, consequently, the scarcity of natural resources, are transforming a productive system that now requires new, more efficient and resilient business models that guarantee the preservation of the environment and mitigate the environmental impact. In this regard, with respect to water use and waste, it is estimated that if by 2030 no progress has been made in terms of efficiency, to meet the requirements for water resources worldwide there will need to be an increase of 40% in current capacity for supply.

Waste management also poses a major problem for the sustainability of future cities, given the increase in urban development. To meet this challenge waste will need to be the main source of energy and efficiency in its disposal increased.

Within the framework of its 2020 CSR Master Plan, the FCC Group made an analysis of the socio-economic context in which it undertakes its activity, taking the main global challenges into account, including those that affect its main stakeholders and that unquestionably have an impact on the business model.

Along these lines, with the application of the action principles included in the Code of Ethics and Conduct and by meeting client expectations, the FCC Group is contributing to the creation of social value, to progress and to the creation of the sustainable cities of the future. In this way, the company is guaranteeing a relationship of transparency with its stakeholders and innovating in the provision of services, in accordance with developments in trends and the emerging needs of the communities.

Within this context, the Group analysed the following trends and responds to each of them from a business model point of view:

Citizen empowerment

Digitalisation involves the structural modification of the relationships that an individual establishes with the surrounding environment, from consumption habits to the way of doing business. This transformation contributes to the empowerment of citizens and their greater involvement in decision-making which indirectly affects development in the cities where they live.

Citizens, as consumers of products and services, are increasingly demanding and expect more information and higher quality, mainly as a result of interconnectivity with their environment and the easy access they have to smart devices. The company has set up a comprehensive multichannel service to respond to client needs, that establishes its own real-time information follow-up systems and even participates in round tables to detect its stakeholders' possible expectations.

Solutions to global warming

Private companies play an essential role in the transition to a low carbon economy by fulfilling their objectives in the fight against climate change. The UN Climate Summit, held in Madrid, highlighted the difficulty of Governments to reach a consensus on climate action, however, a call was made to all countries to address global warming with more ambitious efforts and plans. The FCC Group, in line with its commitment to help mitigate the effects of global warming, has taken a number of initiatives such as the implementation of the ISO 50001 Standard for energy efficiency, a commitment to clean energy, the reduction of GHG emissions and the implementation of its own corporate Climate Change strategy.

Water stress, water as a scarce resource

The water stress and the existing pressures on demand are posing a challenge in the comprehensive management of this resource and it requires further technological development to improve use efficiency. Within this context, the digital transformation of the sector has led to great progress in the control and monitoring of water, while changing the relationship that companies currently have with their consumers. In order to guarantee that all people have access to water and with the aim of reducing water stress, the FCC Group is committed to continuous investment in R&D&I that will enable the detection of opportunities and the implementation of more efficient processes. It also has specialists in the management of the comprehensive water cycle and it is committed to energy recovery from wastewater.

Urban metabolism and circular economy

One of the global priorities in the 2030 Agenda is based on the efficient and responsible management of solid and urban waste and the re-use of water, through the circular economy, an economically and environmentally sustainable solution. The application of this model will help to reduce the impact of GHG emissions and enable job creation.

Those sectors whose activity focuses on the final stage of the product life cycle are becoming more important and more responsible, since they are the ones that will have to comply with EC Directive 2008/98, on waste management. To do this, FCC has put business lines specialising in waste and water management at the service of citizens, undertaken R+D+i projects aimed at extending the life cycle of resources, supported public initiatives through public-private collaboration to accelerate transition to the new model and done its best to promote awareness in its collaborators on environmental matters.

Inequality and social exclusion

Inequality, poverty and social exclusion are some of the great socio-economic challenges facing our era, accentuated by the economic crisis suffered by many, including the most vulnerable groups. With regard to this, the private sector needs to promote initiatives that contribute to alleviating the difficulties faced by people with disabilities and/or at risk of social exclusion as far as this is possible. The FCC Group's commitment to reducing social inequality can clearly be seen in its involvement in more than 300 social projects to which it contributes each year, and in the solidarity initiatives in which the Group's employees take part. The company is also committed to education and training to contribute to community development and to renewing agreements annually with the main NGOs promoting the social inclusion of disadvantaged groups.

3. GOOD GOVERNANCE IN THE FCC GROUP

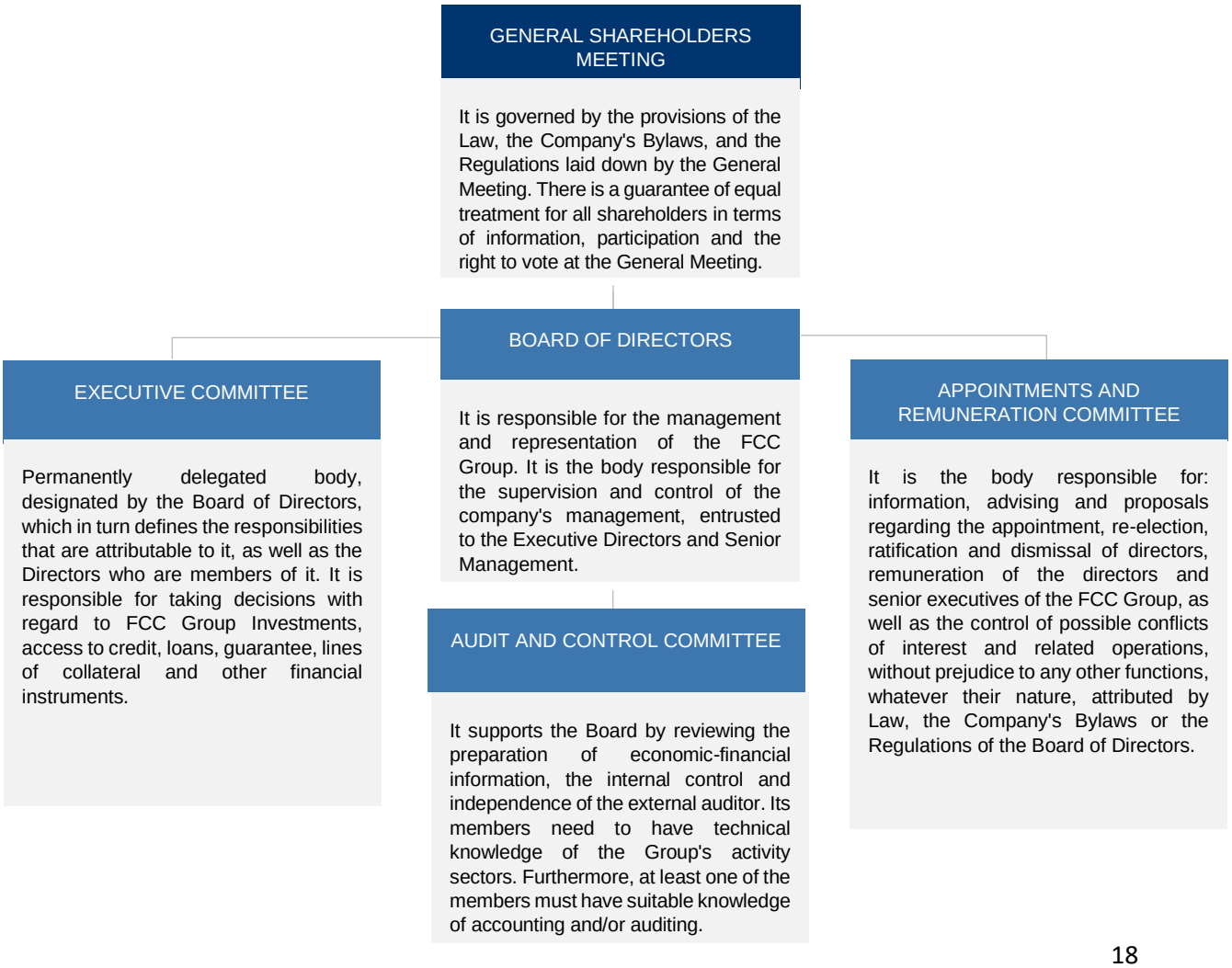
3.1 GOOD GOVERNANCE

The Spanish National Securities Market Commission (CNMV) includes in its "Code of good governance for listed companies (2015 version)", a series of recommendations that enable companies to act in accordance with the highest international standards of corporate governance. The FCC Group fully or partially complies with 84.5% of the recommendations. In this way, the Board of Directors of the FCC Group responds to the principles of representativeness in the structure and balance of its governance. Each year the Group prepares an "Annual Corporate Governance Report" and an "Annual Remuneration Report", following CNMV reporting guidelines.

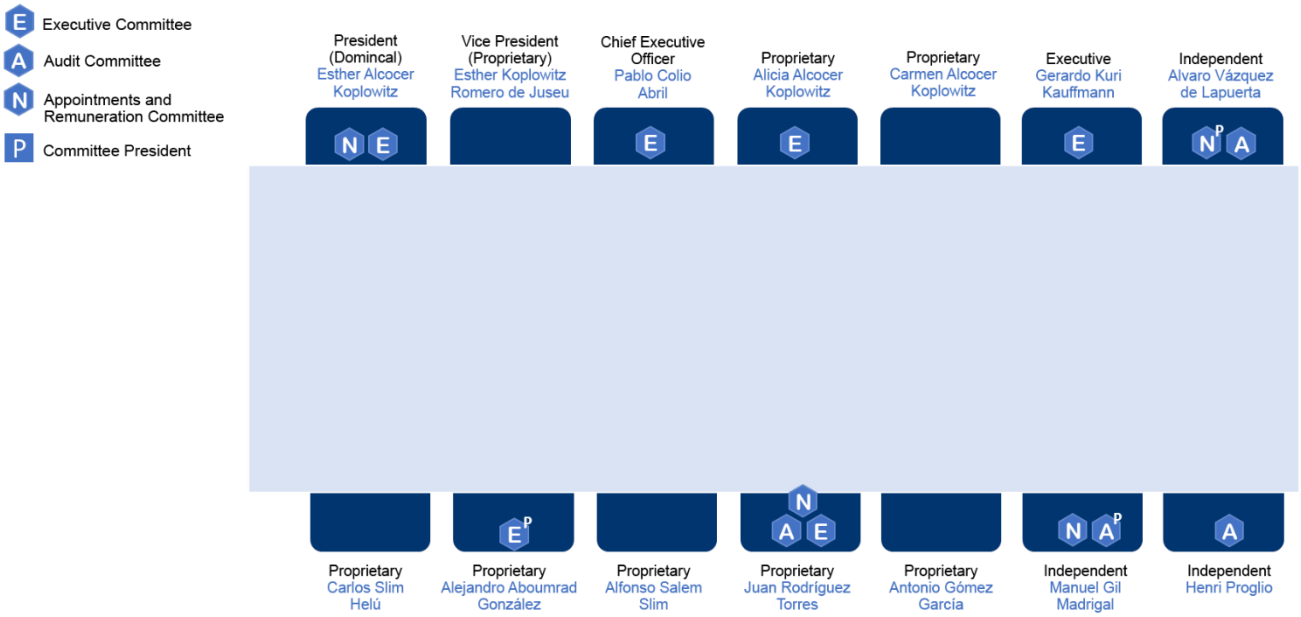
3.1.1 Governance Structure

The General Meeting of Shareholders is the Company's overriding decision-making body in matters for which it is responsible and that are specified in the Regulations for the General Meeting of Shareholders.

FCC has a Board of Directors which has overriding powers to manage, direct, administer and represent the company and to fulfil its corporate purpose, focusing its activity primarily on supervising the ordinary management of the Company entrusted to executive directors and senior management, as well as on the consideration of all matters that are of particular significance to the Group. For greater efficiency and transparency in the performance of their functions, the Board of Directors has three committees: The Executive Committee, the Audit and Control Committee and the Appointments and Remuneration Committee. The latter is responsible for submitting proposals for the appointment and re-election of independent directors to the Board.



Members of the Board of Directors and its Committees[1]



3.1.2 Diversity in the Board of Directors

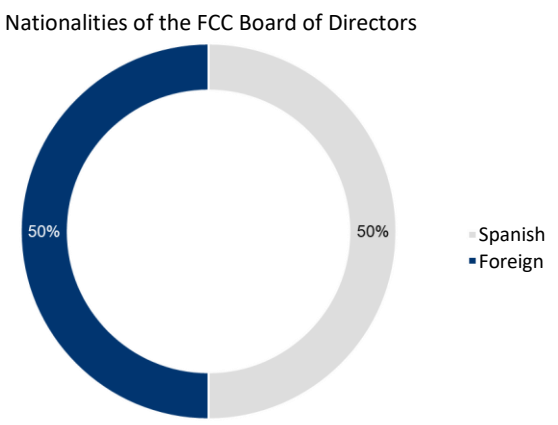
FCC guarantees equality for all its workers, from the workforce to the governing bodies.

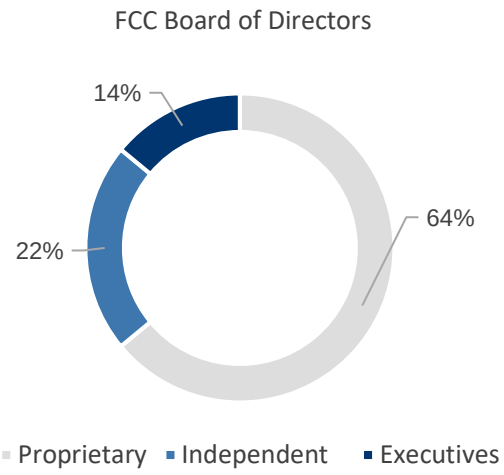
The Board's Regulation establishes in art. 38.4.h, and in accordance with the duties of the Appointments and Remuneration Committee: "Assist the Board in its role of ensuring that the selection procedures of its members favour diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Directors, so that the Company deliberately seeks and includes among the potential candidates, women who meet the intended professional profile, with the Board having to explain, where applicable, through the Annual Corporate Governance Report, the reason for the scant or non-existent number of female Directors and the initiatives taken to correct this situation".

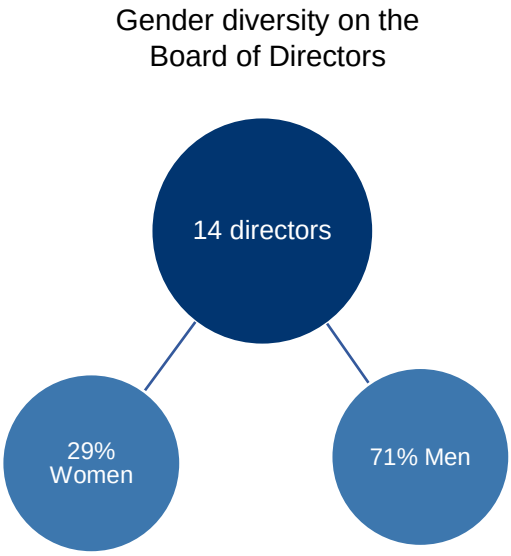
The percentage of female directors on the FCC Board of Directors at 31 December 2019 was 28.57 percent.

On the Board of Directors, 50% of the members are of Spanish nationality and the other 50% of other nationalities (Mexico and France). The following is a graphic representation of the composition of the Board:

[1] The table shows the members of the Board of Directors at the end of the business year. On 9 May 2019 Carlos M. Jarque Uribe resigned as a director for personal reasons.







3.1.3 How it works

The Group's Board of Directors met a total of eight times in 2019, with an average attendance of 96.52%. This complies with the requirements of article 34.1 of the Regulations for the Board of Directors that stipulate that "The Board of Directors shall meet with the necessary frequency to effectively perform its duties, and in any case, at least once a quarter, and whenever the interest of FCC requires it, following the schedule of dates and issues established at the beginning of the business year".

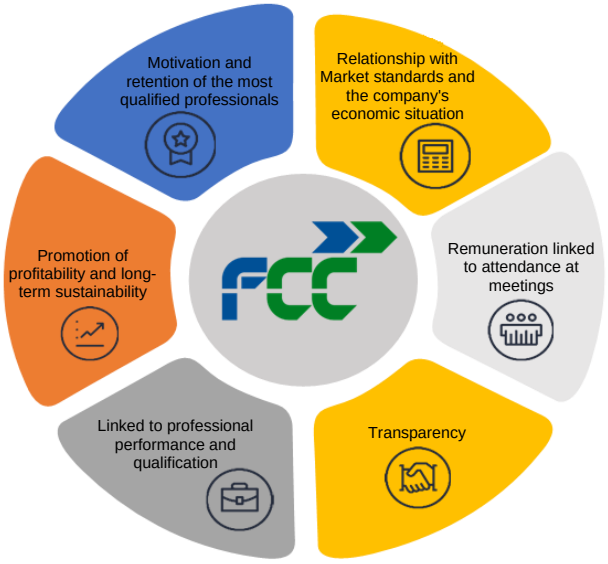
Article 31.2 of the Bylaws further dictates that "The Board of Directors shall meet at least once a quarter, and whenever agreed by the President, or whoever is acting as such, or when requested by the Executive Committee or at least one third of the members of the Board."

3.1.4 Remuneration of the Administrators

Article 28.2 of the Regulations of the Board of Directors stipulates that the remuneration of directors should be in reasonable proportion to the importance of the company, its economic situation at all times and the market standards for comparable companies. The aim of the established remuneration system is to promote the long-term profitability and sustainability of the company, and should include the necessary precautions to avoid excessive risk taking and reward for unfavourable results.

The General Meeting is responsible for agreeing the remuneration of the members of the Board based on their duties and responsibilities. There are also allowances 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.

The FCC Remuneration Policy, as well as the individualised remuneration accrued by directors during the 2019 business year are published in the Annual Remuneration Report, available on the FCC Group's corporate website.



3.2 COMPLIANCE AND DUE DILIGENCE

The FCC Group has a Compliance system to ensure that all Group companies and employees are governed according to certain ethical principles, established in the Code of Ethics and Conduct with a view to strengthening internal control so as to avoid committing any criminal offence.

The following actions were taken in order to establish an ethical and compliance culture in the company and to guarantee due diligence:

- An **organisational compliance structure** was designed, assigning responsibilities aimed at guaranteeing regulatory compliance within FCC.
- A regulatory body consisting of **policies, manuals and procedures** was approved.
- A **Compliance Committee was created and corporate and business *Compliance Officers*** were appointed to be responsible for overseeing the Compliance Model.
- A **criminal risk analysis** was conducted, identifying any crimes that may be committed within the organisation in the undertaking of its business activity.
- **Controls were identified to mitigate the risks** detected.
- A system was created for **biannual self-assessment** of the **effectiveness** of the Model by means of a software tool.
- A **review of the system in the annual work plan** for Internal Auditing was included.
- An **ethical channel to report possible non-compliance** was created.
- A series of **training and communication plans** were designed to raise awareness amongst FCC employees of the importance of regulatory compliance.

The Group's Code of Ethics and Conduct, the central element of the FCC Compliance Model, was reformulated in 2018 and updated to include some slight changes in September 2019.

The Code of Ethics and Conduct is binding on all Group employees, in all geographical areas where FCC operates.



Regulatory body for the Compliance Model

- Code of Ethics and Conduct
- Criminal Offence Prevention Manual
- Compliance Committee Regulations
- Procedure for the Whistleblowing Channel
- Investigation and Response Procedure
- Anti-Corruption Policy
- Partner Relationship Policy
- Agent Policy
- Gift Policy
- Human Rights Policy
- Protocol for the Prevention and Eradication of Bullying

To ensure that the Compliance Model functions correctly, FCC established a Compliance Committee, the Group's Criminal Prevention body that enjoys autonomous powers of initiative and control, and which is composed of:

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

The General Manager of the Internal Audit Department participates as a voting member in cases where his/her participation is required. Likewise, the Compliance Officers for each of the businesses (Aqualia, FCC Construcción, FCC Medio Ambiente and Cementos Portland Valderrivas) may attend Compliance Committee meetings as guests. The Compliance Committee answers directly to the Audit and Control Committee of the FCC Board of Directors, reporting regularly.

The main responsibilities of the Compliance Committee are:

- *Code of Ethics and Conduct*

The Committee is the main guarantor of the dissemination, knowledge and compliance with the principles and values established in the FCC Code of Ethics and Conduct, adapting it at all times to any new regulatory requirements and identified risks. It also promotes the approval of specific rules and procedures.

- *Criminal Prevention Model*

The Committee is the governing body for the FCC Criminal Prevention Model, responsible for evaluation and supervision, as well as promoting its culture and compliance through dissemination and training programmes.

The Model should be adapted to new regulations and to the update of the risks that affect it.

- *Behaviours and investigations*

The Committee should designate the person responsible for leading the investigation of reports classified as high risk received via the Ethical Channel, coordinate the investigations, and suggest the final resolution or proposal for measures to the proper body.

Compliance Committee Meetings

To fulfil the tasks and responsibilities assigned to it in the Group's Compliance Model, the Compliance Committee held 12 ordinary monthly meetings in 2019.

Management of reports via the Ethical Channel

To ensure compliance with the Code of Ethics and Conduct and the rules arising from it, effective reporting mechanisms need to be established that enable workers and other related groups to present notifications when detecting potential breaches.

During the 2019 business year, a total of 83 notifications were received on the FCC Group's Ethical Channel, between the corporate intranet, e-mail and the P.O. Box, which were classified and managed in accordance with the approved Ethical Channel Procedure.

The number of notifications resolved as at 31 December 2019 was 71, representing 85.5% of the total notifications received.

Training and dissemination of the Compliance Model

The 2019 business year featured an outstanding effort in the dissemination and training chapter of the Compliance Model, both in Spain and internationally.

The communication plan was implemented by different means, on physical and electronic supports such as posters, brochures, the internal magazine, and communicated by e-mail and other media such as lifts, information *stands*, videos and tutorials, etc.

In addition to in-person training and workshops for certain levels of the organisational structure, and for those responsible for criminal prevention controls, in order to achieve a broader scope for training within the organisation and inclusion in the "*Welcome pack*", in 2019 the company developed an *on-line* course on the Code of Ethics and Conduct which they distributed throughout the whole organisation to those with access to the network in Spain, and certain international

subsidiaries. 5,712 employees completed the course in Spain, which represents a success rate of 97%. At an international level, this training had already been given in Portugal, Qatar, Saudi Arabia, Great Britain, Colombia, Ecuador, Mexico, Panama and the Netherlands by the end of 2019.

Self-assessment and review of the Compliance Model

During the 2019 business year, two (six-monthly) certifications of the Compliance Model were completed, through the Group's Compliance Tool, as well as the review of the design of 100 criminal prevention controls selected in the corporation and businesses.

These assessments subsequently led to the review and better adaptation of the matrices for crimes, risks, approved controls and new regulatory developments.

3.2.1 Due diligence with Human Rights

FCC expresses total rejection of child labour, forced labour and work in painful, extreme, subhuman or degrading conditions, guaranteeing freedom of association and collective bargaining, as well as the rights of ethnic minorities and indigenous peoples wherever the Group operates.

No type of activity may be proposed unless there is absolute respect for all Human Rights. This is why FCC acts accordingly within its area of influence and the legal framework of each country. In fact and in accordance with its commitment to respect for Human Rights, FCC acts within all the main international frameworks in this area: principles of the United Nations Global Compact, Universal Declaration of Human Rights Framework, Declaration of Children's Rights, a number of ILO conventions and other agreements with the International Federation of Construction and Wood Workers (BWINT).

The FCC Board of Directors approved the Group's Human Rights Policy

The FCC Group, through the Board of Directors, approved the Human Rights Policy in the 2019 business year.

Through this Policy, aligned with the Guiding Principles on Businesses and Human Rights, approved by the United Nations Human Rights Council (2011), and with the Global Compact to which FCC adhered in 2006, the Group declares its commitment to respect the human rights contained in the United Nations Universal Declaration of Human Rights, and those contained in the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, as well as in the ILO's eight fundamental agreements. The FCC Group understands that human rights should be protected and guaranteed by all States, but feels that it is essential that the company itself, within its sphere of influence and in accordance with the legal framework for each country, should respect them and encourage compliance with them.

The FCC Group hereby expressly undertakes to comply with the following principles: on freedom of association and collective bargaining, decent and paid employment, forced labour and child labour, health and safety, data privacy and respect for communities.

The Board of Directors is responsible for the approval of the Group's Human Rights Policy and for monitoring its compliance. It is also responsible for overseeing the company's Corporate Social Responsibility Policy through the Executive Committee.

The Group's CSR 2020 Plan includes the *XHumanRights* programme that seeks to make a diagnosis of the impact of FCC activities on Human Rights, with the participation of the Corporate Responsibility, Human Resources, Purchasing and Internal Audit directorates.

After this initial diagnosis, due diligence should be exercised for the prevention, detection and eradication of violations, contemplating a formal declaration in the field of human rights, establishing the responsibility for its management, implementing training and awareness on the matter, and establishing mechanisms to identify, prevent and mitigate any potential negative consequences.

3.2.2 Due diligence with bribery and corruption

The FCC Group is committed to running its business in accordance with the highest ethical principles. With this in mind, it approved and implemented a Compliance Model consisting of internal policies, procedures and controls that are regularly reviewed and updated.

This Model is designed to ensure compliance with laws and regulations where the Group operates, and to warrant the trust of its clients, shareholders, employees and business partners. The Model extends beyond legal obligations in a series of matters on which FCC has strong convictions. The Model enables the prevention and detection of non-compliance risks, with special emphasis on those linked to criminal offences, as well as a reduction of their possible impacts.

The FCC group has a Code of Ethics and Conduct that forms the basis of its Compliance Model, and includes the FCC Group's commitment to the above mentioned, although for compliance a number policies have been approved in this regard. This is the case of the **Anti-Corruption Policy**, which includes the following principles:

- Compliance with legality and ethical values
- Zero tolerance of bribery and corruption
- Prevention of money laundering and transparent communication
- Transparent relationship with the community
- Conflicts of interest
- Surveillance and data property and confidentiality
- Rigorous control, reliability and transparency
- Extension of commitment to business partners
- Promotion of continuous training on ethics and compliance

During the 2019 business year, FCC approved two new policies regarding the fight against bribery and corruption:

- **Agent Policy** This established a series of general principles that should preside over the FCC Group's relationship with any agent or business developer, as well as the basic elements in the procedures for selecting, negotiating and controlling the activity of these operators, in order to guarantee their adherence to the FCC Group Code of Ethics and Conduct or the accreditation of a third-party compliance model in coordination with that of the FCC Group.
- **Gift Policy**: This establishes the principles relating to giving and receiving gifts and hospitality by the FCC Group, with the aim of guaranteeing that gifts are always received or given transparently and always avoiding any circumstance that could give rise to doubts about the impartiality, objectivity or legality of the behaviour of the FCC Group and its employees.

FCC applies due control in matters of anti-corruption, with zero tolerance of any type of non-compliance in this regard. Due control is also includes all the essential tools for prevention, detection and response with regard to the risk of committing a criminal offence. Special mention should go to the identification and prioritisation of risk behaviours, including those relating to bribery, corruption, influence peddling, fraud and money laundering. The prevention and

mitigation of these crimes is undertaken through specific controls and actions, this being a priority issue for the Group.

The possible crimes in this field that it is aimed to avoid with regard to the Group's activities include: bribes to public officials, bribes in the private sector, influence peddling and illegal financing of political parties. Each of these crimes has an associated risk that could materialise. The matrices of crimes, risks and controls contain the design of processes and controls for the observance of regulatory compliance. The identified processes are as follows:

- Administrative Management of Labour Relations
- Business Development
- Governance
- Management of Purchasing
- Invoicing
- Training
- Travel and representation expenses
- Management of expenses relating to sponsorship and donations.
- Tax management
- Treasury Management
- Operations
- Management of powers of attorney
- Occupational risk management
- Social Security Management
- Management of Payments
- Employee selection
- Administrative Management of Purchasing
- Environmental management
- Preparation of financial information
- Structural review

Regarding the procedures related to the control of bribery and corruption, the following deserve special 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 prior to contracting certain partners and agents.

When it comes to preparing the risk and control matrix, and in particular the anti-corruption matrix, an analysis was made of exposure to the risk of criminal offences in operations in countries where the Group operates. This anti-corruption matrix has been implemented in Spain and in most of the geographical areas in the international arena.

3.2.3 Measures to fight money laundering

For the purpose of avoiding money-laundering crimes and during a period of assessment prior to the preparation of crime, risk and control matrixes, different risk events for the Group's activity were identified for which a series of controls have been envisaged whose purpose is to ensure regulatory compliance.

The risk events detected were the following: 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.

The following procedures were established for the control of these risk events:

- The identification of the parties concerned in a real estate asset, in order to assess the operation's risk.
- Training employees on Money Laundering.
- 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.
- A Money Laundering Prevention Manual.
- Creation of a body for the supervision and monitoring of money laundering preventive measures.
- The review of legal representatives for the revocation of powers for those who have left the company.
- The establishment of an internal advisory and reporting line.

3.2.4 Accountability and transparency

As part of its commitment to accountability with stakeholders, FCC hereby presents the after-tax profits and tax on profits paid by country in 2019 in those countries in which FCC has a presence:

Profits and taxes paid in 2019

Profits by country and tax paid on profits

Group Countries	Pre-Tax Profit 2019 (thousands of €)	Tax paid 2019 on profit (thousands of €)
Germany (*)	-1,237.30	
Saudi Arabia	24,917.03	6,956.15
Algeria	17,486.04	5,065.07
Argentina (*)	-0.87	
Austria	6,860.00	353.78
Belgium	1,038.54	0.44
Bosnia and Herzegovina	-0.15	0.00
Brazil	-409.87	14.01
Bulgaria	13,580.23	115.63
Canada	-839.09	0.00
Chile	-2,672.34	0.00
Colombia	8,936.73	2,398.68
Costa Rica	1,308.56	0.00
Croatia (*)	-115.05	
Ecuador	1,164.01	94.61
Egypt	4,215.57	255.09
El Salvador	287.48	9.61
United Arab Emirates	2,691.59	0.00
Slovakia	4,145.00	1,275.39
Spain	321,880.29	151,511.32
United States	-22,689.41	2,748.34
Finland	-223.00	0.00
France (*)	1,770.73	
Greece	0.28	0.00
Guatemala	8,242.99	12.77
Haiti	-861.16	0.00
Honduras	1.94	0.00
Hungary	2,868.00	63.50
Ireland	-4,504.76	0.00
Italy	3,694.22	1,569.04
Latvia	-27.06	0.05
Luxembourg (*)	8,952.67	
Morocco	198.30	0.28
Mexico	32,267.33	2,356.37
Montenegro (*)	-156.84	
Nicaragua	72.80	175.32
Oman (*)	258.54	
Netherlands (*)	-2,214.97	
Panama	-22,522.10	16,918.17
Peru	5,180.66	732.60
Poland	-5,514.15	15.10
Portugal	5,683.30	1,540.84
Qatar	2,184.49	616.17
United Kingdom	27,281.56	1,038.20
Czech Republic	24,706.53	4,870.53
Dominican Republic (*)	705.12	
Romania	2,509.36	969.92
Serbia	-557.43	5.21

Sweden (*)	-442.08	
Tunisia	19,005.15	4,152.01
Uruguay	-117.00	9.50
TOTAL	**488,990.41**	**205,843.69**

(*) 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

In 2019, the FCC Group received a total of 19,061 thousand euros in public subsidies:

Public grants received

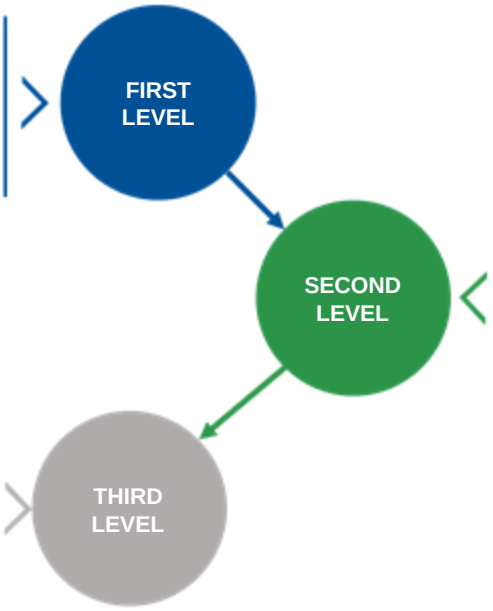
Areas	Public grants received 2018 (thousands of €)	Public grants received 2019 (thousands of €)
Construction	-	
Environmental Services	3,137	3,726
Water	11,397	10,725
Cement	135	-
Concessions	4,772	4,610
Real Estate	-	-
Central Services	-	-
TOTAL	**19,441**	**19,061**

3.3 RISK MANAGEMENT IN 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 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:

Located in the business unit's operating lines, that act as risk generators and have the responsibility for managing, monitoring and suitably reporting the risk generated, including tax risk.



Also located in the business units, it consists of support, control and supervision teams, ensuring effective control and suitable risk management, including tax. Within this level, the management area of each business unit is responsible for the implementation of the Risk Management Model, including those risks related to financial information. The Business Compliance Officer assists the Corporate Compliance Officer in the dissemination of the Crime Prevention Model, in the identification of risks and in the definition and follow-up of controls.

Consisting of corporate duties that report to Senior Management and/or to the Audit and Control Committee. The following are within this level:

- Tax Division: responsible for defining the tax policies, procedures and criteria applicable to the FCC Group
- Corporate Compliance Officer: duties include the implementation of the Criminal Prevention Model, the identification of risks in this area, and the definition and follow-up of the corresponding controls, as well as the management of the Whistleblowing Channel and proposals for action plans in cases of non-compliance or inefficiency in the operation of the controls.
- Risk Management Function: responsible for coordinating the Risk Management Model, defining a base methodology for identifying, assessing and reporting risks, providing support to those responsible for its implementation.
- Internal Audit Function: as the final control, it is responsible for assessing whether the policies, methods and procedures are suitable and for verifying their effective implementation.

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	Clients may unilaterally modify or terminate certain contracts before their complete execution. The compensation that the FCC Group would receive in these cases may not be sufficient to cover the damages caused and, in addition, the FCC Group may need to resort to legal or arbitration procedures to collect it, thus increasing costs and delaying the actual receipt of the compensation. Furthermore, different interpretations of contractual and regulatory requirements may lead to discrepancies that could have an impact on the outcome of the projects.
Project reprogramming	A situation of political and/or financial economic instability in certain markets in which the FCC Group operates, together with other circumstances outside FCC's control, such as the lack of availability of land for infrastructure projects, or a delay in obtaining licences could lead to the reprogramming of projects underway with an impact on their results.
Risks arising from links with third parties	The FCC Group could undertake its business activities jointly with public or private entities through different forms of association. Adverse circumstances in the project, or in a partner's economic or reputational situation, could lead to a situation that could adversely affect the FCC Group.
Uncertainty and volatility of raw materials, energy and subcontracted services	In the course of its activities, the FCC Group consumes considerable volumes of raw materials and energy, as well as working with a great number of subcontractors and suppliers. Changing economic, environmental and regulatory conditions could result in price fluctuations that would affect FCC Group's results.
Labour conflict	Some of FCC Group's activities are labour intensive, with considerable geographical diversity (each with their respective labour laws), that for different reasons could lead to conflicts that will would the company's productive capacity and reputation.
Loss of human capital	The success of the FCC Group's business operations depends largely on key personnel with technical and managerial experience, so a substantial loss of such personnel could affect the completion and results of certain projects.
Climate Change	Circumstances associated with climate change could affect a number of the infrastructures that the Group builds and operates and/or normal water supply, with an impact on business undertaken by FCC relating to the comprehensive management of water, and could also lead to an increase in operating costs as a result of policies for ecological transition that could be implemented in the future.
Catastrophic events	The complexity of certain environments in which the FCC Group operates increases the risk of unexpected events that cause damage to people, property or the environment, including natural disasters and acts of a terrorist or criminal nature.
Cyber attacks	The existence of threats of a cybernetic nature could affect tangible and intangible assets and lead to prolonged interruption, uncontrolled access and information and data leaks.
Health and safety risks	One of the FCC Group's priority objectives is to perform its activities with a high level of health and safety for all personnel, and to comply strictly with legal regulations in the field. Even so, occasionally, the FCC Group could be affected by incidents or accidents in its civil engineering works or installations, or in the provision of services that could cause damage and interfere with operations.
Environmental damage	FCC's environmental commitment is mirrored in the Group's Environmental Policy approved by the Board of Directors, as well as in the maintenance of environmental management systems implemented in projects and contracts audited and certified in accordance with the UNE-EN-ISO 14001 Standard. However, due to the nature of the Group's activities, there may be circumstances under which damage may occur in the form of spills, emissions, etc., that have an impact on projects and contracts.

Strategic Risks:

Political and socioeconomic changes in countries and/or regions	Changes in political or socioeconomic circumstances in countries/regions where the FCC Group operates or could operate could lead to increased economic, political and social instability, generating a negative impact on the FCC Group. Greater economic intervention by national/regional governments, the primacy of political criteria over technical criteria, changes in public models for the development and management of environmental services, the comprehensive water cycle and infrastructure, as well as possible regulatory changes in labour, environmental or fiscal issues, etc., could lead to a decrease in business opportunities or reductions in the profitability of projects.
Loss of market share	The FCC Group works in highly competitive markets. Possible difficulties in making competitive offers while maintaining profitability, as well as the incorporation of new competitors in mature markets, could lead to a loss of market share.
Cut in investment and demand forecasts	Changes in investment forecasts, both from private and public clients, can have a negative impact on the FCC Group. Furthermore, the revenues the FCC Business Areas for Environment, Water, Concessions and Real Estate are, to some extent, dependent on the level of demand, which is subject to change as a result of market conditions beyond the control of the FCC Group.
Damage to reputational image	The FCC Group may be involved in certain internal or external circumstances that could adversely affect its reputational image and consequently its business.

Compliance Risks

Regulatory or contractual non-compliance	The FCC Group's operations should respect all applicable regulations and these will vary from one jurisdiction to another and even from one municipality to another, as well as being subject to modifications. Under certain circumstances, there may be short-term non-compliance with regulations, especially in the phase of adaptation to new legislation that could be enacted. Also, in certain projects it may be difficult to comply with all contractual requirements.
Non-Compliance with the Code of Ethics	The FCC Group has a Code of Ethics and Conduct, a Manual for Criminal Prevention, and Anti-Corruption, Agent, Gifts, Human Rights and Partner Relationship Policies regarding compliance that have been approved by the Board of Directors, as well as a protocol for the prevention and eradication of bullying, all of which are binding on anyone linked to any company in the FCC Group. The high level body entrusted with promoting and supervising the Compliance Model is the Compliance Committee, chaired by the Corporate Compliance Officer. Nevertheless, in the course of operations and the management of relationships with clients, partners and suppliers, situations could arise that could lead to potential non-compliance with these regulations, resulting in legal, economic and reputational damages for the Group.

Financial Risks:

Liquidity risk	Liquidity risk is mainly attributed to accounts pending receipt of payment and so it is related to the Group's exposure to its clients' credit risk. The Group monitors the liquidity and financing lines for each of the companies to mitigate this risk.
Restricted access to financial markets	In specific circumstances, there may be difficulty in obtaining or renewing financing for certain projects due to the requirements or guarantees requested by the financiers, or the viability of the economic models that justify the reimbursement of the funds. All this could affect normal business, or result in the loss of business opportunities.
Impairment of the commercial fund	The FCC Group's commercial fund has a significant positive balance. FCC cannot guarantee that the Group will not incur losses/adjustments as a result of impairment of the commercial account or any other of the Group's material assets. If this should occur it could significantly affect the FCC Group's economic result.
Recoverability of deferred tax assets	At a consolidated level in the FCC Group there is a certain volume of deferred taxes, mostly corresponding to the Spanish tax group. Their recoverability could be affected by the cyclical nature of the Fiscal Group's profit, or by future changes in tax rates, especially corporate tax in Spain.

Fluctuation of exchange rates	The purpose of the Group's financial policy is to make sure that exposure of its debt is partially linked to variable interest rates. Any increase in interest rates could give rise to an increase in the FCC Groups's financial costs associated with borrowings at variable interest rates and could also increase the cost of refinancing the FCC Groups's borrowings and the issue of new debt.
Fluctuation of interest rates	The purpose of the Group's financial policy is to make sure that exposure of its debt is partially linked to variable interest rates. Any increase in interest rates could give rise to an increase in the FCC Groups's financial costs associated with borrowings at variable interest rates and could also increase the cost of refinancing the FCC Groups's borrowings and the issue of new debt.

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 supervision of the Risk Management Model will be undertaken by the Business Directorates with the support of the Risk Management function, while supervision of the Compliance Model is the responsibility of the Corporate Compliance Officer with the support of the Compliance Officer for the business.

As for risks materialising in the operational area, these usually affect a limited number of projects. This category includes the following:

- Project reprogramming
- Labour conflict
- Contract and legal disputes

For more information, see the FCC Group Annual Corporate Governance Report for 2019.

4. FCC GROUP CSR AND CORPORATE CULTURE STRATEGY

4.1 THE FCC GROUP'S MISSION AND VISION

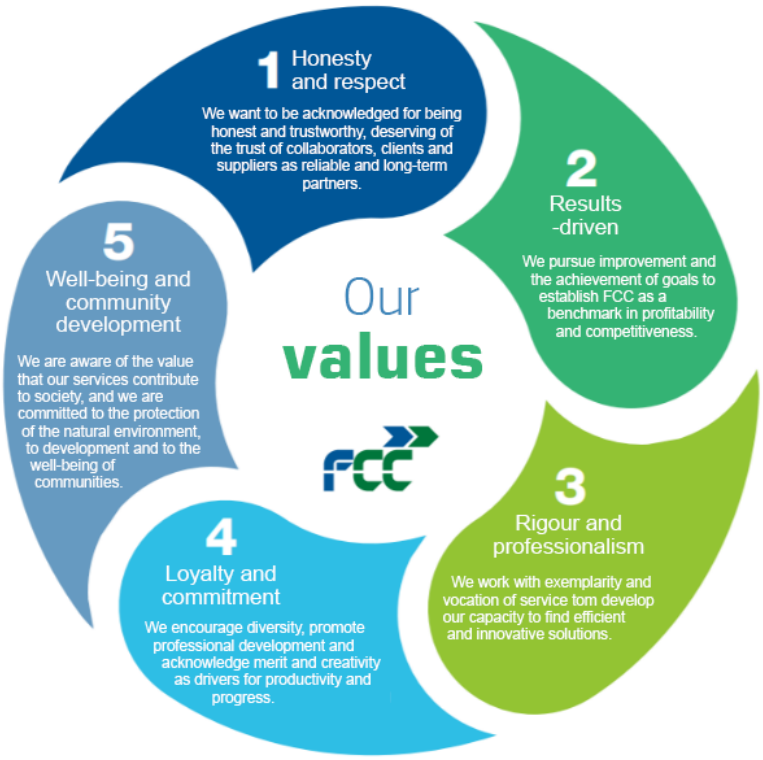
The FCC Group's mission as a supplier of Citizen Services is to efficiently and sustainably design, perform and manage environmental services, comprehensive water management and large infrastructure construction projects to improve the lives of citizens.

The FCC Group's Vision for the future is to work 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.

4.2 THE FCC GROUP'S VALUES, DISTINGUISHING FEATURE

The FCC Group is a company that covers a wide range of citizen services with involvement in the environmental, infrastructure and integral water management sectors aimed at making a contribution to the well-being of people and the sustainable and responsible transformation of cities.

But the Group's involvement in the development of the communities could not materialise without honesty, continuous improvement, rigour, commitment to quality of life and respect for the environment, values that are undoubtedly a distinguishing feature of FCC. The values that define the company are a reflection of the Group's ethical principles.



All Group companies share the same philosophy and corporate culture as this is transferred from Senior Management to employees and is the pillar on which the company works for each of its stakeholders, always in compliance with the strictest parameters for operational excellence and ethical principles.

In this regard, the Group's ethical principles guide and direct decision-making in each of the business lines and are applied transversally to all scenarios, ensuring the long-term sustainability of FCC.

The aim of the company's Code of Ethics and Conduct is to guarantee the responsible management of FCC with its various stakeholders and to ensure compliance and ethical behaviour. Other control tools, initiatives, due diligence procedures and certain social policies that meet the Group's principles are also implemented, guaranteeing effective management. The internal body responsible for ensuring compliance with these policies is the Corporate Governance System.

4.3 SUSTAINABILITY FOR THE FCC GROUP

For the FCC Group, the progress of its own business is just as important as social and economic progress in the cities where it operates. This means that the success of the Group is only possible if the well-being of people, respect for human rights and the care and preservation of the environment in the communities involved are guaranteed.

That is why for over 100 years, the FCC Group has been committed to the development and transformation of the cities in which it has operated, launching projects and initiatives in the field of corporate social responsibility and making the sustainability of its business model tangible.

With this in mind, in 2005 the Group's Board of Directors decided to voluntarily publish the first CSR and sustainability report to make its involvement with the well-being of people and the environment in which they live visible to and understood by the stakeholders, bringing its socially responsible actions to light. This initiative was copied throughout the entire company, with each of the Group's businesses regularly publishing CSR reports.

4.4 THE GROUP'S CSR POLICY

The commitment of the different companies within the Group regarding integrity and business ethics, respect for the environment and the contribution of value in the communities in which it operates, materialised on 28 July 2016, when the FCC Board of Directors approved the Corporate Social Responsibility policy (hereinafter CSR Policy).

The FCC Group Executive Committee is responsible for supervising the company's CSR Policy that responds to recommendations 53 and 54 of the Spanish National Securities Market Commission (CNMV) Code of Good Governance and is the framework in which its main strategic lines for commitment to sustainable development are established.

The framework for action regarding this policy covers all the markets in which FCC operates, as well as all the activities undertaken by each of its companies. In this regard, the CSR Policy is closely aligned with the Group's Code of Ethics, approved in February 2012, as it responds to a set of rules and principles that should guide the behaviour of all those who are part of the company.

The aim of the entire FCC team's activity and good work is to position the company as a benchmark for the sustainable development of the cities in which it provides citizen services. After more than 100 years with an established corporate culture and strong values that represent the Group, the different companies have forged a relationship of mutual benefit and trust with their stakeholders, contributing to the development of lasting and transparent relationships.

So, the following are the principles for action that serve as a guideline for the behaviour of the FCC Group:

Quality and innovation

In FCC all its collaborators strive to identify, satisfy and even anticipate the needs of their clients (internal and external).

We always try to find a way to improve and innovate and we are open to considering new ideas beyond what we know how to do comfortably. Furthermore, both the Group's actions and its decisions always take into account the consequences and implications for environment.

Integrity in its actions

The whole FCC team undertakes its activities in accordance with the legislation in force in each scenario or country in which the company operates and always respects the Code of Ethics. The FCC Group loyally fulfils its commitments and respects the rights and dignity of people, with zero toleration for discrimination based on ethnicity, religion or gender.

In FCC, the professional and personal development of employees is promoted and unethical practices are not tolerated either for personal benefit or that of the company. This means that the company remains loyal when confronted by personal interests, it maintains an attitude of political neutrality in all its activities, respecting free competition and managing contractors and suppliers impartially and objectively. They are also committed to respecting the environment, acting under the principles of precaution and efficiency in the use of natural resources and to biodiversity. Furthermore, the company always remembers that it provides a service and so acts responsibly in those communities affected by its activities.

Management efficiency

The company systematically seeks austerity and simplicity in everything it does, providing the services its clients really want and eliminating anything superfluous. The FCC Group tries to direct its work to facilitating the achievement of business and Group objectives while striving to obtain the best results with optimal use of resources and treasury.

The FCC Group also tries to protect and make better use of less measurable resources such as the FCC structure and management systems, knowledge and experience, the brand and the relationships that the company usually has with external interest groups (clients, suppliers, etc.).

Proximity and commitment

The FCC Group understands its social responsibility as a way of managing the company it aims to become, not only to create value for the shareholder, but to work together with the communities in which it undertakes its activity to favour well-being and development.

The company believes that the value of people and the human relationships they generate are an intrinsic part of the services they provide and the goods they produce. The fact is that the FCC Group is committed to the priority objective of achieving the well-being and professional development of all the people working in the Group. Because the company understands that, to be a leader, it should provide solutions capable of transforming urban communities into smarter, more inclusive and cleaner environments.

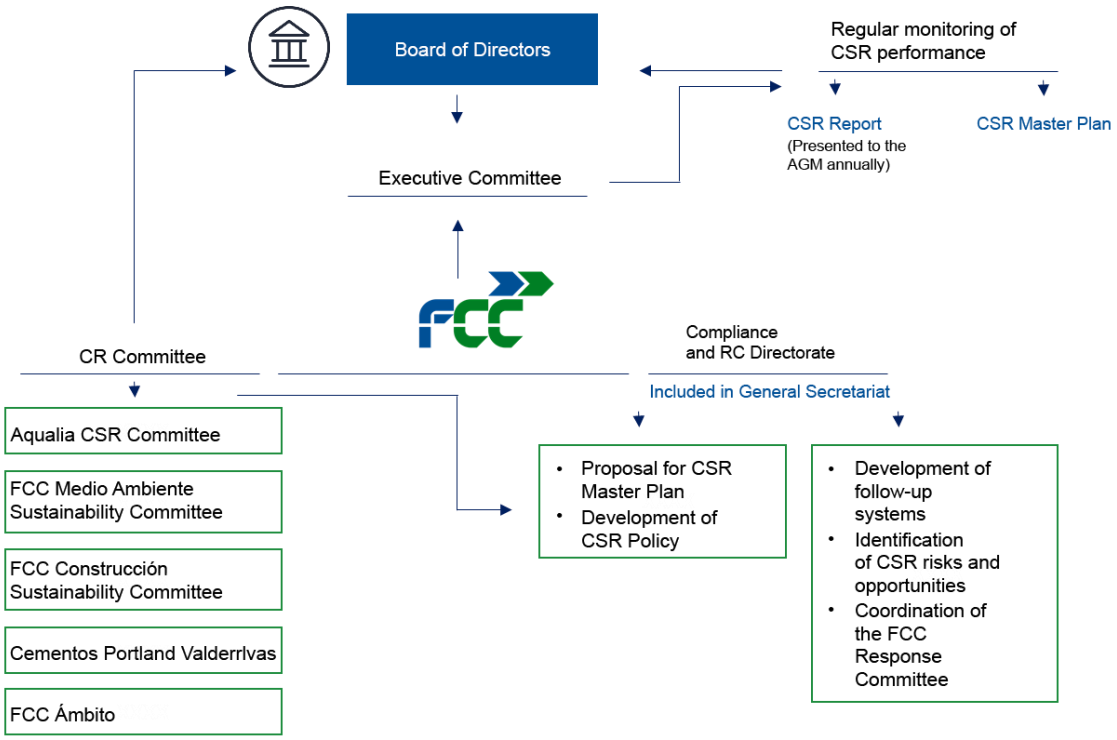
- **CSR policy governance**

The FCC Board of Directors is the body responsible for supervising compliance with CSR Policy, through the Executive Committee. The axis of union between the different businesses and the corporation is the Corporate Social Responsibility Committee, which proposes initiatives and reports results to the Board.

The Corporate Responsibility committees for the different business divisions are responsible in each company for developing, implementing and supervising compliance with Group CSR Policy.

The Corporate Compliance and Responsibility Directorate, an integral part of the General Secretariat, develops the results monitoring systems relating to the Company's social responsibility practices, identifies and manages associated risks and coordinates the FCC Corporate Social Responsibility Committee.

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



4.5 THE RSC 2020 MASTER PLAN: COMMITTED TO SUSTAINABLE DEVELOPMENT

With the aim of contributing to the challenge represented by the 2030 Agenda and in order to comply with the provisions of CSR Policy, in November 2017 the FCC Group Board of Directors approved the IV CSR Master Plan for 2018-2020. It includes a company commitment to being a part of the solution to social, economic and environmental challenges, with this commitment focusing on responsible management and following recommendations 53 and 54 of the CNMV Code of Good Governance.



The CSR Master Plan is the result of an in-depth analysis of the needs and trends in the medium and long term, detected by the Group regarding social and environmental issues. The challenges in matters of sustainable development, the demands of citizens and the FCC Group's willingness to contribute social value contributed to the definition of 15 action programmes based on three essential pillars:

`

SUSTAINABLE DEVELOPMENT GOALS

A CSR Master Plan aligned with the 2030 Agenda.

CSR 2020 MASTER PLAN

1 FCC Connected	2 Smart Services	3 FCC Ethics
FCC is a catalyst for citizens to play a leading role in a sustainable city.	FCC is a leader in designing the sustainable cities of the future.	FCC is an example of authenticity in its commitment.

Axis I: FCC Connected-Connection with citizens

In its commitment to maximise the positive impact of its activity in the cities, the FCC Group tries to understand and analyse the real expectations and needs of all its stakeholders, since from within the company it is understood that the different business lines should promote cleaner, smarter and more inclusive development, towards the construction of more sustainable cities. In this regard, FCC is implementing actions that will improve the development of cities and promote dialogue with administrations in urban centres, to provide a response that is as successful as possible both today and in the long term.

FCC Group initiatives in this regard are as follows:

- **FCC + Action**: each business area focuses on undertaking social action projects in those places where the company has detected a social need that has not yet been met, through collaboration with non-profit organisations and solidarity action.
- **FCC Educates:** a homogeneous project that tries to take advantage of the technical knowledge and different capacities of the professionals in the FCC Group to promote awareness and training programmes.
- **City 2025:** collaboration with the Municipalities in the definition of a Vision for sustainable cities by organising round tables in which the issues addressed include waste management, the need for infrastructure and water management services.
- **Measurement of socioeconomic impact:** an internal method enabling measurement of the social, economic and environmental impact of the different FCC Group projects on the environment.

FCC workers donate books to the MELIOR Foundation

FCC + Action

The collection, scheduled from 29 August and completed on Tuesday, 10 September managed to collect a total of 22 full boxes with over 500 books.

The Melior Foundation responded to the solidarity of the employees in the Tablas and Federico Salmón buildings with a letter of thanks addressed to the entire company.

In this letter, Marina Pérez Martinez, director of content and projects for the foundation, thanked the staff for their help in financing the "Not without my textbooks" solidarity campaign, which helped students of families with limited financial resources and avoided school dropout. This is how the FCC Group and the Melior Foundation collaborated in contributing to the achievement of Sustainable Development Goal 4: High-quality education through social projects to promote inclusive, equitable and high-quality education as a tool for social change.

Aqualia, involved in World Sanitation Day

FCC Educates

For World Sanitation Day, Aqualia, together with more than one hundred entities in the sector, joined the "Do not feed the sewer monster" campaign launched by the Spanish Association for Water Supply and Sanitation (AEAS) on occasion of World Sanitation Day, established by the United Nations to call attention to the priority of sanitation for global development.

For a number of years now, in collaboration with a number of municipalities for which it provides services, Aqualia has also been promoting awareness campaigns warning of the damage caused by dumping certain products and waste into the WC.

To coincide with World Sanitation Day, a series of activities were organised in Granadilla to give visibility to the risk this issue entails in the management of the comprehensive water cycle. Together with the Municipality of this town in Tenerife, Aqualia organised a sewer cover painting contest and installed a photocall of die-cut faces for the students of an educational centre to take pictures pretending to be Aqualia plumbers. They were also able to see everything up close, find out how it all works and even get on a company sewer vehicle.



Axis II: Smart Services

To contribute to local development, the company is working on the incorporation and development of innovative initiatives that will enable the design, execution and maintenance of sustainable solutions, broadening the positive social impact and mitigating the effects of global warming.

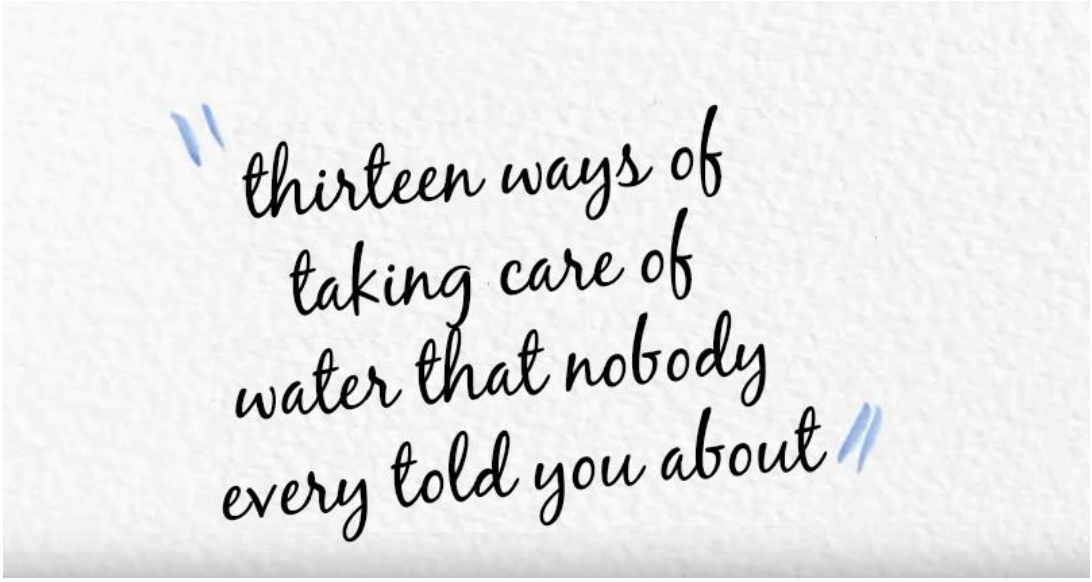
- **FCC plan for a circular economy:** an initiative through which the FCC Group is contributing to the transition of the circular productive model through two of its main activities: comprehensive water cycle management and waste treatment. The company intends to become a benchmark in this area by applying suitable innovation.
- **Climate change and eco-efficiency:** in response to its commitment to mitigating and adapting its services and their impact on climate change, the FCC Group has developed its own 2050 Climate Change Strategy where climate objectives and different measurement indicators are defined for each line of business.
- **Response to water stress:** aware of the scarcity of water and its impact on sustainable development, the FCC Group intends to position itself as an agent that contributes to the reduction of water stress by effectively providing a comprehensive water management service and taking internal measures.

- **Protecting biodiversity:** to mitigate the impact of its activity on the natural environment and promote its protection, the FCC Group maintains a public commitment based on specific research actions, alliances, ecosystem protection projects, etc.
- **FCC Innova[RSC]:** the FCC Group has detected that, despite the different innovation projects led by each business line, there are no synergies within the company that enable us to share knowledge and efforts in the Group's R&D. This has led to an initiative that contemplates the sharing of sustainable innovation developed by FCC.

Aqualia encourages responsible consumption in the face of water shortages

Response to water stress

Under the #contralaescasezhídrica tag, Aqualia organised an awareness and sensitivity campaign, to highlight the need to promote the rational and sustainable use of water. La Guardia (Jaén), Ibiza and Formentera (Balearic Islands), Ávila, Candeleda (Ávila), Lleida, Torderà (Barcelona) and La Bisbal del Penedès (Tarragona) are some of the municipalities that since the very beginning of the campaign have been involved in this initiative to promote responsible water consumption among citizens in their different communities.



CEAAN Coto de la Isleta Chameleon Programme

Protecting biodiversity

This project is part of the FCC Group Corporate Social Responsibility Policy (RSC) 2020 and managed through a contract with the Coto de la Isleta de El Puerto de Santa María Centre for Environmental Education and Nature Activities (CEAAN).

The common chameleon is listed in Spain as an endangered species and it is mainly threatened by: habitat destruction, capture, ill-treatment and predation by pets. The main tools for their conservation consist of scientific studies and environmental education.



The main objective of this project is to restore the common chameleon population (Chamaeleo chamaeleon) in the Coto de la Isleta pine forest, analysing the distribution of the species and applying scientific methodology to obtain updated and useful information. This information will be used for the proper management and protection of coastal ecosystems like El Coto de la Isleta pine forest, for upcoming scientific studies and works, and especially to involve residents in the territory through environmental education and dissemination initiatives.

Due to the marked educational nature of the Coto de la Isleta CEAAN, a public centre run by the Municipality of Puerto de Santa María and managed by FCC Environment since 2013, it is intended for this to become a benchmark centre for the study of the common chameleon and its protection through citizen awareness. Active partnerships and collaboration with a number of entities are also being sought in order to enrich the project.



Axis III: FCC Ethics - Exemplary performance

The FCC Group complies with the strictest standards of ethical behaviour, establishing its own principles that are more demanding than those of the jurisdictions in which each business operates. This framework is regularly strengthened by means of a control system and is also required in the value chain.

- **FCC Culture:** within the framework of the Group's commitment to the well-being of its employees, this involves promoting a corporate culture that contributes to strengthening affection among workers and increasing the pride of belonging.
- **Responsible procurement**: the FCC Group is firmly committed with regard to responsible procurement relating to the contracting of goods and services.
- **XHumanRights:** to strengthen respect for Human Rights in all the Group's companies, a high-quality work environment is fostered that promotes training and awareness.
- **Talent2: skills and leadership:** FCC is committed to investment in the professional development of its employees because it is aware that this will lead to an increase in productivity.
- **Equality and diversity:** these are key factors for attracting and retaining talent and they are also attractive for clients and other stakeholders. For this reason the company contributes and promotes equality and diversity through specific action plans.

Forum for Diversity in Madrid organised by Aqualia

Equality and diversity

With the aim of raising awareness and involving all employees to help improve the lives of people with disabilities, Aqualia organised a Forum for Diversity at its corporate offices in Las Tablas (Madrid) on International Day of Persons with Disabilities. The paralympic athlete Desirée Vila opened the forum with a talk entitled "The only incurable thing is the desire to live", in which she explained how she overcame the accident that changed her life when she was just 16 years old. Everyone then took part in a biscuit-decorating workshop with disabled people aimed at fostering basic abilities and skills for the purpose of improving their independence and autonomy. This activity enabled another "reality" to be brought closer to Aqualia employees.



- **Health and Safety comes first**: the FCC Group focuses its efforts on promoting preventive culture for occupational hazards and the health and safety of its workers, to position itself as a leading company in this area.

Family members and employees of FCC participated in the 3rd Child Road Safety Education Workshop in Alcobendas (Madrid)

Health and Safety comes first

In collaboration with the Municipality of Madrid, FCC organised the 3rd Children's Road Safety Workshop. This family activity, which took place on Saturday, 1 June in the Alcobendas Road Safety Education Park, was designed for children between 7 and 12 years old and focused on education in safe travel behaviour.



The workshop included recreational and training activities on road safety. The programme was in two parts, with a theoretical module aimed at raising awareness on suitable behaviour by pedestrians, travellers and cyclists, and a practical module that took place on the park circuit, with walking, cycling and go-kart tours arranged by the park to develop these activities. Both activities were directed by the Alcobendas Local Police.

This experience fell within the framework of the "Health and Safety Comes First" programme in the FCC Group Corporate Responsibility Master Plan and aimed to raise awareness of the importance of the values we transmit daily with our attitude and actions at the wheel, while sharing a relaxed and entertaining time with colleagues from Group companies and their families.



4.6 FCC CONTRIBUTION TO THE 2030 AGENDA

The Group's CSR programmes and the CSR 2020 Master Plan are aligned with the 17 Sustainable Development Goals (SDGs) approved by the UN in 2015. Thanks to the development and implementation of its CSR Policy, the company has internalised and included these commitments in its business model and actively participates in its contribution in line with the 2030 Agenda.

The common framework that the UN makes available to governments, civil society and the private sector consists of 169 specific goals so that each organisation has effective guidelines for reducing problems relating to poverty, inequality, economic growth and respect for the environment.

The Group's CSR Policy determines the company's contribution with regard to achieving the SDG goals and distinguishes between the direct and indirect impact of its activities.

The activities undertaken by the FCC Group taking into account each of its different business lines, contribute mainly to the following SDGs:



Contribution to the FCC Group's Sustainable Development Goals																
FCC Medio Ambiente	✓		✓			✓	✓	✓		✓						
Aqualia				✓						✓						✓
FCC Construcción	✓					✓				✓				✓	✓	✓
Cementos Portland Valderrivas Group							✓		✓	✓	✓					

In addition to priority SDGs by business, the following details the direct and indirect contribution of the FCC Group to these objectives:

Direct contribution of the FCC Group in the achievement of the SDGs



The FCC Group contributes to access to water, offering comprehensive water management services, especially in those areas that suffer from water stress.



The company concentrates its efforts on the search for alternative and non-polluting energy solutions, with the aim of obtaining biofuels that do not harm the natural environment.



The FCC Group guarantees the sustainable development of societies through innovative processes and technologies that allow the construction of infrastructure to provide cities with greater resilience.



FCC invests in innovation processes applied to its different business lines so that, through the management of its activities, it is contributing to the creation of the cities of the future.



With the aim of advancing in transition towards a more feasible and sustainable economic model, the FCC Group favours the efficient use of resources and provides services to eliminate and reduce waste disposal, by reusing and revaluing them.



FCC assesses and monitors its carbon footprint and with the aim of reducing it, the services provided are redesigned to mitigate the effects of global warming.

Indirect contribution of the FCC Group in the achievement of the SDGs

	The company is committed to health, through the implementation of internal policies to ensure the well-being and safety of all its employees.
	The FCC team is both committed and diverse thanks to the Group's commitment to gender equality, through the training and equitable remuneration of its professionals and participation in awareness initiatives.
	FCC contributes to the economic development of the communities in which it operates by providing high-quality employment through each of its business lines and respecting human rights.
	In line with its commitment to ethics and integrity, the FCC Group fosters equal opportunities and develops inclusive programmes to reduce inequality amongst the most vulnerable groups.
	With the implementation of improvements in the eco-efficient management of its processes, the FCC Group prevents environmental degradation, reduces the loss of biodiversity and reduces its environmental impact.
	By promoting equal opportunities, implementing inclusive programmes and creating local employment, the FCC Group's businesses contribute to the reduction of inequality in local communities.
	All FCC Group companies respect the principles of the Code of Ethics and Conduct and extend compliance to the entire supply chain.

Aqualia in line with the 2030 Agenda

One of the most important initiatives developed in the last year in the field of Sustainable Development Goals was the annual Corporate Campaign called #conexionesaqualia, which was created with the intention of highlighting the importance of Aqualia's commitment to the 2030 Agenda and the United Nations Sustainable Development Goals (SDGs), and of its connection with how it relates to its interest groups.

#conexionesaqualia

In this regard, since 2019 Aqualia has been promoting connections with the people involved in the management of the comprehensive water cycle: Its clients, its suppliers, the planet, the sector, the scientific world and children.

In this case, children and young people are a very significant group for Aqualia, because the sustainability of the resource involves transmitting responsible habits with respect to water to new generations, both with regard to consumption and a return to the natural environment.

For this they have the pioneering aqualiaeduca.com website, a useful educational tool for schools, teachers, and above all, for children and young people. Every year there is an average of 150 Open House Days and school visits in different facilities for children to learn about the value of the work it takes to be able to turn the tap on at home.



5. COMMITTED TO THE FCC GROUP HUMAN TEAM

5.1 THE PEOPLE IN THE CENTRE

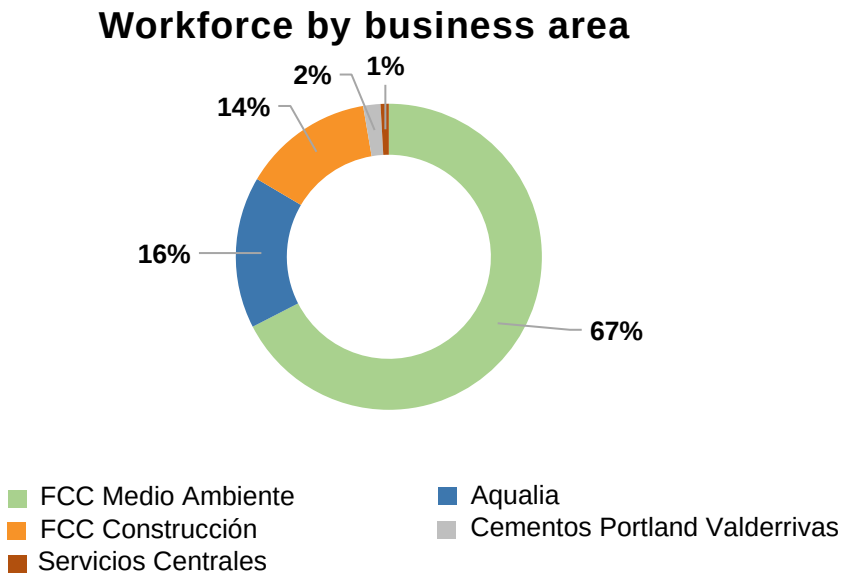
People are a priority for FCC. The Group and its human capital share a common culture based on the values of respect, honesty, transparency, diversity and meritocracy. It also promotes health, safety and well-being in its workforce and collaborators.

5.2 HUMAN CAPITAL PROFILE

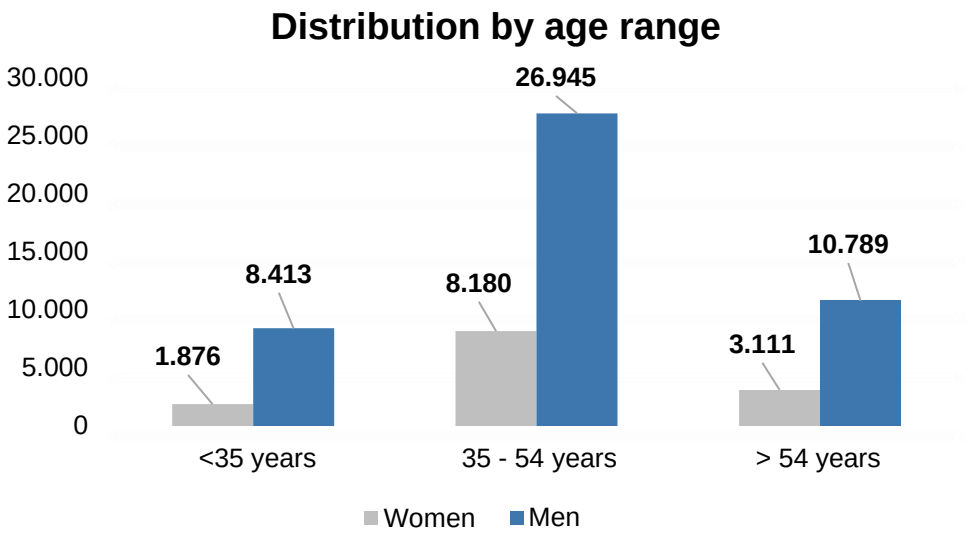
5.2.1 Diversity in the workforce

A total of 59,314 people work in the FCC Group. They are distributed as follows by gender and business area:

Women	Men
22.2%	77.8%



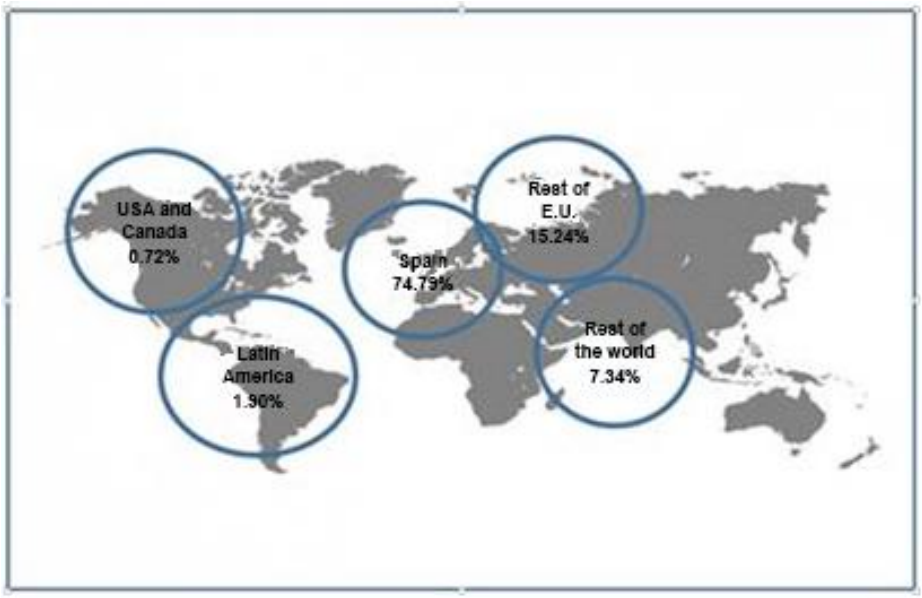
In 2019, the distribution of FCC staff by gender and age range was as follows:



The FCC Group provides services for people of more than 108 nationalities and of all generations, thus developing an enriching work environment that enables business challenges to be addressed from very different perspectives.



FCC also operates in about 40 countries. The distribution of the workforce by geographical area can be seen in **Annex I,** as follows:

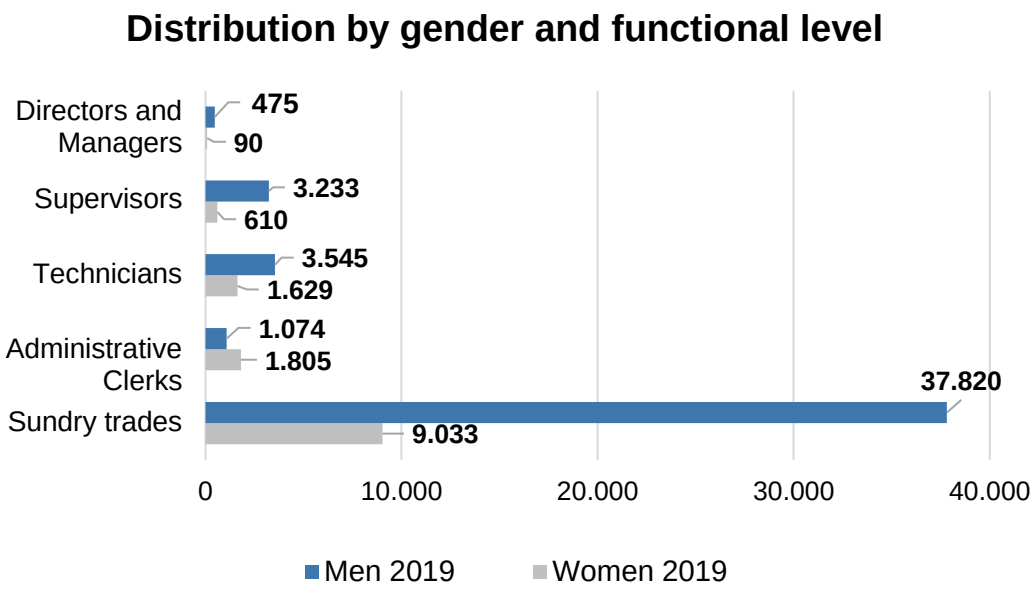


5.2.2 Organisational structure

It is interesting to point out that in 2018, FCC began the process of reviewing its organisational structure to adapt it to the current context. This involved an analysis of the organisational level, the family, mission and duties of each job position within the organisation.

This process was completed in Spain in 2019. In 2020 it was planned to continue with the review of the organisational structure in the Cement Area and in the rest of the countries in which the FCC group provides services (which is why data on remuneration and the wage gap are not included in the report).

The above-mentioned review gave the following result for distribution by gender and functional level at the close of 2019:

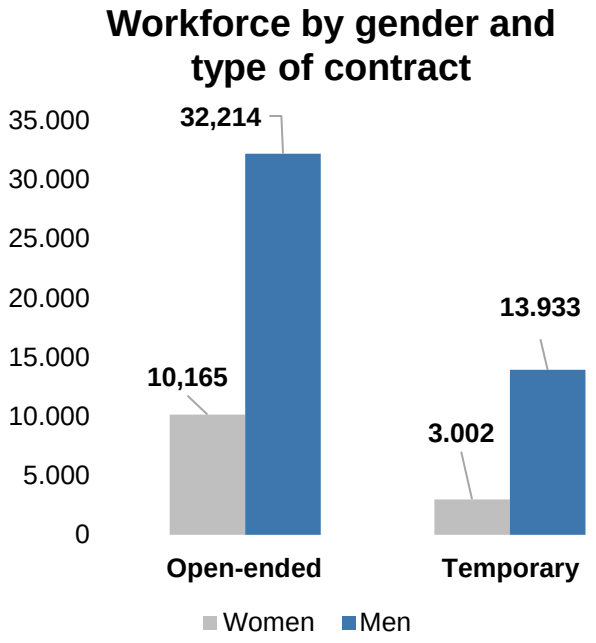


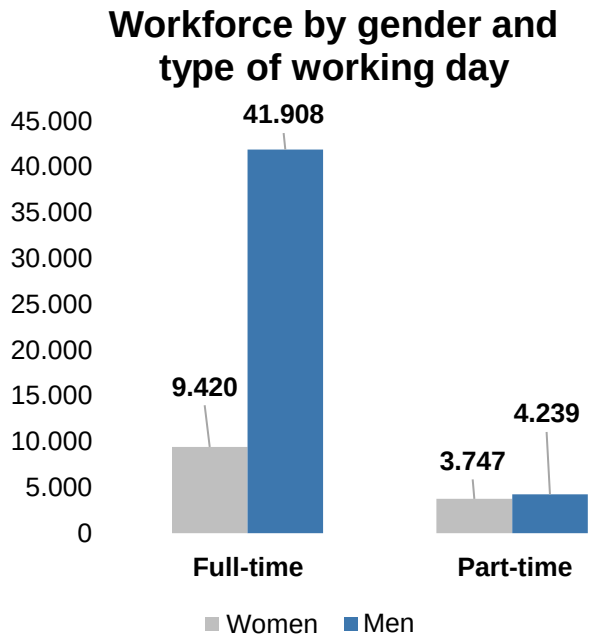
5.2.3 Recruitment and dismissals

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, 42,379 people have an indefinite contract and 16,935 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, 7,986 people have a part-time contract and 51,328 have a full-time contract.

The data by gender are as follows:

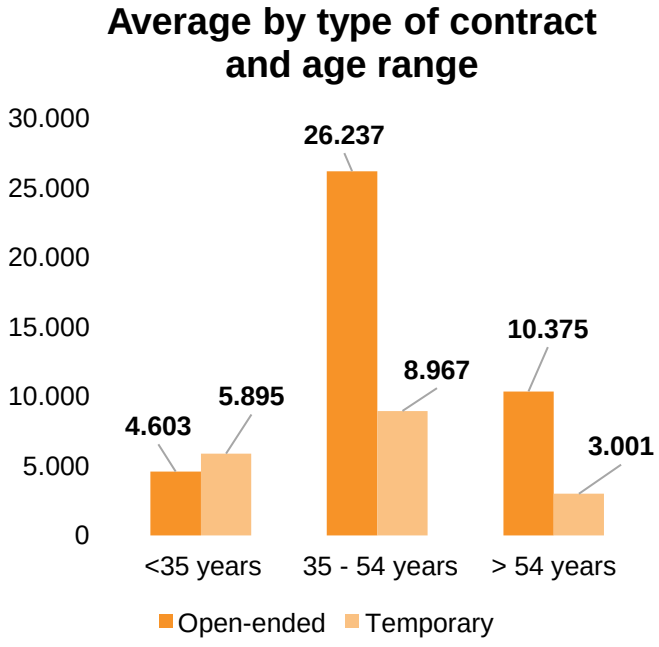


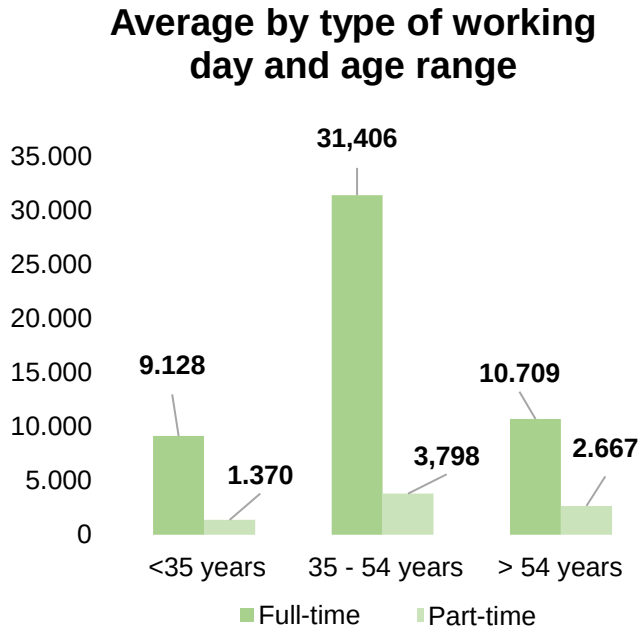


The annual average amounts to 59,078 contracts of which 41,215 correspond to indefinite contracts (9,615 women and 31,600 men), while 17,863 contracts are temporary contracts (3,144 women and 14,719 men).

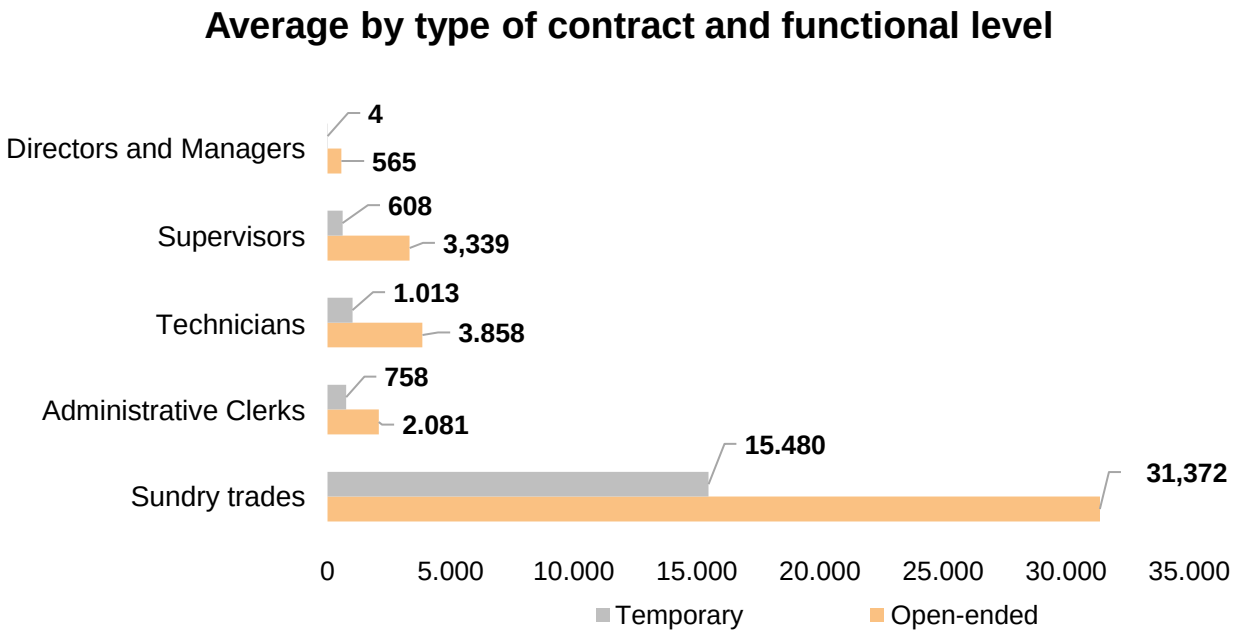
Of this annual average, 7,835 contracts are part-time (of which 3,463 correspond to women and 4,372 to men), while 51,243 are full-time (9,296 women and 41,947 men).

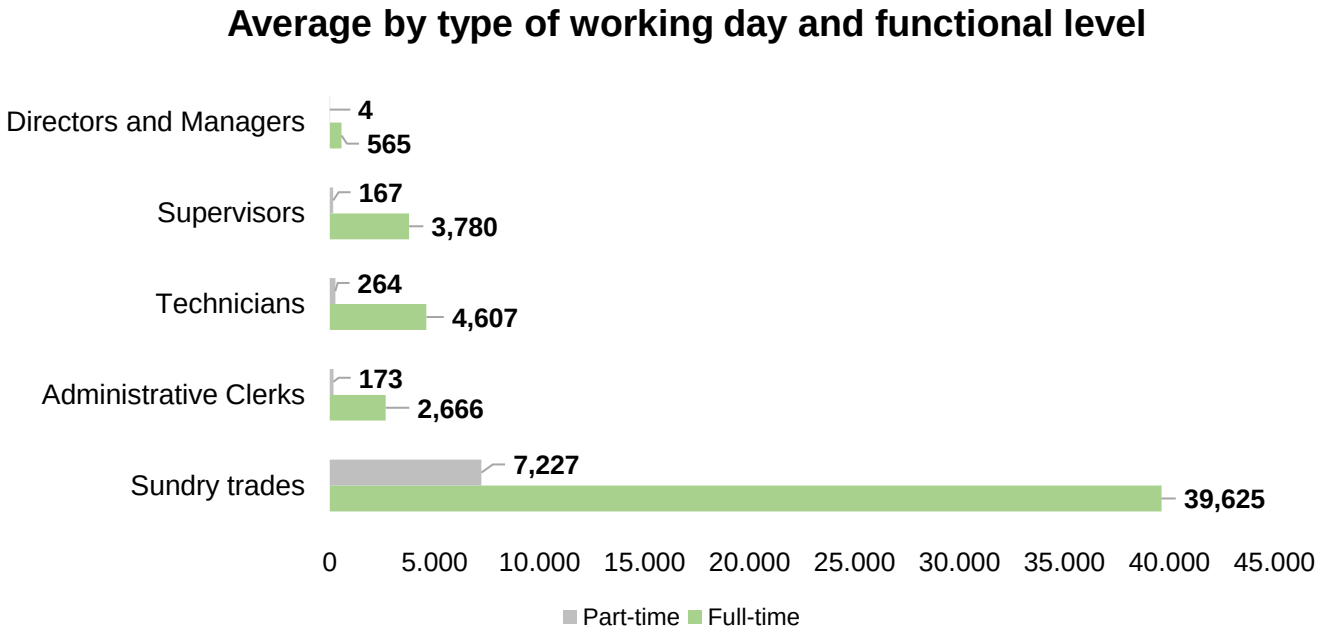
The following table is a breakdown of the annual average by type of contract, type of working day and age range:





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 employees in the month were counted, taking as reference the twelve months corresponding to the 2019 business year.

In 2019 dismissals for the entire FCC Group, classified by gender, age and functional level, were as follows:

Dismissals by gender	2019
Women	153
Men	662

Dismissals by age range	2019
<35 years	260
35-54 years	427
> 54 years	128

Dismissals by functional level	2019
Directors and Managers	13
Supervisors	37
Technicians	107
Administrative clerks	46
Sundry trades	612

5.3 COMMITMENT TO TALENT

The success of FCC depends on the talent of its workforce. This is why FCC fosters a suitable work environment with the aim of attracting, motivating, developing and retaining the best professionals.

5.3.1 Managing by skills

As an essential pillar of its Human Resources policy, FCC implemented a new skills management model in 2019, as a commitment to talent and the ongoing development of its professional staff. The following are the Group's corporate skills:



The blueprint for management by skills facilitates the homogeneous application of human resources policies both in selection, in salary and in training and development. A skills management model allows also helps us understand the skills required (job and personal profiles) to meet the objectives and strategies of each business area.

5.3.2 Selecting the best professionals

In 2019, the selection process methodology was improved to include a due diligence process for the candidate (suitability of the profile, assessment of behaviour and skills, absence of conflict of interest, etc.). This methodology will provide a broad and precise vision of a person's degree of adjustment to a job, their growth potential and their ability to adapt to change.

The usual source for selection in FCC is internal mobility. The fact is that in 2019, 1,004 positions were published via the Intranet, with the aim of increasing this number.

In this regard, one of the main challenges facing FCC for 2020 is to analyse the current situation and define new action guidelines to promote a culture of internal mobility and use it as a lever for professional growth.

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

- The II International Programme for Young Talent in the Construction area with training aimed at fostering the development of recent graduates to allow for easy coverage of positions in the company's international projects saw the participation of nine young talents in 2019.
- Collaboration agreement with the EOI (School of Industrial Organisation) signed by Aqualia in 2016. In 2019 the company incorporated five people as interns in the Engineering and Water Master course.

5.3.3 Training

FCC has a Global Mission to guarantee the training and development of its workforce worldwide, in line with the needs of each business.

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

	Directors and Managers	Supervisors	Technicians	Administrative Clerks	Sundry trades	TOTALS
FCC Medio Ambiente	9,010	11,612	91,768	484	85,861	198,735
Aqualia	2,930	20,914	17,179	5,762	30,014	76,799
FCC Construcción	1,513	10,340	36,167	4,005	28,350	80,375
Cementos Portland Valderrivas	2,454	4,192	5,300	2,284	5,487	19,717
Central Services	1,969	889	4,957	1,270	22	9,107
TOTALS	**17,876**	**47,947**	**155,371**	**13,805**	**149,734**	**384,733**

The definition and design of the training provided in the FCC Group stems from the detection of needs in order to cover job and skills requirements in the workforce.

In 2019, the FCC Corporate University was founded, a commitment to talent in the current environment of increasing globalisation, new technologies and new ways of working.

The aims of the project include standardising and consolidating the FCC Group's transversal training practices, improving the effectiveness and efficiency of the different programmes, promoting the implementation of new learning technologies, preparing teams to work in a diverse and global environment and generating pride in belonging to FCC.

This virtual platform can be accessed from any device and it is made up of three schools of knowledge: Values, Digital and Compliance. It also contains a training space for each business area with a catalogue of courses that are organised by subject, including languages, skills, office automation, health, safety and well-being.

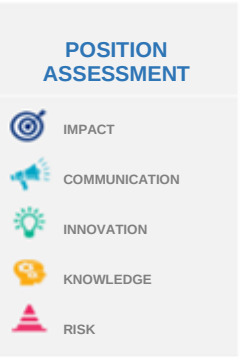
Values **Digital** **Compliance**

In 2019, training on the FCC Group's Code of Ethics and Conduct (School of Values) and on the Connect 365 platform (Digital School) was launched, and in 2020 training is envisaged in the field of data protection, bidding policy and relationships with public officials (Compliance School). A skills training programme is also being developed, aimed at fostering and developing the necessary skills associated with each person's role in the Group.

5.4 SALARY POLICY

FCC works in a wide variety of productive sectors (construction, water, cement, concessions, services, real estate) in about 40 countries and in general, the remuneration of its workers is subject to the applicable collective agreements (in the case of Spain there were 800 agreements of different scope in 2019).

FCC remunerates its employees according to criteria of sector and geographic competitiveness, internal equity and the level of responsibility. With this in mind, in 2019 a process of review and assessment of jobs began, taking the following five factors into account: Impact, communication, innovation, knowledge and risk.



Average remuneration in Spain disaggregated by functional level, gender and age range are as follows:

		Total Average Remuneration		
		Under 35 years old	From 35 to 54	Over 54
Men	Directors and Managers	€60,375.36	€107,200.54	€147,318.51
	Supervisors	€29,251.61	€45,086.22	€50,693.67
	Technicians	€28,498.51	€43,127.14	€51,944.87
	Administrative Clerks	€23,867.52	€30,319.11	€36,504.92
	Sundry Trades	€23,989.51	€26,342.57	€27,694.37
Women	Directors and Managers	€53,855.97	€87,100.64	€83,920.64
	Supervisors	€26,886.49	€36,604.46	€39,305.68
	Technicians	€24,391.86	€35,679.30	€42,562.62
	Administrative Clerks	€20,873.69	€25,063.85	€27,821.19
	Sundry Trades	€19,211.29	€19,991.23	€19,138.44

Average remuneration for the management team stands at 117,610 euros, broken down by gender as follows:

- Average remuneration for women: 86,053 euros.
- Average remuneration for men: 123,024 euros.

The management team includes both senior management (reporting directly to the CEO) and those whose jobs involve management and responsibility within the FCC Group in Spain.

Information regarding the average remuneration for directors is included in the Annual Remuneration Report.

5.5 DIVERSITY AND EQUALITY

In 2019, the FCC Group approved a Human Rights Policy, in line with the UN Guiding Principles for Business and Human Rights and with the Global Compact which FCC adheres to. This Policy, in coordination with the Code of Ethics and Conduct, advocates respect for diversity and inclusion, rejecting discrimination for any reason.

FCC also renewed its commitment to the Diversity Charter in Spain for 2019-2021, in recognition of its equality policies, its commitment to social inclusion and its commitment to becoming an increasingly diverse and socially responsible company.

The application of these values is ensured by ongoing dialogue with social partners. This dialogue translates into reaching important milestones in the field of diversity and equality, such as the development of female employment in sectors with poor representation, specific training for women to occupy leadership positions, the integration of people with disabilities, and recruitment of those from marginal groups and/or at risk of social exclusion.

5.5.1 Equality between men and women

For FCC the principle of equal opportunities is a commitment to action that cannot be waived, as contained in the Code of Ethics and Conduct, which reflects FCC's responsibility in this field.

Commitment to Equality

In Spain, FCC has nine Equality Plans drawn up and implemented together with the main union organisations. These Equality Plans are applicable to the entire workforce in Spain since their scope extends to companies with less than 250 workers. Four Group companies also have the *Company Equality Badge*, a mark of excellence granted by the Ministry with the Equality portfolio.

As for the rest of the countries with a presence of the FCC Group, the Code of Ethics is applied, as well as the regulations in force in each jurisdiction. In this sense, the Equality Plan in force in the United Kingdom should be highlighted.



As a complement to the reports channel included in the Code of Ethics and Conduct, the Group has a *Protocol for the Prevention and Eradication of Bullying* that aims to prevent, resolve and penalise any cases of workplace and gender bullying that may occur. The protocol is binding and includes the principles of the FCC Group's commitment in this field, aimed at guaranteeing the dignity, integrity and equal treatment of everyone. FCC has provided an e-mail address and a confidential online report form.

Promotion of women to management positions

As a result of the FCC Group's firm commitment to the promotion of women, in Spain, at the end of 2019 the percentage of women occupying management positions reached 13.92% of the total for this type of position, showing an increase of more than two percentage points (11.68%) compared to 2018.

With this in mind, the FCC Group is developing and participating in training programmes aimed at creating a work environment that is rewarding, free of discrimination and in favour of diversity. From the actions undertaken, special mention should go to three initiatives for the training and development of women for management positions.

Proyecta Promociona, specialises in preparing women to access senior management positions and boards of directors (CEOE-ESADE).

Three women participated in 2019.

I edition of the Training Programme for Women in STEM disciplines "Now you" for the Sepl Foundation.

In 2019 one woman participated.

Development programme designed for women with high potential at the "Escuela de Organización Industrial" (EDI).

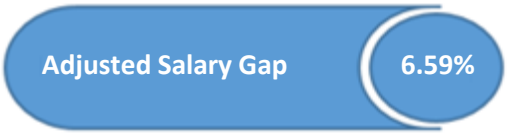
In 2019, ten women participated.

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.

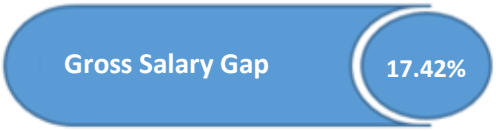
Two types of wage gap are taken into account in Spain for calculation, adjusted and gross.



The adjusted wage gap is calculated taking into account all those aspects that compare men and women in a similar situation. Apart from 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).

In this regard, it has been observed that minor seniority ranks (less than 5 years) are those that show a lower Adjusted Salary Gap, the result of good practices in equality that the FCC Group has been applying and that are faithfully reflected in the Equality Plans, all aimed at reaching salary equity between women and men.

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.



Gross wage gap is calculated by obtaining the percentage difference between 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.

5.5.2 Inclusion and non-discrimination

The Code of Ethics and Conduct includes as an essential principle the Group's commitment in favour of a more rewarding work environment, free from discrimination of any kind and specifically promoting diversity.

Commitment against gender violence

FCC maintains a constant and public commitment against gender violence that is based on two essential principles, zero tolerance and support for the social and professional integration of victims. The company collaborates with the "Companies for a Gender Violence Free Society" network in tasks of dissemination and awareness, as well as supporting job insertion for women suffering from its after-effects.

To maintain this commitment, the company has the support of specialised entities such as the Incorpora Foundation (La Caixa), the Integra Foundation and the Red Cross, both for dissemination and awareness, as well as for work insertion for women who have been victims of gender violence.

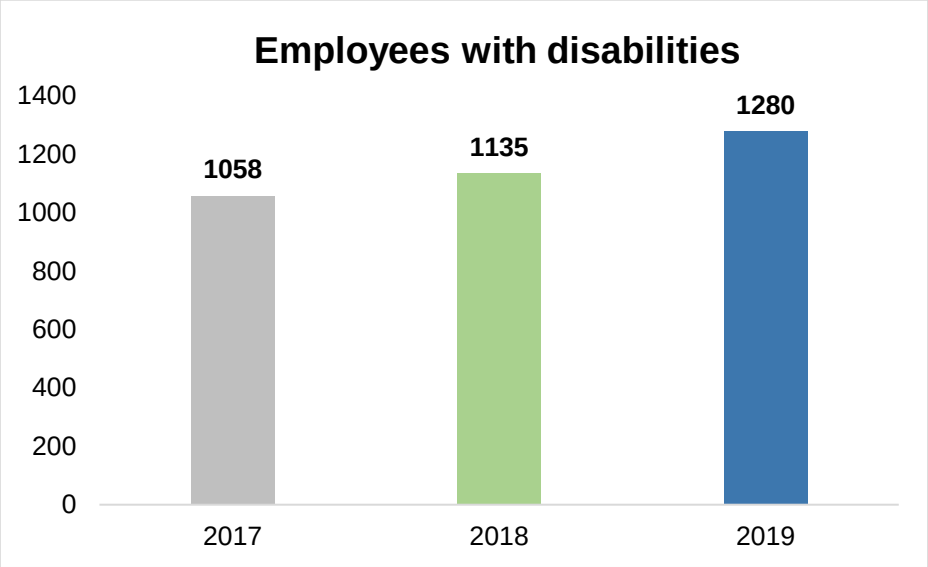
Every 25 November the FCC Group makes an appeal within the company and launches information and awareness actions in the workplace to remind people of its principles and inform them about its commitment and vision: zero tolerance for gender violence and promotion of the social and professional integration of women who are victims of violence.

In 2019, FCC Construcción presented a “do not normalise it and say NO” campaign, aligned with the company's values for equality, non-discrimination, diversity and social-labour action.



Disability

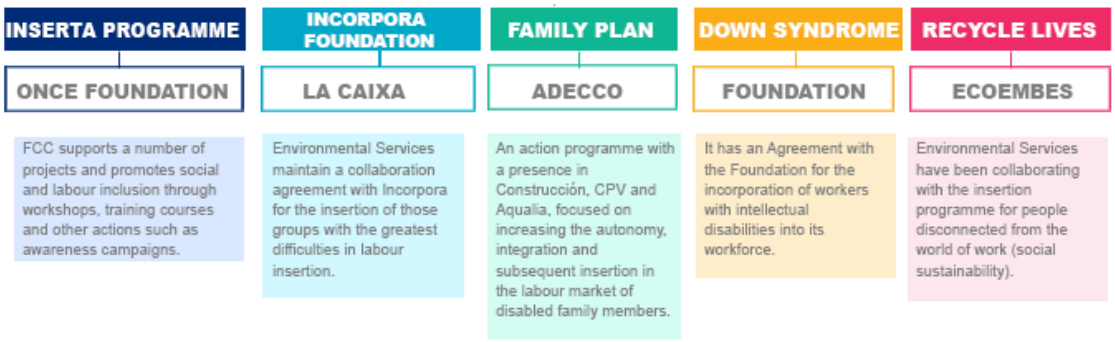
FCC maintains a strong commitment to disabled persons and is becoming a more and more diverse and socially responsible company, promoting actions and projects to foster inclusion, accessibility and equal opportunities through employment. Proof of this is the high number of workers with disabilities recognised in the FCC Group, amounting to 1,280 in Spain[2], 145 more than in 2018. There has been continuous growth in the last 3 years as can be seen below:



As for the rest of the countries, as a result of the concept of disability not being homogeneous and in accordance with the legal restrictions in force in some countries that prohibit employers from accessing such information, no data can be extrapolated.

[2] In 2019, the data is included for employees with disabilities in the JVs in which we participate. If this data had not been taken into account, the increase in 2019 would be 98 people.

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:



Accessibility

The inclusion of people with disabilities is not possible if accessible and barrier-free environments are not guaranteed for everyone in the Group.

In the 2019 business year, FCC participated in the II Diagnostic on accessibility organised by the Regional Institute of Health and Safety of the Autonomous Community of Madrid at the corporate headquarters in Madrid (Las Tablas) and improvements were made in terms of accessibility from its participation in the previous edition.

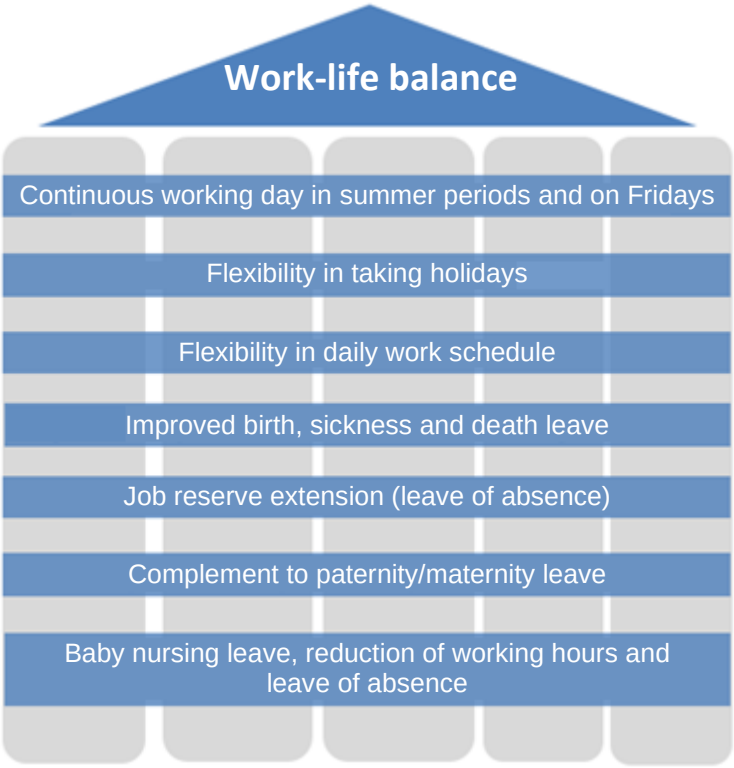
The measures implemented include the installation of magnetic loops in training and meeting rooms, as well as the provision of portable equipment to facilitate hearing in the rooms inside the building and the signposting of steps, stairs, ramps, and reserved places. The company has also launched an internal control and follow-up procedure to record all improvement actions undertaken and to conduct regular maintenance checks.

5.6 WORK ORGANISATION

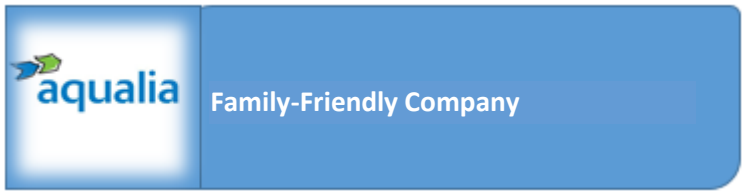
The organisation of working time in the different companies in the FCC Group responds to the productive requirements for each activity, in accordance with the standards and regulations applicable in each sector and location.

To guarantee the well-being of its employees, the FCC Group considers that the proper management of work organisation is essential and there have been a number of initiatives 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 endorsed by AENOR for a Family Responsible Company was awarded for promoting measures with the aim of achieving balance between the personal and professional life of its employees.



Digital disconnection

In 2019, FCC approved the Policy on the Use of Technological Media applicable throughout the Group.



5.7 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 with transparency, with the creation of follow-up committees and providing employees and employee representatives with all the necessary information.

In 2019, the areas had a presence at a large number of bargaining tables for collective and work centre agreements. They actively participated in collective bargaining for the sector (both at state and provincial levels).



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 works.

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

In the most representative countries for the different business areas, the percentage of employees covered by a Collective Agreement is included in **Annex I**.

Special mention for 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:

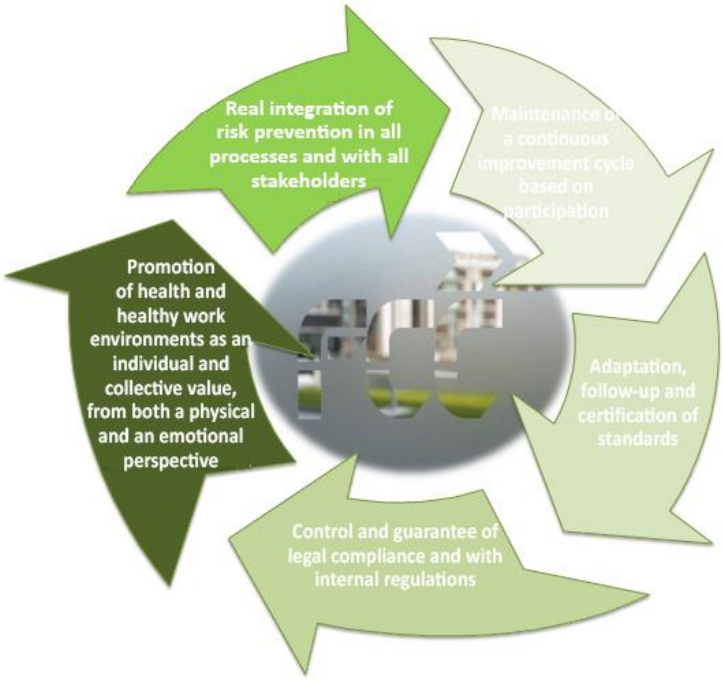
- Existence of prevention plans: Risk assessment and technical preventive action
- Mention of continuous improvement in the general conditions for work centres
- Specific preventive measures such as personal protective equipment for use in emergency situations and work with special risks
- Communication and dialogue with prevention services
- Health surveillance features: Regular medical check-ups
- Regulations regarding workers rights: participation, training and information

5.8 HEALTH, SAFETY AND WELL-BEING

5.8.1 Culture

FCC is working to consolidate a culture aimed at creating and maintaining a risk-free environment for the benefit of people's health. Health, safety and well-being constitute an unquestionable value and commitment for the organisation, which is why it is constantly being improved and developed, adapting to the most demanding standards and the development of the business models themselves.

In 2019 within the framework of the Code of Ethics and Conduct, FCC renewed and approved its health, safety and well-being policy as part of its business strategy and responsibility as a social agent. It has the following axes:



5.8.2 Developments in the main indexes

The following details developments in the main accident and absenteeism rates:

Accident Rate Indexes

	2017	2018	2019	Index
FCC Total	26.15	24.08	23.98	Frequency
	0.91	0.82	0.91	Severity

Accident Rate Indexes by geographical area

	Acc. Freq.	Severity	Scope
FCC Total	32.06	1.27	Spain
	23.98	0.91	Global

Accident Rate Indexes by gender in Spain

	Acc. Freq.	Severity	Incidence	Gender
FCC Total	25.58	0.74	3.5	Women
	33.52	0.9	4.94	Men

Indexes for absenteeism occupational accidents and common illness

	2017	2018	2019	Type
FCC Total	0.73	0.54	0.71	Work Accident
	7.24	7	5.63	Comm. illness

Fatal occupational accidents

	2017	2018	2019	Type
FCC Total	4	4	0	FCC
	2	4	2	Subcontractor

5.8.3 Health and Safety Management System

In 2019, the Construction, Environment and Cement business areas renewed the external certification of their management systems, with regard to the recent ISO 45001:2018 Standard, whilst Aqualia renewed the certification with regard to the OHSAS 18001:2007 Standard. This means full adaptation of the systems to the most updated and recognised standards for occupational health and safety management at international level.

Special mention should go to the fact that in 2019 FCC Construcción was also one of the first companies in Spain to obtain ISO 45001 Certification. Health and Safety Management Systems in 6 countries: Spain, Portugal, Panama, Costa Rica, Romania and Peru.

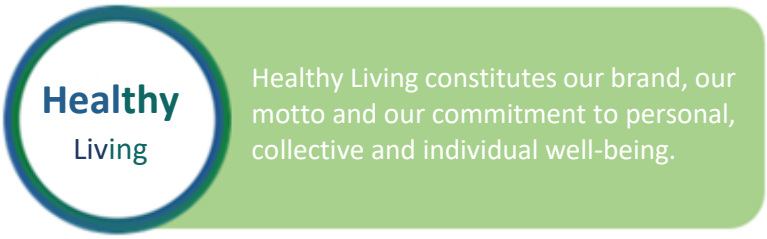
In 2019 and with a view towards upcoming bids, FCC Medio Ambiente was working on the adaptation of two prototypes for electric of road cleaning carts, one of which has a platform on which a worker can travel and the other without a platform. This will mean an improvement in time in the time taken to provide the service, together with ergonomic improvements for the operating staff, leading to a substantial improvement in working conditions in terms of health and well-being.

In another area, FCC Construcción is leading a R&D&i project entitled "Safety4D", on the incorporation of BIM into the field of health and safety. The determination of BIM methodology in the industry will change the way in which safety is applied, effectively integrating it into the construction processes, automatically detecting and enabling a reduction of hazards even before work starts.

January 2019 saw the launch in Aqualia of a new health and safety balanced scorecard (11 activity and effort indicators) and both the frequency of the report and the follow-up activities were enhanced leading to subsequent completion of a monthly report to the Directorate and to the Board. The Zone and Local Office reports are six-monthly and quarterly, but the follow-ups were established as monthly, including an additional step in reporting and follow-up activities, to enable the participation of Heads of Production.

The Cement area collaborated with the CEMA Foundation (Cement and Environment Labour Foundation) in the preparation of technical material on musculoskeletal disorders and for the ergonomic verification and selection of hand tools in the cement industry, with funding from the State Foundation for the Prevention of Risks at Work.

5.8.4 Healthy Life Project



This is being developed by means of an ongoing cycle of initiatives and actions, and the implementation of both global and local resources that in 2019 consisted of:

- Training, information and awareness by means of workshops on healthy eating habits, promotion of physical activity, mindfulness, restful sleep, giving up smoking, etc.
- FCC Healthy Life Portal: platform for healthy challenges, information on health advice, preventive management, current affairs, health, safety and well-being.
- Agreements to offer external benefits to employees regarding the promotion of health and physical activity (Gympass).
- FCC Medical Service: support and promotion for the implementation of a management system adapted to the requirements of a healthy company, including health surveillance and the design of actions aimed at improving collective health indicators.

In FCC Medio Ambiente, as a result of the implementation of a certified healthy and safe business model in all local offices, numerous programmes have been implemented to promote physical exercise, healthy nutrition, restorative rest, health care and support for giving up smoking and other harmful habits.



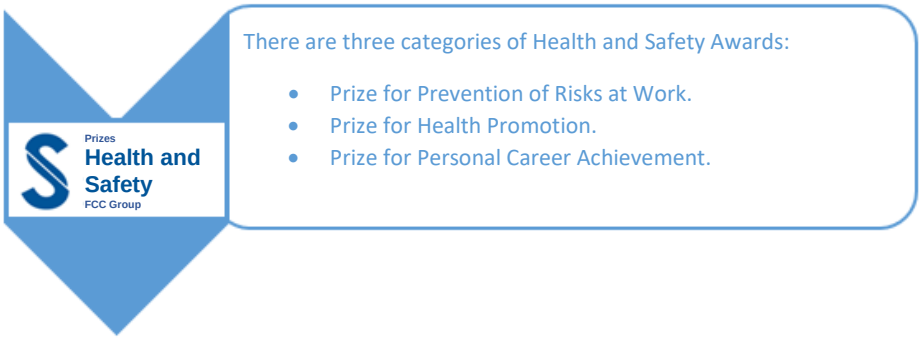
Within the framework of the Be Aqualia project, Aqualia has launched an initiative linked to psychosocial risk with the provision of an emotional health self-assessment programme and free psychosocial assistance.

In 2019 in the Cement area health promotion actions focused specifically on organising campaigns to prevent skin cancer, "Put solar risk in the shade", and seasonally for influenza vaccination.

5.8.5 Participation and recognition

FCC's different business areas FCC 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 work centres also receive visits to encourage their involvement, and regular internal audits are conducted to ensure the proper implementation of health and safety management systems.

It should be pointed out that every two years the FCC Group holds a Health and Safety Awards event, in recognition of the exceptional work done those who are involved and contribute significantly in improving the lives of those working in FCC and in the communities where it participates, through health, safety and well-being in the work environment.



6. MITIGATING THE ENVIRONMENTAL IMPACT

6.1 CARE AND PROTECTION OF THE ENVIRONMENT

Since its foundation, the FCC Group has fostered the resilience of cities, contributing through its different business lines to improving the quality of life and to promoting the sustainable development of society, providing solutions that will help us improve adaptation to the impacts.

FCC takes care to protect the environment, constantly working to reduce the current and foreseeable effects of its activity on the environment. To identify and manage its impact on the communities, the FCC Group monitors its processes in detail and evaluates and manages the impact associated with each Group's business line. This practice includes an exhaustive analysis of each of its lines of activity with the aim of studying the different environmental risks that the company faces.

In this regard, each business line undertakes the following activities:

- FCC Medio Ambiente:
    - Contributes to the protection and improvement of society, from natural to urban environments.
    - Provides treatment, collection and recycling services.
    - Eliminates municipal solid waste and cleans public roads.
    - Maintains and preserves green areas.
    - Recycles, assesses, treats and disposes of industrial waste.
    - Decontaminates soil and groundwater.
    - Maintain sewer networks in an optimal state.

- Aqualia:
    - Takes care and meets the needs of their clients, contributing to their well-being.
    - Preserves the value of water resources and biodiversity.

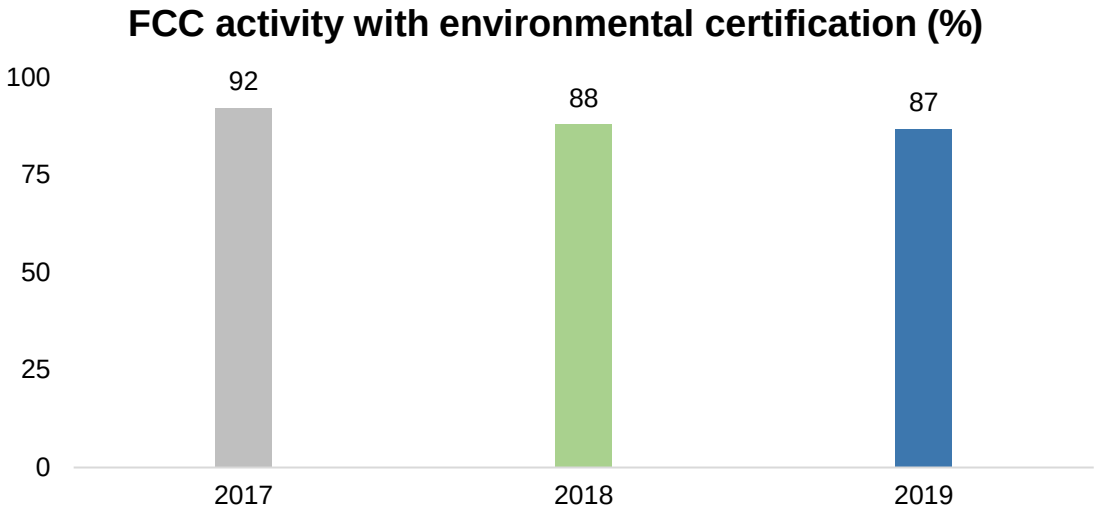
- Infrastructure (FCC Construcción and Cementos Portland Valderrivas):
    - Promotes the sustainable and inclusive growth of cities.
    - Optimises the use of resources.
    - Reduces emissions

6.1.1 The FCC Group Environmental Management System

As well as continuous improvement, one of the company's ambitions in the field of environmental protection and preservation is to ensure that all its activities are environmentally certified.

Environmental certification is an especially important issue for the FCC Group, as it aims to reflect its commitment to the environment by implementing different environmental management systems in accordance with each of the Group's business lines.

This commitment can be seen in the following table that shows the Group's certified activity in recent years. In 2019 the percentage of environmentally certified activity was very similar to previous years:



By business, in FCC Construcción there are currently 24 countries certified based on the ISO 14001:2015 Standard, within the current Environmental Management System. The Greenhouse Gas Emissions Report was also verified, based on the ISO 14064-1 Standard. And in 2019, there was also verification of 2018 emissions for those centres located in Spain, Panama, Portugal and Peru.

The Cementos Portland Valderrivas Group in Spain has a certified Environmental Management System that has an environmental policy whose principles include promoting sustainability, reducing environmental impact and identifying associated risks. The company complies with the strictest certification standards via the ISO 14001:2015 Standard, through which 6 of its 8 cement factories have been certified and registered in EMAS (The European Eco-Management and Audit Scheme). This is 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 improve their environmental impacts, thus ensuring excellent behaviour in this regard.

FCC Medio Ambiente also has certification for the ISO 14001:2015 Standard as well as for ISO 50001 on Energy Management Systems. Under the Community Regulations both companies are registered with EMAS.

In FCC Environment CEE, Slovakia, Hungary, and Czech Republic, they have ISO-14001:2015 certification. Since 2019, Austria has had a Waste Management System certified according to the same standard and Romania also has this certification for all its activities at the headquarters in Arad.

Aqualia has a Management System certified in ISO 14001:2015 and ISO 50001 as well as ISO 14064-1 certification for GHG. In 2019, ISO 14001:2015 certification was extended in Caltaqua (Italy) for the sewage treatment plants in Cammarella and Serradifalco; and in Oman Sustainable Water Services, S.A.O.C. (Oman).

6.1.2 FCC Group environmental policy

With the aim of promoting the sustainable development of society and as a result of the Group's commitment to environmental protection, in 2009 the FCC Environmental Policy was approved by the Board of Directors. This policy encompasses all the companies and addresses the obligations of each one in matters of preservation of the environment and the use of resources, taking the following into consideration:

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

Alongside the Group's Environmental Policy, each of the FCC business lines has its own Environmental Policy, focusing on the scope of its commitment in each of the countries in which it operates and in each of the activities it undertakes.

In this context, Cementos Portland Valderrivas develops its strategy in line with the principles that govern its Environmental Policy, which was approved by the Directorate for Operations in Spain and for Business in the United Kingdom in November 2017. This policy is embodied in specific action plans, aimed at minimising the environmental impact derived from its business model: the production of cement.

Meanwhile, FCC Construcción has an integrated policy that includes Management's intentions and guidelines for the implementation of strategies, that has become a benchmark for setting objectives. These policies include the Environmental Policy that works towards regulatory compliance, continuous improvement, minimisation of environmental incidents, the involvement of stakeholders and the establishment of planning to reduce the associated impacts.

In FCC Medio Ambiente, there is a common Environmental Policy that was integrated in 2019. FCC Medio Ambiente's willingness to continuously improve its activities obliges the company to guarantee an efficient provision of the services it offers. This commitment is the basis for the development of an Integrated Management System.

6.1.3 The management of environmental aspects and impacts within the Group

There are a number of different environmental impacts in the FCC Group given the nature of its operations and the activities undertaken by each of its companies. Taking these impacts into account, the FCC Group is committed to a circular economy and offers a new alternative that is responsible and respectful of the natural and urban environment, thus seeking new opportunities and ways of doing business. Another of the pillars that commit the Group in this regard is the improved efficiency of its processes, especially those relating to the re-use of wastewater and waste.

With this in mind, FCC Medio Ambiente has adopted a procedure for the identification and assessment of those environmental aspects derived from its activities, products and services that have a direct or indirect impact on the environment. The main environmental aspects identified relate to the consumption of fuel, water, chemical products, raw materials and electrical energy. Also significant is the waste generated by the maintenance of vehicles and equipment, and that generated in waste treatment and possible leachates, discharges of process waters, washing of machinery and rainwater. The noise generated by vehicles and greenhouse gas emissions and other atmospheric emissions are also significant. The above-mentioned activities also have an impact on the health and safety of FCC Group workers, due to different risk factors such as falls, possible electrical contacts, exposure to harmful substances, being run over, etc.

In Aqualia, the environmental impact of its activity is related mainly to the consumption of reagents, the generation of hazardous and non-hazardous waste and energy consumption. Aqualia is committed to investing in the design and development of innovative solutions with the aim of supplying water to those areas with limited resource availability. In accordance with its commitment to a circular economy, Aqualia also contributes to the re-use of water to maximise

and make profitable its use in distribution, supply and consumption processes, thus avoiding the waste of one of the most valuable resources in the natural environment. The company also makes Energy reviews in accordance with ISO 50001 and RD 56/2016, improved measurement, calculation of pump energy efficiency, optimisation and improvement of processes, installations and production equipment, optimisation of energy purchase, etc.

In FCC Construcción, prevention begins with the identification of any environmental and social issues that may have an impact on the project, as well as defining the risk of occurrence. In this way, criteria are established for directing prevention efforts towards issues where the intensity of the impact is, or could possibly be, greater.

The most significant environmental aspects consist mainly of impacts on the land, mainly due to moving about inside and outside the work locations themselves or dropping granular material during transport. Another significant environmental aspect is the emission of dust particles into the atmosphere. Other significant environmental issues are related to waste generation, the consumption of resources, the generation of noise and vibrations and potential environmental accidents that may occur on site.

FCC Construcción's response in order to reduce or mitigate its environmental impact is based on identifying, evaluating and managing the structural risks associated with buildings and infrastructure, once again with a commitment to innovation. Following the standards for quality and professionalism that characterise the group, FCC Construcción focuses its efforts on strengthening infrastructure and materials with the aim of mitigating the risks described above.

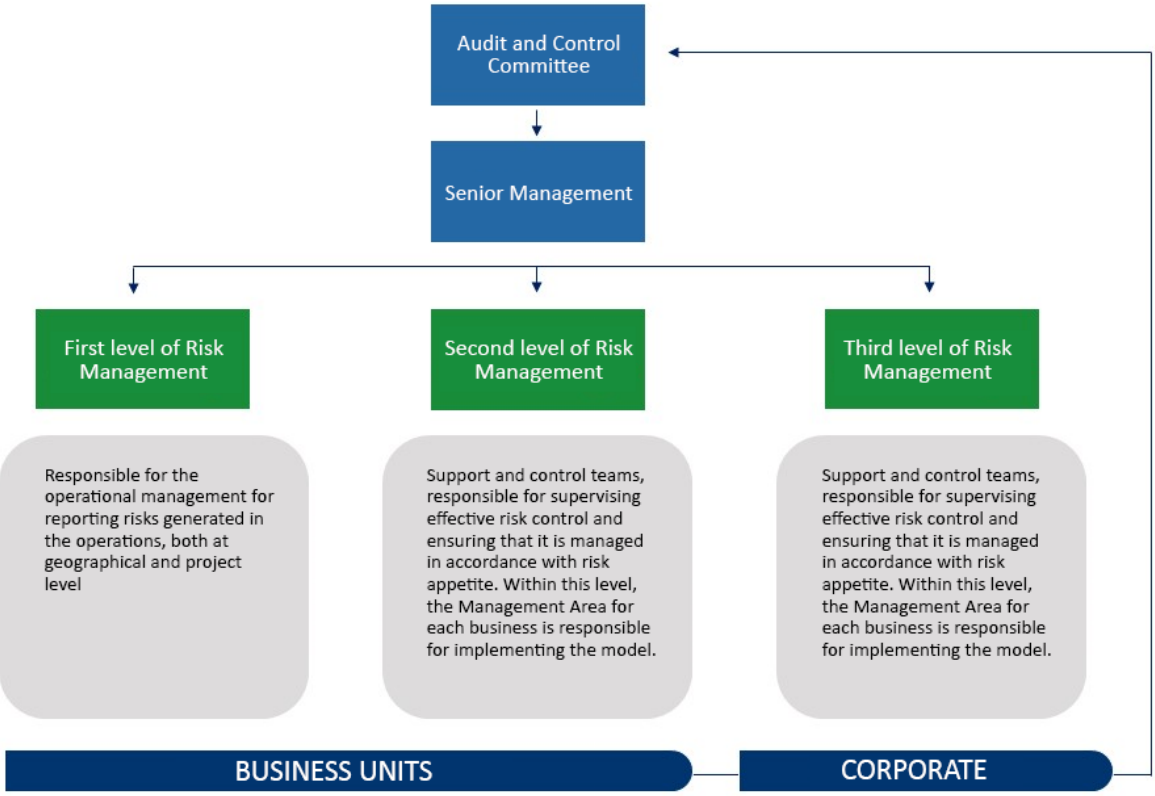
In Cementos Portland Valderrivas, the identification of environmental issues is based on an analysis of processes, installations and products from a life-cycle point of view. This objective and quantitative identification takes into account possible interactions with the environment - soil, water, atmosphere, natural environment, socioeconomic environment, population, etc. - as well as normal and abnormal operating and working conditions, potential accident or emergency situations, indirectly generated issues and those that may arise from previous activities, always aware of the importance of taking preventive measures from the moment the actions begin.

The most significant environmental issues arising from the operations of Cementos Portland Valderrivas are related to the extraction of natural resources from quarries to obtain raw materials, the emission of greenhouse gases (CO_2), particles and polluting gases NO_x and SO_2 and the consumption of fossil fuels and electrical energy. Other significant issues that involve the company are the generation of noise and hazardous and non-hazardous waste and the consumption of water.

The response by Cementos Portland Valderrivas focuses on the mitigation of GHG emissions through the use of decarbonised materials to preserve natural raw materials, the use of biomass fuels, replacing fossil fuels, and taking energy recovery action.

Application of the precautionary principle

The design and execution of the FCC Group's environmental risk management model, as well as its daily activity in the field of risk prevention, is proof of the application of the precautionary principle within the Group. The model has different independent management levels that work in a coordinated manner to achieve greater efficiency in the Group's risk management.



It should be highlighted that FCC Construcción has a Good Environmental Practices® System, its own pioneering model in the sector to define more demanding environmental objectives than those established in the applicable environmental legislation, client and third-party requirements, with the objective of minimising the projects' environmental impacts. By systematising the application of these actions on all FCC Construcción's sites, they become an essential part of a comprehensive planning process, that includes the preliminary identification of impacts and the quantification of the environmental footprint for its activities. With the unification of measurement criteria, this process facilitates the interpretation and understanding of Good Practices, and this in turn helps us to learn from what we do wrong and what we do right and to identify opportunities for improvement.

FCC Medio Ambiente, meanwhile, has implemented and certified environmental management systems based on international standards. The norms under which they are protected were designed as an instrument for the prevention of environmental damage in itself and are of a preventive nature that materialises with risk management. The aim of this risk management is to achieve product and service conformity, so the implementation of these management systems, as is the case with FCC, applies the precautionary principle from the very start of its implementation. Risks are identified in the phases prior to the implementation of the management system, they are taken into account and managed each change the system undergoes a change. Good risk management involves preventing them from appearing, while also assessing the possibility of them occurring and their consequences. This is how serious or irreversible damages to the environment are avoided, by imposing preventive measures for those events where there is no certainty regarding the effect that an activity may have on natural resources.

Cementos Portland Valderrivas applies the precautionary principle for the management of environmental risks, establishing a series of preventive measures in its installations in order to minimise the risks of environmental damage. The main measures taken include the installation of particle filters in furnaces and mills, water purification systems, suitable waste storage and techniques to reduce GHG.

Resources dedicated to the prevention of environmental risks in the FCC Group

To guarantee risk prevention within the Group, the annual budget of all its companies allocates an item to identify, establish and develop new measures that enable possible environmental risks to be anticipated and at the same time reduce possible associated damages.

In this regard, the FCC Group allocated 30.6 million euros to the prevention of environmental risks in 2019.

FCC Construcción allocated 22.4 million euros to the prevention of environmental risks in 2019. Of this investment, 21 million euros were for the renewal of the fleet of vehicles and machinery, 1.2 million euros for R&D projects related to environmental improvement, 17.5 thousand euros to environmental certifications and 10 thousand euros to training.

Cementos Portland Valderrivas allocated 3.7 million euros to environmental the prevention in 2019. This amount included 1.5 million euros for environmental investments and 2.2 million euros for expenses corresponding to land restoration, waste management, analytics, measurements, sampling, environmental impact studies, certification and training.

FCC Medio Ambiente in Spain allocated a total of 4.6 million euros for environmental risk prevention. Special mention should go to the 2.8 million euros for the renovation or acquisition of more efficient vehicles and the more than 1.3 million euros for environmental improvement in industrial waste treatment plants. FCC Environment CEE allocated 398 thousand euros mainly to environmental monitoring, assessments and certifications.

Number of FCC Group provisions and guarantees for environmental risks

The FCC Group and, therefore, its different companies, hold a general third-party liability policy that feel is necessary to cover any accident, damage or risk relating to accidental pollution. The Group also holds an environmental third-party liability policy that ensures coverage for to 60 million euros in case of accident and accidental contamination. Both policies are of global application and their scope of action will depend on the boundaries established with locally contracted policies.

Cementos Portland Valderrivas has also taken out a policy that covers up to 15 million euros for accidents and 30 million euros per year for accidental contamination.

With respect to FCC Medio Ambiente, in accordance with Law 26/2007, of 23 October on Environmental Liability, an analysis of specific environmental risks was made for treatment plants and landfills, in which only one of the 33 facilities analysed had to set up a financial guarantee. Gamasur, responsible for FCC Medio Ambiente's industrial waste management business, also has an environmental guarantee that covers 480,000 euros per accident per year. And in the United States, a pollution policy was taken out for a maximum of one million dollars.

With regard to environmental provisions, the Group has a provision of 239 million euros in the FCC Medio Ambiente division and 12.5 million euros in the Cementos Portland Valderrivas division. FCC Construcción and Aqualia do not have specific provisions to meet environmental contingencies, as the existence of significant contingencies in this fields not contemplated. There are provisions for risks and expenses of a general nature.

6.2 REDUCTION OF POLLUTANT EMISSIONS

With the aim of strengthening its commitment to the communities in which it operates, the FCC Group is committed to reducing the pollutant emissions associated with its different lines of business.

In the cement activity, all centres have established limits to atmospheric emissions and all of them are subject to Integral Environmental Authorisation (in accordance with IPPC Law 16/2002). Also, to control pollutant emissions, the installations themselves are fitted with gas purification and filtering systems that enable them to adapt to the characteristics of the pollutant generating process.

In Portland Valderrivas Cements, cement manufacturing produces significant emissions into the atmosphere from Clinker furnaces. These include: Particles, nitrous/nitric oxide (NO_x), sulphur dioxide (SO_2), and carbon dioxide (CO_2). To ensure strict compliance with the emission limits established in the Integrated Environmental Authorisations, 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, windproofing screens, the irrigation of tracks and the use of sweepers and vacuum vehicles to avoid general emissions.

Cementos Portland Valderrivas is aware of the sustainability requirements that society demands from companies. So to reduce gas emissions, the implementation of selective non-catalytic reduction techniques was undertaken using injection of ammonia water to reduce the emission of NO_x, as well as the installation of low emission NO_x burners and the control of fuel dosage.

Regarding the contamination of the soil and the water environment, the cement division undertakes suitable waste storage in roofed facilities, on concrete surfaces, with retention bunds. It also complies with regulatory inspections of tanks for fuel and other dangerous substances and has installed water purification systems in quarries and factories to guarantee the quality of the discharge into the environment.

To prevent noise pollution, Cementos Portland Valderrivas has fitted silencers and acoustic screens and replaced obsolete equipment. To comply with established requirements and to avoid or mitigate light pollution in its operations, the company is gradually replacing older outdoor light fittings in its factories with others that are more efficient (LED and sodium vapour), taking into account the orientation and location of the lamps to mitigate light pollution.

In FCC Construcción, the measures implemented to prevent the emission of NO_x, SO_2 and particles take into account a number of factors, from the cover for lorries transporting dusty materials to the use of pipes for channelling rubble from a height. Other measures include: Watering tracks and stockpiles of materials, the location of machinery and particle emitting activities to cause the lowest possible impact and the use of machinery with a humidifier system to reduce drilling emissions. To avoid emissions of combustion gases resulting from the use of machinery and transport, actions taken include restricting the speed of construction vehicles and preventive maintenance on the machinery used.

Measures taken to mitigate noise pollution in FCC Construcción include: Placing anti-sonic screens, prior completion of parts of the civil-engineering work that can function as such, the use of more silent and modern machinery and working at times that do not affect the communities in the area.

To minimise the impact of light pollution, FCC Construcción uses more environmentally friendly nocturnal lighting devices that are chosen in accordance with the needs for each project and more importantly, the surrounding features. The measures taken include the installation of timers and presence detectors to switch on lights for specific time, and directional lighting that only illuminates the required area without impacting the environment.

FCC Construcción applies Good Practices to prevent soil from being contaminated by accidental spillage or overflow, as well as to minimise land occupation and the subsequent impact on its natural dynamics. Some of these measures involve the restoration and conditioning of land affected by civil-engineering work so as to recover its morphology, the restriction of accessible and occupied areas and the proper planning of access roads. Properly conditioned bunds are also available for hazardous wastes and substances.

The main measures taken by FCC Construcción to properly manage spillage in its centres and minimise potential contamination of water and soil, include: washing of concrete mixer gutters in an area that is waterproofed and prepared for this purpose, the installation of slag ponds, the placement of elements for containment such as straw or geotextile barriers near bodies of water, the neutralisation of effluents with basic pH and the use of portable sewage treatment plants and pits.

FCC Medio Ambiente, in its commitment to reduce NO_x, SO_2 and particle emissions associated with torches, engines and boilers in its installations, increases the use of vehicles propelled by alternative energies and encourages active gas purging in the landfills it manages.

Noise pollution attributable to the activities of FCC Medio Ambiente is mainly due to the motorisation of service equipment. Other sources of noise are pumps, the water pipe network, presses, lifts, mechanical equipment, etc. Being aware of the associated negative effects, the company is launching technological innovation in the field of acoustic insulation for machinery and is promoting environmental awareness through the training of service personnel. Regarding light pollution, FCC Medio Ambiente is taking measures involving the sectioning of external lighting and the installation of motion sensors for switching on outdoor lighting.

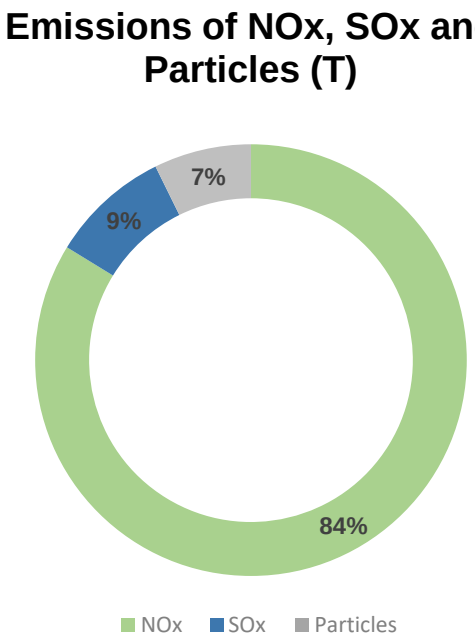
FCC Environment UK monitors atmospheric emissions, discharges and possible spillage and the results are reported to the Environmental Agency on a monthly basis. With regard to soil contamination, it is controlled in landfills by the extraction and treatment of leachate. The facilities have control and treatment systems for the continuous monitoring of atmospheric emissions. Numerous measures are also taken to reduce particle and noise emissions resulting from the company's activities.

Aqualia takes preventive measures to respond to the main polluting effects resulting from its activities. Regarding noise pollution, the company complies with local bye-laws governing noise matters and avoids any direct impact on local communities. Light pollution is not considered a significant issue taking the nature of Aqualia's business into account, namely: comprehensive water management. However, the company does take some preventive measures to avoid impact on the natural environment and these are: The covered storage of identified chemicals and hazardous waste, with bunds and absorbents to collect spillage, chlorine gas escape detection systems, etc.

The following is a breakdown of NO_x, SO_2 and particle emissions in tons for the FCC Group, during the last business year:

Emissions not contributing to climate change (tons)

Business line	NO_x	SO_x	Particles
Aqualia	76.28	0.03	-
Cementos Portland Valderrivas	8,745.35	663.00	189.17
FCC Construcción	77.18	6.11	741.66
FCC Medio Ambiente	2,267.84	524.79	41.34
TOTAL	**11,166.65**	**1,193.93**	**972.17**



6.3 FCC'S CONTRIBUTION TO THE CIRCULAR ECONOMY

6.3.1 The circular economy for the FCC Group

FCC Group's social, economic and environmental commitment to the communities in which it operates is reflected in the company's own Vision: to be an international Citizen Services Group that provides innovative solutions contributing to the sustainable progress of society.

As the FCC Group is aware of the prevailing need for adaptation and resilience that is required of companies in matters of mitigation and adaptation to climate change, it has designed a road map aligned with the opportunities presented by the implementation of a circular economy in its business strategy.

So much so that circularity in the FCC Group is included in two of its business lines, FCC Medio Ambiente and Aqualia, specialising in waste and water management respectively, enabling the group to contribute to the sustainable development of the cities and communities in which operates. In this regard, the circular economy represents an opportunity for the Group, since it enables the broadening of its contribution horizon by directing its strategy and operations towards a more sustainable economic model, especially in the areas of FCC Construcción and Cementos Portland Valderrivas.

So with the aim of meeting its commitment to sustainable development and to mitigating as far as possible the effects associated with climate change, in 2017 FCC signed the Pact for a circular economy, promoted by the Spanish Government's Ministry of Agriculture and Fisheries, Food and Environment together with the Ministry of Economy Industry and Competitiveness. This initiative aims to involve all signatories in the transition to a new economic model that is more sustainable and environmentally friendly.

The involvement of the FCC Group with compliance with ethical and socially responsible standards has led to the Group going one step further and this led, in November of the same year, to the preparation of a programme called *FCC Plan for a Circular Economy* as a key pillar of its CSR 2020 Master Plan.

This plan reflects the Group's commitment to and involvement with the sustainable development of society while acting as a roadmap for the company to face the challenges associated with climate change and for which three action guidelines have been established:

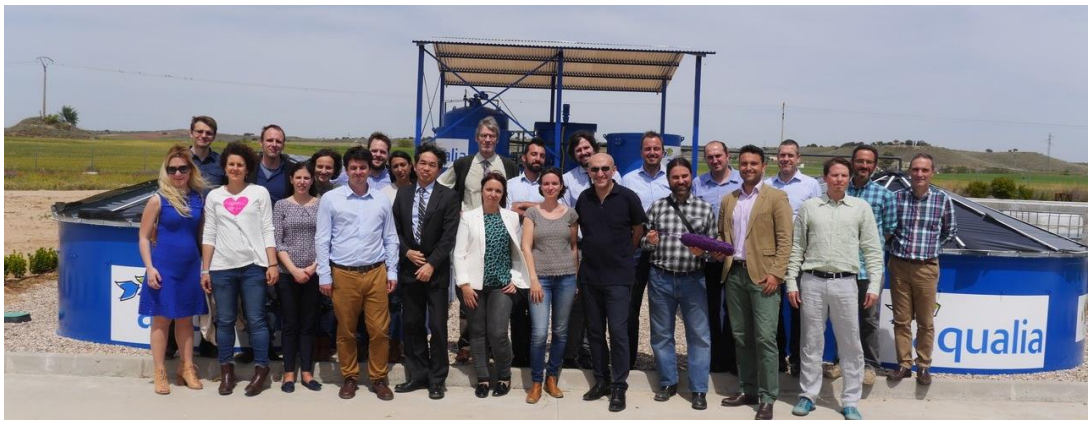
1. Assessment of gaps in current activities compared to the package of measures proposed by the European Union.
2. The preparation of an official statement regarding FCC's position on the global circular economy model.
3. Establishment of work lines and the formalisation of the objectives for reduction, re-use and revaluation.

With the aim of reducing its environmental impact and contributing to a more sustainable economic model, the FCC Group has taken a number of measures and initiatives with regard to the prevention, recycling and re-use of resources and/or waste.

For example, given the scarcity of water resources, Aqualia's role is essential for the use and sustainable management of water.

Aqualia is playing a leading role in the European Deep Purple circular economy project to generate bioproducts using water from water treatment plants

Aqualia is once again playing a leading role in the new Deep Purple innovation project that aims to develop a low-cost water treatment system based on purple bacteria. This procedure enables the revaluation of wastewater and the generation of five new bioproducts with commercial application in the cosmetics, construction, plastics and fertiliser sectors. The project is being promoted by a consortium of 14 entities from 6 different countries and lies within the circular economy line of work which is a key challenge for the long-term sustainability of the European global economy.



The comprehensive management of this resource is materialised through its business model with the provision of an abstraction, treatment, storage, distribution, sanitation and purification service for re-use and return to nature. In this way, the water used for undertaking its activity is purified to eliminate waste, guaranteeing the best conditions of the resource once it has been returned to the environment from which it was obtained, thus avoiding any negative impact on the environment.

FCC Medio Ambiente undertakes the detailed treatment of municipal and industrial waste, promoting circularity from collection and recycling to revaluation. Special mention should be made of the commitment and efforts in the field of the circular economy to foster research with the aim of promoting and improving the use we make of waste. The company is committed to converting "waste treatment centres" into "biomethane fuel producers" for supply to all types of vehicles. To this end, FCC Medio Ambiente opened a line of research through the development of projects funded under the EU LIFE programme.

FCC Medio Ambiente and FCC Aqualia. Biomethane: a by-product for the circular economy

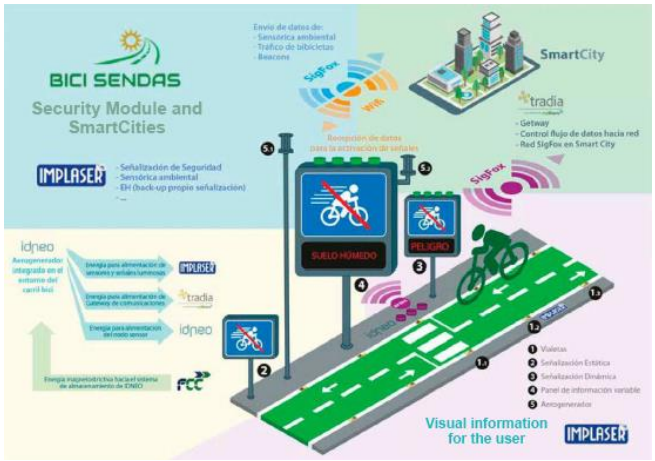
METHAmorphosis 2015-2020 is an example of the exploitation of synergies in the FCC Group, between FCC Medio Ambiente and FCC Aqualia. The aim is to develop an innovative process for the treatment of effluents and to obtain biomethane from municipal waste and agro-industrial waste. Biomethane is a 100% renewable gas that, like natural gas, can be used as a biofuel for vehicles that have gas engines, increasingly on the market due to their low emissions.



The aim of the FCC Medio Ambiente industrial waste management business is to favour the revaluation of the waste flow by maximising the reintroduction of waste as by-products or energy in production cycles, to promote the circular economy model.

"BICISENDAS", a new CIEN project led by FCC Construcción with the participation of FCC Medio Ambiente's industrial waste management business

The project aims to integrate different technologies to create a modular and customised bike lane in accordance with the needs of each city. To do this they need to find and use environmentally sustainable materials to develop new structural materials from industrial waste and by-products. During the process, two alternatives for the removal of hydrocarbons will be developed (one based on microorganisms and the other based on elastomeric absorbent materials).



In FCC Construcción, the contribution to the circular economy has materialised in the continuous re-use of materials.

FCC Construcción also promotes digitalisation as a key factor in its strategy to reduce the consumption of resources via research into *Building Information Modelling* (BIM), that it has been undertaking for several years now and is one of the most important contributions that the company has made in the field of digitalisation.

As a complement to *FCC's plan for a circular economy*, the company is committed to promoting and fostering knowledge of the concept and scope of the circular economy amongst its employees. This environmental awareness project is intended to lead to an internal training plan that will enable the company to promote the cultural transformation of the company and align the employees' corporate values with a business model based on circular economy principles. With this in mind training and qualification sessions will be held.

In 2019 FCC Industrial, as part of FCC Construcción, became the first construction company to obtain a certificate for its "Zero Waste" management traceability system, awarded by AENOR for the "Campus de Torija" project in Guadalajara (Spain).

Cementos Portland Valderrivas is applying basic circular economy principles by implementing energy recovery and waste material strategies whose purpose is to improve production and sustainability the conditions in its processes. With this in mind and to avoid the extraction of mineral resources, Cementos Portland Valderrivas uses secondary raw materials during different phases of the production process, encouraging the re-use of 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.

6.3.2 Reduction of waste generated

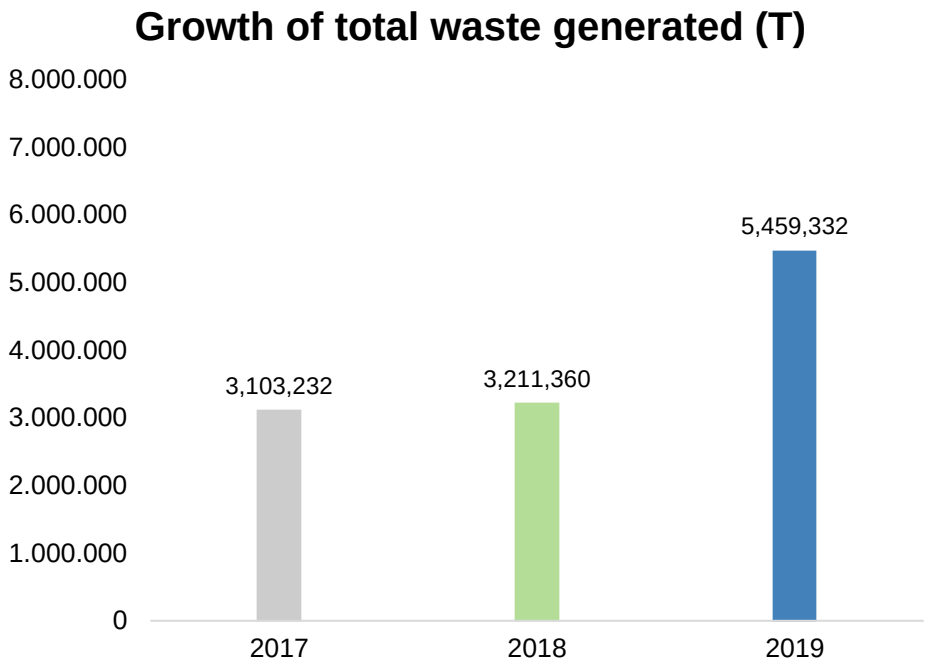
Due to the nature of the company and the different activities undertaken in its business lines, responsible waste management is a particularly significant issue for the Group. This is why action plans are designed, developed and executed for the purpose of guaranteeing the efficient and sustainable management of waste in each of the FCC Group's lines of activity.

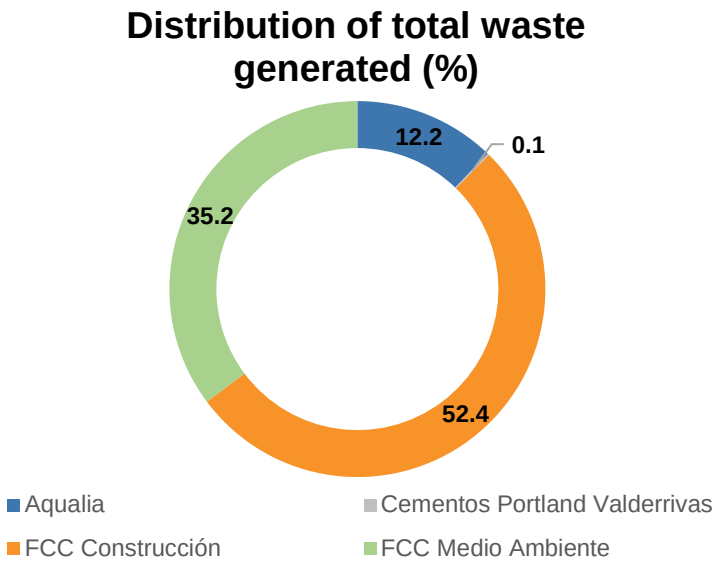
The integration of the circular economy enables the FCC Group to develop its activity while at the same time promoting social, economic and environmental sustainability by encouraging the reduction of its own waste.

The fact is that, taking comprehensive water and waste management as an example, the company's activities are inspired by circular economy principles since its maxim is to "close the life cycle" of resources guaranteeing their subsequent incorporation into the productive process.

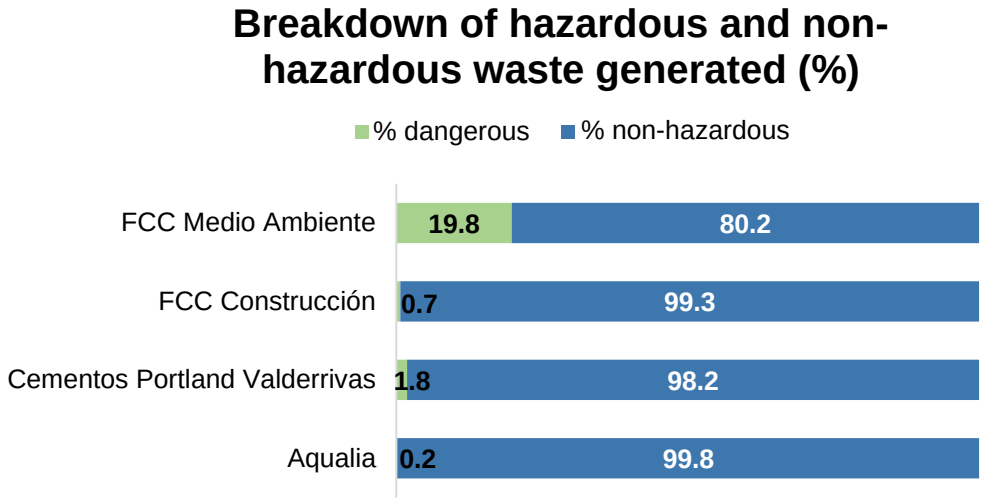
Because of the type of activities undertaken by the FCC Group, food waste is not considered to be a relevant issue. Nevertheless, in those Group centres that have a dining room for employees, the external company providing the service takes measures to optimise estimates for requirement and reduce food waste.

The following table shows the growth of total waste generated, as well as a breakdown by business line. The increase in waste generated in 2019 was mainly due to increased activity in FCC Medio Ambiente and to the execution phases of certain FCC Construcción civil-engineering works.





Regarding the distribution of waste by type, most of the waste generated in all business lines was non-hazardous, as can be seen in the following graph:



6.4 RESPONSIBLE MANAGEMENT OF RESOURCES

Growing demand for natural resources makes their efficient management one of the pillars on which FCC Group strategy should be based. With regard to this, each of the Group's business lines has implemented a series of measures that help to minimise the impact of the activities undertaken.

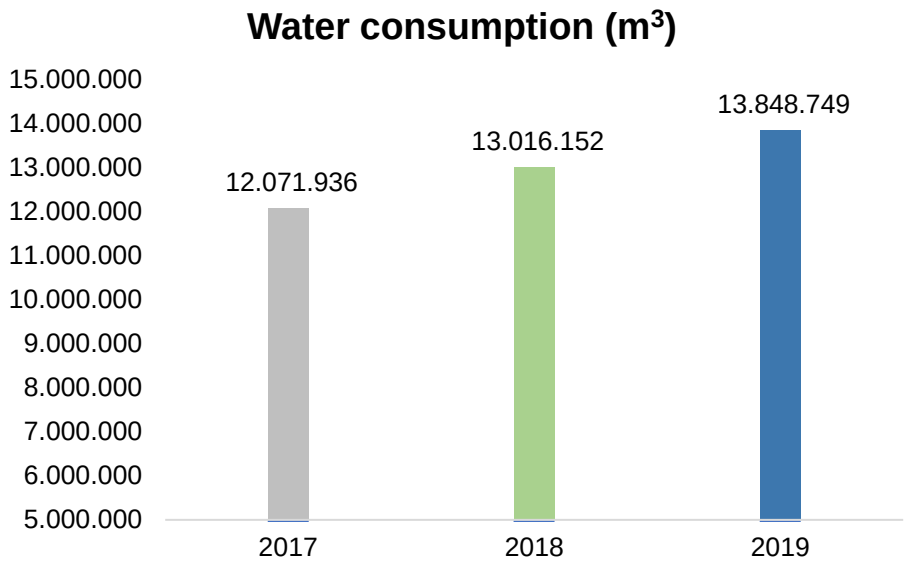
The different FCC business lines have established special protocols for the protection of the resources with which they interact while undertaking their activities.

Damage to the environment, together with a future scenario involving the depletion of resources, has propelled the Group to implement more efficient management models that are compatible with sustainable development and are also the result of the company's solid commitment to the environment and to the circular economy.

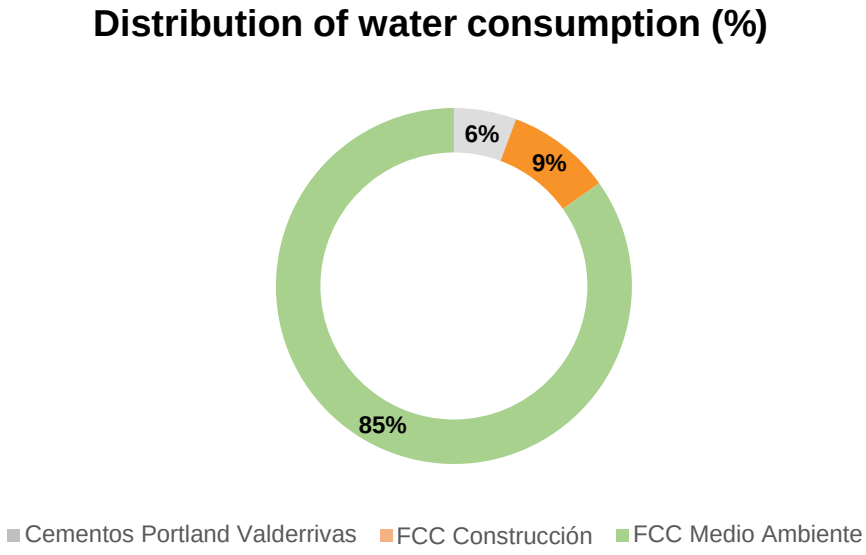
6.4.1 Water consumption and management within the Group

Water is one of the scarcest of what are considered to be vitally important resources. The FCC Group guarantees efficient water management in each of its activities, taking into account the infrastructure and availability in the area.

The FCC Group has established and made available all the mechanisms required to manage this scarce resource as efficiently as possible. As a result of this, all businesses comply with local restrictions. The following table shows the growth of water consumption over the last three business years in the FCC Group:



As far as distribution by business is concerned, the following table shows that, 87% of water consumption[3] corresponds to FCC Medio Ambiente. This is a result of the very nature of its activity.



[3] This is not considered to be consumption by Aqualia because the water monitored by the company is the water managed in its installations

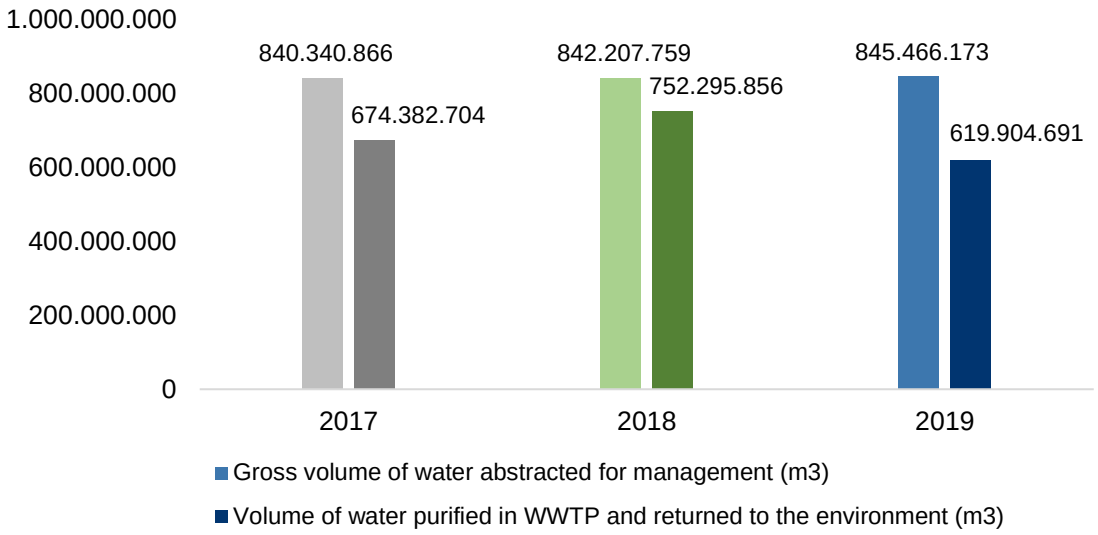
The measures taken to improve water use efficiency vary according to each of the Group's business lines.

Within the framework of the Sustainable Development Goals (SDG) and given that water is a key factor for undertaking our activity, one of the goals prioritised by FCC Medio Ambiente is SDG 12 "Responsible Production and Consumption" and this includes "Water". FCC Medio Ambiente does its best to optimise the use of water in parks and gardens by using alternative sources, conducting probes in large parks for the abstraction of groundwater, promoting automatic irrigation, implementing remote irrigation management systems, installing drainage paving around cork oak trees to improve the use of irrigation water and selecting drought-resistant plant species. It also tries to reduce water consumption in municipal cleaning by taking specific actions such as including high-pressure and low-flow pumping systems in flushing tanks, installing programmable flushers and reducing water consumption by machinery. FCC Medio Ambiente promotes saving water among technical staff by increasing employee awareness through initiatives such as "Ecological Office" and a "Comprehensive Sustainability Training Plan".

In Cementos Portland Valderrivas, water is mainly used for equipment cooling processes, conditioning pre-filtration gases to reduce diffused emissions in the quarry area and in the restoration areas. During the 2019 business year, Cementos Portland Valderrivas worked on the optimisation of water consumption by making improvements to the water networks in the installations to reduce losses caused by breakages in old or damaged pipes.

We should also highlight Aqualia's importance with regard to the management of the urban water cycle. Aqualia favours an environment that establishes clear basic principles that enable the measurement and guarantee of the social, environmental and financial sustainability of the comprehensive water cycle, and this involves the public and private sectors to overcome the challenges posed. Aqualia has taken numerous actions with the aim of improving the protection of the resource. These include the use of recycled water for ecosystem retrieval and the transformation of effluents into water suitable for irrigation.

The following graph details the volume of raw water collected by Aqualia for management, as well as the volume of water purified in Wastewater Treatment Plants (WWTP) that is returned to the environment.



6.4.2 Consumption of raw materials

FCC's activities make raw material management an issue that should be given special priority. Taking into account that the consumption of raw materials is inherent to the business, FCC encourages optimisation to make sure they are used responsibly.

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 that promotes the use of alternative raw materials and fuels.

Its activity also enables a high percentage of waste recycling from other industries, thus promoting responsible consumption of natural resources through the recovery of materials obtained from waste and by-products that then replace natural raw materials in order to save non-renewable natural resources and avoid the impact that their use has on the natural environment.

The main alternative raw materials consumed by Cementos Portland Valderrivas include the following: Fly ash, blast furnace slag, foundry sands, paper carbonates, chippings, industrial sludge, left-over concrete and iron husks.

Aqualia mainly consumes reagents used in water management during the purification process.

FCC Medio Ambiente's industrial waste management business uses recycled materials wherever possible to replace raw materials, as well as using one kind of waste to treat another kind of waste as in the Tedes and Aldeanueva installations. In the Ecoactiva hazardous waste landfill, recycled glass is used as covering material.

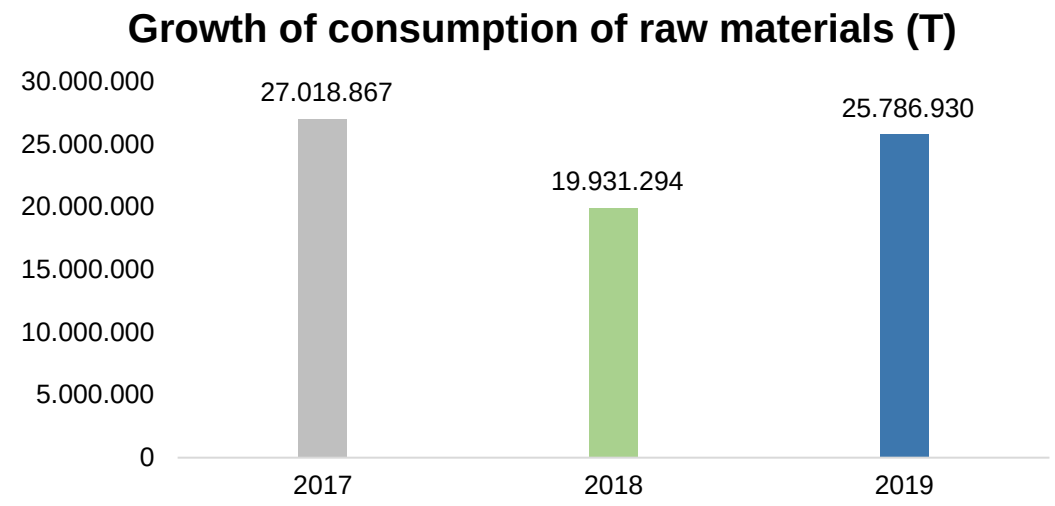
In other facilities, such as ECODEAL, water consumption is reduced by using ashes to replace reagents and rainwater as process water.

FCC Environment UK is not a significant consumer of raw materials. The extraction of clay in landfills could be mentioned. Due to the geographical location of these landfills, most clay extraction occurs in the place where it will be used, wherever this is possible.

The building work undertaken by FCC Construcción requires not only the occupation of the land, but also ground movement for the work to take place. One way to reduce land consumption is to compensate for clearing and embankments within the same project by using the materials extracted as landfill for the building work itself. In this way, it is possible to reduce the volume of materials required compared with the volume initially planned in the project.

Further Good Practices generally implemented in the projects undertaken by FCC Construcción include the re-use of topsoil previously removed when clearing the land, the use of inert material from other works, choosing recycled aggregates instead of newly quarried material and the recycling of construction and demolition waste for use as gravel.

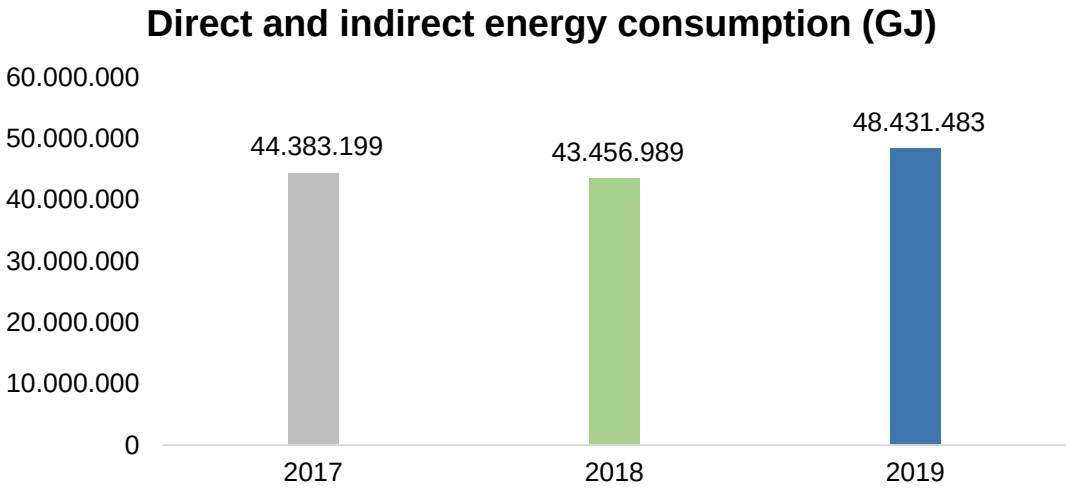
The following table shows growth in the consumption of raw materials in the FCC Group in the last three business years.



6.4.3 Energy consumption

Turning FCC into a more sustainable business involves reducing energy consumption through greater efficiency, as well as replacing fossil fuels with renewables. Being aware of this importance, the Group made its strategy the implementation these measures as part of its business model.

The following is a breakdown of the Group's energy consumption in the last three business years:



With regard to measures for reducing energy consumption, special mention should go to one of FCC Medio Ambiente's strategic R+D+i lines that focuses on the development of more efficient machinery. A prominent feature is the VEMTESU project that maximises efficiency in energy use: The first vehicle developed using this platform consumes 50% less energy than a conventional vehicle with the same performance.

With the aim of improving energy efficiency, since 2011 FCC Medio Ambiente has also had an Energy Management System certified in accordance with the ISO 50001 Standard, that involves the establishment of energy efficiency objectives and measures in all the organisation's contracts. By way of an example, in the case of the energy management contract for street lighting in l'Ametlla de Mar, software was installed that allows energy consumption to be monitored for each

switchboard or group of switchboards. This tool allows for easy analysis (cost-profit assessment) of the cost and return on investment for the different efficiency measures that are being implemented over the course of the contract, using reports with the savings obtained. It also includes the following modules: Cartography, Inventory, Maintenance, Remote Management and Electricity.

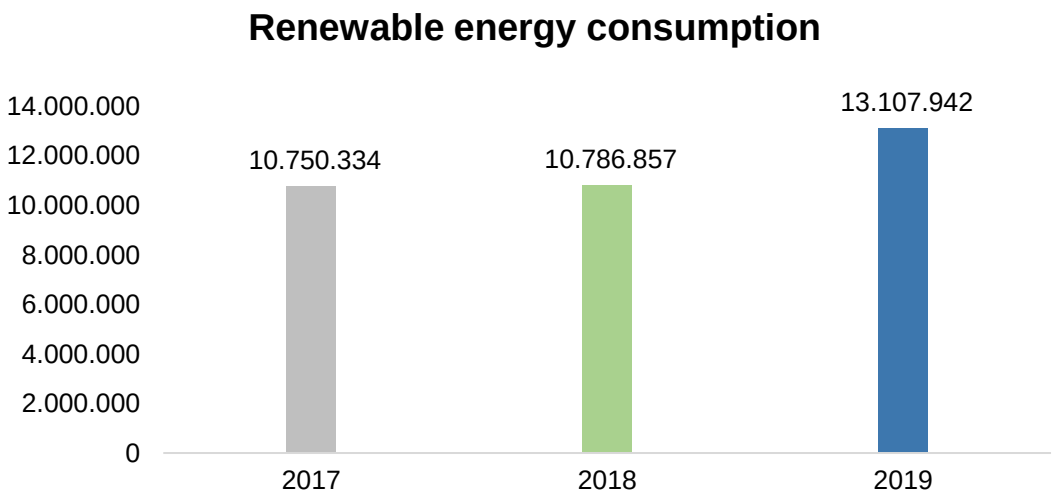
For the project involving a "Recovery tower for the treatment of the CSP fraction in a glass recycling plant", included in FCC Medio Ambiente's industrial waste management business, a new tower-shaped line (or waterfall) was developed, allowing the material to be transported from one device to another by gravity, with the consequent energy savings. Action plans are also available in its installations to improve energy efficiency, such as the adjustment or optimisation of the power contracted for the electricity contract, the replacement of current technology with its equivalent in LED and courses on efficient driving. FCC Environment UK applies policies to reduce energy consumption involving the installation of LEDs throughout the business, the purchase of more efficient machinery, the installation of renewable energy generators and employee training and awareness in these issues.

Cement manufacturing in Cementos Portland Valderrivas requires processes that involve very high energy consumption. This energy currently comes mainly from petroleum-derived fuels. Aware of the need to change these practices, most of the cement factories in Spain undertake continuous monitoring with the aim of improving practices, not only in matters involving a reduction in the use of these fuels, but also to improve competitiveness.

For the purpose of achieving greater efficiency in the use of energy, FCC Construction also prioritises, whenever possible, the use of renewable energy and tries to improve the performance of conventional systems or use more efficient alternative systems. Good Practices applied in this area aim to reduce energy consumption and reduce greenhouse gas emissions. Some examples are the installation of presence detectors, the replacement of halogens and fluorescents with LED lighting, the shutdown of equipment that is not being used and the maximum use of natural lighting.

Aqualia applies a number of measures to the water management process with the aim of reducing energy consumption, as well as using renewable sources whenever possible. The reuse of biogas produced in wastewater management processes to produce heat or energy deserves special mention.

The following details the consumption of renewable energy in the last three years, where it can be observed that as a result of the Group's commitment, it has increase by 22% compared to 2018:



6.5 FCC AND CLIMATE CHANGE

The involvement of companies, administrations, social organisations as well as all citizens in general, is a key factor in the fight against climate change. The activities undertaken in each of FCC's business lines means that it plays an especially significant role in this regard. That is why the FCC Group has develops policies, both at a corporate level and in each of the business lines, to mitigate its effect and to adapt to the consequences arising from climate change.

6.5.1 Strategy for adapting the FCC Group to climate change

Because of its commitment to the environment and based on a SWOT analysis prepared by the Group, the FCC Group has created its own climate change adaptation strategy in the 2050 horizon and that includes all of its business lines. The aim of the initiative is to minimise the Group's impact on the environment, improve the quality and efficiency of its operations, manage its resources ethically and responsibly, and take care of, respect and protect biodiversity.

The following is the SWOT analysis made by the Group:

WEAKNESSES	STRENGTHS
• Greater understanding on the part of managers about the problem of climate change and the implications for the Group. • Little synergy between teams and business climate change strategies. • Some competing companies are more advanced in the implementation of their climate change strategies. • Lost ground in the face of global trends in climate change.	• Great progress in the mitigation of environmental impacts (calculation of the carbon footprint and design of measures for its reduction). • Possibility of becoming a strategic ally for clients, in terms of solutions to climate change. • Ability to adapt to new conditions.
THREATS	**OPPORTUNITIES**
• New regulations related to climate change. • Changing economic situation. • Climate threats on the operation of some of the businesses, availability of raw materials, routes affected, etc. • Ground lost in the face of competitiveness and market demand. • Possible increase in business operational costs.	• Possibility of domestic, international, public and private to innovate with regard to climate change. • Opening new markets, attracting and retaining clients. • To achieve greater efficiency in businesses operations (for example, energy, water, etc.). • Positive impact on reputation.

This analysis led to the establishment of five strategic pillars applicable to each of the Group's business lines:

1. Monitoring (carbon footprint calculation) the aim is to identify and quantify the Group's GHG emissions.

2. Reduction: once the information has been monitored, the action guidelines are drawn up, together with more specific and ambitious goals in the field of GHG reduction, which are regularly examined.
3. Adaptation: the FCC Group is aware of the prevailing need for adaptation to climate change that is required of the entire business environment and, therefore, of its clients. In this context, the challenge is not only operational and financial, but it also involves expansion to new markets and access to new clients in order to provide comprehensive services that facilitate adaptation to the climate crisis.
4. Innovation: For the FCC Group, adaptation involves being able to respond in an innovative way to the great challenges in matters of sustainability. Innovation that enables the company to play a leading role in the design of sustainable cities and to be a strategic ally for its clients.
5. Communication: the design and execution of a climate change adaptation strategy would not make sense if communication were not a strategic axis for the company. So with the aim of guaranteeing transparency, rigour and professionalism - values that define the group - with all its stakeholders, the intention is to communicate not only the achievements and actions taken, but also the difficulties and challenges that drive and motivate the FCC Group to be the best provider of comprehensive solutions in matters of adaptation to climate change.

The differences between the different business lines that make up FCC, from their activities to the sources of emission, imply a need to work together to achieve the quantitative objectives established at group level.

However, these differences have also led FCC to set two different goals: one for the cement sector and one for the rest of the businesses. The reason for this differentiation is that, in order to reduce emissions, Cementos Portland Valderrivas needs to reduce production and this will lead to a loss of competitiveness that would affect business.

With this in mind, the group's GHG emission reduction objectives are as follows:

Group Objective (without cement):	
vs 2017	
2030	-10.00%
2040	-15.00%
2050	-20.00%

Cement targets	
kg CO_2/t Clinker	
2030	768.00
2040	754.00
2050	740.00

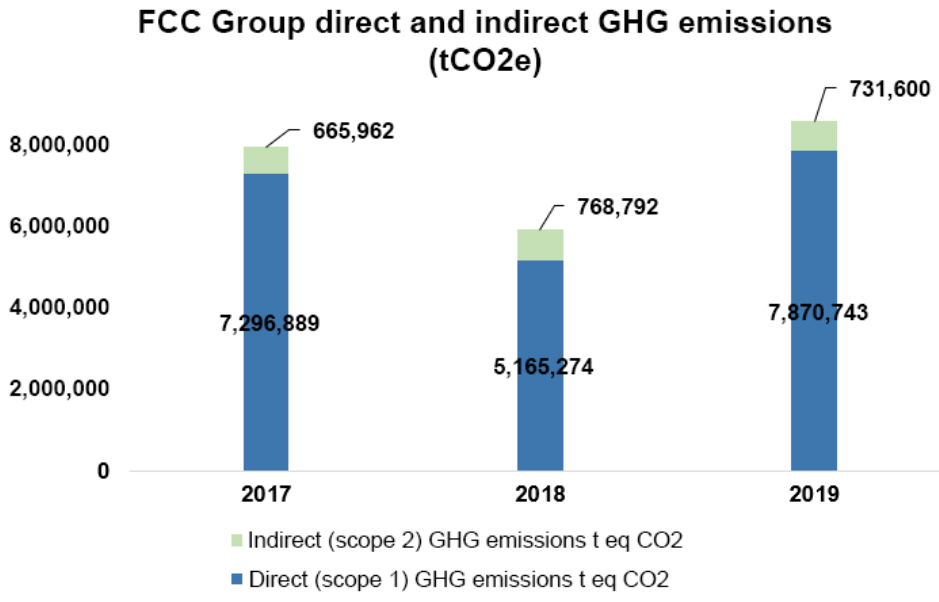
As far as indicators are concerned, FCC has developed a series of meters that will allow annual control to be maintained for each business line of compliance with the goals established in the above tables:

Business	Indicator	Unit	Objective 2020	Objective 2030	Objective 2040	Objective 2050
Aqualia	Reduction of energy consumption	kWh/m^3	-2.50%	-10%	-20%	-30%
Cement	Fossil fuel replacement	%	15.50%	20%	25%	30%
Medio Ambiente Spain	Emissions from energy consumption in mobile sources	tCO_2e	177,248	196,213	200,611	186,586
	Emissions due to waste treatment (scope 1)[4]	tCO_2e	268,339	182,822	138,895	137,365
	Emissions due to waste treatment (scope 1 and 3)	tCO_2e	*2,774,357*	*1,926,386*	*1,451,361*	*1,339,949*
Environment UK	Emissions from energy consumption in mobile sources	tCO_2e	37,260	37,232	37,204	37,175
	Emissions due to waste treatment (scope 1)	tCO_2e	2,153,961	1,961,168	1,768,375	1,575,582
Environment other countries	Emissions from energy consumption in mobile sources	tCO_2e	40,044	39,852	39,660	39,468
	Emissions due to waste treatment (scope 1)	tCO_2e	70,753	64,421	58,088	51,755

6.5.2 FCC Group Greenhouse Gas emissions

In line with its commitment to the fight against climate change, the FCC Group measures the impact of its activities through the annual calculation of its carbon footprint. Each business line has developed its own methodology taking the specific nature of each activity into account.

The following graph shows developments in Greenhouse Gas emissions in the FCC Group in the last three business years:



[4] Estimated data taking into account the weights of both scopes in 2018 for each type of treatment, because the business study to establish the objective does not differentiate between scopes.

In FCC Medio Ambiente, most of the GHG emissions generated are due to energy consumption by the fleet of vehicles (46%). 40% of emissions correspond to those associated with landfill deposits and 14% to emissions associated with biological waste treatment (composting and biomethanisation).

Cementos Portland Valderrivas places special emphasis on the control and mitigation of the greenhouse gases it produces, since the limestone decarbonisation process and the use of fossil fuels in furnaces emit a large amount of these gases. The strategy adopted for the reduction of CO_2 emissions by Cementos Portland Valderrivas is based on two fundamental actions; to take advantage of refuse-derived fuel for Clinker furnaces, using energy that would be sent to a landfill and to replace natural materials as far as possible with raw materials that have already undergone the decarbonisation process.

In FCC Construcción the main sources of GHG emissions are related to indirect emissions, such as those related to the production and transport of materials consumed or to ground movement and the resulting transport of this and the remaining clean rubble.

In the case of Aqualia, the highest percentage of emissions are for Scope 2. This is because most of these come from the electricity consumption required for water purification managed by the company.

FCC Medio Ambiente contributes with 18% of the emissions associated with the national waste sector. In 2019 FCC Medio Ambiente registered its GHG Emissions Report in the Carbon Footprint, Compensation and CO_2 Absorption Projects Registry of the Spanish Office for Climate Change (OECC) depending on the Ministry for Ecological Transition (MITECO). FCC Medio Ambiente has a carbon footprint calculation procedure for organisation through its own tool, the VISION Platform, that enables the identification of emissions by contract, type of activity, installation and process used. Verification is outsourced to an external entity that takes the ISO 14064-3:2006 international standard into account.

FCC Medio Ambiente's KET4F Gas Project for the industrial waste management business is being developed along a strategic R+D+i line. The aim of this project, which will last for three years, is to research alternatives that will contribute to the reduction of greenhouse gas emissions, through the development and improvement of technologies for the retrieval and replacement of fluorinated gases.

FCC participated in the Climate Infrastructure Technical Forum for "Continuous Permeable Paving"

FCC Construcción participated in the Climate Infrastructure Forum, the most important international infrastructure sustainability event of the year. The company was represented by the director of Quality and CSR, Antonio Burgueño who participated in a session entitled Metrics for Sustainable Infrastructure: Defining the Boundaries, Unlocking Institutional Investment.



Present at the Climate Change Conference in San Sebastián

FCC Medio Ambiente was present at the International Conference on Climate Change, "Change the Change", held from 6 to 8 March 2019 in San Sebastián, whose objective was to mobilise citizens towards personal commitment to Climate Change. The conference was part of the UN Momentum for Change initiative and organised by the Basque Department of the Environment in collaboration with the Government of Spain, the Provincial Deputation of Guipúzcoa and the Municipality of San Sebastián, and it took place within the framework of "Climate Change Week".



Pablo Colio, CEO of the FCC Group, takes part in the 2019 United Nations Climate Action Summit

Pablo Colio, CEO of the FCC Group, took part in the 2019 United Nations Climate Action Summit, held in New York from 23 to 26 September.

The summit meeting brought together political and business leaders from all over the world, a total of 66 countries pledged to achieve zero carbon emissions by 2050. These 66 countries were joined by another 10 regions, 102 cities, 93 companies and 12 investors seeking to achieve zero greenhouse gas emissions by 2050, a goal laid down by scientists to restrict global warming to +1.5ºC compared to the 19th century. The collective goal is to reduce greenhouse gas emissions by at least 45% by 2030 and this way prepare the world to achieve a zero carbon footprint by mid-century.

FCC participated in a "High-level CEO Roundtable on Corporate SDG Finance and Investment", that brought together the most important global business leaders, who assessed the progress made by their companies with regard to the Sustainable Development Goals. Debate centred on the role of the private sector in the integration of sustainable investments; the role of governments in providing corporations and investors with strategic plans for development models in emerging markets, and the role of CFOs and the financial community.

Pablo Colio presented the different initiatives that the FCC Group is developing in the field of sustainable finance. Along these lines, he presented the projects that the company is developing internationally and stated: "*We firmly believe that our company is a responsible and committed company, and strongly positioned as a key agent for defining solutions to address climate change*". He also said that "*In 2010, FCC Construcción implemented a protocol for the quantification of greenhouse gas emissions in the construction sector. Since then, the company has been preparing and reviewing its Greenhouse Gas Emissions report on a yearly basis, being the first Spanish construction company to review it and also the first construction company to register its verified carbon footprint".*



6.6 CARE AND PROTECTION OF ECOSYSTEMS AND BIODIVERSITY

The use of natural resources in FCC's activities may affect the changes in ecosystems, and as a result biodiversity, in those areas where the company operates. That is why it is necessary for each of the business lines to be responsible for protecting, preserving and repairing the effects they have on nature, as far as this is possible.

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

Year	2017	2018	2019
Protection of vulnerable areas (ha)	544	534	1,127
Restored affected areas (ha)	552	544	604

As can be seen, the increase in vulnerable areas protected in 2019 was very significant compared to previous years.

By business, the main effect on the landscape caused by Cementos Portland Valderrivas activity was the use of natural resources involving the supply of raw materials in quarries. Assessment of the effect on the landscape involves observing the exploited surface compared to the restored surface. Restoration consists of filling the gaps left by exploitation, adding and spreading topsoil and then planting herbaceous vegetation. Finally, the entire surface is planted with species suitable for the soil and land type. In 2019, restoration work in the quarries as a whole consisted of morphological repair and planting on the exploited surface area. This was done by applying suitable sowing and planting techniques, and using native species that are adapted to the specific soil conditions and climate in the area, such as holm oaks, pine, common broom and others.

Given that the impact on the territories is one of its most significant features, FCC Construcción places special emphasis on the protection of biodiversity and the restoration of natural spaces. When construction projects are in progress and then finalised, a number of measures are taken to protect the environment and restore ecosystems that have been affected by the company's activities, for which specific biodiversity plans are drawn up.

The company also takes other actions to protect the biodiversity of ecosystems. These include the physical protection of specimens, transplanting, transferring nests and animal species, creating wildlife refuges or simply planning the work in accordance with the life cycles of the species affected.

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.

	Number of projects	Surface Area (km^2)
Location in natural protected areas or with a high biodiversity value	20	7
Location where the landscape is catalogued as important	10	14
Impact on natural watercourses in a protected area	3	0
Impact on natural watercourses in areas with high biodiversity value	6	9
Impact on watercourses of high or significant value for local or indigenous communities	9	9
Impact on catalogued or protected flora	11	14
Impact on catalogued or protected fauna	14	15

FCC Medio Ambiente is highly involved in the protection of biodiversity in an urban context with maintenance and preservation activities in parks and gardens as well as more specific initiatives undertaken at its industrial installations for the treatment and disposal of municipal solid waste. Beach cleaning services also contribute to the improvement of the Spanish coastline.

It is also worth mentioning the training provided by FCC Medio Ambiente in collaboration with Seo Bird Life, which aims to include biodiversity in the management of Public Parks and Gardens in the city of Oviedo as part of a biodiversity action plan. It includes training of key agents, the implementation and follow-up of Good Practices and initiatives to raise awareness that promote sensitivity and civic action.

The actions and initiatives developed by FCC Medio Ambiente for the protection of natural capital, include the integrated management of parks and gardens, the management of biodiversity in landfills, the protection of the Spanish coastline, scientific collaboration associated with the fight against invasive species and other training and awareness actions.

FCC Medio Ambiente communicates its actions in matters of the protection of natural assets in a number of publications like the triennial publication of the Spanish Enterprise and Biodiversity Initiative (IEEB), the participation of its collaborators in congresses, forums and conferences (PARJAP and Ecoplayas, for example), the publication of articles in specialist journals and organising different awareness initiatives for schoolchildren, students on specific courses in environmental techniques, technical personnel and professionals in the sector.

FCC Environment UK conducts surveys that help in the planning of its activities relating to the care of protected species. With the information obtained it creates policies, both for current and future actions, which enables them to act in accordance with the legislative framework in each of the territories. Special mention should go to monitoring and management activities for species and habitats in compliance with the European Union's list of protected species.

Aqualia is undertaking a number of ecosystem recovery projects as a result of the company's environmental policy and in accordance with its commitment to reaching environmental objectives.

Recovery of the Lagunas de Medina del Campo, through a sustainable project in the purification and re-use of water.

The start of operations at the Wastewater Treatment Plant in Medina del Campo in the summer of 2004 made the old lagoon system obsolete. It was composed of three anaerobic lagoons, two facultative and a third for ageing.

Since the beginning of 2008, the idea has been to recover the lagoon ecosystem, using the means already created and at that time deteriorated as was the case with the three old lagoons, to which they were going to introduce water suitable for life as is the case with effluent from the WWTP outlet. Water that is of higher quality than the one that used to circulate the lagoons and that will make aquatic life possible. They are located in a privileged area for the passage of migrating birds, and are continuously fed by the waters from the Wastewater Treatment Plant of Medina del Campo that ensures a continuous water level throughout the year. The project is based on the creation of different habitats in each lagoon, taking the depth of water and the vegetation into account, and gradually achieving greater naturalisation of an anthropic and deteriorated ecosystem, with the aim of achieving greater species diversity.

Aqualia has initiated contacts with a group from the University of Valladolid (UVA), to develop an application that will enable users to learn about each species in detail and get a close look thanks to a three-dimensional recreation, to familiarise citizens with the importance of this reserve.

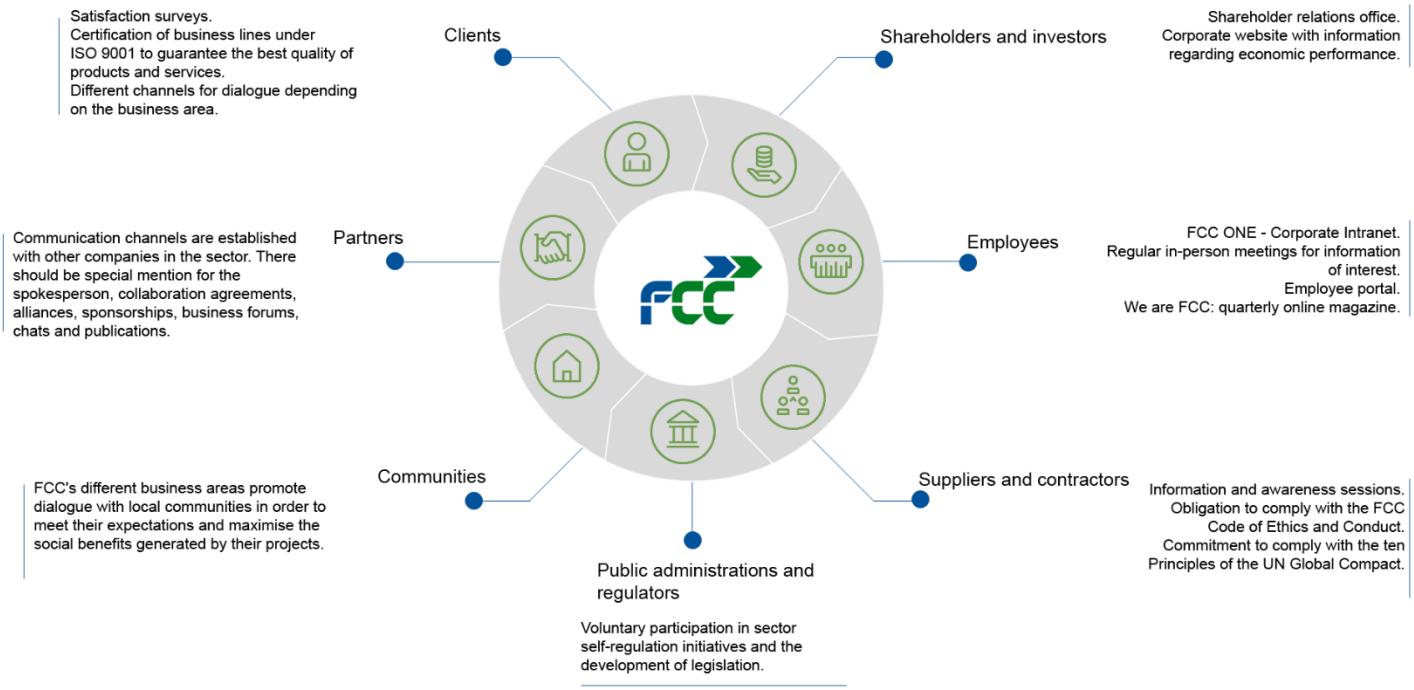


7. CREATING VALUE IN THE COMPANY

The sustainable growth and development of both society and the communities in which FCC operates is focussed on social action programmes and the materialisation of a commitment to clients and suppliers. The Group's Code of Conduct includes the principle of "Wellbeing and Community Development" that drives its employees to understanding the needs and expectations of the citizens for whom the company provides its services with a view to acting accordingly.

To reach its objectives, the company needs to establish communication channels with its stakeholders, ensuring transparency and compliance.

FCC stakeholders and dialogue tools



7.1 FCC'S COMMITMENT TO ITS CLIENTS

FCC's Code of Ethics and Conduct was updated in September 2019 and in item 11 it includes *the Group's commitment to its clients*, making this the focal point of its activity. This commitment hinges on the establishment of lasting relationships, based on mutual trust, honesty, professional responsibility and adding value.

With regard to the health and safety of clients and consumers in the business, Cementos Portland Valderrivas guarantees compliance with all legal requirements that apply to its products (cement, mortar, concrete, aggregates), including those governing health and safety Safety data sheets for the products marketed are also available to clients. All packaged products are labelled according to European regulations (CLP). Also, all cements marketed are registered with the National Institute of Toxicology and Forensic Sciences where end-consumers can be treated in case of a health emergency.

With respect to claims and complaints received, during the year Cementos Portland Valderrivas received a total of 52 claims and complaints, of which 100% were resolved throughout the business year. The company has a procedure to manage technical inquiries and client claims and complaints.

All the companies that are part of FCC Construcción guarantee the health and safety of their consumers, complying with the legal requirements applicable to construction works, services and products, these include requirements involving health and safety.

To respond to these needs and to streamline communication, FCC Construcción has a client interlocutor in charge of dealing with suggestions, processing the information received, managing collaboration and notifying actions to be taken or taken as a result of suggestions received.

The company also makes “final surveys of the works” that give clients the chance to rate the service by assessing different aspects of it. FCC Construcción also has a management system in place for handling claims and complaints, information requests and satisfaction gauges that enable the company to make follow-ups and develop improvement plans.

The majority of the clients surveyed declare that they are very satisfied with the performance of FCC Construcción both at Corporate level and at FCC Industrial level. In 2019, all clients rated performance as good or very good.

Regarding claims and complaints received, in 2019 FCC Construcción received a total of 141 claims and complaints of which more than 85% were resolved during the year.

Aqualia, meanwhile, seeks to achieve excellence in customer service by developing services tailored to the needs of its users. The health and safety of clients is guaranteed as a result of a thorough quality control system for the treated water. In 2019, Aqualia continued to progress in strategic orientation towards the end-user, paying particular attention to the quality of the channels in place for interacting with users.

Aqualia's customer-service channels include:

- Customer service by telephone. In 2019 the Customer Service Centre received 804,519 calls.
- Virtual office, aqualiacontact. In 2019, 120,787 interactions were managed, including 33.02% for the modification of data, 24.32% for electronic invoicing and 22.17% for payment via bank card.
- Application for mobile devices. In 2019 a total of 31,151 interactions were managed via the APP made available to our clients, with 24.91% involving the modification of data and 59.96% 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.

The efficiency of all client relationship channels gave us a very low claims and complaints rate of 0.30% to December 2019, with an average time for response to claims and complaints of less than 12 days.

In 2019, 107,129 surveys were conducted on clients using aqualiacontact (Customer Service Centre), of which 82,774 rated the service as excellent; 14,430 as very good, and 6,385 as good, reaching a positive satisfaction index of 96.70%.

With regard to claims and complaints received, during the year Aqualia received a total of 10,109 claims and complaints from clients, mainly related to the water supply service.

FCC Medio Ambiente Spain has a procedure within its Integrated Management System that establishes the methodology to be followed for the management of claims and complaints.

In this way, once a claim has been received, either in writing or transmitted verbally, it should always be properly managed. To this end, the immediate superior is informed who determines whether or not it is appropriate. In either case, the claim should be registered and processed using the VISION computer programme.

All claims, whether applicable or not, will receive a written reply for the purpose of explaining the action taken or the reasons that justify the treatment given to the claimant.

In year 2019, FCC Environment Spain received 1,602 claims of which 1,489 were resolved and 113 closed.

Within FCC Medio Ambiente, the industrial waste management business conducts a client satisfaction study by sending a "Satisfaction Questionnaire" to clients. In 2019, satisfaction surveys were sent to 790 clients. Of the total number of surveys sent, a reply was received from 283, so the overall response rate for the centres included in the analysis was 36%. Average global assessment at group level was 8.6, slightly higher than the previous year. It should be pointed out that in those centres where clients were asked whether they would work with them again, the answer was 100% yes.

In FCC Environment CEE, regular consumer surveys are conducted to measure the degree of satisfaction and to guarantee the best possible service. For this purpose, each of the countries has developed and applies guidelines for complaints that define individual responsibilities, the surveillance system, the methodology for evidence, the evaluation of the complaints and how they are processed. The service and control is undertaken by the Customer Service Department. Clients are able to contact the customer service department by phone or via the company's website. With respect to claims and complaints in FCC Environment CEE, a total of 8,926 were received throughout the business year, with different degrees of resolution depending on the country.

FCC Environment UK has a "Customer Service Policy" that commits it to resolving as quickly and fully as possible, any kind of problem that may arise with any of its clients, they are always expected to provide the best possible service. In 2019, a total of 8,032 inquiries were received from clients, of which only 12 were directly submitted to the Customer Service Manager. FCC Environmental Services (USA) did not receive any claims or complaints from clients during the business year.

7.2 FCC'S COMMITMENT TO ITS SUPPLIERS

FCC Group's supplies need to follow binding criteria with regard to sustainability. With this in mind, FCC is working on the application of ethical, social and environmental criteria in the purchasing and service processes it provides, with the aim of guaranteeing the highest degree of sustainability.

The company's Purchase Manual is based on three key principles: transparency, competitiveness and objectivity. To achieve this, we seek to establish balanced collaboration frameworks in our commercial relationships with suppliers, contractors, partners and collaborators that maximise profit for both parties.

Currently, this Purchase Manual is being reviewed within the framework of the CSR 2020 Master Plan. To do this, an analysis is being made of the map for environmental, social and governance risks for suppliers and contractors, taking the following into account:

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

Likewise, the FCC Code of Ethics and Conduct includes the basic principles that all partners, collaborators and suppliers should respect:

- Verification of ethical conduct in business relationships and rejection of corruption, bribery and fraud.
- Protection of the essential human and labour rights recognised internationally in the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, as well as the Agreements signed by this organisation
- Verification of a high level of commitment to compliance with occupational health and safety standards, guaranteeing a safe and healthy work environment.
- Respect for the environment in all activities, not only in terms of compliance with legislation, but also when undertaking activities in order to minimise negative environmental impact and establish sustainable environmental management.

In 2019 the ethical clauses of the General Conditions for Contracting that suppliers have to accept were reformulated, including references that the supplier declares to fully understand the content and scope of the new FCC Group Anti-Corruption Policy. This new clause was approved in 2019 by the Compliance Committee.

The FCC Group does not currently have a procedure for the official approval and supervision of suppliers. However, a standardisation process for the registration and official approval procedure is being developed, with the advice of an independent consultant. This will indicate the requirements that suppliers must meet to work with any of the Group's companies. This future procedure will establish initial levels of risk for suppliers and this will define the controls to which they will have to be submitted.

In this regard, work is being completed on due diligence processes, taking into account ethical aspects and the professional and economic suitability of those with whom business relationships will be established with a view to complying with the above principles.

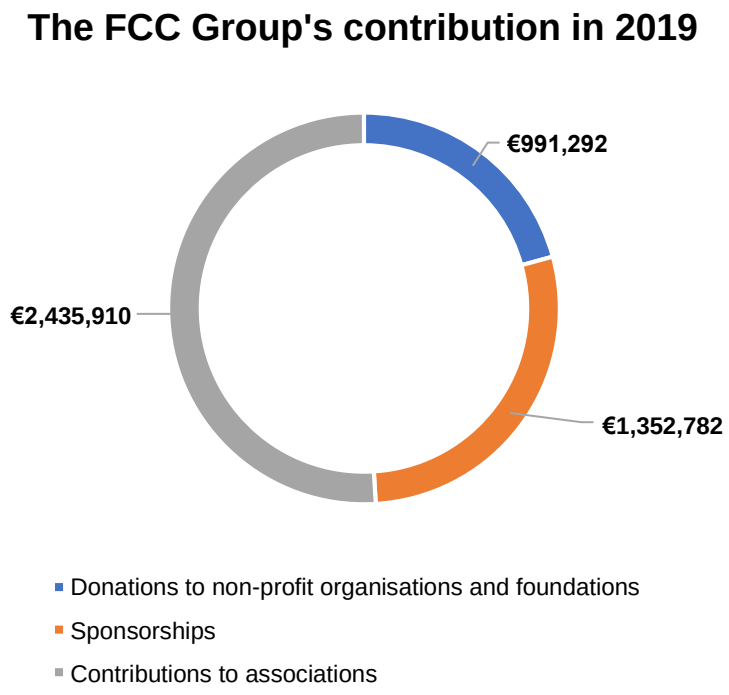
7.3 COMMITTED TO SOCIAL DEVELOPMENT

The corporate culture that has accompanied the FCC Group during its more than 100 years has been the guiding light for the company's behaviour with its stakeholders and defined its commitment and relationship with the companies.

The FCC Group, as a citizen services provider, includes the principle of "well-being and development of communities" in its Code of Ethics and Conduct. This serves as a lever for employees to try to understand and meet the needs and expectations of citizens for whom these services are provided. This connection with communities allows the organisation to position itself as a leading player in the sustainable transformation of the cities of the present and the future.

Along the same lines, the FCC Group associates its own business strategy with social action, contributing to job creation, social and economic progress in the different communities in which it operates and encouraging the participation of its employees in volunteering actions. to contribute social value and build trust.

However, the company's responsibility for the development of the communities goes further because, by contributing to non-profit organisations, the FCC Group has assigned a total amount of 4.8 million euros in the last business year to donations to non-profit organisations, foundations and associations. The following is a breakdown of the contributions made:



With regard to its commitment to be a part of the 2030 Agenda solution, these contributions enable the Group to actively contribute to the achievement of the SDGs relating to economic progress, the reduction of inequalities and the formation of communities.

7.3.1 Social initiatives with employees in the FCC Group

The ultimate aim of the collection of initiatives in the field of social action developed by the company is to improve the quality of life of the beneficiaries by addressing two scopes of action, both inside and outside the organisation.

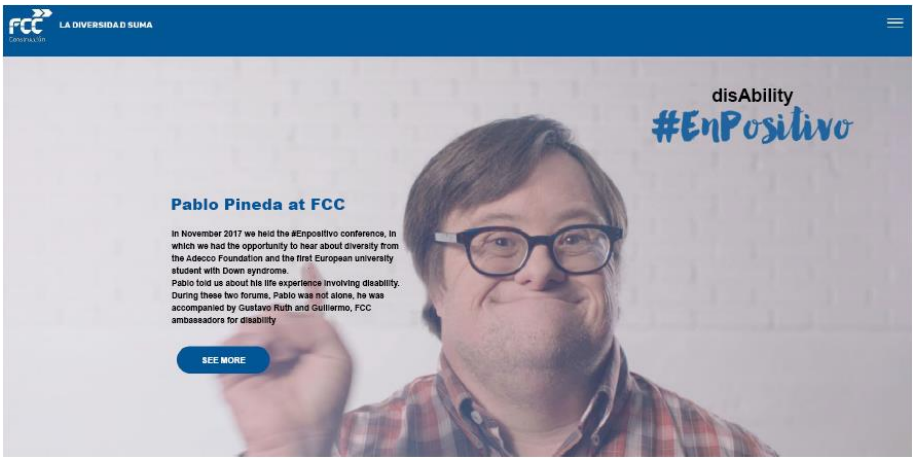
In the case of the first, the *internal actions* undertaken within the company have a direct positive social impact on employees leading to improved relationships and increased pride of belonging. In the case of the second, *community actions* enable the assessment of their activity's social and

environmental impact, allowing for easy access to basic services and promoting education, all of which has a positive impact on development and well-being within the community.

Internal actions are directed towards the Group's own employees and reflect FCC's commitment to its human capital via the social and labour integration of vulnerable groups, support for family members of employees and respect for the environment through environmental awareness programmes.

Integration actions for disadvantaged groups and support for family members of employees

In 2008, the FCC Group undertook to promote the social and labour integration of people with disabilities via a collaboration agreement with the Adecco Foundation. Today as a result of this, FCC employee family members with disabilities have access to training and career guidance, as well as employment programmes and itineraries for their future incorporation into the world of work.



The actions for integrating groups at risk of social exclusion undertaken by the FCC Group are mainly based on the development of social skills and attitudes to facilitate labour integration and on the organisation of leisure activities that contribute to cognitive, physical and emotional development.

For the first time, in 2009 the ONCE Foundation (Spanish Association for the Blind) and the FCC Group signed an "Insert Agreement" to cover new jobs within the company. Years later, in 2017, the entity expressed its commitment to the continued availability of Insert Employment. That is why the agreement was renewed that same year, which meant 425 additional contracts since the beginning of this collaboration.

With the aim of maintaining its firm commitment to diversity, the FCC Group continues to promote the employment of young people with disabilities (under 30), collaborating with the Never Give Up Plan. This initiative, promoted by the ONCE Foundation and its labour inclusion entity, includes a collection of guidance and training measures to help young people with disabilities find work.

Environmental awareness of employees

The FCC Group not only works to mitigate the impact associated with its activities, but it is also aware of the significance of environmental education and the commitment of its staff in the sustainability of the planet It aims to raise awareness and foster the commitment of its collaborators with the environmental, social and sustainable development of cities.

The environmental education plays an essential role in the involvement and awareness of the FCC team so that, through training and awareness actions, they become ambassadors of Good Practices, benchmarks for citizens and promoters of sustainable development.

One of the actions undertaken by the company in this area was the FCC internal bulletin, an internal communication channel, in which projects of an environmental nature promoted by the company are assessed and which enables the dissemination of Good Practices to each line of business to promote transversal implementation.

Environmental awareness of a number of stakeholders in the construction works for the Lima metro

FCC Construcción's activity is clearly related to society, so one of the organisation's priorities is active listening and the integration of the needs of its stakeholders. But environmental awareness and training by the company is also essential to internally and externally communicate the effort required for environmental management to be undertaken at the most demanding and excellent level. Specifically, in the construction of line 2 of the Lima metro, the continuous improvement of environmental performance was promoted via the following interactions with the stakeholders in the process:



- Workers and personnel with access to the construction site were provided with colour-coded cards, to facilitate the identification and correct segregation of waste in real-time;
- With a view to strengthening relations with local communities, an event was held in favour of the Environment with the Santa Clara school;
- Prizes were awarded to the best subcontractors who demonstrated their commitment to the environmental management of the project.





The FCC Group, in line with its commitment to social responsibility, developed a programme called the *FCC plan for a circular economy*, within the framework of the 2020 Sustainability Master Plan. This incorporates a line of education and awareness aimed at employees in the field of circular economy. The implementation of this initiative has led to acceleration in the transition to

a new economic and productive model and to the cultural transformation of FCC in the fight against climate change, with increasing importance for the response to water stress and protection of biodiversity.

Cementos Portland Valderrivas organised an encounter with nature for employees of the company in Laguna el Porcal (Madrid)

Nearly 40 families of employees of the Cementos Portland Valderrivas Group had the opportunity to verify at first hand the scenic and natural wealth of El Porcal, a unique enclave, restored in its day by the company in collaboration with the Naumanni Naturist Association. Today it is one of the best wetlands for water birds in the Southeast Regional Park. During the outing, guided by Naumanni technicians, the families enjoyed different activities such as watching, ringing and releasing birds (storks and owls) and, to finish the day they enjoyed a simple snack.



Solidarity in FCC

In line with its commitment to social responsibility, the FCC Group, together with its collaborators, promotes progress in society and encourages awareness regarding the most disadvantaged groups.

With this in mind, during the last business year, FCC employees participated in a number of solidarity actions, thus contributing to the construction of a corporate citizenship culture within the Group and supporting FCC's Mission to create social value and contribute to the well-being of people. The participation of the FCC team in these projects promotes their pride of belonging and enables them to strengthen their social relationships and increase their personal well-being by devoting part of their time and resources to social causes.

"Donate kilos of generosity"

In line with its commitment to social responsibility, the FCC Group launched a solidarity Christmas campaign last December under the slogan "Give kilos of generosity" to collect essential products (non-perishable) and Christmas sweets, in favour of the Pan y Peces Foundation.

The company provided the food collection points to the Pan y Peces Foundation so that its workers could contribute their "kilo of generosity" to the most disadvantaged groups in society. This enabled the campaign to collect more than 400 kilos of products of different types: Perfumery and chemist's shop products like bath gel, shampoo, cologne, bars of soap, toothpaste, and food products like Italian pasta, nougat, marzipan and traditional Spanish shortbread cookies.

The initiative made it possible to reach more than 50 disadvantaged families, giving each a shopping trolley of basic necessities. Each was designed to cater for the basic needs of the households, depending on the number of family members, their ages and their health condition. The FCC Group's commitment to the "Give away kilos of generosity" campaign enabled awareness to be raised among its collaborators in matters of social action and help to be given to society's most vulnerable groups.



New Blood Donation campaign at FCC

During the 2019 business year the FCC Group and the Red Cross launched a new voluntary blood donation campaign. Under the Red Cross motto of "Wake up the donor inside you", FCC employees were given the opportunity to donate blood without leaving the workplace.

This initiative for collaboration with the Red Cross has taken place constantly for several years now, depending on the demand for blood in hospitals. Within the context of maintaining blood reserves, the involvement and solidarity of the entire FCC team is essential, because with such a simple gesture, many more lives can be saved every day.



Employee awareness of UNHCR

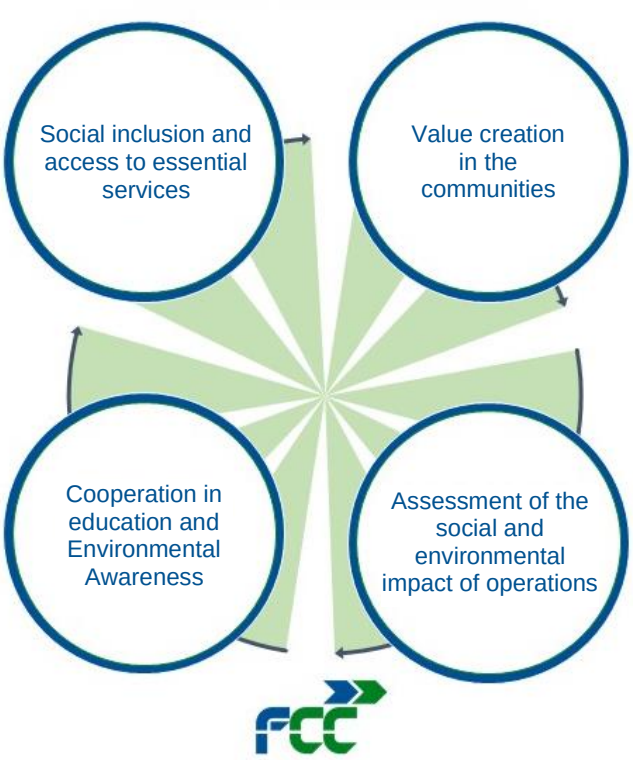
On the occasion of World Refugee Day, UNHCR information tables were installed at Aqualia's headquarters in Madrid, Seville and Barcelona with the aim of raising awareness among employees of the solidarity initiatives promoted by the association and the numerous ways in which it is possible to collaborate in the eradication of this severe humanitarian problem.

The company also organised an awareness chat at its headquarters in Madrid that told of the experiences of the head of Strategic Alliances in UNHCR. About a hundred employees attended the event to learn about a global problem affecting 70 million people including internally displaced persons, asylum seekers and refugees. Meanwhile, Aqualia also launched an awareness and information campaign that involved the company's employees, as well as citizens and institutional clients. By including messages in the invoices, the company invited clients to send an SMS to support refugees having access to clean drinking water.



7.3.2 FCC Group social initiatives within the community

The four main principles on which the FCC Group bases its projects in the community are the following:



Social inclusion and access to services

The FCC Group's business model, and therefore the organisation of the different activities derived from its business lines, enables the company to provide easy access to basic services such as electricity, drinking water and sanitation, thus fostering economic development and improving municipal services in the communities in which it operates.

At the same time, the organisation undertakes to actively participate in solidarity actions, especially relating to sanitation, improved health and access to resources and services in the most vulnerable and needy places in which FCC operates.

Value creation in the communities

CSR Project: "Peru with water"

It should be mentioned that in 2019 the definition, coordination and implementation of a CSR project began in Peru in collaboration with World Vision International, a benchmark NGO with a presence in and knowledge of the country. Entitled "Peru with Water", the aim is to contribute to the improvement of the quality of life for the inhabitants of 12 community centres in the district of Andahuaylillas, province of Quispicanchi, Department of Cusco, by providing access to high-quality water and sanitation services on two levels. Firstly, at the engineering level, with the refurbishment, operation and maintenance of the water system infrastructure, that will enable the communities to have suitable access to drinking water. Secondly, at the educational level, the project will focus on social involvement in communications and education on hygiene and sanitation, and in the management of water services via the development of local capacity.

The FCC Group contributes to the creation of value through the services and infrastructures it provides, as these have a positive impact on socio-economic development, generating jobs, growth and prosperity in its environment, taking into account the processes for contracting local suppliers and subcontractors that are applicable within the community.

Assessment of the social and environmental impact of operations

In the Group's 2020 Master Plan, one of the priorities of the FCC Connected axis was to create a methodology for assessing the social and environmental impact of operations.

In this regard, in FCC Construcción's Technical Services General Deputy Management and Studies and Contracting Deputy Management a metric was defined to assess the social and environmental sustainability of the projects at the bidding stage and which is being applied to the new bids being presented.

Specifically, the metric evaluates whether the project to be tendered involves the relocation of people or communities, whether it negatively affects any unique heritage assets, whether there has been an environmental impact study or some formula for forecasting and mitigating impact, whether the work involves an increase in access to basic services (water, communications, electricity, etc.) for the population, whether citizen participation was included at any time during the process or whether the project had a specific, notorious social response.

The classification of the project, defining whether it involves high, average or minimum environmental and social risk, enables early identification of significant requirements when bidding, evaluating and auditing the project.

Cooperation in education and environmental awareness

In line with the social responsibility assumed by the FCC Group in matters of education and awareness, FCC is working together with different educational institutions, especially in the field of cooperation, to promote environmental protection and thus contribute to the social, cultural and sustainable development of cities.

The initiatives taken in this area by the Group's Water and Environmental Services businesses, whose activity is closely linked to citizens as a result of the provision of comprehensive water management and waste management services, are especially important due to their volume and impact.

In this regard, it is worth highlighting the education that Aqualia provides for sustainable water consumption, together with the collaboration of a number of municipalities, by means of educational talks with children on the comprehensive water cycle, from how this resource reaches their homes, to how it is returned to the natural environment after use, including visits to wastewater treatment plants, and remarking on the consequences of the misuse of the sewage system.

FCC Medio Ambiente is intensifying the organisation of citizenship awareness forums and the promotion of public-private partnerships for the promotion of environmental education such as collaboration with Seo Bird Life, the Biodiversity Foundation and with a number of universities.

175 students from eight schools in Teruel and Zaragoza visit the Albarracín water treatment plant

In March 2019, Aqualia, the company that manages the Wastewater Treatment Plant (WWTP) in Albarracín, received a visit by 175 students from eight secondary schools in the provinces of Teruel and Zaragoza to learn about the installations and operation of the municipal purification system.

These students were part of the CRIET, the Teruel Educational Innovation Centre, an institution belonging to the Department of Education, Culture and Sports of the Regional Government of Aragon that was created to compensate for possible inequalities amongst students from incomplete or unitary schools belonging to Aragonese rural school units.

They were divided into groups and Aqualia technicians explained the Comprehensive Water Cycle, the process that this resource follows from when it evaporates, from rivers and lakes, until it is returned clean to its natural environment after use. The young students also learned how the plant works and about the phases of the comprehensive water cycle. There were also explanations on the consequences of throwing single-use wipes, drugs, sanitary towels, etc. into the toilet, as they cause blockages and breakdowns in the pipes.

The aim of these school trips is to teach children about the luxury of enjoying something as precious as water and the work involved in delivering it to all homes and returning it to the environment in optimal conditions after use.



The WREN Foundation In the United Kingdom

The WREN Foundation is a non-profit organisation that was founded in 1997 with the aim of allocating funds to social impact projects in the community, relating to both biodiversity and the protection of heritage as a result of the contributions made by FCC Environment.

The organisation donated more than 6.5 million pounds for over 120 projects in the United Kingdom during the last business year. WREN is currently contributing and channels funds through two programmes, the FCC Community Action Fund, aimed at financing projects in England and Wales; and the FCC Scottish Action Plan, open to applicants in Scotland.

The programmes through which the Foundation channels these funds are:

- FCC Community Action Fund: for financing projects in England and Wales.
- FCC Scottish Action Plan: for applicants in Scotland.

The projects launched thanks to the contributions and donations of FCC Environmental UK cover a wide range of issues, from initiatives relating to health and biodiversity protection to knowledge dissemination projects and actions for the restoration and refurbishment of heritage and public spaces. For more information go to the WREN Foundation website: www.wren.uk.com

8. ANNEXES

8.1 ANNEX I: SUMMARY TABLE FOR SOCIAL AND PERSONNEL AFFAIRS

FCC Group country network

Country	Men	Women	TOTAL
Spain	33,584	10,781	44,365
Czech Republic	2,161	655	2,816
United Kingdom	2,045	348	2,393
Romania	556	144	700
Austria	530	162	692
Bulgaria	316	179	495
Poland	382	94	476
Portugal	373	88	461
Slovakia	361	93	454
Italy	207	37	244
Hungary	127	52	179
Serbia	100	34	134
USA	372	50	422
Panama	484	88	572
Colombia	240	51	291
Egypt	1,025	3	1,028
Tunisia	239	19	258
Saudi Arabia	2,294	195	2,489
United Arab Emirates	326	6	332
Rest of World (*)	425	88	513

(*) Rest of the world includes countries with a workforce of less than 100 people.

Percentage of employees covered by collective agreement by country

Country (*)	% Total workers covered by collective agreement
Spain	100%
France	100%
Italy	100%
Portugal	48.26%
Slovakia	36.83%
Czech Republic	36.58%
Poland	25%
Romania	22.85%
Serbia	10.56%
Austria	6%
United Kingdom	7.13%
Hungary	0%
Bulgaria	0%
USA	0%
Panama	30.45%
Mexico	0%
Chile	0%
Colombia	0%
Tunisia	100%
Saudi Arabia	0%
United Arab Emirates	0%
Oman	0%

(*) Countries have been selected based on representativeness in the FCC Group's different business areas (number of employees, activity, etc.).

8.2 ANNEX II: SUMMARY TABLE FOR ENVIRONMENTAL ISSUES

Environmental indicator	2017	2018	2019
Activities with environmental certification (%)	92	88	87
NOx emissions (t)	10,351	9,074	11,167
SOx emissions (t)	782	910	1,194
Total particle emissions (t)	1,002	1,481	972
Waste generated (t)	3,103,232	3,211,360	5,459,332
Hazardous waste (t)	127,313	159,776	112,215
Non-hazardous waste (t)	3,362,178	3,051,584	5,347,118
Water consumption (m^3)	12,071,936	13,016,152	13,848,749
Direct energy consumption (GJ)	38,109,622	37,206,538	42,142,050
Indirect energy consumption (GJ)	6,273,576	6,250,451	6,289,434
Total energy consumption (GJ)	44,383,199	43,456,989	48,431,483
Use of renewable energies (GJ)	10,750,334	10,786,857	13,107,942
Consumption of raw materials (t)	27,018,867	19,931,294	25,786,930
Direct GHG emissions (tCO_2e)	7,296,889	5,165,274	7,870,743
Indirect GHG emissions (tCO_2e)	665,962	768,792	731,600

8.3 ANNEX III TABLE OF INDICATORS LAW 11/2018-GRI LINKING

Law 11/18 Requirement	Reference 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	9-15;18-20
Geographical presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	9-15;49;110
Organisation's objectives and strategies	102-26 Role of senior governing body in setting objectives, values and strategy	34-47
Main factors and trends that may affect future growth and development	102-15 Key impacts, risks and opportunities	15-17
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	18-109
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	30-33
Others		
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 made the report in accordance with GRI Standards	4-7

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	69-70
On environmental assessment and certification procedures	103: Management Approach	67-68
On resources dedicated to the prevention of environmental risks	103: Management Approach	72
On the application of the precautionary principle	102-11 Precautionary principle or approach	71-72
On the amount of provisions and guarantees for environmental risks	307-1 Noncompliance with environmental laws and regulations	72-73
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 306-1 Water discharge in accordance with quality and destination	73-75
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	76-80
Actions to combat food waste	103: Management Approach	80-81
Sustainable use of resources		
Water consumption and water supply in accordance with local limitations	303-1 Water extraction by source 303-2 Water sources significantly affected by water extraction	82-83
Raw material consumption and measures taken to improve the efficiency of its use	301-1 Materials used by weight or volume	84-85
Direct and indirect energy consumption	302-1 Energy consumption within the organisation	85
Measures taken to improve energy efficiency	302-4 Reduction of energy consumption 302-5 Reduction of energy requirements for products and services	85-86
Use of renewable energy	302-1 Energy consumption within the organisation	85-86
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)	89-90
Measures taken to adapt to the consequences of climate change	201-2 Financial implications and other risks and opportunities due to climate change	87-88
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	88-89
Protecting biodiversity		
Measures taken to preserve or restore biodiversity	103: Management Approach	93;95

Impacts caused by activities or operations in protected areas	304-1: Operational centres owned, leased, managed, in or adjacent to, protected areas and areas of high biodiversity value outside protected areas. 304-2: Significant impacts of activities, products and services on biodiversity. 304-3: Habitats protected or restored.	94
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	48-52
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	53
Average remuneration and developments disaggregated by gender, age and professional classification or equal value;	102-35 Remuneration policies 102-36 Processes to determine remuneration 103: Management Approach	56
Salary gap, remuneration for the same job or the average within the company	405-2 Ratio for basic salary and remuneration for women vs men	58-59
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	21
Implementation of work disconnection policies	103: Management Approach	62
Employees with disabilities	405-1 Diversity in governing bodies and employees	59-60
Work organisation		
Organisation of working time	103: Management Approach	61-62
Hours lost through absenteeism	403-2 Types of injury and accident frequency rate, occupational illness, days lost, absenteeism and number of fatalities relating to accidents at work or occupational illness	64
Measures aimed at facilitating work-life balance and encouraging the co-responsibility of both parents	401-3 Parental leave	61-62
Health and safety		
Occupational health and safety conditions	403-1 Workers representation in formal joint management–worker health and safety committees	63-66
Work-related accidents, particularly their frequency and severity by gender	403-2 Types of injury and accident frequency rate, occupational illness, days lost, absenteeism and number of fatalities relating to accidents at work or occupational illness	64
Occupational illness by gender	403-2 Types of injury and accident frequency rate, occupational illness, days lost, absenteeism and number of fatalities relating to accidents at work or occupational illness	64

Social relationships		
Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them	402-1 Minimum notice given for operational changes 403-1 Workers representation on formal worker-company health and safety committees	62-63
Percentage of employees covered by collective agreement by country	102-41 Collective bargaining agreements	62-63;111
Balance of collective agreements, particularly in the field of health and safety at work	403-4 Health and safety issues covered in formal agreements with trade unions	62-63
Training		
Policies implemented in the field of training	404-2 Programmes for upgrading employee aptitudes and transition aid programmes	53-55
Total number of hours of training by professional category.	404-1 Average hours of training per year per employee	54
Accessibility		
Universal accessibility for people with disabilities	405-1 Diversity in governing bodies and employees	59-60
Equality		
Measures taken to promote equal treatment and opportunities for women and men	103: Management Approach 405-1 Diversity in governing bodies and employees	19-20;56-60
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	56-60
Policy against all types of discrimination and, where applicable, for diversity management	406-1 Cases of discrimination and corrective actions taken	56-60
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	21-25
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	21-25
Cases reported involving violation of human rights	102-17 Advisory mechanisms and ethical concerns 406-1 Cases of discrimination and corrective actions taken 419-1 Failure to comply with laws and regulations in social and economic fields	21-25
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		21-25
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		
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	25-27
Measures to fight money laundering	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns	27
Contributions to foundations and non-profit organisations	102-13 Membership of associations	100
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	100-109
Impact of the company's activity on local populations and on the territory	203-1 Investment in infrastructure and supported services 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	100-109
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	100-109
Partnership and sponsorship actions	102-12 External initiatives	100
Subcontracting and suppliers		
Inclusion in procurement policy of social, gender equality and environmental issues	308-1 New suppliers that were screened and selected following environmental criteria 414-1: New suppliers that were screened and selected following social criteria.	99
In relationships with suppliers and subcontractors, taking into account their social and environmental responsibility	308-1 New suppliers that were screened and selected following environmental criteria 414-1: New suppliers that were screened and selected following social criteria.	99
Supervisory systems, audits and their results	103: Management Approach	99
Consumers		
Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of product and service categories	97-98
Claim systems	103: Management Approach	97-98
Complaints received and their resolution	103: Management Approach	97-98
Tax information		
Profits obtained country by country	201-1 Direct economic value generated and distributed	9;28-29
Corporate income tax paid on profit	201-1 Direct economic value generated and distributed	9;28-29
Public grants received	201-4 Government financial assistance received	29

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 CONSOLIDATED NON-FINANCIAL INFORMATION STATUS 2019

according to law 11/2018

for the period ending on December 31, 2019

In Madrid April 16 2020

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 the FCC Group, has commissioned AENOR to carry out a verification under a limited level of assurance of its Non-Financial Information Statement (hereinafter EINF) 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 EINF 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 EINF, 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 EINF, 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 EINF 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 EINF 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)

- 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:

- 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 2019 and for the year ended December 31, 2019, 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.